

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

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

To Be Held the 16th Day of October 2018 at 9:00 a.m.

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

1. **Pledge of Allegiance**
2. **Consider Approval of Minutes from the Meeting Held on September 18, 2018**
3. **Presentation of Trinity River Turtle Survey with FWISD and TCU - Wayne Owen, Planning Director**
4. **Consider Adoption of a Resolution Honoring Wesley Cleveland on His Retirement from the District - Jack Steven, Board President**
5. **Consider Approval of Partial Release of Retainage with BAR Constructors, Inc. for the Joint Cedar Creek Lake Pump Station Intake Project of the Integrated Pipeline Project - Ed Weaver, IPL Deputy Program Director**
6. **Executive Session under Texas Government Code, Section 551.071 to Consult with Legal Counsel on a Matter in Which the Duty of Counsel Under the Texas Disciplinary Rules of Professional Conduct Clearly Conflicts with Chapter 551, Texas Government Code and to Conduct a Private Consultation with Attorneys Regarding Pending or Contemplated Litigation (*Tarrant Regional Water District v. Darcy Knapp Fricks, et al.*, Cause No. 2016-004643-3 in the County Court at Law No. 3, Tarrant County, Texas; *Tarrant Regional Water District v. James Christopher Knapp and Amber Knapp*, Cause No. 2016-004666-2 in the County Court at Law No. 2, Tarrant County, Texas); and under Section 551.072 to Deliberate the Purchase, Exchange, Lease or Value of Real Property**
7. **Order Authorizing the Issuance of Tarrant Regional Water District, A Water Control and Improvement District, Unlimited Tax Refunding Bonds; Levying an Ad Valorem Tax in Support of the Bonds; Establishing the Procedures of Selling and Delivering the Bonds; and Authorizing Other Matters Related to the Issuance of the Bonds - Sandy Newby, Finance Director**

8. **Consider Approval of a Master Resolution Establishing the Tarrant Regional Water District, a Water Control and Improvement District Extendable Commercial Paper Financing Program, Series B and Authorizing Extendable Commercial Paper Mode Bonds, Series B - for up to \$150,000,000 - Sandy Newby, Finance Director**
9. **Consider Termination of the 2003 Additional Party Water Sales Contract with Trinity River Authority, as Amended, Authorizing Water Sales to the City of Midlothian and Consider Approval of Additional Party Water Sales Contract with the City of Midlothian Texas - Wayne Owen, Planning Director**
10. **Consider Adoption of “Confluence: The Trinity River Strategic Master Plan” - Wayne Owen, Planning Director**
11. **Consider Approval of a Professional Services Contract with CDM Smith for Performance of a Reclaimed Water Study - Wayne Owen, Planning Director**
12. **Consider Approval of Settlement of Claims in the Integrated Pipeline Project – Knapp (90) Lawsuit - Steve Christian, Real Property Director**
13. **Consider Approval of Settlement of Claims in the Integrated Pipeline Project – Knapp (115) Lawsuit - Steve Christian, Real Property Director**
14. **Consider Approval of Authorization to Acquire Real Property by Purchase for the Cedar Creek Wetland Project - Steve Christian, Real Property Director**

**Parcel 20
(Quick)**

A permanent easement interest across a 2.591-acre tract of land located in the John Swesey Survey, Abstract No. 499, Kaufman County, Texas

**Parcel 23
(Haynie)**

A permanent easement interest across a 0.989-acre tract of land located in the Andrew J. Martin Survey, Abstract No. 347, Kaufman County, Texas

15. **Consider Approval of Capital Expenditures - Alan Thomas, Deputy General Manager**
16. **Consider Approval of Operation Maintenance Expenditures - Alan Thomas, Deputy General Manager**

- 17. Consider Closeout and Release of Retainage with Hartman Walsh Painting Company for the Bridgeport Spillway Rehabilitation - Darrell Beason, Director of Operations**
- 18. Consider Approval of Contract with U.S. Geological Survey (USGS) for Gage Network Support Services - Rachel Ickert, Water Resources Engineering Director**
- 19. Consider Approval of Agreement with M&M Irrigation and Illumination for the Residential Sprinkler System Evaluation Program – Dean Minchillo, Conservation Program Manager**
- 20. Public Comment**

Citizens may present public comment at this time, limited to three (3) minutes per speaker. Each proposed speaker must have completed and submitted a speaker card prior to the commencement of the meeting. By law the Board may not deliberate, debate or take any action on public comment but may place the item on a future agenda.
- 21. Staff Updates**
 - Trinity River Vision Federal Funding**
 - Region C Regional Water Supply Planning - Wayne Owen, Planning Director**
 - System Status Update - Rachel Ickert, Water Resources Engineering Director**
- 22. Future Agenda Items**
- 23. Schedule Next Board Meeting**
- 24. Adjourn**

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS OF
TARRANT REGIONAL WATER DISTRICT
HELD ON THE 18th DAY OF SEPTEMBER 2018 AT 9:00 A.M.

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

Present
Jack Stevens
Marty Leonard
Leah King
James Hill
Jim Lane

Also present were Jim Oliver, Alan Thomas, Dan Buhman, Brenton Dunn, Lisa Cabrera, Linda Christie, Wesley Cleveland, Randall Cocke, JD Granger, Rachel Ickert, Chad Lorance, Jennifer Mitchell, Sandy Newby, Tina Nikolic, Wayne Owen, Tami Russell and Ed Weaver.

Also in attendance were George Christie, Lee Christie, Jeremy Harmon and Ethel Steele of Pope, Hardwicke, Christie, Schell, Kelly & Taplett, L.L.P., General Counsel for Tarrant Regional Water District (District or TRWD); C.B. Team of Ellis and Tinsley; Rusty Gibson of Freese and Nichols; Doug Varner of CDM Smith; Denis Qualls of City of Dallas Water Utilities; David Dryden of Teague, Nall and Perkins, Inc., Raj Mehta of Jacobs; and Stacey Pierce of Streams & Valleys.

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

1.

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

2.

On a motion made by Director Hill and seconded by Director Leonard, the Directors

voted to approve the minutes from the Board meeting held on August 21, 2018 and the Tax Rate Hearing held on September 10, 2018. It was accordingly ordered that these minutes be placed in the permanent files of the District.

3.

With the recommendation of management, Director King moved to approve a contract amendment with C. Greenscaping, LP for construction of stormwater Canal B. This amendment represents an increase in the contract price of \$140,670. The current contract price is \$803,367 and the revised total not-to-exceed contract value, including this amendment, will be \$944,037. Funding for this contract is included in the Fiscal Year 2018 General Fund Budget. Director Lane seconded the motion and the vote in favor was unanimous.

4.

With the recommendation of management, Director Leonard moved to approve the proposed Fiscal Year 2019 Revenue Fund Budget of \$151,803,618. Director Hill seconded the motion and the vote in favor was unanimous.

5.

With the recommendation of management, Director Leonard moved to approve the proposed Fiscal Year 2019 General Fund Budget of \$38,884,445. This budget includes expenditures for Flood Control Operations of \$24,227,408, Recreation of \$2,013,140 and Trinity River Vision TIF 9 Advance Funding of \$12,643,897. Director Lane seconded the motion and the vote in favor was unanimous.

6.

With the recommendation of management and the Board of Directors of Trinity River Vision Authority at its meeting on August 6, 2018, Director Hill moved to approve

the proposed Fiscal Year 2019 Trinity River Vision Authority Flood Control Budget of \$32,908,027 and Panther Island Initiatives Budget of \$707,000. Director Leonard seconded the motion and the vote in favor was unanimous.

7.

With the recommendation of management, Director Hill moved to adopt an ad valorem tax rate of \$.0194/\$100 for tax year 2018. Director Lane seconded the motion and the vote in favor was unanimous.

8.

Staff Updates

- Streams and Valleys Master Plan

9.

The presiding officer next called an executive session at 9:47 a.m. under Texas Government Code, Section 551.071 to Consult with Legal Counsel on a Matter in Which the Duty of Counsel Under the Texas Disciplinary Rules of Professional Conduct Clearly Conflicts with Chapter 551, Texas Government Code and to Conduct a Private Consultation with Attorneys Regarding Pending or Contemplated Litigation; under Section 551.072 to Deliberate the Purchase, Exchange, Lease or Value of Real Property; and under Section 551.074 to discuss certain personnel matters. Upon completion of the executive session at 10:36 a.m., the President reopened the meeting.

10.

Staff Updates

- Diverse Business Report
- IPL Startup
- System Status Update

11.

There were no persons from the general public requesting the opportunity to address the Board of Directors.

12.

There were no future agenda items approved.

13.

The next board meeting was scheduled for October 16, 2018 at 9:00 A.M.

14.

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

President

Secretary

TARRANT REGIONAL WATER DISTRICT

AGENDA ITEM 4

DATE: October 16, 2018

SUBJECT: Consider Adoption of a Resolution Honoring Wesley Cleveland on His Retirement from the District

FUNDING: N/A

RECOMMENDATION:

Management recommends adoption of a proposed resolution honoring Wesley Albert Cleveland on his retirement from the District following 27 years of dedicated service.

Submitted By:

Alan Thomas
Deputy General Manager

Reviewed By:

Jim Oliver
General Manager

**RESOLUTION OF THE BOARD OF DIRECTORS
OF
TARRANT REGIONAL WATER DISTRICT
HONORING
WESLEY A. CLEVELAND**

WHEREAS, Wesley Albert Cleveland, did unselfishly give of himself and much of his professional career in service to Tarrant Regional Water District for a period of 27 years between October of 1991 and October of 2018. He served the District with distinction in various management positions related to facilities design, construction, maintenance and operation; and

WHEREAS, Wesley, a life-long resident of Tarrant County and graduate of Boswell High School, attended Texas A&M University where he was a member of the Corps of Cadets and later served our nation as a field artillery officer in the United States Army; and

WHEREAS, Wesley was known as a devout family man who adored his wife, Karen, and his four children Lance, Angie, Jennifer, Laurie; and

WHEREAS, Wesley found his calling in construction management field and was hired by the construction firm, Steele Freeman, giving him the opportunity to manage large construction projects that utilize complex industrial technology in plants and factories throughout Texas; and

WHEREAS, in service to the District, Wesley applied and further developed skills in construction management by leading major construction projects including the Benbrook Pipeline, Eagle Mountain Pipeline, Waxahachie and Ennis Pump station expansions, as well as the Integrated Pipeline Project. These projects represent critical regional water supply infrastructure, each having their own set of technical and contractual challenges and totaling in excess of \$2.7 Billion in capital expenditures; and

WHEREAS, during his tenure, Wesley guided development of business practices related to work order management and preventive maintenance that set the stage for District's current and future focus on asset management planning and execution. Wesley emphasized and exemplified quality of work, perseverance, and excellence, and he applied his faith to life, relationships and career.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Tarrant Regional Water District, in recognition of Wesley A. Cleveland on his retirement from the District and as an expression of deep appreciation for his work and leadership, direct that this resolution be spread upon the permanent minutes of the Tarrant Regional Water District and a copy be presented to Wesley and his family as an expression of the affection and respect of the District, its Board of Directors and employees.

Adopted this 16th day of October, 2018.

By: _____

Jack Stevens

President, Board of Directors

ATTEST:

Leah M. King

Secretary, Board of Directors

TARRANT REGIONAL WATER DISTRICT

AGENDA ITEM 5

DATE: October 16, 2018

SUBJECT: Consider Approval of Partial Release of Retainage with BAR Constructors, Inc. for the Joint Cedar Creek Lake Pump Station Intake Project of the Integrated Pipeline Project

FUNDING: Bond Fund

RECOMMENDATION:

Management recommends a partial release of retainage in the amount of \$498,158.46 being held for BAR Constructors. All remaining contract payments are to be made in full, the Board having found that the work is substantially complete, that satisfactory progress is being made, and that the amount retained is in excess of the amount adequate for the protection of the District. However, any changes to the contract price by change order or alternate base bid work for the project will require adjustment to the retainage schedule.

DISCUSSION:

BAR Constructors has reached the substantially complete stage of the project and has provided proof that all subcontractors have been paid to date. The total current contract price is \$19,926,338.62 with total retainage in the amount of \$996,316.93 being held to date.

BAR's project performance is satisfactory and they are working toward an anticipated final completion in November 2018. BAR Constructors has provided written consent of its surety to the reduction in retainage. Integrated Pipeline Project staff is requesting permission to cease retainage on future payments and hold retainage equal to 2.5% of the contract price in the amount of \$498,158.47.

The recommendation by staff to change the calculation of the retainage being held is attached.

It is also requested that the General Manager or his designee be granted authority to execute all documents associated with the contract described herein.

This item was reviewed by the Construction and Operations Committee on October 12, 2018.

Submitted By:
Ed Weaver
IPL Deputy Program Director

Reviewed By:
Alan Thomas
Deputy General Manager

Memo



TO: Ed Weaver

FROM: Jonathan Tran

COPY: Coy Veach, Robert Allen

DATE: October 1st, 2018

SUBJECT: Consider Approval of a Change in Calculation of Retainage for JCC11N Project of the Integrated Pipeline Project being constructed by BAR Constructors

BAR Constructors reached the Substantial Completion milestone for the referenced project on September 30, 2018. In accordance with the terms of the Agreement, the District can, under these circumstances, change the calculation of the retainage being held hold retainage to the amount representing 2.5% of the total Contract Price if they determine that the amount retained is adequate for the protection of the District.

BAR Constructors' performance has been satisfactory to date and BAR has provided written consent of its Surety to the reduction in retainage.

The current Contract Price and amount subject to retainage is \$19,926,338.62. The District currently holds a total of \$996,316.93. It is recommended that District hold retainage in the amount of \$498,158.47 until the Project is complete and make adjustments to this amount if any changes are made to the Contract Price by Change Order or alternate base bid work for the Project.

TARRANT REGIONAL WATER DISTRICT

AGENDA ITEM 6

DATE: October 16, 2018

SUBJECT: Executive Session

FUNDING: N/A

RECOMMENDATION:

Executive Session under Texas Government Code, Section 551.071 to Consult with Legal Counsel on a Matter in Which the Duty of Counsel Under the Texas Disciplinary Rules of Professional Conduct Clearly Conflicts with Chapter 551, Texas Government Code and to Conduct a Private Consultation with Attorneys Regarding Pending or Contemplated Litigation (*Tarrant Regional Water District v. Darcy Knapp Fricks, et al.*, Cause No. 2016-004643-3 in the County Court at Law No. 3, Tarrant County, Texas; *Tarrant Regional Water District v. James Christopher Knapp and Amber Knapp*, Cause No. 2016-004666-2 in the County Court at Law No. 2, Tarrant County, Texas); and under Section 551.072 to Deliberate the Purchase, Exchange, Lease or Value of Real Property

DISCUSSION:

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

Submitted By:

Alan Thomas
Deputy General Manager

Reviewed By:

Jim Oliver
General Manager

TARRANT REGIONAL WATER DISTRICT

AGENDA ITEM 7

DATE: October 16, 2018

SUBJECT: Order Authorizing the Issuance of Tarrant Regional Water District, a Water Control and Improvement District, Unlimited Tax Refunding Bonds; Levying an Ad Valorem Tax in Support of the Bonds; Establishing the Procedures of Selling and Delivering the Bonds; and Authorizing Other Matters Related to the Issuance of the Bonds

FUNDING: N/A

RECOMMENDATION:

Management recommends approval of a resolution authorizing the issuance of Tarrant Regional Water District, a Water Control and Improvement District, Unlimited Tax Refunding Bonds; Levying an Ad Valorem Tax in support of the Bonds; establishing the procedures of selling and delivering the bonds; and authorizing other matters related to the issuance of the bonds.

DISCUSSION:

The Resolution authorizes the sale of Unlimited Tax Refunding Bonds to refund any Extendable Commercial Paper Bonds Series B outstanding under the District's Extendable Commercial Paper Financing Program. This resolution gives the District the flexibility to refund the Extendable Commercial Paper Bonds ("ECP") to long term fixed rate bonds at any time over the next 12 months. This Resolution is necessary should the District need quick access to the bond market if the ECP Bonds are no longer marketable at a cost effective interest rate. The decision to refund will depend on the market conditions, costs and/or market accessibility.

The Finance Committee met October 12, 2018 and recommends this to the Board.

The District's financial advisors, and Bond Counsel have advised the District on the need for this Resolution. Please see attached the resolution for the sale.

Submitted By:

Sandy Newby
Finance Director

Reviewed By:

Alan Thomas
Deputy General Manager

ORDER AUTHORIZING THE ISSUANCE OF TARRANT REGIONAL WATER DISTRICT, A WATER CONTROL AND IMPROVEMENT DISTRICT, UNLIMITED TAX REFUNDING BONDS; LEVYING AN AD VALOREM TAX IN SUPPORT OF THE BONDS; ESTABLISHING THE PROCEDURES OF SELLING AND DELIVERING THE BONDS; AND AUTHORIZING OTHER MATTERS RELATED TO THE ISSUANCE OF THE BONDS

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

WHEREAS, Tarrant Regional Water District, a Water Control and Improvement District, (formerly known as "Tarrant County Water Control and Improvement District Number One") (the "Issuer" or the "District") is a political subdivision of the State of Texas, being a conservation and reclamation district created and functioning under Article 16, Section 59 of the Texas Constitution, pursuant to the general laws of the State of Texas, including Chapters 49 and 51, Texas Water Code, and pursuant to the provisions of Chapter 268, Acts of 1957, 55th Legislature of Texas, Regular Session, as amended (collectively the "District Act"); and

WHEREAS, among other bonds, pursuant to a Master Resolution Establishing the Tarrant Regional Water District, A Water Control and Improvement District Extendable Commercial Paper Financing Program, Series B And Authorizing Extendable Commercial Paper Mode Bonds, Series B, adopted on October 16, 2018 (the "Master Resolution"), the Issuer has previously authorized to be outstanding the following described bonds:

Tarrant Regional Water District, a Water Control and Improvement District Extendable Commercial Paper Mode, Series B (Tax-Exempt) and Tarrant Regional Water District, a Water Control and Improvement District Extendable Commercial Paper Mode Bonds, Series B (Taxable), in the original principal amount not to exceed \$150,000,000 (collectively, the "ECP Series B Bonds"); and

WHEREAS, at an election held on May 5, 2018 (the "Bond Election"), the voters of the District authorized the Board of Directors (the "Board") of the District to issue bonds of the District maturing serially or otherwise over a period or periods not exceeding forty (40) years from their date or dates, bearing interest at a rate not to exceed the maximum authorized by law at the time such bonds are issued (in whole or in part thereof), all as may be determined by the Board, in the maximum amount of two hundred fifty million dollars (\$250,000,000) for the purpose of purchasing, constructing, acquiring, owning, leasing, operating, repairing, improving, or extending land, improvements, facilities, plants, equipment, and appliances for flood control and drainage facilities in order to gather, conduct, divert, and control local harmful excesses of water, as well as all expenses in any manner incidental thereto, all in accordance with the engineer's report filed in the office of the district; making payments under contracts pursuant to section 49.213 of the Texas Water Code; refunding bond anticipation notes; and paying such expenses as are incidental to the administration and financing of the District, which under applicable law may properly be paid from the proceeds of such bonds; and in an amount not in excess of one and one-half times the amount of bonds or other evidences of indebtedness previously issued by the District for the purpose of

refunding any bonds or other evidences of indebtedness issued by the District for any of the foregoing purposes; and shall the Board be authorized to provide for the payment of the principal of and the interest and redemption price on all of such bonds by the levy and collection annually of a sufficient tax upon all taxable property within the District which, together with other funds of the district available therefor, will be sufficient to pay the bonds, as authorized by the Constitution and laws of the State of Texas, including particularly (but not by way of limitation Chapter 268, Acts of the 55th Legislature of the State of Texas, Regular Session, 1957, as amended) Chapters 49 and 51 of the Texas Water Code, to the extent applicable, together with all amendments and additions thereto.

WHEREAS, the District now desires to issue refunding bonds to refund all or part of the of the outstanding ECP Series B 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, all the Refunded Bonds mature or are subject to redemption prior to maturity within 20 years of the date of the bonds hereinafter authorized; and

WHEREAS, the refunding bonds hereafter authorized are being issued and delivered pursuant to Chapter 1207, Texas Government Code, as amended ("Chapter 1207"); and

WHEREAS, Chapter 1207 authorizes the District to issue refunding bonds and to deposit the proceeds from the sale thereof together with any other available funds or resources, directly with a place of payment (paying agent) for the Refunded Bonds or eligible trust company or commercial bank, and such deposit, if made before such payment dates, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Bonds; and

WHEREAS, Chapter 1207 further authorizes the District to enter into an escrow or similar agreement with respect to the safekeeping, investment, reinvestment, administration and disposition of any such deposit; and

WHEREAS, the Deposit Agreement hereinafter authorized, constitutes an agreement of the kind authorized and permitted by Chapter 1207; and

WHEREAS, the Board hereby specifies that to the extent the principal amount of the refunding bonds authorized hereby, together with any net premium thereon, exceeds the principal amount of the Refunded Bonds, such difference shall be counted against the amount authorized by the Bond Election for refunding purposes; and

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

WHEREAS, the Board of Directors of the District deems it advisable and in the best interest of the District to refund the Refunded Bonds, among other information and terms to be included in a Approval Certificate to be executed by the Authorized Officer, both as hereinafter defined, all in accordance with the provisions of Chapter 1207, including Section 1207.007 thereof.

THEREFORE, BE IT ORDERED BY THE BOARD OF DIRECTORS OF TARRANT REGIONAL WATER DISTRICT, A WATER CONTROL AND IMPROVEMENT DISTRICT:

ARTICLE ONE

PREAMBLE

SECTION 1.01 **INCORPORATION OF PREAMBLE.** The Board of Directors of the District hereby incorporates the recitals set forth in the preamble hereto as if set forth in full at this place and further finds and determines that the recitals are true and correct.

ARTICLE TWO

DEFINITIONS AND INTERPRETATIONS

SECTION 2.01. **DEFINITIONS.** When used in this Order, except in Article Six, and in any resolution or order amendatory or supplemental hereto, the terms listed below shall have the meanings specified below, unless it is otherwise expressly provided or unless the context otherwise requires:

"Additional Bonds" means the additional bonds payable from ad valorem taxes which the Board of Directors expressly reserves the right to issue in Section 11.01 of this Order.

"Approval Certificate" means the certificate to be executed and delivered pursuant to Section 3.02 hereof in connection with the issuance of the Bonds.

"Authorized Denominations" means the denomination of \$5,000 or any integral multiple thereof with respect to the Bonds.

"Authorized Investments" means authorized obligations as set forth in the Public Funds Investment Act, Chapter 2256, Texas Government Code and the District's Investment Policy.

"Authorized Officer" means the President, Vice President, Secretary or Assistant Secretary of the District.

"Authorized Representative" means the General Manager, the Deputy General Manager, and the Finance Director of the District authorized, appointed, and designated to act on behalf of the District as provided herein.

"Bank" means U.S. Bank National Association, as paying agent for the Refunded Bonds.

"Board of Directors" or "Board" means the governing body of the District.

"Bond Election" means the election held on May 5, 2018, at which the issuance of a maximum amount of \$250,000,000 in bonds was authorized to be issued by the District for the purpose of providing flood control and drainage facilities and an amount not exceeding one and one-half times the amount of bonds or other evidences of indebtedness previously issued by the District was authorized for the purpose of refunding bonds or other obligations of the District issued for providing flood control and drainage facilities.

"Bond Order" or "Order" means, this Order of the Board of Directors authorizing the issuance of the Bonds.

"Bonds" means the Bonds, as defined in section 3.01 of the Order, issued and delivered pursuant to this Order 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.

"Business Day" means any day which is not a Saturday, Sunday, or day on which the Paying Agent/Registrar is authorized by law or executive order to remain closed.

"Defeasance Securities" means (i) Federal Securities, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Board of Directors adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded 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 no less than "AAA" or its equivalent.

"Deposit Agreement" means the agreement by and between the District and the Bank relating to the defeasance of the Refunded Bonds.

"District" or "Issuer" means Tarrant Regional Water District, A Water control and Improvement District and any other public agency succeeding to the powers, rights, privileges, and functions of the District and, when appropriate, the Board of Directors of the District.

"DTC" means The Depository Trust Company of New York.

"ECP Series B Bonds" means the ECP Series B Bonds as defined in the Preamble hereto.

"Exchange Bonds" means Bonds registered, authenticated, and delivered by the Registrar, as provided in Section 4.01 of this Order.

"Federal Securities" means direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America (including Interest Strips of the Resolution Funding Corporation).

"Fiscal Year" means the twelve-month accounting period for the District, which presently is the twelve-month period beginning on October 1 of each year and ending on September 30 of the following year, but which may be changed from time to time by the Board of Directors.

"Initial Bond" means the Bond authorized, issued, and initially delivered as provided in Section 3.02 of this Order.

"Interest Payment Date" means a date on which interest on the Bonds is due and payable. Interest on the Bonds is due and payable semi-annually on each March 15 and September 15, commencing on the Interest Payment Date set forth in the Approval Certificate thereafter until the earlier of maturity or redemption.

"Issuance Date" means the date of initial delivery of the Bonds to the Underwriter.

"Master Resolution" means the Master Resolution as defined in the Preamble hereto.

"MSRB" means the Municipal Securities Rulemaking Board.

"Outstanding" when used with reference to Bonds, means, as of a particular date, all Bonds theretofore and thereupon delivered except; (a) any Bond canceled by or on behalf of the District at or before said date, (b) any Bond defeased or no longer considered Outstanding pursuant to the provisions of this Order or otherwise defeased as permitted by applicable law and (c) any such Bond in lieu of or in substitution for which another Bond shall have been delivered pursuant to this Order.

"Paying Agent/Registrar" or "Registrar" means BOKF, NA, or such other bank, trust company, financial institution, or other entity as may hereafter be designated by the District to act as paying agent and registrar for the Bonds in accordance with the terms of this Order.

"Record Date" means the last calendar day of the month immediately preceding an Interest Payment Date whether or not a business day.

"Redemption Date" means a date fixed for redemption of any Bond pursuant to the terms of this Order.

"Refundable Bonds" means any of the Refundable Bonds as defined in the Preamble hereto.

"Refunded Bonds" means those Refundable Bonds to be refunded as designated by the Authorized Representative in the Approval Certificate.

"Register" means the registry system maintained on behalf of the District by the Registrar in which are listed the names and addresses of the Registered Owners and the principal amount of Bonds registered in the name of each Registered Owner.

"Registered Owner" means any person or entity in whose name a Bond is registered.

"Replacement Bonds" means the Bonds authorized by the District to be issued in substitution for lost, apparently destroyed, or wrongfully taken Bonds as provided in Section 4.02 of this Order.

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

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

"Underwriter" means the initial purchaser or purchasers of the Bonds.

SECTION 2.02. INTERPRETATIONS. The titles and headings of the articles and sections and the page numbers of this Order have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof. This Order and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of the Bonds and the validity of the taxes levied in payment thereof.

ARTICLE THREE

AUTHORIZATION, REGISTRATION, EXECUTION, AND AUTHENTICATION OF BONDS

SECTION 3.01. AMOUNT, NAME, PURPOSE, AND AUTHORIZATION. Each Bond issued pursuant to this Order shall be issued under and by virtue of the Constitution and laws of the State of Texas, including particularly Article XVI, Section 59 of the Texas Constitution, the District Act, Chapter 1207, Texas Government Code, as amended, and, to the extent applicable, Chapters 49 and 51, Texas Water Code, as amended, and shall be known and designated as "Tarrant Regional Water District, A Water Control and Improvement District Unlimited Tax Refunding Bonds," shall be dated the date and shall be issued in the aggregate principal amount set forth in the Approval Certificate (but in no event to exceed one and one-half times the amount of the Refunded Bonds) for the purpose of refunding the Refunded Bonds and paying certain costs of issuing the Bonds. The authority of the Authorized Representative to execute the Approval Certificate shall expire on October 15, 2019. Bonds priced on or before October 15, 2019, may close after such date.

SECTION 3.02. FORM, DATE, NUMBERS, AND DENOMINATION. (a) There initially shall be issued, sold and delivered fully registered bonds, without interest coupons, numbered consecutively from R-1 upward (except the initial Bonds delivered to the Attorney General of the State of Texas which shall be numbered T-1), payable to the respective initial Registered Owners thereof, or to the registered assignee or assignees of said Bonds or any portion or portions thereof, in Authorized Denominations, maturing not later than forty (40) years from their date, serially or otherwise on the dates, in the years and in the principal amounts, respectively, all

as set forth in the Approval Certificate to be executed and delivered by the Authorized Representative pursuant to subsection (b) of this Section. The Approval Certificate is hereby incorporated in and made a part of this Order and shall be filed in the minutes of the Board as a part of this Order.

(b) As authorized by Chapter 1207, Texas Government Code, as amended, the General Manager, the Deputy General Manager, and the Finance Director of the Issuer are each hereby designated as an "Authorized Representative" 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 Representative (the "Approval Certificate") for a period not to extend beyond October 15, 2019, in selling and delivering the Bonds, determining which of the Refundable Bonds shall be refunded and constitute "Refunded Bonds" in this Order and carrying out the other procedures specified in this Order, 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 (but in no event to exceed one and one-half times the amount of the Refunded Bonds) of the Bonds, the amount of each maturity of principal thereof, the due date of each such maturity (not exceeding forty years from the date of the Bonds), the rate of interest, to be borne by each such maturity (but in no event to result in the net effective interest rate on the Bonds exceeding 10% per annum), the initial interest payment date, the date or dates of any optional redemption thereof, any mandatory sinking fund redemption provisions, and approving modifications to this Order 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.

(c) The Bonds shall bear interest calculated on the basis of a 360-day year composed of twelve 30-day months from the dates specified in the FORM OF BOND set forth in this Order to their respective dates of maturity or redemption at the rates per annum set forth in the Approval Certificate.

SECTION 3.03. PAYMENT OF PRINCIPAL AND INTEREST. The Registrar is hereby appointed as the paying agent for the Bonds. The principal of the Bonds, shall be payable, without exchange or collection charges, in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United States of America, upon their presentation and surrender as they become due and payable, whether at maturity or by prior redemption in the case of the Bonds, at the designated office for payment of the Registrar. The interest on each Bond shall be payable as provided in the Form of Bond by check payable on the Interest Payment Date, mailed by the Registrar on or before each Interest Payment Date to the Registered Owner as shown on the Register on the Record Date or, at the request of a Registered Owner, and at the Registered Owner's risk and expense, in such other manner as may be acceptable to the Registered Owner and the Registrar. Any accrued interest payable at maturity or earlier redemption, in the case of the Bonds, shall be paid upon presentation and surrender of the Bond to which such interest appertains.

If the date for payment on any Bond is a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the Registrar is located are authorized by law or executive order to close, or the United States Postal Service is not open for business, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or a day on which banking institutions are authorized by law or executive order to close, and payment on such date shall have the same force and effect as if made on the original date payment was due.

SECTION 3.04. SUCCESSOR REGISTRARS. The District covenants that at all times while any Bonds are outstanding it will provide a bank, trust company, financial institution or other entity duly qualified and duly authorized to act as Registrar for the Bonds. The District reserves the right to change the Registrar on not less than 30 days written notice to the Registrar, so long as any such notice is effective at such time as to not disrupt payment on the next succeeding principal or interest payment date on the Bonds. Promptly upon the appointment of any successor Registrar, the previous Registrar shall deliver the Register or copies thereof to the new Registrar, and the new Registrar shall notify each Registered Owner, by United States mail, first-class postage prepaid, of such change and of the address of the new Registrar. Each Registrar hereunder, by acting in that capacity, shall be deemed to have agreed to the provisions of this Section.

SECTION 3.05. SPECIAL RECORD DATE. If interest on any Bond is not paid on any Interest Payment Date and continues unpaid for 30 days thereafter, the Registrar shall establish a new record date for the payment of such interest, to be known as a Special Record Date. The Registrar shall establish a Special Record Date when funds to make such interest payment are received from or on behalf of the District. Such Special Record Date shall be 15 days prior to the date fixed for payment of such past due interest, and notice of the date of payment and the Special Record Date shall be sent by United States mail, first-class, postage prepaid, not later than 5 days prior to the Special Record Date, to each affected Registered Owner of record as of the close of business on the day prior to the mailing of such notice.

SECTION 3.06. REGISTERED OWNERS. The District, the Registrar and any other person may treat the person in whose name any Bond is registered as the absolute Registered Owner of such Bond for the purpose of making payment of principal or interest on such Bond, and for all other purposes, whether or not such Bond is overdue, and neither the District, nor the Registrar shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the Registered Owner of any Bond in accordance with this Section 3.06 shall be valid and effectual and shall discharge the liability of the District and the Registrar upon such Bond to the extent of the sums paid.

SECTION 3.07. EXECUTION OF BONDS. The Bonds shall be signed on behalf of the District by the President of the Board of Directors and attested by the Secretary, by their manual, lithographed, or facsimile signatures, and the official seal of the District shall be impressed or placed in facsimile thereon. The facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and the facsimile seal on the Bonds shall have the same effect as if the official seal of the District had been manually impressed upon each of the Bonds. If any officer of the District whose manual or facsimile signature

appears on the Bonds shall cease to be such officer before the authentication of such Bonds or before the delivery of such Bonds, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in such office.

SECTION 3.09. AUTHENTICATION. The Initial Bond shall bear thereon a certificate of registration of the Comptroller of Public Accounts of the State of Texas, substantially in the form provided in Section 6.02 of this Order, manually executed by the Comptroller or a duly authorized deputy. All other Bonds shall bear a certificate of authentication, substantially in the form provided in Section 6.03 of this Order, manually executed by an authorized officer of the Registrar. No Bond shall be valid or obligatory for any purpose unless either the registration certificate of the Comptroller or the authentication certificate of the Registrar has been signed by a duly authorized officer thereof.

ARTICLE FOUR

REGISTRATION, TRANSFER, AND EXCHANGE

SECTION 4.01. REGISTRATION, TRANSFER, AND EXCHANGE. So long as any Bonds remain outstanding, the Registrar shall keep at its designated office for payment the Register, in which, subject to such reasonable regulations as it may prescribe, the Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of this Order.

Each Bond shall be transferable only upon the presentation and surrender thereof at the designated office for payment of the Registrar, duly endorsed for transfer, or accompanied by an assignment duly executed by the Registered Owner or an authorized representative in form satisfactory to the Registrar. Upon due presentation of any Bond for transfer, the Registrar shall authenticate and deliver in exchange therefor, within 72 hours after such presentation, a new Bond or Bonds of the same type, registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount, and bearing interest at the same rate as the Bond or Bonds so presented.

All Bonds shall be exchangeable upon presentation and surrender thereof at the designated office for payment of the Registrar for a Bond or Bonds of the same maturity and interest rate and in any authorized denomination, in an aggregate principal amount equal to the unpaid principal amount of the Bond or Bonds presented for exchange. The Registrar shall be and is hereby authorized to authenticate and deliver exchange Bonds in accordance with the provisions of this Section 4.01. Each Bond delivered in accordance with this Section 4.01 shall be entitled to the benefits and security of this Order to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

The District or the Registrar may require the Registered Owner of any Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Bond. Any fee or charge of the Registrar for such transfer or exchange shall be paid by the District.

SECTION 4.02. MUTILATED, LOST, OR STOLEN BONDS. Upon the presentation and surrender to the Registrar of a mutilated Bond, the Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, destroyed, or wrongfully taken, the District, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall execute and the Registrar shall authenticate and deliver a replacement Bond of like amount, bearing a number not contemporaneously outstanding.

The District or the Registrar may require the Registered Owner of a mutilated Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith and any other expenses connected therewith, including the fees and expenses of the Registrar. The District or the Registrar may require the Registered Owner of a lost, destroyed or wrongfully taken Bond, before any replacement Bond is issued, to:

- (a) furnish to the District and the Registrar satisfactory evidence of the ownership of and the circumstances of the loss, destruction or theft of such Bond;
- (b) furnish such security or indemnity as may be required by the Registrar and the District to save them harmless;
- (c) pay all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Registrar and any tax or other governmental charge that may be imposed; and
- (d) meet any other reasonable requirements of the District and the Registrar.

If, after the delivery of such replacement Bond, a bona fide purchaser of the original Bond which such replacement Bond was issued presents for payment such original Bond, the District and the Registrar shall be entitled to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the District or the Registrar in connection therewith.

If any such mutilated, lost, destroyed or wrongfully taken Bond has become or is about to become due and payable, the District in its discretion may, instead of issuing a replacement Bond, authorize the Registrar to pay such Bond.

Each replacement Bond delivered in accordance with this Section 4.02 shall be entitled to the benefits and security of this Order to the same extent as the Bond or Bonds in lieu of which such replacement is delivered.

SECTION 4.03. BOOK-ENTRY-ONLY SYSTEM. (a) The Bonds issued in exchange for the Initial Bond shall be issued in the form of a separate single fully registered Bond for each of the maturities thereof registered in the name of Cede & Co., as nominee of DTC and

except as provided in subsection (b) 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 District and the Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC participants (the "DTC Participant") or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the District and the 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 Registered Owner, as shown on the Register, of any notice with respect to the Bonds, or (iii) the payment to any DTC Participant or any person, other than a Registered Owner, as shown on the Register Books of any amount with respect to principal of or interest on the Bonds. Notwithstanding any other provision of this Order to the contrary, but to the extent permitted by law, the District and the 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 of and interest, with respect to such Bond, for the purposes of registering transfers with respect to such Bond, and for all other purposes of registering transfers with respect to such Bonds, and for all other purposes whatsoever. The Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the respective Registered Owners, as shown in the Register as provided in this Order, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a Registered Owner, as shown in the Registration Books, shall receive a Bond evidencing the obligation of the District to make payments of principal, and interest pursuant to this Order. 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 Order 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 Order shall refer to such new nominee of DTC.

(b) Successor Securities Depository; Transfer Outside Book-Entry-Only System. In the event that the District determines to discontinue the book-entry system through DTC or a successor or DTC determines to discontinue providing its services with respect to the Bonds, the District shall either (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 Register 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 the Registered Owner transferring or exchanging Bond shall designate, in accordance with the provisions of this Order.

(c) Payments to Cede & Co. Notwithstanding any other provision of this Order 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, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Letter of Representations of the District to DTC.

(d) DTC Blanket Letter of Representations. The District authorizes execution of a Blanket Issuer Letter of Representations with DTC establishing the Book-Entry-Only System which will be utilized with respect to the Bonds.

(e) Cancellation of Initial Bond. On the closing date, one Initial Bond representing the entire principal amount of the Bonds, payable in stated installments to the order of the Underwriter of the Bonds or its designee set forth in Section 15.01 of this Order, executed by manual or facsimile signature of the President and Secretary, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to such Underwriter or its designee set forth in Section 15.01 of this Order. Upon payment for the Initial Bond, the Registrar shall cancel the Initial Bond and deliver to DTC on behalf of such Underwriter one registered definitive Bond for each year of maturity of the Bonds, in the aggregate principal amount of all the Bonds for such maturity.

SECTION 4.04. CANCELLATION OF BONDS. All Bonds paid in accordance with this Order, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated, registered, and delivered in accordance herewith, shall be canceled and disposed of upon the making of proper records regarding such payment, redemption, exchange, or replacement. The Registrar shall furnish the District with appropriate certificates of disposition of such Bonds.

ARTICLE FIVE

REDEMPTION OF BONDS BEFORE MATURITY

SECTION 5.01. REDEMPTION OF BONDS. The Bonds shall be subject to redemption, including redemption at the option of the District, as set forth in the FORM OF BOND in Section 6.01.

ARTICLE SIX

FORM OF BOND

SECTION 6.01. FORM OF BOND. The Bonds authorized by this Order shall be in substantially the following form, with such omissions, insertions, and variations, including variations in form, spacing, and style, as may be necessary and desirable and consistent with the terms of this Order and the Approval Certificate. The District shall provide sufficient printed bond forms, duly executed by the District, to the Registrar for registration, authentication, and delivery of the Bonds in accordance with the provisions of this Order.

FORM OF BOND

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

As provided in the Bond Order referred to herein, until the termination of the system of book-entry-only transfers through DTC, and notwithstanding any other provision of the Bond Order 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.

**UNITED STATES OF AMERICA
STATE OF TEXAS**

**TARRANT REGIONAL WATER DISTRICT,
A WATER CONTROL AND IMPROVEMENT DISTRICT
ECP SERIES B UNLIMITED TAX REFUNDING BONDS**

NO. R- **PRINCIPAL
AMOUNT**
\$_____

<u>INTEREST RATE</u>	<u>DATE OF BONDS</u>	<u>MATURITY DATE</u>	<u>CUSIP NO.</u>
	____, ____*	September 15, ____	

REGISTERED OWNER:

PRINCIPAL AMOUNT:

ON THE MATURITY DATE specified above, **TARRANT REGIONAL WATER DISTRICT, A WATER CONTROL AND IMPROVEMENT DISTRICT** (the "District"), being a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assign (hereinafter called the "Registered Owner") the principal amount set forth above, and to pay interest thereon (calculated on the basis of a 360-day year of twelve 30-day months) from _____, ____*, at the interest rate per annum specified above. Interest is payable semiannually on each March 15 and September 15 (each, an "Interest Payment Date"), commencing on _____ 15, ____,* to the maturity date specified above, or the date of redemption prior to maturity, at the interest rate per annum specified above; except that if this Bond is required to be

* From Approval Certificate.

authenticated and the date of its authentication 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 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; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged or converted from is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full. Notwithstanding the foregoing, during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, any payment to the securities depository, or its nominee or registered assigns, shall be made in accordance with existing arrangements between the District and the securities depository.

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 BOKF, NA, which is the "Registrar" or "Paying Agent/Registrar" for this Bond at its designated office for payment in Dallas, Texas. 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 or draft, dated as of such Interest Payment Date, drawn by the Registrar on, and payable solely from, funds of the District required by the order authorizing the issuance of the Bonds (the "Bond Order") to be on deposit with the Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Registrar by United States mail, first-class postage prepaid, on or before each such Interest Payment Date, to the Registered Owner hereof, at its address as it appeared on the last calendar day of the month next preceding each such date (the "Record Date") on the Register kept by the Registrar listing the names and addresses of the Registered Owners (the "Register"). In addition, interest may be paid by such other method, acceptable to the Registrar, requested by, and at the risk and expense of, the Registered Owner. In the event of a non-payment of interest on a scheduled payment date, and for 30 calendar days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the District. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 calendar days after the Special Record Date) shall be sent at least 5 business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Registered Owner as it appears on the Register at the close of business on the last business day next preceding the date of mailing of such notice. Notwithstanding the foregoing, during any period in which ownership of the Bond is determined only by a book entry at a securities depository for the Bonds, any payment to the securities depository, or its nominee or registered assigns, shall be made in accordance with existing arrangements between the District and the securities depository.

ANY ACCRUED INTEREST due at maturity or upon the redemption of this Bond prior to maturity as provided herein shall be paid to the Registered Owner upon presentation and surrender of this Bond for payment at the designated office for payment of the Paying Agent/Registrar. The District covenants with the Registered Owner of this Bond that on or before each principal payment date, interest payment date, and any redemption date for this Bond it will make available to the Registrar, from the "Debt Service Fund" created by the Bond Order, 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 any payment due on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the designated office for payment of the Paying Agent/Registrar is located are authorized by law or executive order to close, or the United States Postal Service is not open for business, 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, or the United States Postal Service is not open for business; 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 a series of Bonds dated as of _____, ____* and authorized to be issued pursuant to the Bond Order adopted by the Board of Directors of the District in the principal amount of \$_____* **FOR THE PURPOSE OF REFUNDING BONDS OF THAT ISSUE OF TARRANT REGIONAL WATER DISTRICT, A WATER CONTROL AND IMPROVEMENT DISTRICT EXTENDABLE COMMERCIAL PAPER MODE BONDS, SERIES B AND PAYING CERTAIN COSTS OF ISSUING THE BONDS.**

ON SEPTEMBER 15, ____*, **OR ON ANY DATE THEREAFTER**, the Bonds maturing on and after September 15, ____*, may be redeemed prior to their scheduled maturities, at the option of the District, with funds derived from any available and lawful source, at a redemption price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption as a whole, or from time to time in part, and, if in part, the particular Bonds, or portions thereof, to be redeemed shall be selected and designated by the District, and if less than all of a maturity is to be redeemed the Registrar shall determine by lot or other customary method of random selection the Bonds, or portions thereof within such maturity to be redeemed (provided that a portion of a Bond may be redeemed only in integral multiples of \$5,000 of principal amount).

****[THE BONDS MATURING ON _____ AND _____** (the "Term Bonds") are subject to mandatory sinking fund redemption by lot prior to maturity in the following amounts on the following dates and at a price of par plus accrued interest to the redemption date.

Term Bonds Maturing on _____

Redemption Date

Principal Amount

* From Approval Certificate.

** From Approval Certificate, if applicable.

Term Bonds Maturing on _____

Redemption Date

Principal Amount

THE PRINCIPAL AMOUNT of the Term Bonds required to be redeemed pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the direction of the District by the principal amount of any Term Bonds of the stated maturity which, at least 50 days prior to a mandatory redemption date, (1) shall have been acquired by the District 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 District with monies in the Debt Service Fund at a price not exceeding the principal amount of the Term Bonds plus accrued interest to the date of purchase thereof, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory sinking fund redemption requirement.]

AT LEAST 30 calendar days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity a written notice of such redemption shall be sent by the Registrar by United States mail, first-class postage prepaid, to the Registered Owner of each Bond to be redeemed at its address as it appeared on the Register on the 45th calendar day prior to such redemption date at least 30 days prior to the date fixed for redemption and to major securities depositories and bond information services. By the date fixed for any such redemption due provision shall be made with the Registrar for the payment of the required redemption price for the Bonds or portions for which such payment is made, all as provided above. The Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the Registered Owner to receive the redemption price from the 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 authorized denomination or denominations, 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 District, all as provided in the Bond Order.

DURING ANY PERIOD in which ownership of the Bonds is determined only 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 District and the securities depository.

WITH RESPECT TO any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Bond Order have been met and moneys sufficient to pay the

principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the District, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the District shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

ALL BONDS OF THIS SERIES are issuable solely as fully registered Bonds, without interest coupons, in the principal denomination of any integral multiple of \$5,000. As provided in the Bond Order, this Bond may, at the request of the Registered Owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate amount of fully registered Bonds, without interest coupons, payable to the appropriate Registered Owner, assignee or assignees, as the case may be, having any authorized denomination or denominations as requested in writing by the appropriate Registered Owner, assignee or assignees, as the case may be, upon surrender of this Bond to the Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Order. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Registrar, evidencing assignment of this Bond or any portion or portions hereof in any authorized denomination to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be registered. The Form of Assignment printed or endorsed on this Bond may be executed by the Registered Owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the Registered Owner. The Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Bond or portion thereof will be paid by the District. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Registrar shall not be required to make any such transfer, conversion or exchange of any Bond or any portion thereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or Interest Payment Date or (ii) within 45 calendar days prior to its redemption date; provided, however, such limitation on transferability shall not be applicable to an exchange by the Registered Owner of the unredeemed balance hereof in the event of its redemption in part.

WHENEVER the beneficial ownership of this Bond is determined by a book entry at a securities depository for the Bonds, the foregoing requirements of holding, delivering or transferring this Bond shall be modified to require the appropriate person or entity to meet the requirements of the securities depository as to registering or transferring the book entry to produce the same effect.

IN THE EVENT any Registrar for the Bonds is changed by the District, resigns, or otherwise ceases to act as such, the District has covenanted in the Bond Order that it promptly will

appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the Registered Owners of the Bonds.

THE BONDS are payable from the proceeds of an ad valorem tax, without legal limit as to rate or amount, levied upon all taxable property within the District. The Bond Order further provides that the pledge of taxes to the payment of the Bonds shall terminate at such time, if ever, as (i) money and/or Defeasance Securities (as defined in the Bond Order) are deposited with or made available to the Registrar in accordance with the Bond Order or (ii) the District is abolished and the obligations of the District are assumed pursuant to existing Texas law.

THE BONDS are issued pursuant to the Bond Order, whereunder the District covenants to levy a continuing, direct annual ad valorem tax, without legal limit as to rate or amount, on taxable property within the District, for each year while any part of the Bonds are considered outstanding under the provisions of the Bond Order, in sufficient amount to pay interest on the Bonds as it becomes due, to provide a sinking fund for the payment of the principal of the Bonds when due or the redemption price at any earlier required redemption date with respect to the Bonds, and to pay the expenses of assessing and collecting such tax, all as more specifically provided in the Bond Order. Reference is hereby made to the Bond Order for provisions with respect to the custody and application of funds, remedies in the event of a default hereunder or thereunder, and the other rights of the Registered Owners of the Bonds. By acceptance of this Bond the Registered Owner hereof consents to all of the provisions of the Bond Order, a certified copy of which is on file in the office of the District.

THE OBLIGATION to pay the principal of and the interest on this Bond is solely and exclusively the obligation of the District until such time, if ever, as the District is abolished and this Bond is assumed as described above. No other entity, including the State of Texas, any political subdivision thereof other than the District, or any other public or private body, is obligated, directly, indirectly, contingently, or in any other manner, to pay the principal of or the interest on this Bond from any source whatsoever. No part of the physical properties of the District, including the properties refinanced by the proceeds of the Bonds, is encumbered by any lien for the benefit of the Registered Owner of this Bond.

THE DISTRICT RESERVES THE RIGHT to issue additional bonds heretofore or hereafter duly authorized at elections held in the District payable from a lien on and pledge of taxes; bonds, notes and other obligations of inferior liens, and revenue bonds, notes and other obligations payable solely from revenues of the District or revenues to be received under contracts with other persons, including private corporations, municipalities and political subdivisions or from any other source. The District further reserves the right to issue refunding bonds in any manner permitted by law to refund any bonds (including the Bonds) at or prior to their respective dates of maturity or redemption.

TO THE EXTENT permitted by and in the manner provided in the Bond Order, the terms and provisions of the Bond Order and the rights of the Registered Owners of the Bonds may be modified with, in certain circumstances, the consent of the Registered Owners of a majority in aggregate principal amount of the Bonds affected thereby; provided, however, that, without the

consent of the Registered Owners of all of the Bonds affected, no such modification shall (i) extend the time or times of payment of the principal of and interest on the Bonds, reduce the principal amount thereof or the rate of interest thereon, or in any other way modify the terms of payment of the principal of or interest on the Bonds, (ii) give any preference to any Bond over any other Bond, or (iii) reduce the aggregate principal amount of the Bonds required for consent to any such modification.

THIS BOND shall not be valid or obligatory for any purpose or be entitled to any benefit under the Bond Order unless this Bond either (a) is registered by the Comptroller of Public Accounts of the State of Texas as evidenced by execution of the registration certificate endorsed hereon or (b) is authenticated as evidenced by execution of the authentication certificate endorsed hereon by the Registrar.

IT IS HEREBY CERTIFIED, COVENANTED, AND REPRESENTED that all acts, conditions, and things necessary to be done precedent to the issuance of the Bonds in order to render the same legal, valid, and binding obligations of the District have happened and have been accomplished and performed in regular and due time, form, and manner, as required by law; that provision has been made for the payment of the principal of and interest on the Bonds by the levy of a continuing, direct annual ad valorem tax upon all taxable property within the District and that issuance of the Bonds does not exceed any constitutional or statutory limitation. In the event that any provisions herein contained do or would, presently or prospectively, operate to make any part hereof void or voidable, such provisions shall be without effect or prejudice to the remaining provisions hereof, which shall nevertheless remain operative, and such violative provisions, if any, shall be reformed by a court of competent jurisdiction within the limits of the laws of the State of Texas.

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

**TARRANT REGIONAL WATER DISTRICT,
A WATER CONTROL AND IMPROVEMENT
DISTRICT**

XXXXXXXXXXXXX
Secretary, Board of Directors

XXXXXXXXXXXXX
President, Board of Directors

(SEAL)

SECTION 6.02. REGISTRATION OF INITIAL BOND BY STATE COMPTROLLER AND CERTIFICATE. The Initial Bond shall be registered by the Comptroller of Public Accounts of the State of Texas as provided by law. The registration certificate of the Comptroller of Public Accounts of the State of Texas shall be printed on the face of the Initial Bond and shall be in substantially the following form:

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 6.03. FORM OF AUTHENTICATION CERTIFICATE. The following form of authentication certificate shall be printed on the face of each of the Bonds other than the Initial Bond:

**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 Order described in the text of this Bond; and that this Bond has been issued in conversion or replacement of, or in exchange for, a Bond, Bonds, or a portion of a Bond or Bonds of a series which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated:

BOKF, NA,
Registrar

By _____
Authorized Representative

SECTION 6.04. FORM OF ASSIGNMENT. A form of assignment shall be printed on the back of each of the Bonds and shall be in substantially the following form:

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto

Please insert Social Security or Taxpayer
Identification Number of Transferee

(Please print or typewrite name and address,
including zip code of Transferee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney, to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____
Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

NOTICE: The signature above must correspond with the name of the Registered Owner as it appears upon the front of this Bond in every particular, without alteration or enlargement or any change whatsoever.

SECTION 6.05. CUSIP REGISTRATION. The President of the Board of Directors may secure the printing of identification numbers on the Bonds through the CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association.

SECTION 6.06. LEGAL OPINION AND BOND INSURANCE. (a) The approving opinions of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, and Mahomes Bolden, P.C., Dallas, Texas may be printed on the back of the Bonds over the certification of the Secretary of the Board of Directors which may be executed in facsimile.

(b) If bond insurance is obtained for the Bonds, a Statement of Insurance may be placed on the back of, or attached to, the Bonds.

SECTION 6.07. INITIAL BOND. The Initial Bond shall be in the form set forth in this Section, except that:

A. immediately above the name of the Bond, the two paragraphs with respect to DTC shall be removed.

B. immediately under the name of the Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As shown in below" and "CUSIP NO." shall be deleted.

C. the principal amount specified in the Approval Certificate shall be entered under the heading "PRINCIPAL AMOUNT."

D. the first paragraph shall be deleted and the following will be inserted:

"TARRANT REGIONAL WATER DISTRICT, A WATER CONTROL AND IMPROVEMENT DISTRICT (the "District"), being a political subdivision, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), the principal amount specified above, payable in annual installments on September 15 in each of the years and in the principal amounts and bearing interest at the per annum rates set forth in the following schedule:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
-------------	-------------------------	----------------------

(Information from Approval Certificate to be inserted)

The District promises to pay interest (calculated on the basis of a 360-day year of twelve 30-day months) on the unpaid principal amount hereof from _____, ____*, at the respective interest rate per annum specified above. Interest is payable semiannually on each March 15 and September 15, commencing _____ 15, ____,* thereafter to the date of payment of the principal installment specified above; except, that if this Bond is required to be authenticated and the date of its authentication 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 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; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full."

E. The Initial Bond shall be numbered "T-1."

* From Approval Certificate.

ARTICLE SEVEN

SECURITY OF THE BONDS

SECTION 7.01. SECURITY OF BONDS AND PERFECTION OF LIEN. The Bonds are secured by and payable from the levy of a continuing, direct annual ad valorem tax, without legal limitation as to rate or amount, upon all taxable property within the District.

Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the ad valorem taxes granted by the District under this Article Seven, 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 ad valorem taxes granted by the District under this Section is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in order to preserve to the Owners of the Bonds the perfection of the security interest in said pledge, the District 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 7.02. LEVY OF TAX. To pay the interest on the Bonds, and to create a sinking fund for the payment of the principal thereof when due, and to pay the expenses of assessing and collecting such taxes, there is hereby levied, and there shall be assessed and collected in due time, a continuing, direct annual ad valorem tax without legal limit as to rate or amount on all taxable property in the District for each year while any of the Bonds are outstanding. All of the proceeds of such collections, except expenses incurred in that connection, shall be paid into the Debt Service Fund, and the aforementioned tax and such payments into such fund shall continue until the Bonds and the interest thereon have been fully paid and discharged, and such proceeds shall be used for such purposes and no other. While said Bonds, or any of them, are outstanding and unpaid, an ad valorem tax that will be ample and sufficient to provide funds to pay the interest on said Bonds and to provide the necessary sinking fund to pay the principal when due, full allowance being made for delinquencies and costs of collection, together with revenues and receipts from other sources that are legally available for such purpose, shall be levied and collected and applied to the payment of principal and interest on the Bonds, as follows:

- (a) By September 1 in each year, or as soon thereafter as practicable, the Board shall consider the taxable property in the District and determine the actual rate per \$100 valuation of taxable property which is to be levied in that year and levy the tax against all taxable property in the District.
- (b) In determining the actual rate to be levied in each year, the Board shall consider among other things:
 - (i) the amount which should be levied for maintenance and operation purposes;
 - (ii) the amount which should be levied for the payment of principal, interest, and redemption price of each series of bonds or notes payable in whole or in part from taxes;

- (iii) the amount which should be levied for the purpose of paying all other contractual obligations of the District payable in whole or in part from taxes; and
 - (iv) the percentage of anticipated tax collections and the cost of collecting the taxes.
- (c) In determining the amount of taxes which should be levied each year, the Board shall consider whether proceeds from the sale of Bonds have been placed in the Debt Service Fund (as defined in Section 8.01 of this Order) to pay interest on the Bonds and whether the Board reasonably expects to have revenue or receipts available from other sources which are legally available to pay debt service on the Bonds.

SECTION 7.03. PAYMENT OF BONDS AND PERFORMANCE OF OBLIGATIONS. The District covenants to pay promptly the principal of and interest on the Bonds as the same become due and payable, whether at maturity or by prior redemption, in accordance with the terms of the Bonds and this Order, and to keep and perform faithfully all of its covenants, undertakings, and agreements contained in this Order, or in any Bond executed, authenticated, and delivered hereunder.

SECTION 7.04. ABOLITION OF DISTRICT. To the extent provided by law, the pledge of taxes set forth in Section 7.02 will terminate if properties and assets are taken over, all debts, liabilities, and obligations are assumed, and all functions and services of the District are assumed, and the District is abolished pursuant to law.

ARTICLE EIGHT

FLOW OF FUNDS AND INVESTMENTS

SECTION 8.01. FUNDS. The ECP Series B Refunding Debt Service Fund is hereby created or confirmed. The Debt Service Fund shall be kept separate and apart from all other funds of the District. Each fund shall be kept separate and apart from all other funds of the District. The Debt Service Fund shall constitute a trust fund which shall be held in trust for the benefit of the owners of the Bonds. All funds shall be used solely as provided in this Order until all of the Bonds have been retired, both as to principal and interest.

SECTION 8.02. SECURITY OF FUNDS. Any cash balance in any fund, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, shall be continuously secured in the manner provided by law for the security of funds of counties of the State of Texas.

SECTION 8.03. DEPOSIT AND USE OF DEBT SERVICE FUND. The District shall deposit or cause to be deposited into the Debt Service Fund the aggregate of the following at the time specified:

- (a) As soon as practicable after the Bonds are sold, accrued interest on the Bonds from their date to the date of their delivery; and
- (b) The proceeds from collection of the ad valorem taxes levied, assessed and collected for and on account of the Bonds pursuant to Section 7.02 hereof, less costs of collection, as collected.

On or before the date for payment of the principal and/or Interest Payment Date on the Bonds, the Board of Directors shall cause the transfer of moneys out of the Debt Service Fund to the Registrar in an amount not less than that which is sufficient to pay the principal which matures on such date and the interest which accrues on such date. The District shall pay fees and charges of the Registrar for its services as paying agent and registrar for the Bonds from the Debt Service Fund.

SECTION 8.04. INVESTMENTS; EARNINGS. Moneys deposited into the Debt Service Fund and any other fund or funds which the District may lawfully create may be invested or reinvested in Authorized Investments. All investments and any profits realized from and interest accruing on investments made from any fund may be transferred to the Debt Service Fund. If any moneys are so invested, the District shall have the right to have sold in the open market a sufficient amount of such investments to meet its obligations in the event any fund does not have sufficient uninvested funds on hand to meet the obligations payable out of such fund. After such sale the moneys resulting therefrom shall belong to the fund from which the moneys for such investments were initially taken. The District shall not be responsible to the Registered Owners for any loss arising out of the sale of any investments.

ARTICLE NINE

APPLICATION OF BOND PROCEEDS

SECTION 9.01. BOND PROCEEDS. Proceeds from the sale of the Bonds will be disbursed in accordance with this Article.

SECTION 9.02. ACCRUED INTEREST. Moneys received from the Underwriter of the Bonds representing accrued interest on the Bonds from their date to the date of their actual delivery shall be deposited into the Debt Service Fund.

SECTION 9.03. DEPOSIT AGREEMENT. The proceeds from the sale of the Bonds after making the deposit provided in Section 9.02 and paying or making provisions for the payment of the costs in connection with issuing the Bonds, shall be deposited pursuant to the instructions of the President and any Vice President or the District's financial advisor, Hilltop Securities Inc., including deposits required by the Deposit Agreement to be made into the Payment Account created therein. The Deposit Agreement, in substantially the form attached hereto as Exhibit "A", is hereby approved and the President and any Vice President is authorized and directed, for and on behalf of the District, to execute, and the Secretary or any Assistant Secretary is authorized to attest, the Deposit Agreement with such changes as approved by such Officers.

ARTICLE TEN

PROVISIONS CONCERNING FEDERAL INCOME TAX EXCLUSION

SECTION 10.01. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE BONDS. (a) Covenants. The District covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Bonds as obligations described in section 103 of the Internal Revenue Code of 1986, as amended (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 District 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 to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by the District, with respect to such private business use, do not, under the terms of this Order 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 (1) hereof exceeds 5 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 5 percent is used for a "private business use" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

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

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

(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, in the

case of a current refunding, 30 days or less in the case of an advance refunding 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) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings); and

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

(b) Compliance with Code. For purposes of the foregoing (a)(1) and (a)(2), the District understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Bonds. It is the understanding of the District that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Bonds, the District will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally-recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the District 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 District hereby authorizes and directs its President to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the District, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds. The District covenants to comply with the covenants contained in this section after defeasance of the Bonds.

(c) Disposition of Project. The District covenants that the property refinanced with the proceeds of the Bonds (the "Project") will not be sold or otherwise disposed in a transaction resulting in the receipt by the District of cash or other compensation, unless the District 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 District 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 on the Bonds.

(d) Allocation of, and Limitation on, Expenditures for the Project. The District covenants to account for the expenditure of sale proceeds and investment earnings 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 District shall not expend sale proceeds or investment earnings thereon more than 60 days after the later of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired, unless the District 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 District 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.

(e) Rebate Fund. In order to facilitate compliance with the above covenant (a)(8), a "Rebate Fund" is hereby established by the District 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.

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

ARTICLE ELEVEN

ADDITIONAL BONDS AND REFUNDING BONDS

SECTION 11.01. ADDITIONAL BONDS. The District expressly reserves the right to issue, in one or more installments, for the purpose of purchasing, constructing, acquiring, owning, operating, maintaining, repairing, improving, or extending the System, or for any other lawful purpose:

- (a) the unissued unlimited tax bonds which were authorized pursuant to the Bond Elections; and
- (b) such other unlimited tax bonds as may hereafter be authorized at subsequent elections.

SECTION 11.02. OTHER BONDS AND OBLIGATIONS. The District further reserves the right to issue unlimited tax bonds and combination unlimited tax and revenue bonds,

if authorized by election, and such other bonds or other obligations as may be lawfully issued by the District including any obligations issued for special projects or defined areas.

SECTION 11.03. REFUNDING BONDS. The District further reserves the right to issue refunding bonds in any manner permitted by law to refund the Bonds at or prior to their respective dates of maturity or redemption.

ARTICLE TWELVE

DEFAULT PROVISIONS

SECTION 12.01. REMEDIES IN EVENT OF DEFAULT. In addition to any other rights and remedies provided by the laws of the State of Texas, the District covenants and agrees that in the event of default in payment of principal of or interest on any of the Bonds when due, or, in the event it fails to make the payments required to be made into the Debt Service Fund, or defaults in the observance or performance of any other of the covenants, conditions, or obligations set forth in this Order, the Registered Owners shall be entitled to a writ of mandamus issued by a court of competent jurisdiction compelling and requiring the District and the officials thereof to observe and perform the covenants, obligations, or conditions prescribed in this Order. Any delay or omission to exercise any right or power or be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

SECTION 12.02. BOND ORDER IS CONTRACT. In consideration of the purchase and acceptance of the Bonds authorized to be issued hereunder by the Registered Owners, the provisions of this Order shall be deemed to be and shall constitute a contract between the District and the Registered Owners; and the covenants and agreements herein set forth to be performed on behalf of the District shall be for the equal benefit, protection, and security of each of the Registered Owners. The Bonds, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority, or distinction of any Bond over any other, except as expressly provided herein.

ARTICLE THIRTEEN

DISCHARGE BY DEPOSIT

SECTION 13.01. DEFEASANCE OF BONDS. (a) Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond") within the meaning of this Order, except to the extent provided in subsections (c) and (e) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date or dates (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption) or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar for such payment (1) lawful money of the United States of America sufficient to make such payment, (2) Defeasance Securities, 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 ensure the availability, without reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by the District with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable or (3) any combination of (1) and (2). At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes herein levied as provided in this Order, and such principal and interest shall be payable solely from such money or Defeasance Securities.

(b) The deposit under clause (ii) of subsection (a) shall be deemed a payment of a Bond as aforesaid when proper notice of redemption of such Bonds shall have been given, in accordance with this Order. Any money so deposited with the Paying Agent/Registrar as provided in this Section may at the discretion of the Board of Directors also be invested in Defeasance Securities, maturing in the amounts and at the times as hereinbefore set forth, and all income from all Defeasance Securities in possession of the Paying Agent/Registrar pursuant to this Section which is not required for the payment of such Bond and premium, if any, and interest thereon with respect to which such money has been so deposited, shall be turned over to the Board of Directors.

(c) Notwithstanding any provision of any other Section of this Order which may be contrary to the provisions of this Section, all money or Defeasance Securities set aside and held in trust pursuant to the provisions of this Section for the payment of principal of the Bonds and premium, if any, and interest thereon, shall be applied to and used solely for the payment of the particular Bonds and premium, if any, and interest thereon, with respect to which such money or Defeasance Securities have been so set aside in trust. Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Bonds the same as if they had not been defeased, and the District shall make proper arrangements to provide and pay for such services as required by this Order.

(d) Notwithstanding anything elsewhere in this Order, if money or Defeasance Securities have been deposited or set aside or made available to with the Paying Agent/Registrar pursuant to this Section for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment of the provisions of this Section shall be made without the consent of the registered owner of each Bond affected thereby.

(e) Notwithstanding the provisions of subsection (a) immediately above, to the extent that, upon the defeasance of any Defeased Bond to be paid at its maturity, the District retains the right under Texas law to later call that Defeased Bond for redemption in accordance with the provisions of the Order authorizing its issuance, the District may call such Defeased Bond for redemption upon complying with the provisions of Texas law and upon the satisfaction of the provisions of subsection (a) immediately above with respect to such Defeased Bond as though it was being defeased at the time of the exercise of the option to redeem the Defeased Bond and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Bond.

ARTICLE FOURTEEN

MISCELLANEOUS PROVISIONS

SECTION 14.01. DISTRICT'S SUCCESSORS AND ASSIGNS. Whenever in this Order the District is named and referred to, it shall be deemed to include its successors and assigns, and all covenants and agreements in this Order by or on behalf of the District, except as otherwise provided herein, shall bind and inure to the benefit of its successors and assigns whether or not so expressed.

SECTION 14.02. NO RECOURSE AGAINST DISTRICT OFFICERS OR DIRECTORS. No recourse shall be had for the payment of the principal of or interest on the Bonds or for any claim based thereon or on this Order against any officer or director of the District or any person executing the Bonds.

SECTION 14.03. REGISTRAR. The Registrar shall act as agent for the payment of principal of and interest on the Bonds and shall maintain the Register for the Bonds, all in accordance with the terms of this Order. If the Registrar or its successor becomes unable for any reason to act as Registrar hereunder, or if the Board of Directors of the District determines that a successor Registrar should be appointed, a successor Registrar shall be selected by the District. Any successor Registrar shall be either a bank, trust company, financial institution, or other entity duly qualified and legally authorized to serve and perform the duties as paying agent and registrar for the Bonds.

SECTION 14.04. REGISTRAR MAY OWN BONDS. The Registrar, in its individual or any other capacity, may become the owner or pledgee of the Bonds with the same rights it would have if it were not Registrar.

SECTION 14.05. BENEFITS OF PROVISIONS. Nothing in this Order or in the Bonds, expressed or implied, shall give or be construed to give any person, firm, or corporation, other than the District, the Registrar, and the Registered Owners, any legal or equitable right or claim under or in respect of this Order, or under any covenant, condition, or provision herein contained, all the covenants, conditions, and provisions contained in this Order or in the Bonds being for the sole benefit of the District, the Registrar, and the Registered Owners.

SECTION 14.06. UNAVAILABILITY OF AUTHORIZED PUBLICATION. If, because of the temporary or permanent suspension of any newspaper, journal, or other publication, or for any reason, publication of notice cannot be made meeting any requirements herein established, any notice required to be published by the provisions of this Order shall be given in such other manner and at such time or times as in the judgment of the District shall most effectively approximate such required publication, and the giving of such notice in such manner shall for all purposes of this Order be deemed to be in compliance with the requirements for publication thereof.

SECTION 14.07. SEVERABILITY CLAUSE. If any word, phrase, clause, sentence, paragraph, section, or other part of this Order, or the application thereof to any person or circumstance, shall ever be held to be invalid or unconstitutional by any court of competent

jurisdiction, the remainder of this Order and the application of such word, phrase, clause, sentence, paragraph, section, or other part of this Order to any other persons or circumstances shall not be affected thereby.

SECTION 14.08. **ACCOUNTING.** The District will keep proper records and accounts regarding the levy and collection of taxes, which records and accounts will be made available to any Registered Owner on reasonable request. Each year while any of the Bonds are outstanding, the District shall have an audit of its books and accounts by a certified public accountant or firm of certified public accountants, based on its Fiscal Year, and copies of such audits will be made available to any Registered Owner upon request.

SECTION 14.09. **FURTHER PROCEEDINGS.** The President and Secretary of the Board of Directors and other appropriate officials of the District are hereby authorized and directed to do any and all things necessary and/or convenient to carry out the terms of this Order.

ARTICLE FIFTEEN

SALE AND DELIVERY OF BONDS AND APPROVAL OF DOCUMENTS

SECTION 15.01. **SALE OF BONDS.** Pursuant to the authorizations in Article 3 hereof, as approved by the Authorized Representative, the Bonds may be sold either pursuant to the taking of bids therefor as provided in the Official Notice of Sale or by negotiated sale or placement pursuant to a purchase agreement or other agreement (the "Purchase Agreement") with a purchaser or purchasers (collectively, the "Underwriters") to be approved by an Authorized Representative, 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 Representative, with such changes therein as shall be approved by an Authorized Representative, the execution thereof by an Authorized Representative to constitute evidence of such approval. The delegation of authority to an Authorized Representative to approve the final terms of the Bonds as set forth in this Order is, and the decisions made by an Authorized Representative pursuant to such delegated authority will be, in the best interests of the Issuer, and an Authorized Representative is authorized to make a finding to such effect in the Approval Certificate.

SECTION 15.02. **APPROVAL, REGISTRATION, AND DELIVERY.** The President of the Board of Directors of the District and representatives of McCall, Parkhurst & Horton L.L.P. and/or Mahomes Bolden, P.C. are each hereby authorized and directed to submit the Initial Bond and a transcript of the proceedings relating to the issuance of the Bonds to the Attorney General of the State of Texas for approval and, following said approval, to submit the Initial Bonds to the Comptroller of Public Accounts of the State of Texas for registration. Upon registration of the Initial Bond, the Comptroller of Public Accounts (or a deputy designated in writing to act for the Comptroller) shall manually sign the Comptroller's registration certificate prescribed herein to be printed and endorsed on the Initial Bond, and the seal of the Comptroller shall be impressed or placed in facsimile on the Initial Bond. After the Initial Bond has been registered, signed, and sealed

by the Comptroller, they shall be delivered to the Underwriter, but only upon receipt of the full purchase price.

SECTION 15.03 APPROVAL OF OFFERING DOCUMENTS AND PAYING AGENT/REGISTRAR AGREEMENT. The Authorized Representative is hereby authorized to approve the Preliminary Official Statement, the Official Statement relating to the Bonds and any addenda, supplement or amendment thereto (collectively, the "Offering Documents"). For the purpose of review by the Underwriter prior to purchasing the Bonds, the District deems said Preliminary Official Statement to have been "final as of its date" within the meaning of the Rule. The District further approves the distribution of such Official Statement in the reoffering of the Bonds by the Underwriter in final form, with such changes therein or additions thereto as an Authorized Representative executing the same may deem advisable, such determination to be conclusively evidenced by his execution thereof

The Paying Agent/Registrar Agreement by and between the District and BOFK, NA ("Paying Agent Agreement") in substantially the form and substance attached hereto as Exhibit "C" is hereby approved and the President or Vice President is hereby authorized and directed to complete, amend, modify and execute the Paying Agent Agreement, as necessary and the Secretary or Assistant Secretary is authorized and directed to attest such agreement.

SECTION 15.04. REFUNDING OF REFUNDED BONDS. (a) The Refunded Bonds shall be paid upon the earlier of their stated maturity dates or the earliest redemption dates for which notice of redemption can be given pursuant to the Master Resolution, in each case at a price of par plus accrued interest to the date of payment. As soon as practicable after sale of the Bonds, appropriate notices of redemption shall be delivered to the paying agent/registrar for the Refunded Bonds to notify, in accordance with the requirements of the Master Resolution, the owners of the Refunded Bonds of the call for redemption thereof.

(b) Concurrently with the delivery of the Bonds, the Issuer shall cause to be deposited an amount from the proceeds from the sale of the Bonds, together with, to the extent necessary, available funds of the Issuer, with the paying agent/registrar for the Refunded Bonds, sufficient to provide for the refunding and redemption, on the date or dates fixed for redemption, of all of the Refunded Bonds, in accordance with Subchapter C of Chapter 1207, Texas Government Code, as amended. 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) as may be necessary for the Payment Account described in such Deposit Agreement. It is hereby found and determined that the refunding of the Refunded Bonds, which consist of bonds in an extendable commercial paper mode, makes it impracticable to determine the maximum amount by which the aggregate amount of payments to be made under the Bonds exceeds the aggregate amount of payments that would have been made under the terms of the Refunded Bonds for purposes of Section 1207.008(a)(2), Texas Government Code.

ARTICLE SIXTEEN

OPEN MEETING AND EFFECTIVE DATE

SECTION 16.01. OPEN MEETING. The Board of Directors officially finds, determines, and declares that this Order was reviewed, carefully considered, and adopted at a meeting of the Board, and that a sufficient written notice of the date, hour, place, and subject of this meeting was posted as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended, and that the meeting was open to the public as required by law at all times during which this Order and the subject matter hereof has been discussed, considered, and acted upon. The Board of Directors further ratifies, approves and confirms such written notice and the contents and posting thereof.

SECTION 16.02. EFFECTIVE DATE OF BOND ORDER. This Order shall take effect and be in full force and effect upon and after its passage.

ARTICLE SEVENTEEN

AMENDMENTS

SECTION 17.01. AMENDMENTS. (a) Amendment with Consent of Owners of 51% of Bonds. The owners of 51% in aggregate principal amount of then outstanding Bonds shall have the right from time to time to approve any amendment to this Order which may be deemed necessary or desirable by the District; provided however, that, other than as permitted by subsection (f) of this Section 17.01, nothing herein contained shall permit or be construed to permit the amendment, without the consent of the owner of each of the outstanding Bonds affected thereby, of the terms and conditions of this Order or the Bonds so as to:

- (1) change debt service requirements, interest payment dates or the maturity or maturities of the outstanding Bonds;
- (2) reduce the rate of interest borne by any of the outstanding Bonds;
- (3) reduce the amount of the principal of, redemption premium, if any, or interest on the outstanding Bonds or impose any conditions with respect to such payments;
- (4) modify the terms of payment of principal of, redemption premium, if any, or interest on the outstanding Bonds, or impose any conditions with respect to such payments;
- (5) affect the right of the Registered Owners of less than all of the Bonds then outstanding;
or
- (6) decrease the minimum percentage of the principal amount of Bonds necessary for consent to any such amendment.

(b) Notice of Amendment. If at any time the District shall desire to amend this Order it may cause a written notice of the proposed amendment to be published at least once on a business day in a financial newspaper, journal, or publication of general circulation in the City of New York, New York, or in the State of Texas. If, because of temporary or permanent suspension of the publication or general circulation of all such newspapers, journals, or publications, it is impossible or impractical to publish such notice in the manner provided herein, then such publication in lieu thereof as shall be made by the Registrar shall constitute a sufficient publication of notice. In addition to such publication, the Registrar shall cause a written notice of the proposed amendment to be given by registered or certified mail to Registered Owners of the Bonds as shown on the Registration Books maintained by the Registrar; provided, however, that failure to receive such written notice of the proposed amendment, or any defect therein or in the mailing thereof, shall not affect the validity of any proceeding in connection with, or the adoption of, such amendment. 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 the Registrar for inspection by all Registered Owners of Bonds.

(c) Consent to Amendment. Whenever at any time not less than 30 days, and within one year, from the date of the first publication of said notice or other services of written notice the District shall receive an instrument or instruments executed by the Registered Owners of at least 51% in aggregate principal amount of all Bonds then outstanding, which instrument or instruments shall refer to the proposed amendment described in said notice and shall specifically consent to and approve such amendment, the District may adopt the amendatory resolution or order in substantially the same form.

(d) Effect of Amendment. Upon the adoption of any amendatory resolution or order pursuant to the provisions of this Section, this Order shall be deemed to be amended in accordance with such amendatory resolution or order, and the respective rights, duties, and obligations under such amendatory resolution or order of all the Registered Owners shall thereafter be determined and exercised subject in all respects to such amendments.

(e) Consent of Registered Owners. Any consent given by a Registered Owner pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the first publication of the notice provided for in this Section, and shall be conclusive and binding upon all future owners of the Bonds during such period. Such consent may be revoked by the Registered Owner who gave such consent at any time after six months from the date of the first giving of such notice, or by a successor in title, by filing notice thereof with the Registrar and the District, but such revocation shall not be effective if the Registered Owners of 51% in aggregate principal amount of the then outstanding Bonds have, prior to the attempted revocation, consented to and approved the amendment.

(f) Amendments Without Consent. Notwithstanding the provisions of (a) through (e) of this Section, and without notice of the proposed amendment and without the consent of the Registered Owners, the District may, at any time, amend this Order to cure any ambiguity or to cure, correct, or supplement any defective or inconsistent provision contained therein, or to make any other change that does not in any respect materially and adversely affect the interest of the Registered Owners, provided that no such amendment shall be made contrary to the provision to Section 17.01 (a), and a duly certified or executed copy of each such amendment shall be filed with the Registrar.

ARTICLE EIGHTEEN

CONTINUING DISCLOSURE UNDERTAKING

SECTION 18.01. CONTINUING DISCLOSURE UNDERTAKING. (a) Annual Reports. The District shall provide annually to the MSRB, in an electronic format as prescribed by the MSRB, within six months after the end of any fiscal year, financial information and operating data with respect to the District of the general type included in the final Official Statement authorized by Section 15.03 of this Order, being the information described in Exhibit "D" hereto. Any financial statements to be so provided shall be (1) prepared in accordance with the accounting principles described in Exhibit "D" hereto, or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the District commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the District shall provide unaudited financial information within such period, and audited financial statements for the applicable fiscal year to the MSRB, when and if the audit report on such statements become available.

If the District changes the fiscal year, the District will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the District 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 subsection may be set forth in full in one or more documents or may be included by specific reference to any document that is available to the public on the MSRB's internet web site or filed with the SEC. All documents provided to the MSRB pursuant to this subsection shall be accompanied by identifying information as prescribed by the MSRB.

(b) Event Notices. The District shall notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, of any of the following events with respect to the Bonds:

- A. Principal and interest payment delinquencies;
- B. Non-payment related defaults, if material within the meaning of the federal securities laws;
- C. Unscheduled draws on debt service reserves reflecting financial difficulties;
- D. Unscheduled draws on credit enhancements reflecting financial difficulties;
- E. Substitution of credit or liquidity providers, or their failure to perform;
- F. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701TEB) or other material

notices or determinations with respect to the tax-exempt status of the Bonds, or other events affecting the tax-exempt status of the Bonds;

G. Modifications to rights of holders of the Bonds, if material within the meaning of the federal securities laws;

H. Bond calls, if material within the meaning of the federal securities laws;

I. Defeasances;

J. Release, substitution, or sale of property securing repayment of the Bonds, if material within the meaning of the federal securities laws;

K. Rating changes;

L. Bankruptcy, insolvency, receivership or similar event of the District;

M. The consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, 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 within the meaning of the federal securities laws;

N. Appointment of a successor or additional trustee or the change of name of a trustee, if material within the meaning of the federal securities laws;

O. Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect securities holders, if material; and

P. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligations of the obligated person, any of which reflect financial difficulties.

For purposes of the foregoing, the term "financial obligation" means (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with this Rule.

The District shall notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner, of any failure by the District to provide financial information or operating data in accordance with this subsection by the time required. All documents provided to the MSRB pursuant to this subsection shall be accompanied by identifying information as prescribed by the MSRB.

(c) Limitations, Disclaimers, and Amendments. The District shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the District remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the District in any event will give the notice required by this Order of any Bond calls and defeasance that cause the Bonds to be no longer 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 District undertakes to provide only the financial information, operating data, financial statements, and notices that it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the District's financial results, condition, or prospects relating to the System or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The District 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 DISTRICT 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 DISTRICT, 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 District in observing or performing its obligations under this Section shall constitute a breach of or default under this Order for purposes of any other provision of this Order.

Should the Rule be amended to obligate the District to make filings with or provide notices to entities other than the MSRB, the District hereby agrees to undertake such obligation with respect to the Bonds in accordance with the Rule as amended.

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

The provisions of this Section may be amended by the District from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, 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 to the date of such amendment, 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 Order that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (B) a person that is unaffiliated with the District (such as

nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. If the District so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with this Section an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided. The District may also amend or repeal the provisions of this continuing disclosure requirement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling the Bonds in the primary offering of the Bonds.

ARTICLE NINETEEN

OTHER ACTIONS

SECTION 19.01. ATTORNEY GENERAL FEES. The District hereby authorizes and directs payment from legally available funds of the District, 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 19.02. OTHER ACTIONS. The President or Vice President and Secretary of the Board of Directors of the District, and all other officers, employees and agents of the District, and each of them, shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the District all instruments as may be necessary or desirable in order to carry out the terms and provisions of this Order, the Bonds, the sale of the Bonds and the Official Statement. In addition, prior to the initial delivery of the Bonds, President, Vice President or Treasurer and Secretary of the Board of Directors of the District, the District's Attorney and Bond Counsel are hereby authorized and directed to approve any technical changes or corrections to this Order or to any of the instruments authorized and approved by this Order necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Order and as described in the Official Statement, (ii) obtain a rating from any of the national bond rating agencies, or (iii) obtain the approval of the Bonds by the Texas Attorney General's office.

SECTION 19.03. APPROPRIATION. To pay the debt service coming due on the Bonds prior to receipt of the taxes levied to pay such debt service, there is hereby appropriated from current funds on hand, which are hereby certified to be on hand and available for such purpose, an amount sufficient to pay such debt service, and such amount shall be used for no other purpose.

EXHIBIT "A"

FORM OF DEPOSIT AGREEMENT

DEPOSIT AGREEMENT

THIS DEPOSIT AGREEMENT (the "Agreement"), dated as of _____, _____, made by and between Tarrant Regional Water District, a Water Control and Improvement 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 U.S. Bank National Association (the "Bank"), a banking association organized and existing under the laws of the United States of America,

WITNESSETH:

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

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

WHEREAS, the Issuer on _____, _____, pursuant to a resolution (the "Bond Resolution") passed and adopted by the Board, authorized the issuance of bonds known as "Tarrant Regional Water District, a Water Control and Improvement District Unlimited Tax Refunding Bonds" (the "Bonds"), and such Bonds are being issued to refund, discharge and make final payment of the principal of and interest on the Refunded Obligations; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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:

Tarrant Regional Water District, a Water Control and Improvement District
800 East North Side Drive
Fort Worth, Texas 76102-1097

Attention: Director of Finance

U.S. Bank National Association
100 Wall Street, Suite 1600
New York, New York 10005

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 be 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.

SECTION 22. The Bank hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Agreement is a contract for goods or services, will not boycott Israel during the term of this Agreement. The foregoing verification is made solely to comply with Section 2270.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, 'boycott Israel' means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Issuer and Paying Agent understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Bank and exists to make a profit.

SECTION 23. The Bank represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website: <https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>, <https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or <https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>. The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Bank and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Bank understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Bank and exists to make a profit.

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.

TARRANT REGIONAL WATER DISTRICT,
A WATER CONTROL AND IMPROVEMENT DISTRICT

President

ATTEST:

Secretary

(Issuer Seal)

U.S. BANK NATIONAL ASSOCIATION

Title: _____

EXHIBIT "A"
TO DEPOSIT AGREEMENT

Schedule of Refunded Obligations

EXHIBIT "B"
TO DEPOSIT AGREEMENT

Sufficiency Certificate

EXHIBIT "B"

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 District's Bookkeeper and Financial Advisor (the "Responsible Persons") will :

For Obligations issued for newly acquired property or constructed property:

- instruct the appropriate person or persons that the construction, renovation or acquisition of the facilities must proceed with due diligence and that binding contracts for the expenditure of at least 5% of the proceeds of the Obligations will be entered into within 6 months of the date of delivery of the Obligations ("Issue Date");
- monitor that at least 85% of the proceeds of the Obligations to be used for the construction, renovation or acquisition of any facilities are expended within 3 years of the Issue Date;
- restrict the yield of the investments (other than those in the Reserve Fund) to the yield on the Obligations after 3 years of the Issue Date;
- monitor all amounts deposited into a sinking fund or funds, e.g., the Debt Service 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;

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 District (such as a reimbursement resolution) stating its intent to reimburse itself with the proceeds of the Obligations any amount expended prior to the Issue Date for the acquisition, renovation or construction of the facilities;

- assure that the applicable information return (e.g., IRS Form 8038-G, 8038-GC, or any successor forms) is timely filed with the IRS;
- assure that, unless excepted from rebate and yield restriction under section 148(f) of the Code, excess investment earnings are computed and paid to the U.S. government at such time and in such manner as directed by the IRS (i) at least every 5 years after the Issue Date and (ii) within 30 days after the date the Obligations are retired.

B. Private Business Use. With respect to the use of the facilities financed or refinanced with the proceeds of the Obligations the Responsible Persons will:

- monitor the date on which the facilities are substantially complete and available to be used for the purpose intended;
- monitor whether, at any time the Obligations are outstanding, any person, other than the District, the employees of the District, the agents of the District 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 District, the employees of the District, the agents of the District 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 District, the employees of the District, the agents of the District 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 District, 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 District'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 "C"

PAYING AGENT/REGISTRAR AGREEMENT

Located elsewhere in transcript

EXHIBIT "D"

CONTINUING DISCLOSURE

1. Annual Financial Statements and Operating Data

The financial information and operating data with respect to the District to be provided annually in accordance with such Section are of the general type included in the Offering Documents under the headings "PLAN OF FINANCING - Debt Service Requirements," "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)" except for "Estimated Overlapping Debt," "TAX DATA," and in APPENDIX A (Financial Statements of the District including supplemental schedules).

2. Accounting Principles

The accounting principles to be applied to the financial statement of the District are described in the financial statement contained in Appendix A to the Offering Documents .

TARRANT REGIONAL WATER DISTRICT

AGENDA ITEM 8

DATE: October 16, 2018

SUBJECT: Consider Approval of a Master Resolution Establishing the Tarrant Regional Water District, a Water Control and Improvement District Extendable Commercial Paper Financing Program, Series B and Authorizing Extendable Commercial Paper Mode Bonds, Series B – for Up to \$150,000,000

FUNDING: N/A

RECOMMENDATION:

Management recommends approval of a Master Resolution Establishing the Tarrant Regional Water District, a Water Control and Improvement District, Extendable Commercial Paper (ECP) Financing Program and Authorizing Extendable Commercial Paper Mode Series B for up to \$150,000,000 and authorizing other instruments and procedures relating thereto. Management also recommends ECP bonds Series B not be used/issued until the, 10 year, extension of TIF #9 has been approved by the TIF #9 Board and all participating agencies without approval by the TRWD Board of Directors. No ECP will be issued in excess of the amount budgeted in any fiscal year without the approval of the Finance Committee.

DISCUSSION:

Extendable Commercial Paper Bonds (ECP Bonds) are being recommended as a financing tool for projects described in the *Engineer's Report for the Trinity River Vision/Gateway Park/Panther Island Flood Control Project*, dated January 23, 2018 and approved by the Board February 15, 2018 to:

- Increase flexibility in funding to allow for the delay in large, long term fixed rate bond issues.
- Have funds available to construct/finance said projects, to ensure funds are on hand. ECP bond funds will only be borrowed when the project is ready to be constructed and only as invoices are due, which reduces the borrow time and interest expense.
- Remove reliance on "Engineers Opinion of Probable Costs" when issuing Fixed bonds.

- Take advantage of lower short term interest rates offered by ECP Bonds.

The Finance Committee has reviewed this item on October 12, 2018.

The District's financial advisors, and Bond Counsel are attending and have advised the District on the program.

Submitted By:

Sandy Newby
Finance Director

Reviewed By:

Alan Thomas
Deputy General Manager

TARRANT REGIONAL WATER DISTRICT,
A WATER CONTROL AND IMPROVEMENT DISTRICT,
EXTENDABLE COMMERCIAL PAPER BOND FINANCING PROGRAM, SERIES B

TABLE OF CONTENTS

1. Master Resolution Establishing the Tarrant Regional Water District, A Water Control and Improvement District Extendable Commercial Paper Financing Program, Series B and Authorizing Extendable Commercial Paper Mode Bonds, Series B
2. Issuing and Paying Agent Agreement
3. Dealer Agreement
4. General Certificate of the District
5. Signature Identification and No-Litigation Certificate
6. Certificate of Issuing and Paying Agent
7. Certificate of Dealer
8. Offering Memorandum
9. Additional Transcript Requirements
10. Letter of Instruction to the Attorney General
11. Letter of Instruction to the Comptroller of Public Accounts
12. Rating Reports
13. Opinion of Attorney General
14. Comptroller's Registration Certificate
15. Opinion of Bond Counsel
16. DTC Letter of Representations - Book-Entry-Only Corporation Commercial Paper
17. DTC Corporate Commercial Paper - Master Note

The Attorney General of Texas
Public Finance Section
300 West 15th Street, 7th Floor
Austin, Texas 78701

RE: Tarrant Regional Water District, a Water Control and Improvement District
Extendable Commercial Paper Mode Bonds, Series B

Ladies and Gentlemen:

The captioned Bond has been sent to your Office, and it is requested that you examine and approve the Bond in accordance with law. After such approval, please deliver the Bond to the Comptroller of Public Accounts for registration.

Enclosed herewith is a signed but undated copy of the Signature Identification and No-Litigation Certificate and the General Certificate for said Bond. You are hereby authorized and directed to date such Certificates concurrently with the date of approval of the Bond. If any litigation or contest should develop pertaining to the Bond or any other matters covered by such Certificates, the undersigned will notify you thereof immediately by telephone or facsimile transmission. With this assurance you can rely on the absence of any such litigation or contest, and on the veracity and currency of such Certificates, at the time you approve the Bond, unless you are notified otherwise as aforesaid.

Sincerely yours,

TARRANT REGIONAL WATER DISTRICT,
A WATER CONTROL AND IMPROVEMENT DISTRICT

President, Board of Directors

November 28, 2018

**TARRANT REGIONAL WATER DISTRICT,
A WATER CONTROL AND IMPROVEMENT DISTRICT
EXTENDABLE COMMERCIAL PAPER MODE BONDS,
SERIES B [(TAX-EXEMPT)] [(TAXABLE)]**

WE HAVE ACTED AS BOND COUNSEL for the Board of Directors of the Tarrant Regional Water District, A Water Control and Improvement District (the "Issuer") in connection with the issuance from time to time of up to an aggregate principal amount at any one time outstanding of not to exceed \$150,000,000 of its obligations evidenced by the Extendable Commercial Paper Mode Bonds, Series B [(Tax-Exempt)] (the "Tax Exempt ECP Bonds") [(Taxable) (the "Taxable ECP Bonds" and, together with the Tax-Exempt ECP Bonds, the "ECP Bonds")] issued pursuant to the Master Resolution (as hereinafter defined). The proceeds of the ECP Bonds are to be used, pursuant to the terms and provisions of a master resolution adopted by the Issuer on October 16, 2018 (the "Master Resolution"), to provide interim financing to pay the costs and expenses incurred in relation to certain eligible drainage and flood control projects for the Issuer and to refinance, renew, or refund ECP Bonds issued under the Master Resolution, all in accordance with the provisions of Chapter 268, Acts of the 55th Texas Legislature, Regular Session, 1957, as amended; Chapter 1371, Texas Government Code, as amended and Chapters 49 and 51, Texas Water Code, as amended. Terms used herein and not otherwise defined in this opinion shall have the meanings assigned to them in the Master Resolution.

IN OUR CAPACITY AS BOND COUNSEL, we have examined the applicable and pertinent provisions of the Constitution and laws of the State of Texas, a transcript of certified proceedings of the Issuer pertaining to the ECP Bonds, customary certificates of officers and representatives of the Issuer, and other pertinent instruments relating to the authorization of the ECP Bonds and the security for the payment thereof. We have also examined the opinion of the Attorney General of the State of Texas approving the Master Resolution.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that, under the Constitution and laws of the State of Texas as they exist on the date of this opinion, such transcript of proceedings evidences lawful authority for the issuance, reissuance, and sale of the ECP Bonds from time to time by the Issuer pursuant and subject to the provisions, terms, and conditions of the Master Resolution. We are also of the opinion that the Master Resolution has been duly and lawfully adopted by the Issuer and that, except as the enforceability thereof may be limited by laws applicable to the Issuer relating to bankruptcy, reorganization and other similar matters affecting creditors' rights, or by sovereign immunity or general principles of equity which permit the exercise of judicial discretion, the covenants and provisions in the Master Resolution constitute valid and binding obligations of the Issuer.

WE ARE FURTHER OF THE OPINION THAT, under the Constitution and laws of the State of Texas as they exist on the date of this opinion, upon due execution, authentication, and payment and upon compliance by the Issuer with the conditions and covenants of the Master Resolution, and except as the enforceability thereof may be limited by laws applicable to the Issuer relating to sovereign immunity and to bankruptcy, reorganization, and other similar matters affecting creditors' rights, or by general principles of equity which permit the exercise of judicial discretion, the ECP Bonds will constitute valid and binding special obligations of the Issuer, are secured by and payable only from the Proceeds from the sale of ECP Bonds to refinance maturing ECP Bonds (*i.e.*, "roll") and the proceeds of Refunding Bonds to be issued by the Issuer. The Issuer has reserved the right, subject to the restrictions stated in the Master Resolution to amend the Master Resolution.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Tax Exempt ECP Bonds is excludable from the gross income of the owners thereof for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Tax Exempt ECP Bonds are not "specified private activity bonds" and that, accordingly, interest on the Tax Exempt ECP Bonds will not be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986, as amended (the "Code"). In expressing the aforementioned opinions, we have relied and will continue to rely on certain representations, the accuracy of which we have not independently verified, and assume compliance by the Issuer with certain covenants, regarding the use and investment of the proceeds of the Tax Exempt ECP Bonds and the use of the property financed or refinanced therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the Issuer to comply with such covenants, interest on the Tax Exempt ECP Bonds may become includable in gross income retroactively to the date of issuance of the Tax Exempt ECP Bonds.

IT IS OUR OPINION THAT the Taxable ECP Bonds are not obligations described in Section 103(a) of the Code.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the ECP Bonds. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Tax Exempt ECP Bonds, is included in a corporation's alternative minimum taxable income for purposes of determining the alternative minimum tax imposed on corporations by section 55 of the Code.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of a result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants

referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Tax Exempt ECP Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Tax Exempt ECP Bonds as includable in gross income for federal income tax purposes.

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

THE FOREGOING OPINIONS represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result.

YOU MAY CONTINUE TO RELY on this opinion to the extent that (i) there is no change in existing law subsequent to the date of this opinion and (ii) the representations, warranties, and covenants contained in the Master Resolution and certain certificates of authorized officials of the Issuer remain true and accurate.

Respectfully,

CERTIFICATE OF DEALER

The undersigned officer of J.P. Morgan Securities LLC (the "Dealer"), as Dealer under the Dealer Agreement (the "Agreement"), dated as of November 1, 2018, between the Dealer and the Tarrant Regional Water District, a Water Control and Improvement District, relating to the Extendable Commercial Paper Financing Program, Series B, hereby certifies as follows:

1. The Agreement was executed on behalf of the Dealer by the persons named below whose offices appear set opposite their names, and said persons were at the time of executing the Agreement, and are now, duly elected, qualified, and acting incumbents of their respective offices; and the signature appearing after each of said person's name is the true and correct specimen of such persons' genuine signature.

<u>Name</u>	<u>Office</u>	<u>Signature</u>
_____	_____	_____
_____	_____	_____

2. The Dealer is a corporation duly organized under the laws of the United States of America, has duly authorized the Agreement, and has full power and authority to enter into and perform its obligations under the Agreement. Attached hereto as Exhibit A are the Articles of Incorporation and Bylaws of the Dealer. The attached Exhibit is a true and correct copy of such documents which are in full force and effect as of the date hereof.

3. The Attorney General of the State of Texas is hereby authorized on behalf of the Dealer to complete the date on this Certificate upon his approval of the Bonds, which date shall be on or before the date of issuance of the Bonds, and to rely upon the information contained herein unless notified otherwise. Should any facts arise which make the representations stated herein untrue prior to the date the Bonds are approved, the Dealer shall inform the Attorney General and the Issuer of the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Dealer this _____.

J.P. MORGAN SECURITIES LLC

By: _____
Title: _____

[SEAL]

CERTIFICATE OF ISSUING AND PAYING AGENT

The undersigned officer of U.S. Bank National Association (the "Issuing and Paying Agent"), as Issuing and Paying Agent under the Issuing and Paying Agent Agreement (the "Agreement"), dated as of November 1, 2018, between the Issuing and Paying Agent and the Tarrant Regional Water District, a Water Control and Improvement District, relating to the Extendable Commercial Paper Financing Program, hereby certifies as follows:

1. The Agreement was executed on behalf of the Issuing and Paying Agent by the persons named below whose offices appear set opposite their names, and said persons were at the time of executing the Agreement, and are now, duly elected, qualified, and acting incumbents of their respective offices; and the signature appearing after each of said person's name is the true and correct specimen of such persons' genuine signature.

<u>Name</u>	<u>Office</u>	<u>Signature</u>
_____	_____	_____
_____	_____	_____

2. The Issuing and Paying Agent is a national banking organization duly organized under the laws of the United States of America, is authorized to carry out corporate trust powers, and has full power and authority to enter into and perform its obligations under the Agreement. Attached hereto as Exhibit A are the Articles of Association and Bylaws of the Issuing and Paying Agent. The attached Exhibit is a true and correct copy of such documents which are in full force and effect as of the date hereof.

3. The Attorney General of the State of Texas is hereby authorized on behalf of the Issuing and Paying Agent to complete the date on this Certificate upon his approval of the Bonds, which date shall be on or before the date of issuance of the Bonds, and to rely upon the information contained herein unless notified otherwise. Should any facts arise which make the representations stated herein untrue prior to the date the Bonds are approved, the Issuing and Paying Agent shall inform the Attorney General and the Issuer of the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Issuing and Paying Agent this _____.

U.S. BANK NATIONAL ASSOCIATION

By: _____
Title: _____

[SEAL]

CERTIFICATE FOR RESOLUTION

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

We, the undersigned officers of the Board of Directors of said District, hereby certify as follows:

1. The Board of Directors of said District convened in REGULAR MEETING ON THE 16TH DAY OF OCTOBER, 2018, at the regular designated meeting place, and the roll was called of the duly constituted officers and members of said Board, to-wit:

- Jack R. Stevens, President
- Martha V. Leonard, Vice President
- Leah M. King, Secretary
- James Hill, Secretary Pro Tem
- James W. Lane, Director

and all of said persons were present, except the following absentees: _____, thus constituting a quorum. Whereupon, among other business, the following was transacted at said Meeting: a written

MASTER RESOLUTION ESTABLISHING THE TARRANT REGIONAL WATER DISTRICT, A WATER CONTROL AND IMPROVEMENT DISTRICT EXTENDABLE COMMERCIAL PAPER FINANCING PROGRAM, SERIES B AND AUTHORIZING EXTENDABLE COMMERCIAL PAPER MODE BONDS, SERIES B

was duly introduced for the consideration of said Board and read in full. It was then duly moved and seconded that said Resolution be passed; and, after due discussion, said motion, carrying with it the passage of said Resolution, prevailed and carried by the following vote:

AYES: All members of said Board shown present above voted "Aye"; except _____.

NOES: ____.

ABSTENTION: ____

2. That a true, full, and correct copy of the aforesaid Resolution passed at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; that said Resolution has been duly recorded in said Board's minutes of said Meeting; that the above and foregoing paragraph is a true, full, and correct excerpt from said Board's minutes of said Meeting pertaining to the passage of said Resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified, and acting officers and members of said Board as indicated therein; that each of the officers and members of said Board was duly and

sufficiently notified officially and personally, in advance, of the time, place, and purpose of the aforesaid Meeting, and that said Resolution would be introduced and considered for passage at said Meeting, and each of said officers and members consented, in advance, to the holding of said Meeting for such purpose; and that said Meeting was open to the public, and public notice of the time, place, and purpose of said Meeting was given all as required by Chapter 551, Texas Government Code.

SIGNED AND SEALED the 16th day of October, 2018.

Secretary, Board of Directors

President, Board of Directors

(SEAL)

CERTIFICATE FOR ORDER

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

We, the undersigned officers of the Board of Directors of said District, hereby certify as follows:

1. The Board of Directors of said District convened in REGULAR MEETING ON THE 16TH DAY OF OCTOBER, 2018, at the regular designated meeting place, and the roll was called of the duly constituted officers and members of said Board, to-wit:

Jack R. Stevens, President
Martha V. Leonard, Vice President
Leah M. King, Secretary
James Hill, Secretary Pro Tem
James W. Lane, Director

and all of said persons were present, except the following absentees: _____, thus constituting a quorum. Whereupon, among other business, the following was transacted at said Meeting: a written

ORDER AUTHORIZING THE ISSUANCE OF TARRANT REGIONAL WATER DISTRICT, A WATER CONTROL AND IMPROVEMENT DISTRICT, UNLIMITED TAX REFUNDING BONDS; LEVYING AN AD VALOREM TAX IN SUPPORT OF THE BONDS; ESTABLISHING THE PROCEDURES OF SELLING AND DELIVERING THE BONDS; AND AUTHORIZING OTHER MATTERS RELATED TO THE ISSUANCE OF THE BONDS

was duly introduced for the consideration of said Board and read in full. It was then duly moved and seconded that said Order be passed; and, after due discussion, said motion, carrying with it the passage of said Order, prevailed and carried by the following vote:

AYES: All members of said Board shown present above voted "Aye"; except _____.

NOES: ____.

ABSTENTION: ____

2. That a true, full, and correct copy of the aforesaid Order passed at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; that said Order has been duly recorded in said Board's minutes of said Meeting; that the above and foregoing paragraph is a true, full, and correct excerpt from said Board's minutes of said Meeting pertaining to the passage of said Order; that the persons named in the above and foregoing paragraph are the duly chosen, qualified, and acting officers and members of said Board as indicated therein; that each of the officers and members of said Board was duly and sufficiently

notified officially and personally, in advance, of the time, place, and purpose of the aforesaid Meeting, and that said Order would be introduced and considered for passage at said Meeting, and each of said officers and members consented, in advance, to the holding of said Meeting for such purpose; and that said Meeting was open to the public, and public notice of the time, place, and purpose of said Meeting was given all as required by Chapter 551, Texas Government Code.

SIGNED AND SEALED the 16th day of October, 2018.

Secretary, Board of Directors

President, Board of Directors

(SEAL)

Melissa Mora
Economic Analysis Center
Comptroller's Department
P.O. Box 13528
Capitol Station
Austin, Texas 78711

RE: Tarrant Regional Water District, a Water Control and Improvement
District Extendable Commercial Paper Mode Bonds, Series B

Dear Melissa:

The approved Bond will be delivered to you by the Attorney General of Texas. You are hereby requested to register the Bond as required by law and by the proceedings authorizing the Bond. As you will see, the Bond is a single instrument payable in installments solely to the registered owner.

After execution of the Comptroller's Registration Certificate on the Bond, you are hereby authorized and directed to send the Bond by Federal Express or Airborne to McCall, Parkhurst & Horton L.L.P., Attorneys at Law, 717 N. Harwood Street, 9th Floor, Dallas, Texas 75201, attention Alan H. Raynor, together with four (4) copies of each of the following:

- (1) Attorney General's Approving Opinion.
- (2) Comptroller's Signature Certificate.

Sincerely yours,

TARRANT REGIONAL WATER DISTRICT,
A WATER CONTROL AND IMPROVEMENT
DISTRICT

President, Board of Directors

GENERAL CERTIFICATE

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

We, the undersigned officers of the Board of Directors of Tarrant Regional Water District, a Water Control and Improvement District (the "District"), hereby certify as follows:

1. This certificate is executed for the benefit of the Attorney General of the State of Texas and the prospective owners of Tarrant Regional Water District, a Water Control and Improvement District Extendable Commercial Paper Mode Bonds, Series B (Tax-Exempt), dated November 1, 2018 (the "ECP Series B Bonds") authorized by a Master Resolution Establishing the Tarrant Regional Water District, A Water Control and Improvement District Extendable Commercial Paper Financing Program, Series B and Authorizing Extendable Commercial Paper Mode Bonds, Series B, adopted by the Board of Directors of the District on October 16, 2018 (the "ECP Series B Resolution"). Capitalized terms used herein and not defined herein shall have the meanings assigned to them in the Series A Resolution.

2. Tarrant County Water Improvement District No. 1 was created originally by a majority of the qualified electors therein on October 7, 1924; that the District was converted to a water control and improvement district on June 19, 1925, and its named changed to Tarrant County Water Control and Improvement District Number One; that on April 5, 1929, the District became a municipal district within the meaning and intent of Section 18 of Chapter 280, Acts of the Regular Session of the 41st Legislature of Texas (now codified as Section 51.038, Texas Water Code); and that the District was granted additional powers by Chapter 268, Acts of the 55th Legislature, Regular Session, 1957, as amended, Chapter 433, Acts of the 77th Legislature, Regular Session, 2001, Chapter 1363, Acts of the 79th Legislature, Regular Session 2005, and the District by Order of the Texas Natural Resource and Conservation Commission of September 27, 1996, changed its name to the current name, and no annexations or boundary changes have been made to the District since the last issue of bonds of the District approved by the Attorney General.

3. Neither the corporate existence nor boundaries of the District is being contested, no litigation has been filed or is now pending which would affect the authority of the officers of the District to issue, execute, sign, and deliver the Bonds, and no authority or proceedings for the issuance of the ECP Series B Bonds have been repealed, revoked or rescinded.

4. The Board of Directors of the District is composed of the following persons, each of whom serves in the capacity indicated:

- Jack R. Stevens, President
- Martha V. Leonard, Vice President
- Leah M. King, Secretary
- James Hill, Secretary Pro Tem
- James W. Lane, Director

5. Each member of the Board of Directors of the District has duly qualified as a member of the Board of Directors by executing the sworn statement (when required), by executing the bond required by law, and by taking the official oath of office prescribed by the Constitution for public officers, each such bond was duly approved by the Board of Directors of the District, and each such bond, sworn statement and oath are filed and retained in the District's records and with the Secretary of State.

6. The District has no bonds or obligations outstanding payable from ad valorem taxes. \$250,000,000 in unlimited tax bonds were authorized at the May 5, 2018 Bond Election, resulting in refunding authority of up to 1.5 times such amount, or \$375,000,000. The District expects in the future to refund the ECP Series B Bonds with proceeds of refunding bonds from such authorization.

7. The currently effective ad valorem tax rolls of the District are those for the year 2017 being the most recently approved tax rolls of the District; the taxable property in the District has been assessed as required by law; the Tarrant County Tax Assessor has duly verified the tax rolls; and the assessed value of taxable property in the District upon which the annual ad valorem tax of the District has been levied (after deducting the amount of all exemptions, if any, taken or required to be given under the Constitution and laws of the State of Texas), according to the tax rolls for the year is \$_____.

8. The District has not limited the taxing powers granted to it by the Constitution and laws of the State of Texas, and no procedure for such action has been taken.

9. The Board of Directors of the District has never adopted or given notice of the adoption of a resolution limiting the District's indebtedness.

10. No litigation of any nature has ever been filed or is now pending (i) to restrain or enjoin the issuance or delivery of any of the Series A Bonds or which affects their validity or the provisions made for their payment or security, or (ii) questioning the title of the present members and officers of the Board of Directors of the District to their respective offices, or (iii) contesting the organization of the District or the boundaries thereof, or (iv) with respect to the authorization, execution, delivery, or validity of the Contracts.

11. The District is not in default as to any covenant, condition, or obligation in connection with the ECP Series B Resolution.

12. The ECP Series B Resolution has been duly adopted and is in full force and effect and has not been amended, rescinded, or changed in any way.

13. The Issuing and Paying Agent Agreement and the Dealer Agreement have each been duly authorized, executed, and delivered by the District.

14. The District has received all required disclosure filings under Section 2252.908 of the Texas Government Code in connection with the authorization and issuance of the Bonds and has notified the Texas Ethics Commission ("TEC") of its receipt of such filings by acknowledging such filings in accordance with TEC's rules.

SIGNED AND SEALED this _____.

Secretary, Board of Directors

President, Board of Directors

(SEAL)

SIGNATURE IDENTIFICATION AND NO-LITIGATION CERTIFICATE

THE STATE OF TEXAS §

TARRANT REGIONAL WATER DISTRICT, §
A WATER CONTROL AND IMPROVEMENT DISTRICT

We, the undersigned officers of Tarrant Regional Water District, a Water Control and Improvement District (the "Issuer"), hereby certify as follows that:

(a) This certificate is executed and delivered with reference to Tarrant Regional Water District, a Water Control and Improvement District Extendable Commercial Paper Mode Bonds, Series B, dated November 1, 2018 (the "Bonds").

(b) Each of us officially executed and signed the Bonds manually or by causing facsimiles of our manual signatures to be printed or lithographed on the Bonds, and, we hereby adopt said facsimile signatures as our own, respectively, and declare that said facsimile signatures constitute our signatures the same as if we had manually signed the Bonds.

(c) The Bonds are substantially in the form, and each of them has been duly executed and signed in the manner, prescribed in the resolution authorizing the issuance thereof (the "Bond Resolution").

(d) At the time we so executed and signed the Bonds, we were, and at the time of executing this certificate we are, the duly chosen, qualified, and authorized officers to execute and sign the same.

(e) No litigation of any nature has been filed or is now pending to restrain or enjoin the issuance or delivery of any of the Bonds, or which would affect the provision made for their payment or security, or in any manner questioning the proceedings or authority concerning the issuance of the Bonds or any Contracts as defined in the Bond Resolution, and that so far as we know and believe no such litigation is threatened.

(f) Neither the corporate existence nor boundaries of the Issuer is being contested, no litigation has been filed or is now pending which would affect the authority of the officers of the Issuer to issue, execute, sign, and deliver any of the Bonds, and no authority or proceedings for the issuance of any of the Bonds have been repealed, revoked, or rescinded.

(g) We have caused the official seal of the Issuer to be impressed, or printed, or lithographed on each of the Bonds; and said seal on each of the Bonds has been duly adopted as, and is hereby declared to be, the official seal of the Issuer.

EXECUTED and delivered this _____

MANUAL SIGNATURES

OFFICIAL TITLES

President, Board of Directors

Secretary, Board of Directors

Before me, on this day personally appeared the foregoing individuals, known to me to be the persons whose true and genuine signatures were subscribed to the foregoing instrument in my presence.

Given under my hand and seal of office this _____

Notary Public

Notary Seal

DEALER AGREEMENT

Between

TARRANT REGIONAL WATER DISTRICT,
A WATER CONTROL AND IMPROVEMENT DISTRICT

and

J.P. MORGAN SECURITIES LLC

Dated November 1, 2018

Relating to

Tarrant Regional Water District, A Water Control and Improvement District
Extendable Commercial Paper Financing Program, Series B

DEALER AGREEMENT

This Dealer Agreement, dated November 1, 2018 (the "Agreement"), is between the Tarrant Regional Water District, A Water Control and Improvement District (the "District") and J.P. Morgan Securities LLC ("J.P. Morgan" or the "Dealer"). For and in consideration of the mutual covenants made herein and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Background and Definitions.

(a) The District has authorized the issuance and reissuance from time-to-time of its tax-exempt or taxable bonds in extendable commercial paper mode (the "ECP Bonds") in the aggregate principal amount not to exceed \$150,000,000 outstanding at any time.

(b) The District originally authorized the issuance of the ECP Bonds pursuant to its "Master Resolution Establishing The Tarrant Regional Water District, A Water Control and Improvement District Extendable Commercial Paper Financing Program, Series B and Authorizing Extendable Commercial Paper Mode Bonds, Series B" adopted on October 16, 2018 (the "Master Resolution").

(c) The Master Resolution provides for the appointment of commercial paper dealers to perform certain duties, including the offering and sale from time-to-time of the ECP Bonds on behalf of the District.

(d) J.P. Morgan has agreed to accept the duties and responsibilities of a Dealer with respect to the ECP Bonds under the Master Resolution and this Agreement.

(e) Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Master Resolution or in the Issuing and Paying Agent Agreement between the District and U.S. Bank National Association, dated as of November 1, 2018 (the "Issuing and Paying Agent Agreement").

(f) The District acknowledges and agrees that (i) the transactions contemplated by this Agreement is an arm's length transaction between the District and J.P. Morgan; (ii) J.P. Morgan is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the District nor has J.P. Morgan assumed any advisory or fiduciary responsibility to the District with respect to the transactions contemplated by this Agreement; (iii) J.P. Morgan has financial and other interests that differ from those of the District; and (iv) the only obligations J.P. Morgan has to the District with respect to the transactions contemplated hereby are expressly set forth in this Agreement. The District further acknowledges that J.P. Morgan may not be able to perform some of the services the District may request of J.P. Morgan from time to time in connection with J.P. Morgan's engagement as Dealer to the extent that such services would cause J.P. Morgan to be considered a "municipal advisor" under SEC Rel. No. 34-70462 (Sept. 20, 2013) (such final rules and to the extent referenced therein, Section 975, the "Municipal Advisor Rules") implementing Section 975 ("Section 975") of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Section 2. Appointment of Dealer.

(a) Subject to the terms and conditions contained herein, the District hereby appoints J.P. Morgan as a Dealer for the ECP Bonds, and J.P. Morgan hereby accepts such appointment.

(b) The Dealer shall act as non-exclusive Dealer with respect to the ECP Bonds. The Dealer acknowledges that the District may enter into agreements with other Dealers in connection with the offering and sale of the ECP Bonds on behalf of the District as set forth in the Master Resolution.

Section 3. Responsibilities of Dealer.

(a) Subject to the terms and conditions set forth in this Agreement, J.P. Morgan agrees to perform the duties of Dealer set forth in this Agreement. It is understood that in undertaking to perform such duties, and in the performance thereof, it is the intention of the parties that the Dealer will act solely as an agent and not as a principal, except as expressly provided in this Agreement. The Dealer shall use its best efforts to solicit and arrange sales of the ECP Bonds on behalf of the District at such rates and maturities as may prevail from time to time in the market. The Dealer and the District agree that any ECP Bonds which the Dealer may arrange the sale of or which, in the Dealer's sole discretion, it may elect to purchase, will be purchased or sold on the terms and conditions and in the manner provided in the Master Resolution, the Issuing and Paying Agent Agreement and this Agreement. Anything herein to the contrary notwithstanding, to the extent of any conflict between the provisions hereof and of the Master Resolution or the Issuing and Paying Agent Agreement, the provisions of the Master Resolution and the Issuing and Paying Agent Agreement shall be controlling.

(b) Notwithstanding anything to the contrary contained herein, the Dealer

(i) will suspend its efforts with respect to the offer or sale of the ECP Bonds on behalf of the District upon the receipt of notice of the occurrence of an Event of Default under the ECP Bonds, the Master Resolution, or the Issuing and Paying Agent Agreement; and

(ii) may, in its sole discretion which shall not be unreasonable or arbitrarily exercised, suspend its efforts with respect to the offer or sale of the ECP Bonds on behalf of the District immediately upon the occurrence of any of the following events, which suspension will continue so long as such event continues to exist as to the ECP Bonds (the Dealer agrees to give notice of its suspension of efforts promptly after such suspension occurs):

(1) suspension or material limitation in trading in securities generally on the New York Stock Exchange;

(2) a general moratorium on commercial banking activities in New York is declared by either federal or New York State authorities;

(3) the engagement by the United States in hostilities if the effect of such engagement, in the Dealer's reasonable judgment, makes it impractical or inadvisable to proceed with the solicitation of offers to purchase the ECP Bonds;

(4) legislation shall be enacted by the House of Representatives or the Senate of the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the United States Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made or proposed, to the effect that the offering or sale of obligations of the general character of the ECP Bonds, as contemplated hereby, is or would be in violation of any provision of the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended as then in effect, or with the purpose or effect of otherwise prohibiting the offering or sale of obligations of the general character of the ECP Bonds, or the ECP Bonds themselves, as contemplated hereby;

(5) any event shall occur or information shall become known, which makes untrue, incorrect or misleading in any material respect any statement or information contained in any disclosure documents provided to the Dealer by the District in connection with the performance of its duties hereunder, whether provided pursuant to Section 8 hereof or otherwise, or causes such documents to contain an untrue, incorrect or misleading statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(6) any governmental authority shall impose, as to the ECP Bonds, or obligations of the general character of the ECP Bonds, any material restrictions not now in force, or increase materially those now in force;

(7) any of the representations and warranties of the District made in this Agreement shall not have been true and correct on the date made;

(8) the District fails to observe any of the covenants or agreements made in this Agreement;

(9) any of the rating agencies then rating the ECP Bonds shall either (i) downgrade the ratings assigned to the ECP Bonds, the effect of which, in the Dealer's reasonable judgment, makes it impractical to market the ECP Bonds or to enforce contracts for the sale of the ECP Bonds or (ii) suspend or withdraw the then current ratings assigned to the ECP Bonds;

(10) an actual or imminent default or a moratorium with respect to payment of any U.S. Treasury bills, bonds or notes occurs, the effect of which, in the Dealer's reasonable judgment, makes it impractical to market the ECP Bonds or to enforce contracts for the sale of the ECP Bonds; or

(11) trading of any securities of the District shall have been suspended on any exchange or in any over-the-counter market;

(12) any material adverse change in the financial markets generally which is, in the reasonable judgment of the Dealer, so material and adverse as to make it impracticable or inadvisable to proceed with the offering or sale of the ECP Bonds; or

(13) (i) legislation shall have been enacted by the Congress of the United States (the "Congress"), introduced in the Congress or recommended to the Congress for passage by the President of the United States or the United States Department of the Treasury (the "Treasury Department") or the Internal Revenue Service or any member of the Congress or favorably reported for passage to either House of Congress by any Committee of such House to which such legislation has been referred for consideration or passed by either House of Congress, (ii) a decision shall have been rendered by a court of the United States or the United States Tax Court, or (iii) an order, ruling or communication (including a press release) shall have been issued by the Treasury Department or other agency with competent jurisdiction, in each case with respect to federal taxation upon revenues or other income derived by the District or any similar body, or upon interest received on obligations of the general character of the ECP Bonds, that in the judgment of the Dealer materially adversely affects the market for the ECP Bonds.

Section 4. Transactions in ECP Bonds. All transactions in ECP Bonds between the Dealer and the District shall be in accordance with the Master Resolution, the Issuing and Paying Agent Agreement, this Agreement and with the customs and practices in the commercial paper market regarding settlement and delivery formally adopted in writing from time to time by the New York Clearinghouse, to the extent not inconsistent with the Master Resolution. As early as possible, but not later than 1:00 p.m. (New York City time) on the day on which any ECP Bonds are to be issued, the Dealer shall notify the District of the proposed final maturities, prices and interest rates (which interest rates shall not exceed the Maximum Interest Rate as defined in the Master Resolution) at which the Dealer will purchase or cause the purchase of the ECP Bonds, and provide the District with any other information as required for delivery of such ECP Bonds. Except as described below, the Dealer shall not be obligated to purchase or cause the purchase of any ECP Bonds unless and until agreement has been reached in each case on the foregoing points and the Dealer has agreed to such purchase. Not later than 1:00 p.m. (New York City time) on the date of each transaction the Dealer shall either (a) confirm each transaction made with or arranged by it or (b) notify the District and the Issuing and Paying Agent of the difference, if any, between the amount of maturing ECP Bonds and the amount of ECP Bonds which the Dealer has arranged to sell or has agreed to purchase. Such confirmation or notification shall be given by telephone (or by other telecommunications medium acceptable to the District) and in writing to the District and the Issuing and Paying Agent pursuant to the requirements of Section 14(a) hereof.

Section 5. Payment for ECP Bonds. The Dealer shall pay for the ECP Bonds sold by the Dealer (or purchased by the Dealer for its own account) in immediately available funds by 2:00 p.m. (New York City time) on the Business Day such ECP Bonds are delivered to the Dealer (provided

that such ECP Bonds are so delivered to the Dealer by 12:30 p.m. on such Business Day). All Tax Exempt ECP Bonds will be sold at par, while Taxable ECP Bonds may be sold at par or at a discount, and each ECP Bond will be evidenced either by (i) a global Master ECP Bond immobilized with The Depository Trust Company of New York or (ii) ECP Bonds in the form attached to the Master Resolution.

Section 6. TRWD Authorized Representative. ECP Bond transactions with the District, pursuant to Section 4 hereof, shall be with any one of the officers or employees of the District who are designated as a TRWD Authorized Representative by certificate signed by the TRWD Authorized Representative. The initial written designation of the TRWD Authorized Representatives is appended hereto as Appendix A. The District agrees to provide the Dealer with revised written designations in the form of Appendix A when and as required by changes in the TRWD Authorized Representatives. The Dealer may rely upon such designation unless and until otherwise notified in writing by the District.

Section 7. Resignation and Removal of Dealer. The Dealer may at any time resign and be discharged of its duties and obligations hereunder upon providing the District and the Issuing and Paying Agent with sixty (60) days' prior written notice or, if earlier, on the date that a replacement Dealer has been appointed by the District if the District in its sole discretion elects to appoint a replacement Dealer. The Dealer may be removed at any time, at the direction of the District upon seven (7) days' prior written notice to the Dealer and the Issuing and Paying Agent. The Dealer shall assign and deliver this Agreement to its successor if requested by the District.

Section 8. Furnishing of Disclosure Materials.

(a) Prior to the first issuance of ECP Bonds under the Master Resolution, the District agrees to furnish the Dealer with as many copies as the Dealer may reasonably request of the offering memorandum of the District relating to the ECP Bonds (the "Offering Memorandum"), and such other information with respect to the District and the ECP Bonds as the Dealer shall reasonably request from time to time.

(b) The District agrees to cooperate with the Dealer in the preparation from time-to-time of a new Offering Memorandum of the District for the ECP Bonds in the event the Dealer determines that the preparation and distribution of such Offering Memorandum is necessary or desirable in connection with offering and sale on behalf of the District of the ECP Bonds, and to furnish or to cause to be furnished to the Dealer as many copies of such new Offering Memorandum as the Dealer shall request.

(c) If, at any time during the term of this Agreement, any event shall occur or facts become known to either party that might affect the correctness or completeness of any statement of a material fact contained in the then current Offering Memorandum, such party shall promptly notify the other in writing of the circumstances and details of such event. The District agrees to promptly furnish to the Dealer a copy of each filing or notice made to anyone (whether in connection with the ECP Bonds or not) pursuant to any undertaking or other agreement of the District made under any provision of Rule 15c2-12 promulgated by the United States Securities and Exchange Commission.

Section 9. Indemnification and Contribution. To the extent permitted by Texas law, the District agrees to indemnify the Dealer and to hold the Dealer harmless against any loss, damage, claim, liability or expense (including reasonable costs of defense) arising out of, or based upon, any allegation that any of the information provided by the District to the Dealer pursuant to this Agreement includes any untrue statement of a material fact or failure to state any material fact necessary in order to make the statements therein not misleading in light of circumstances under which they were made.

Section 10. Fees and Expenses. For the Dealer's services under this Agreement, the District will pay the Dealer a fee based on the average daily principal amount of ECP Bonds Outstanding, computed according to the following formula:

$0.05\% \times \text{principal amount of ECP Bonds Outstanding} \times \text{number of days ECP Bonds are Outstanding} / 365 \text{ or } 366 \text{ days (as applicable for the calendar year).}$

Such fee shall be payable quarterly in arrears on March 31, June 30, September 30 and December 31, commencing with the calendar quarter the ends after the initial issuance of ECP Bonds. The Dealer shall deliver an invoice to for such payments.

Section 11. Representations, Warranties, Covenants and Agreements of the District. The District, by its acceptance hereof, represents, warrants, covenants, and agrees with the Dealer that:

(a) it is a governmental agency and body corporate and politic of the State of Texas, being a conservation and reclamation district created and functioning under Article 16, Section 59, of the Texas Constitution, pursuant to the provisions of the District Act;

(b) it has full power and authority to take all actions required or permitted to be taken by the District by or under, and to perform and observe the covenants and agreements on its part contained within, this Agreement and any other instrument or agreement relating thereto to which the District is a party;

(c) it has, on or before the date hereof, duly taken all action necessary to be taken by it prior to such date to authorize (i) the execution, delivery and performance of this Agreement, the Master Resolution and any other instrument or agreement to which the District is a party and which has been or will be executed in connection with the transactions contemplated by the foregoing documents; and (ii) the carrying out, giving effect to, consummation and performance of the transactions and obligations contemplated by the foregoing agreements and by the current Offering Memorandum;

(d) it will provide the Dealer at its address set forth below, within 190 days of the end of each fiscal year, a copy of its annual audited financial statements for that fiscal year;

(e) it will promptly notify the Dealer by electronic means, if possible, and, if not possible, by other communication made in writing, of any material adverse changes that may affect the offering and sale on behalf of the District of the ECP Bonds or any fact or

circumstance which may constitute, or with the passage of time will constitute, an Event of Default under the ECP Bonds, the Master Resolution or the Issuing and Paying Agent Agreement;

(f) Offering Memoranda and supplements, amendments and updates to any thereof, furnished by the District and used by the Dealer (including amendments, supplements and replacements thereof), until such time as they shall have been subsequently amended, updated or replaced, shall not contain any untrue, incorrect or misleading statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(g) it will provide to the Dealer within two (2) Business Days of the execution of any credit or liquidity facility agreement related to the ECP Bonds or amendment thereto including any extension of any such facility, a copy of such executed agreement or amendment;

(h) the ECP Bonds are not required to be registered under the Securities Act of 1933, as amended, and no indenture in respect of the ECP Bonds is required to be qualified under the Trust Indenture Act of 1939, as amended;

(i) no consent or action of, or filing or registration with, any governmental or public regulatory body or authority, including the United States Securities and Exchange Commission, is required to authorize, or is otherwise required in connection with the execution, delivery or performance of, this Agreement, the ECP Bonds, the Issuing and Paying Agent Agreement, except as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the ECP Bonds;

(j) no action, suit or proceeding by or before any court or governmental or regulatory agency, authority or body or any arbitrator involving the District with respect to the anti-money laundering laws of the United States or of the State of Texas is pending or, to the knowledge of the District, threatened;

(k) neither the District nor any of its directors, officers or employees, nor, to the knowledge of the District, any agent, or affiliate or other person associated with or acting on behalf of the District or any of its subsidiaries is currently the subject or the target of any sanctions administered or enforced by the U.S. Government, (including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC") or the U.S. Department of State and including, without limitation, the designation as a "specially designated national" or "blocked person"), or other relevant sanctions authority (collectively, "Sanctions"); and

(l) each issuance of ECP Bonds by the District hereunder (including each "rollover" of the ECP Bonds) shall be deemed a representation and warranty by the District to the Dealer, as of the date thereof, that, after giving effect to such issuance, (i) the representations and warranties given by the District set forth above in this Section 11 remain

true and correct on and as of such date as if made on and as of such date, (ii) the ECP Bonds being issued on such date have been duly authorized and when issued as provided in the Issuing and Paying Agent Agreement and the Master Resolution will constitute legal, valid and binding obligations of the District, enforceable against the District in accordance with their terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law), (iii) since the date of the then current Offering Memorandum, there has been no material adverse change in the condition (financial or otherwise), operations or business prospects of the District which has not been disclosed to the Dealer in writing and (iv) the District is not in default of any of its obligations hereunder, under the ECP Bonds, the Issuing and Paying Agent Agreement or the Master Resolution.

Section 12. Term of Agreement. This Agreement shall become effective on the date hereof and shall continue in full force and effect until July 1, 2056, subject to the right of suspension and termination as provided herein.

Section 13. Dealing in ECP Bonds by the Dealer; No Obligation to Purchase ECP Bonds. (a) The Dealer, in its individual capacity, may in good faith buy, sell, own, hold and deal in any of the ECP Bonds, including, without limitation, any ECP Bonds offered and sold by the Dealer pursuant to this Agreement, and may join in any action which any Registered Owner may be entitled to take with like effect as if it did not act in any capacity hereunder. The Dealer, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the District and may act as depository, account party, or agent for any committee or body of owners of the ECP Bonds or other obligations of the District as freely as if it did not act in any capacity hereunder.

(b) Nothing in this Agreement shall be deemed to constitute the Dealer an underwriter of the ECP Bonds or to obligate the Dealer to purchase any ECP Bonds for its own account at any time.

Section 14. Miscellaneous. (a) Except as otherwise specifically provided in this Agreement, all notices, demands and formal actions under this Agreement shall be in writing and either (i) hand-delivered, (ii) sent by electronic means, or (iii) mailed by registered or certified mail, return receipt requested, postage prepaid, to:

The Dealer:

J.P. Morgan Securities LLC
383 Madison Avenue, Floor 08
New York, New York 10179
Mail Code: NY-1 M077
Attention: Peter McCarthy
Telephone: (212) 834-7224
Email: peter.mccarthy@jpmorgan.com

The District:

Tarrant Regional Water District, A Water Control and Improvement District
800 E. Northside Drive
Fort Worth, Texas 76102
Attention: Sandy Newby
Telephone: (817) 335-2491
E-Mail: sandy.newby@trwd.com

The Issuing and Paying Agent:

U.S. Bank National Association
100 Wall Street, Suite 1600
New York, New York 10005
Attention: Beverly A. Freeney
Telephone: (212) 951-6993
Fax: (212) 509-3384
E-Mail: beverly.freeney@usbank.com

Each party hereto may, by notice given under this Agreement to the other parties described above, designate other addresses to which subsequent notices, requests, reports or other communications shall be directed.

(b) This Agreement shall inure to the benefit of and be binding only upon the parties hereto and their respective successors and assigns. The terms "successors" and "assigns" shall not include any purchaser of any of the ECP Bonds merely because of such purchase. No owner of the ECP Bonds or other third party shall have any rights or privileges hereunder.

(c) All of the representations and warranties of the District and the Dealer in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of the Dealer or the District, (ii) the offering and sale of and any payment for any ECP Bonds hereunder, or (iii) suspension, termination or cancellation of this Agreement.

(d) This Agreement constitutes the entire agreement between the parties hereto with respect to the matters covered hereby, and supersedes all prior agreements and understandings between the parties.

(e) This Agreement and each provision hereof may be amended, changed, waived, discharged or terminated only by an instrument in writing signed by the parties hereto.

(f) Nothing herein shall be construed to make any party an employee of the other or to establish any fiduciary relationship between the parties except as expressly provided herein.

(g) If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable for any reason, such circumstances shall not have the effect of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatsoever.

(h) This Agreement shall be governed by and construed in accordance with the laws of the State of Texas except that the duties and obligations of the Dealer shall be governed by the laws of the State of New York.

(i) This Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

(j) The persons executing this Agreement have been duly authorized to so execute by the respective parties hereto.

(k) The Dealer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Agreement is a contract for goods or services, will not boycott Israel during the term of this Agreement. The foregoing verification is made solely to comply with Section 2270.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, 'boycott Israel' means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Issuer and Paying Agent understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Dealer and exists to make a profit.

(l) The Dealer represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website: <https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>, <https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or <https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>. The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Dealer and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Dealer understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Dealer and exists to make a profit.

(m) The Dealer represents and warrants, for purposes of Section 2252.908 of the Texas Government Code, that the Dealer is a wholly owned subsidiary of a public traded business entity.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

**TARRANT REGIONAL WATER DISTRICT,
A WATER CONTROL AND IMPROVEMENT DISTRICT**

By: _____

Title: _____

J.P. MORGAN SECURITIES LLC

By: _____

Title: _____

APPENDIX A

CERTIFICATE OF TRWD AUTHORIZED REPRESENTATIVE

We are the officers of the Tarrant Regional Water District, A Water Control and Improvement District (the "District") as specified below. We are duly authorized pursuant to the "Master Resolution Establishing The Tarrant Regional Water District, A Water Control and Improvement District Extendable Commercial Paper Financing Program, Series B and Authorizing Extendable Commercial Paper Mode Bonds, Series B" adopted on October 16, 2018 (the "Master Resolution") to act severally as a TRWD Authorized Representative (as defined in the Master Resolution) in connection with the issuance, from time to time, by the District of bonds in an extendable commercial paper mode (the "ECP Bonds") in accordance with the Master Resolution. The specimen signature of each TRWD Authorized Representative is set forth beside their respective names.

<u>TRWD Authorized Representatives</u>	<u>Title</u>	<u>Specimen Signature</u>
Alan Thomas	Deputy General Manager	_____
Sandra Newby	Finance Director	_____

Executed this ____ day of _____, 2018.

Before me, on this day personally appeared the foregoing individuals, known to me to be the officers whose true and genuine signatures were subscribed above in my presence.

Given under my hand and seal of office this ____ day of _____, 2018.

Notary Public

(Notary Seal)

ISSUING AND PAYING AGENT AGREEMENT

This Issuing and Paying Agent Agreement (this "*Agreement*") is entered into as of November 1, 2018, between the Tarrant Regional Water District, A Water Control and Improvement District (the "*District*"), a governmental agency and body corporate and politic of the State of Texas, being a conservation and reclamation district created and functioning under Article 16, Section 59, of the Texas Constitution, pursuant to the provisions of Chapter 268, Acts of the 55th Texas Legislature, Regular Session, 1957, as amended, and Chapters 49 and 51, Texas Water Code, as amended, and U.S. Bank National Association (the "*Issuing and Paying Agent*"), a national banking association organized and existing under the laws of the United States. All capitalized terms used but not otherwise defined herein shall have the meanings specified in the Master Resolution (as hereinafter defined).

1. Appointment. The District, acting through a TRWD Authorized Representative, has appointed U.S. Bank National Association as the Issuing and Paying Agent hereunder, and U.S. Bank National Association hereby accepts such appointment as the Issuing and Paying Agent in connection with the issuance and payment of up to \$150,000,000 aggregate principal amount of "Tarrant Regional Water District, A Water Control and Improvement District Extendable Commercial Paper Mode Bonds, Series B" (the "*ECP Bonds*") pursuant to the "Master Resolution Establishing The Tarrant Regional Water District, A Water Control and Improvement District Extendable Commercial Paper Financing Program, Series B and Authorizing Extendable Commercial Paper Mode Bonds, Series B" adopted on October 16, 2018 (the "*Master Resolution*"), providing for the issuance of the ECP Bonds. Such ECP Bonds are to be initially issued in book-entry form only and are to be initially evidenced by a Master ECP Bond for each Series (the "*Master ECP Bonds*") in the form attached to the Master Resolution.

The Issuing and Paying Agent agrees to observe and perform its duties and obligations hereunder and under the Master Resolution. Without limiting the generality of the foregoing, the Issuing and Paying Agent shall establish and maintain the ECP Bonds and all required accounts and subaccounts required by the Master Resolution. The Issuing and Paying Agent agrees to provide electronic access to the "SPANS" System to the District a monthly report on the first business day of each month, which report shall set forth such information regarding the authentication and issuance of ECP Bonds during the prior month, as the District and the Issuing and Paying Agent shall have agreed upon.

The Issuing and Paying Agent agrees to keep such books and records, including, without limitation, a complete record of all Issuance Requests, as shall be consistent with industry practice and as may reasonably be requested by the District, and to make such books and records available for inspection by the District, such books and records to be available on each business day during reasonable business hours, and, if so requested, to send copies of such books and records to the District, as applicable.

2. Certificate Agreement. The Issuing and Paying Agent acknowledges that (i) it has previously entered into a commercial paper certificate agreement (the "*Certificate Agreement*") a copy of which is appended hereto as Exhibit A with The Depository Trust Company, New York, New York ("*DTC*"), and (ii) the continuation in effect of the Certificate Agreement is a necessary prerequisite to the Issuing and Paying Agent's providing services related to the issuance and

payment of the ECP Bonds while the ECP Bonds are in book-entry only form and DTC is the Depository.

3. Letter of Representations; Master Resolution; Designated TRWD Authorized Representatives. Prior to the issuance of any ECP Bonds, the District shall deliver to the Issuing and Paying Agent an executed Letter of Representations (the "*Letter of Representations*"), a copy of which is attached hereto as Exhibit B. The Letter of Representations, when executed by the District, the Issuing and Paying Agent and DTC, shall supplement the provisions of this Agreement, and the District and the Issuing and Paying Agent shall be bound by the provisions of the Letter of Representations, to the extent not inconsistent with the provisions of the Master Resolution.

The District has delivered to the Issuing and Paying Agent (a) a certified copy of the Master Resolution and (b) a certified original Certificate of TRWD Authorized Representatives (the "*Certificate of Authorized Representatives*") setting forth the TRWD Authorized Representatives, containing the name, title and true signature of those officers of the District designated by the District as a TRWD Authorized Representative pursuant to the Master Resolution, to take action with respect to the ECP Bonds, which certificate is attached hereto as Exhibit C. The District agrees to provide the Issuing and Paying Agent with a revised Certificate of Authorized Representatives when there are changes in the TRWD Authorized Representatives. Until the Issuing and Paying Agent receives any subsequent Certificate of Authorized Representatives, the Issuing and Paying Agent shall be entitled to rely on the last Certificate of Authorized Representatives delivered to it for the purpose of determining the TRWD Authorized Representatives.

4. Master ECP Bond. Prior to the issuance of any ECP Bonds, the District shall deliver to the Issuing and Paying Agent the Master ECP Bonds evidencing the ECP Bonds. Such Master ECP Bonds shall be duly executed, specify the date of issuance, the series of ECP Bonds, and be registered in the name of Cede & Co., as nominee of DTC, all as provided in the Master Resolution.

5. Issuance Requests. Issuance Requests shall be in the form attached hereto as Exhibit D. Issuance Requests shall be delivered by a TRWD Authorized Representative to each Dealer and the Issuing and Paying Agent. Issuance Requests may be delivered by a TRWD Authorized Representative through an electronic instruction and reporting communication service offered by either the Dealer or the Issuing and Paying Agent pursuant to Section 10 hereof, in each case received by the Issuing and Paying Agent at the address specified in Section 17 hereof prior to 1:30 p.m.(New York City, New York time) on the day on which such Issuance Request is to be operative.

If the Issuing and Paying Agent, at its option, acts upon an Issuance Request received after 1:30 p.m. (New York City, New York time) on the day on which the Issuance Request is to be operative, the District understands and agrees that (a) such Issuance Request shall be acted upon on a best efforts basis, and (b) the Issuing and Paying Agent makes no representation or warranty that the issuance and delivery of any ECP Bond pursuant to such Issuance Request shall be completed prior to the close of business on such date.

Any Issuance Request given by telephone shall be confirmed to the Issuing and Paying Agent in writing, either by regular mail (upon receipt), electronic transmission or facsimile, by a TRWD Authorized Representative prior to 1:30 p.m. (New York, New York time) in the form of Exhibit D hereto on the day on which such Issuance Request is to be operative.

6. Issuance. The Issuing and Paying Agent's duties and responsibilities in connection with the issuance of the ECP Bonds shall include:

(a) holding the Master ECP Bonds in safekeeping and completing or causing to be completed, each Master ECP Bond as to amount, date, maturity date, interest rate and interest amount upon receipt of Issuance Requests in accordance with the Master Resolution;

(b) (1) verifying that the aggregate principal amount of ECP Bonds described in each Issuance Request (together with the interest thereon), plus the aggregate principal amount of all ECP Bonds then outstanding (together with the interest thereon), less the aggregate principal amount of any of the then Outstanding ECP Bonds to be retired concurrently with the issuance of the ECP Bonds described in the Issuance Request (including interest thereon), does not exceed the Authorized Amount, and (2) assigning to each Issuance Request received from the District a CUSIP number;

(c) causing to be delivered "free" an ECP Bond on behalf of the District upon receipt of instructions from a TRWD Authorized Representative, as to the series, principal amount, registered owner, Issue Date, Original Maturity Date, Extended Maturity Date, Original Rate and Extended Rate by way of data entry transfer to the DTC MMI Same Day Funds Settlement System ("*SDFS*"), and to receive from SDFS a confirmation receipt that such delivery was effected; and

(d) holding the amounts on deposit in the appropriate subaccount of the Payment Fund separate from all other funds, accounts and subaccounts of the Issuing and Paying Agent, and applying such amounts in accordance with the terms hereof and of the Master Resolution.

The Issuing and Paying Agent shall have no duty or responsibility to make any transfer of the proceeds of the sale of the ECP Bonds, or to advance any moneys or effect any credit with respect to such proceeds or transfers unless and until the Issuing and Paying Agent has actually received the proceeds of the sale of the ECP Bonds.

7. Payment. The Issuing and Paying Agent's duties and responsibilities in connection with the payment of the ECP Bonds shall include:

(a) By 2:00 pm, New York time, on the date that any ECP Bonds are scheduled to mature, the District shall ensure that there shall have been transferred to the Issuing and Paying Agent for deposit in the Payment Fund immediately available funds at least equal to the amount of ECP Bonds maturing on such date. When any matured ECP Bond is presented to the Issuing and Paying Agent for payment by the holder thereof (which may, in the case of Book-Entry Commercial Paper Notes, be DTC or a nominee of DTC), payment

shall be made from and charged to the Payment Fund to the extent funds are available in said account;

(b) Each ECP Bond presented to the Issuing and Paying Agent for payment at or prior to 2:15 pm, New York City time, on any Business Day at or after the maturity date of such ECP Bond shall be paid by the Issuing and Paying Agent on the same day as such presentation (or if presented after 2:15 pm, New York City time on any such Business Day, then on the next succeeding Business Day) to the extent funds are available in the Payment Fund; and

(c) keeping amounts on deposit in the Payment Fund separate from all other funds, accounts and subaccounts of the Issuing and Paying Agent, and utilizing such amounts in accordance with the terms hereof and of the Master Resolution.

By 2:00 pm, New York time, on the date that any ECP Bonds are scheduled to mature, the District shall ensure that there shall have been transferred to the Issuing and Paying Agent for deposit in the Payment Fund immediately available funds at least equal to the amount of ECP Bonds maturing on such date. When any matured ECP Bond is presented to the Issuing and Paying Agent for payment by the holder thereof (which may, in the case of Book Entry ECP Bonds, be DTC or a nominee of DTC), payment shall be made from and charged to the Payment Fund to the extent funds are available in said Payment Fund.

The Issuing and Paying Agent shall have no obligation to pay amounts due on the ECP Bonds at their Original Maturity Date or Extended Maturity Date, as applicable, other than from funds received by the Issuing and Paying Agent from, or for the account of, the District, from the proceeds of ECP Bonds or Refunding Bonds.

8. Reserved.

9. Notice. The Issuing and Paying Agent's duties and responsibilities in connection with providing notification of certain matters described in the Master Resolution shall include:

(a) notification by 5:00 p.m. (New York, New York time) one Business Day prior to the Original Maturity Date and any Extended Maturity Date, if applicable, of any ECP Bonds to the District of the total amount due with respect to such maturing ECP Bonds;

(b) notification by 1:30 p.m. (New York, New York time) on the Original Maturity Date and any Extended Maturity Date of any ECP Bonds to the District, if the proceeds of ECP Bonds to be issued on such date, are insufficient to repay the maturity of such ECP Bonds on the Original Maturity Date, which notification shall specify the amount of the deficiency;

(c) monthly notification to the District on the first Business Day of each month stating the amount of interest payable on ECP Bonds during the prior month; and

(d) any notification to be provided by the Issuing and Paying Agent as specified in the Master Resolution.

10. Operating System. Issuance Requests may be delivered by a TRWD Authorized Representative through either the Dealer's or the Issuing and Paying Agent's commercial paper electronic instruction and reporting communication service (each a "*System*," and collectively the "*Systems*"). Electronic instructions must be transmitted in accordance with the procedures furnished by either the Dealer or the Issuing and Paying Agent, as applicable, to the District in connection with the Systems. These transmissions shall be the equivalent to the giving of a written Issuance Request to the Dealer and the Issuing and Paying Agent. If either System is inoperable at any time, a TRWD Authorized Representative may deliver written, telephone, electronic mail or facsimile instructions to the Issuing and Paying Agent, which instructions shall be verified in accordance with any security procedures agreed upon by the parties.

11. Representations of the District.

(a) The District represents to the Issuing and Paying Agent that this Agreement and the ECP Bonds have been duly authorized, and that this Agreement, when executed, and the ECP Bonds, when issued in accordance with the Issuance Requests and the Master Resolution, will be valid and enforceable special obligations of the District according to their terms, subject to the exercise of judicial discretion in accordance with general principles of equity and bankruptcy, insolvency, reorganization, moratorium, sovereign immunity of political subdivisions and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable or general principles of equity which permit the exercise of judicial discretion.

(b) The District represents to the Issuing and Paying Agent that each ECP Bond issued under this Agreement will be exempt from registration under the Securities Act of 1933, as amended.

Each Issuance Request to issue ECP Bonds under this Agreement and the Master Resolution shall be deemed a representation by the District as of the date thereof that such issuance conforms in all respects to the requirements of the Master Resolution and this Agreement, and that the representations herein are true and correct as if made on and as of such date.

12. Additional Information. Upon the reasonable request of the District given at any time and from time to time, the Issuing and Paying Agent agrees promptly to provide the District with information with respect to the ECP Bonds, issued and paid hereunder. Such request shall be in written form and shall include the principal amount, date of issue, maturity date, interest rate and amount of interest, as applicable, of each ECP Bond which has been issued or paid by the Issuing and Paying Agent, and for which the request is being made.

13. Compensation. The District agrees to pay compensation for the Issuing and Paying Agent's services pursuant to this Agreement in accordance with the Issuing and Paying Agent's fee schedule attached hereto as Schedule I, as amended from time to time, and to reimburse the Issuing and Paying Agent for related disbursements (including the reasonable fees and expenses of counsel).

The District shall also reimburse the Issuing and Paying Agent for any fees and charges imposed by the Depository with respect to ECP Bonds issued in book-entry form.

14. Liability. The District agrees, to the extent permitted by Texas law, to indemnify and hold the Issuing and Paying Agent, the Issuing and Paying Agent's employees and any and all of the Issuing and Paying Agent's officers and agents harmless from and against any and all losses, liabilities (including liabilities for penalties), actions, suits, judgments, demands, damages, costs and expenses of any nature (including, without limitation, attorneys' fees and expenses) arising out of or resulting from this Agreement or the transactions or activities contemplated hereby or the exercise of the Issuing and Paying Agent's rights and/or the performance of the Issuing and Paying Agent's duties (or those of the Issuing and Paying Agent's agents and employees) hereunder; provided, however that the District shall not be liable to indemnify or pay the Issuing and Paying Agent or any of the Issuing and Paying Agent's officers or employees with respect to any loss, liability, action, suit, judgment, demand, damage, cost or expense that results from or is attributable to the Issuing and Paying Agent's negligence or willful misconduct or that of the Issuing and Paying Agent's officers or employees. The foregoing indemnity includes, to the extent permitted by Texas law, but is not limited to, (a) any action taken or omitted to be taken by the Issuing and Paying Agent or any of the Issuing and Paying Agent's officers or employees upon written, telecopy, telephonic or other electronically transmitted instructions (authorized herein) received by the Issuing and Paying Agent from, or believed by the Issuing and Paying Agent in good faith to have been given by, the proper person or persons, (b) the Issuing and Paying Agent's improperly executing or failing to execute any instruction because of unclear instructions, failure of communications media or any other circumstances beyond the Issuing and Paying Agent's control, and (c) the actions or inactions of DTC. The provisions of this Section shall survive (i) the Issuing and Paying Agent's resignation or removal hereunder and (ii) the termination of this Agreement.

15. Reserved.

16. Termination. Subject to the terms of the Master Resolution, either the Issuing and Paying Agent or the District may terminate this Agreement at any time, upon not less than sixty (60) days' prior written notice in the case of the Issuing and Paying Agent, and upon written notice from a TRWD Authorized Representative in the case of the District, to the other. No such termination shall affect the rights and obligations of the District and the Issuing and Paying Agent which have accrued under this Agreement prior to termination. No termination can occur prior to a substitute Issuing and Paying Agent being appointed by the District, acting through a TRWD Authorized Representative, and assuming its duties under the Master Resolution. If no substitute Issuing and Paying Agent has been appointed at the end of the sixty (60)-day period, then the Issuing and Paying Agent may petition a court of competent jurisdiction to make such appointment.

17. Addresses. Issuance Requests hereunder shall be (a) mailed, (b) telephoned, (c) transmitted by facsimile device, or (d) transmitted electronically to the Issuing and Paying Agent at the address, telephone number, electronic mail address or facsimile number specified below, and shall be deemed delivered upon receipt by the Issuing and Paying Agent at the address, telephone number and/or facsimile number specified below.

All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given (a) upon delivery by hand, (b) by facsimile, or (c) three days after such notice, request, demand or other communication is delivered to a United States Post Office certified mail or by regular mail to the party and at the address set forth below or at such other address as a party may designate by written notice. All notices, requests, demands and other communications hereunder may be delivered by electronic mail only if such email is immediately followed by mail, telephone or facsimile confirmation.

If to the District:

Tarrant Regional Water District, A Water Control and Improvement District
800 E. Northside Drive
Fort Worth, Texas 76102
Attention: Sandy Newby
Telephone: (817) 3335-2491
E-Mail: sandy.newby@trwd.com

If to the Issuing and Paying Agent:

U.S. Bank National Association
100 Wall Street, Suite 1600
New York, New York 10005
Millie Rolla
Telephone: (212) 951-8512
Fax: (212) 509-3384
millie.rolla@usbank.com

18. Governing Law. This Agreement shall be governed and interpreted in accordance with the laws of the State of Texas. The duties, responsibilities and representations of the Issuing and Paying Agent shall be governed and construed in accordance with the laws of the State of New York applicable to contracts made and performed in the State of New York and, to the extent applicable, operating circulars of the Federal Reserve Bank, federal laws and regulations as amended, New York Clearing House rules and, to the extent not otherwise inconsistent with this Agreement, general commercial bank practices applicable to commercial paper issuance and payment.

19. Assignment, Modification and Amendment; Issuing and Paying Agent's Successor in Interest. This Agreement may not be assigned by either the District or the Issuing and Paying Agent, and may not be modified, amended or supplemented except by a writing or writings duly executed by a TRWD Authorized Representative and the Issuing and Paying Agent. Any corporation or national banking association into which the Issuing and Paying Agent may be merged or converted, or with which it may be consolidated, or any corporation or national banking association resulting from any merger, consolidation or conversion to which the Issuing and Paying Agent shall be a party, or any corporation or national banking association succeeding to the corporate trust business of the Issuing and Paying Agent, shall be the successor of the Issuing and Paying Agent if such successor corporation or national banking association is otherwise eligible, without the execution or filing of any document or the undertaking of any further act on the part of the Issuing and Paying Agent or such successor corporation or national banking association.

20. Complete Agreement. This Agreement contains the entire understanding and agreement between the parties with respect to the subject matter hereof, and all prior agreements, understandings, representations, statements, promises, inducements, negotiations and undertakings between the parties with respect to said subject matter are superseded hereby. In the event of any inconsistency between the provisions hereof and the Master Resolution, the provisions of the Master Resolution shall govern.

21. Defined Terms. Any capitalized terms not defined in this Agreement shall have the meaning assigned in the Master Resolution.

22. Counterparts. This Agreement may be executed in counterparts, each of which shall be an original, and all of which shall constitute but one and the same instrument.

23. Section Headings. Section headings in this Agreement are for convenience of reference only, shall not constitute part of this Agreement and shall not be used to construe the meaning or intent of the provisions hereof.

24. Waiver of Set-Off, Offset Lien or Counterclaims. The Issuing and Paying Agent hereby waives to the fullest extent possible under applicable law any and all rights of set-off, offset, lien or counterclaim it may have with respect to any amounts held by it in the Payment Fund by reason of any claim it may have against the District or any other person.

25. Benefit of Agreement. This Agreement is solely for the benefit of the parties hereto, the owners of the ECP Bonds and the Dealer, and no other person shall acquire or have any right under or by virtue hereof.

26. Miscellaneous.

(a) The Issuing and Paying Agent hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Agreement is a contract for goods or services, will not boycott Israel during the term of this Agreement. The foregoing verification is made solely to comply with Section 2270.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, 'boycott Israel' means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Issuer and Paying Agent understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Issuing and Paying Agent and exists to make a profit.

(b) The Issuing and Paying Agent represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website: <https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>, <https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or <https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>. The foregoing representation is made

solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Issuing and Paying Agent and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Issuing and Paying Agent understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Issuing and Paying Agent and exists to make a profit.

(c) The Issuing and Paying Agent represents and warrants, for purposes of Section 2252.908 of the Texas Government Code, that the Issuing and Paying Agent is a wholly owned subsidiary of a public traded business entity.

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

**TARRANT REGIONAL WATER DISTRICT,
A WATER CONTROL AND IMPROVEMENT DISTRICT**

By: _____

Name: _____

Title: _____

U.S. BANK NATIONAL ASSOCIATION

By: _____

Name: _____

Title: _____

SCHEDULE I

FEES OF ISSUING AND PAYING AGENT

EXHIBIT A

Certificate Agreement

EXHIBIT B

DTC LETTER OF REPRESENTATIONS

EXHIBIT C

CERTIFICATE OF AUTHORIZED REPRESENTATIVES

We are the officers of the Tarrant Regional Water District, A Water Control and Improvement District (the "*District*") as specified below. We are duly authorized pursuant to the "Master Resolution Establishing The Tarrant Regional Water District, A Water Control and Improvement District Extendable Commercial Paper Financing Program and Authorizing Extendable Commercial Paper Mode Bonds, Series B" adopted on October 16, 2018 (the "*Master Resolution*") and the Issuing and Paying Agent Agreement dated November 1, 2018 between the District and U.S. Bank National Association to act severally as a TRWD Authorized Representative (as defined in the Master Resolution) in connection with the issuance, from time to time, by the District of bonds in an extendable commercial paper mode (the "*ECP Bonds*") in accordance with the Master Resolution. The specimen signature of each TRWD Authorized Representative is set forth beside their respective names.

<u>TRWD Authorized Representatives</u>	<u>Title</u>	<u>Specimen Signature</u>
Alan Thomas	Deputy General Manager	_____
Sandra Newby	Finance Director	_____

Executed this ____ day of _____, 2018.

Before me, on this day personally appeared the foregoing individuals, known to me to be the officers whose true and genuine signatures were subscribed above in my presence.

Given under my hand and seal of office this ____ day of _____, 2018.

Notary Public

(Notary Seal)

EXHIBIT D

Form of Issuance Request

Date

U.S. Bank National Association

Re: Issuance Request for issuance and sale of Tarrant Regional Water District, A Water Control and Improvement District Extendable Commercial Paper Mode Bonds, Series B [(Tax-Exempt)/(Taxable) - to be selected by the TRWD Authorized Representative]

You are hereby requested, instructed and authorized to issue, authenticate and deliver ECP Bonds of the above referenced series in the principal amount(s) scheduled to mature and bearing interest upon receipt of the purchase price therefore from the identified purchaser(s), as shown in the attached Exhibit A hereto which is incorporated herein by reference and made a part of these instruction for all purposes. Terms capitalized but not otherwise defined hereon shall have the meaning ascribed to them in the Master Resolution Establishing The Tarrant Regional Water District, A Water Control and Improvement District Extendable Commercial Paper Financing Program and Authorizing Extendable Commercial Paper Mode , Series B" adopted on October 16, 2018 (the "*Master Resolution*"). The manner of sale of the ECP Bonds is hereby determined to be the most economically advantageous to the District.

Upon receipt of the proceeds of sale of the ECP Bonds, (net of all expenses and costs of sale and issuance), the undersigned certifies that the same should be deposited and disbursed as follows.

\$ _____	Deposit to the credit of the Payment Fund, Account No. ____ and apply the deposit for payment and redemption or purchase of Outstanding ECP Bonds, the amount of \$____.
\$ _____	Deposit to the credit of the Proceeds Fund: Account No. _____, for the purpose of financing Project Costs.
\$ _____	Principal amount of ECP Bonds Outstanding after this issuance.

Please forward debit and credit slips for each of the above transactions to the undersigned. The facts, estimates and reasonable expectations that are contained in Exhibit B to this instruction letter are incorporated herein and made a part of these instructions for all purposes. The undersigned, along with others is charged with responsibility for issuing the ECP Bonds.

**TARRANT REGIONAL WATER DISTRICT,
A WATER CONTROL AND IMPROVEMENT DISTRICT**

By: _____
Name: _____
Title: _____

Acting as a TRWD Authorized Representative

Receipt of the Issuance Request and Exhibits A and B thereto is hereby acknowledged:

U.S. BANK NATIONAL ASSOCIATION

By: _____
Name: _____
Title: _____

EXHIBIT A TO ISSUANCE REQUEST

SCHEDULE TO INSTRUCTION LETTER*

Re: Issuance Request for issuance and sale of Tarrant Regional Water District, A Water Control and Improvement District Extendable Commercial Paper Mode Bond, Series B [(Tax-Exempt) / (Taxable)]

ISSUE DATE: _____

CUSIP NO.: _____

Dealer(s): _____

Principal Amount: _____

Purchase Price: _____

Original Interest Rate: _____

Original Maturity Date: _____

Extended Maturity Date: _____

Denomination: _____

Issue Date: _____

Tax-Exempt or Taxable: _____

*Attach Direct Issuance Report

EXHIBIT B TO ISSUANCE REQUEST

INSTRUCTIONS OF TRWD AUTHORIZED REPRESENTATIVE

I, the undersigned TRWD Authorized Representative, hereby provide the following instructions, representations and certifications to U.S. Bank National Association, as Issuing and Paying Agent for the Tarrant Regional Water District, A Water Control and Improvement District Extendable Commercial Paper Mode Bond, Series B (Tax-Exempt)" and "Tarrant Regional Water District, A Water Control and Improvement District Extendable Commercial Paper Mode Bond, Series B (Taxable)" (the "*ECP Bonds*"), in connection with the issuance of ECP Bonds [(Tax-Exempt) and/or (Taxable)] on the date indicated below. Capitalized terms used in this certificate which are not defined herein have the meanings ascribed to them in the Master Resolution Establishing The Tarrant Regional Water District, A Water Control and Improvement District Water Extendable Commercial Paper Financing Program and Authorizing Extendable Commercial Paper Mode Bonds, Series B" adopted on October 16, 2018 (the "*Master Resolution*") authorizing the issuance of the ECP Bonds.

1. All action on the part of the District necessary for the valid issuance of the ECP Bonds now to be issued has been taken;
2. All provisions of State and federal law necessary for the valid issuance of this issuance of ECP Bonds have been complied with;
3. The ECP Bonds to be issued will be valid and enforceable special obligations of the District according to their terms, subject to the exercise of judicial discretion in accordance with general principles of equity and bankruptcy, insolvency, reorganization, moratorium, sovereign immunity of political subdivisions and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable or general principles of equity which permit the exercise of judicial discretion;
4. After the issuance of the ECP Bonds and the application of the Proceeds thereof, the sum of the aggregate principal amount of ECP Bonds Outstanding will not exceed the Authorized Amount;
5. To the District's knowledge there has been no change in the facts, estimates, circumstances and representations of the District set forth or made (as the case may be) in the Tax Certificate applicable to the ECP Bonds;
6. The Extended Maturity Date of the ECP Bonds set forth in the Issuance Request does not extend beyond the Program Expiration Date;
7. The District, has not been notified by Bond Counsel that its opinion with respect to the validity of the ECP Bonds and the tax treatment of the interest thereon has been revised or withdrawn or, if any such revision or withdrawal has occurred, the revised opinion or a substitute opinion acceptable to the Dealer has been delivered;
8. To the actual knowledge of the District, no Event of Default has occurred and is now continuing;
9. \$_____ of ECP Bond Proceeds shall be deposited into the appropriate account of the Proceeds Fund;
10. \$_____ of ECP Bond Proceeds shall be deposited into the appropriate subaccount of the Payment Fund to pay interest currently due on maturing ECP Bonds; and
11. All of the conditions precedent to the issuance of such ECP Bonds set forth in the Master Resolution have been satisfied.

Executed on _____, 20____.

TARRANT REGIONAL WATER DISTRICT,
A WATER CONTROL AND IMPROVEMENT DISTRICT

By: _____

Name: _____

Title: _____

Acting as a TRWD Authorized Representative

Date of issuance of ECP Bonds
to which these instructions,
representations and certifications
relate: _____, 20 ____

**MASTER RESOLUTION ESTABLISHING THE
TARRANT REGIONAL WATER DISTRICT,
A WATER CONTROL AND IMPROVEMENT DISTRICT
EXTENDABLE COMMERCIAL PAPER FINANCING PROGRAM, SERIES B
AND AUTHORIZING
EXTENDABLE COMMERCIAL PAPER MODE BONDS, SERIES B**

Adopted: October 16, 2018

RESOLUTION

**MASTER RESOLUTION ESTABLISHING THE
TARRANT REGIONAL WATER DISTRICT,
A WATER CONTROL AND IMPROVEMENT DISTRICT
EXTENDABLE COMMERCIAL PAPER FINANCING PROGRAM, SERIES B AND
AUTHORIZING EXTENDABLE COMMERCIAL PAPER MODE BONDS, SERIES B**

TABLE OF CONTENTS

ARTICLE I DEFINITIONS AND CONSTRUCTION OF TERMS

Section 1.01. Definitions 2
Section 1.02. Construction of Terms. 9
Section 1.03. Interpretation. 10

ARTICLE II AUTHORIZATION OF EXTENDABLE COMMERCIAL PAPER BONDS

Section 2.01. Authorization. 10
Section 2.02. ECP Bonds 10
Section 2.03. Form of ECP Bonds 14
Section 2.04. Execution and Authentication 14
Section 2.05. Issuing and Paying Agent 15
Section 2.06. Book-Entry Only System 16
Section 2.07. Negotiability, Registration, and Exchange 18
Section 2.08. Mandatory Exchange Upon Extended Maturity 18
Section 2.09. ECP Bonds Mutilated, Lost, Destroyed, or Stolen 18
Section 2.10. Cancellation 19
Section 2.11. Fiscal and Other Agents 19
Section 2.12. Dealer Agreement 20
Section 2.13. Credit Agreement 20

ARTICLE III ESTABLISHMENT OF ECP PROGRAM AND SECURITY THEREFOR

Section 3.01. Establishment of ECP Program 20
Section 3.02. Security and Pledge. 20
Section 3.03. Covenant to Refinance 21

ARTICLE IV ISSUANCE AND SALE OF ECP BONDS; CREATION OF FUNDS; PAYMENT

Section 4.01. Issuance and Sale of ECP Bonds 22
Section 4.02. Conditions to Delivery Pursuant to Issuance Request 23
Section 4.03. No Redemption Prior to Original Maturity Date 24
Section 4.04. Redemption following Original Maturity Date 24
Section 4.05. Creation of Payment Fund 24
Section 4.06. Creation of Proceeds Fund; Proceeds of Sale of ECP Bonds. 25
Section 4.07. Deposits Into Payment Fund 25
Section 4.08. Defeasance of ECP Bonds 25

ARTICLE V COVENANTS OF THE AUTHORITY

Section 5.01. Limitation on Issuance 26
Section 5.02. Reserved 26
Section 5.03. Tax Exempt ECP Bonds to Remain Tax Exempt 26
Section 5.04. Opinion of Bond Counsel. 29
Section 5.05. Performance 29
Section 5.06. Legal Authority 29
Section 5.07. Reserved 29
Section 5.08. No Effect on Tax Bonds 29
Section 5.09. Maintenance of Existence 30
Section 5.10. Insurance 30
Section 5.11. Governmental Agencies 31
Section 5.12. Audits. 32

ARTICLE VI AMENDMENTS

Section 6.01. Limitations 32
Section 6.02. Amendments Without Consent 32
Section 6.03. Amendments With Consent 34
Section 6.04. Notice of Proposed Amendments 35
Section 6.05. Receipt of Consents 35
Section 6.06. Effect of Amendments 35

ARTICLE VII MISCELLANEOUS

Section 7.01. Master Resolution to Constitute a Contract; Equal Security 36
Section 7.02. Individuals Not Liable 36
Section 7.03. Additional Actions; Recitals 36
Section 7.04. Severability of Invalid Provisions 37
Section 7.05. Payment and Performance on Business Days 37
Section 7.06. Limitation of Benefits With Respect to the Master Resolution 37
Section 7.07. Approval of Attorney General 37
Section 7.08. Approval of Offering Memorandum 37
Section 7.09. Notice to Rating Agencies 37

ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES

Section 8.01. Events of Default 38
Section 8.02. Remedies for Default. 39

FORM OF ECP BONDS A-1
FORM OF MASTER ECP BONDS B-1
FORM OF EXTENSION REQUEST C-1

**MASTER RESOLUTION ESTABLISHING THE
TARRANT REGIONAL WATER DISTRICT,
A WATER CONTROL AND IMPROVEMENT DISTRICT
EXTENDABLE COMMERCIAL PAPER FINANCING PROGRAM, SERIES B AND
AUTHORIZING EXTENDABLE COMMERCIAL PAPER MODE BONDS, SERIES B**

WHEREAS, Tarrant Regional Water District, a Water Control and Improvement District, (formerly known as "Tarrant County Water Control and Improvement District Number One") (the "District") is a political subdivision of the State of Texas, being a conservation and reclamation district created and functioning under Article 16, Section 59 of the Texas Constitution, pursuant to the general laws of the State of Texas, including Chapters 49 and 51, Texas Water Code, and pursuant to the provisions of Chapter 268, Acts of 1957, 55th Legislature of Texas, Regular Session, as amended (collectively the "District Act"); and

WHEREAS, capitalized terms used herein shall have the meanings given to them in Section 1.01 hereof;

WHEREAS, at election held May 5, 2018, the voters within the District authorized the issuance of unlimited tax bonds in an amount not to exceed \$250,000,000 for the purpose of providing certain drainage and flood control improvements and for refunding outstanding obligations the District issued for such purposes;

WHEREAS, the District wishes to provide in this Master Resolution for the issuance, from time to time, of its ECP Bonds, with such ECP Bonds to be issued in an aggregate principal amount Outstanding at any one time not exceeding the Authorized Amount to provide an interim variable rate financing program for Projects; and

WHEREAS, although the District has the option to extend the maturity of an ECP Bond, the District intends, but is not obligated, to pay each ECP Bond on its Original Maturity Date from the proceeds of newly issued ECP Bonds of the same series, from the proceeds of Refunding Bonds, or from other funds legally available to the District for such purpose; and

WHEREAS, the ECP Bonds shall be special limited obligations of the District issued in anticipation of receiving proceeds from Refunding Bonds that the District may issue pursuant to a Refunding Resolution to repay the ECP Bonds; and

WHEREAS, the ECP Bonds authorized to be issued by this Master Resolution shall be issued and delivered pursuant to the District Act, Chapter 1371, Texas Government Code, as amended, and other applicable laws;

WHEREAS, the Board hereby finds that the purposes for which it may issue ECP Bonds hereunder constitute "eligible projects", as contemplated by Chapter 1371, Texas Government Code, as amended, and constitute the type of projects authorized to be financed or refinanced by the Unlimited Tax Bonds;

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

THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TARRANT REGIONAL WATER DISTRICT, A WATER CONTROL AND IMPROVEMENT DISTRICT:

ARTICLE I DEFINITIONS AND CONSTRUCTION OF TERMS

Section 1.01. Definitions.

"Acts" means the District Act and Chapter 1371, Texas Government Code, as amended.

"Amended Master Resolution" means any resolution amending or amending and restating this Master Resolution entered into as provided in Article VI of this Master Resolution.

"Authorized Amount" means the lesser of (i) \$150,000,000 and (ii) the amount of any remaining unissued Unlimited Tax Bonds authorized for refunding purposes; provided that such amount may be issued in one or more Series and provided, further, that the aggregate amount outstanding under this Master Resolution at any one time among all Series may not exceed such Authorized Amount.

"Beneficial Owner" means the Person in whose name an ECP Bond is recorded as beneficial owner of such ECP Bond by the Depository, Participant, or Indirect Participant, as the case maybe.

"Board" means the Board of Directors of the District.

"Bond Counsel" means McCall, Parkhurst & Horton L.L.P. and Mahomes Bolden, P.C. or an attorney or law firm of attorneys of national recognition selected or engaged by the District with knowledge and experience in the field of municipal finance, including any attorney or law firm engaged as co-bond counsel.

"Business Day" means any day (a) when banks are open for business in Dallas, Texas, and (b) when banks are not authorized to be closed in New York, New York.

"Code" means the Internal Revenue Code of 1986, as amended and the applicable United States Treasury Regulations proposed or in effect with respect thereto.

"Costs of Issuance" means all reasonable costs incurred by the District in connection with the issuance of a Series, including, but not limited to: (a) counsel fees related to the issuance of such Series; (b) financial advisor fees incurred in connection with the issuance of such Series; (c) rating agency fees; (d) the initial fees and expenses of the Issuing and Paying Agent; (e) accountant fees related to the issuance of such Series; (f) printing and publication costs; and (g) any other fee or cost incurred in connection with the issuance of such Series that constitutes an "issuance cost" within the meaning of the Code.

"Dealer" means such firm or firms that are acting as a dealer for the District as appointed by the TRWD Authorized Representative pursuant to Section 2.12 hereof and any successor thereto.

"Dealer Agreement" means each dealer agreement executed and delivered by a TRWD Authorized Representative and a Dealer pursuant to Section 2.12 hereof, as each such agreement may be amended from time to time pursuant to the terms thereof.

"Defeasance Securities" means (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (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 of the purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the Issuer adopts or approves the proceedings authorizing the financial arrangements are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent.

"Depository" means the securities depository for a Series of ECP Bonds appointed as such pursuant to Section 2.06 hereof, and its successors and assigns.

"District" means Tarrant Regional Water District, a Water Control and Improvement District.

"District Act" means, collectively, Chapter 268, Acts of the 55th Legislature of the State of Texas, Regular Session, 1957, as amended, and the general laws of the State of Texas applicable to the District, including Chapters 49 and 51, Texas Water Code, as amended.

"DTC" means The Depository Trust Company, as the Depository, or any substitute securities depository appointed pursuant to this Master Resolution, or any nominee of either.

"ECP Bond" means each "Tarrant Regional Water District, a Water Control and Improvement District Extendable Commercial Paper Mode Bond, Series B" issued pursuant to the provisions of this Master Resolution with a final maturity, whether extended or not as described herein, on a Business Day not more than 270 days from the Issue Date, and which are authorized to be issued and reissued from time to time under this Master Resolution, having the terms and characteristics specified in Section 2.02 and in the form described in Exhibit A hereto.

"EMMA" means the Electronic Municipal Market Access website of the Municipal Securities Rulemaking Board.

"Extended Maturity Date" means, for each ECP Bond, a Business Day (which shall be specified in the confirmation sent to the Holder of the ECP Bond) that is the Extended Maturity Days from its Issue Date.

"Extended Maturity Days" means 270 days or any other lesser number of days specified in the confirmation sent to the Holder of the ECP Bond.

"Extended Rate" means, for each ECP Bond, the rate of interest per annum established under Section 2.02(e) for each weekly period from and after the Original Maturity Date.

"Fiscal Year" means the 12-month operational period of the District commencing on October 1 of each year, or such other twelve month period as may in the future be designated as the Fiscal Year of the District.

"Fitch" means Fitch Investors Service or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities ratings services, such other nationally recognized securities rating agency as may be designated in writing by the Board.

"Holder" means the Registered Owner or any Person who is in possession of any ECP Bond issued to bearer or in blank.

"Indirect Participant" means a broker-dealer, bank, or other financial institution for which the Depository holds ECP Bonds as a securities depository through a Participant.

"Issuance Request" means a request made by the District, acting through a TRWD Authorized Representative, to the Issuing and Paying Agent for the delivery of an ECP Bond or ECP Bonds.

"Issue Date" means, for each ECP Bond, the date on which a Series of ECP Bonds is initially issued and delivered to the Beneficial Owner.

"Issuing and Paying Agent" and "Registrar" means such entity or entities acting as such which are appointed by the TRWD Authorized Representative pursuant to Section 2.05 hereof and have executed and delivered an Issuing and Paying Agent Agreement as approved and executed by a TRWD Authorized Representative. When there is a co-Issuing and Paying Agent, either may perform the functions and duties of the Issuing and Paying Agent hereunder and under the Issuing and Paying Agent Agreement.

"Issuing and Paying Agent Agreement" means any issuing and paying agent agreement authorized to be entered into by Section 2.05 hereof, and any and all modifications, alterations, amendments and supplements thereto, or any other Issuing and Paying Agent Agreement entered into by the District and the Issuing and Paying Agent with respect to the ECP Bonds.

"LIBOR" means (i) for any date the London interbank offered rate for U.S. dollar deposits for a one-month period, as reported on the Reuters Screen LIBOR01 Page (or any successor) as of 11:00 a.m., London time, on the second Business Day preceding such date or (ii) if such rate is not then reported by Reuters, the rate then reported by any successor to or substitute for such service designated by the Issuing and Paying Agent and the Board, acting through an Authorized Representative, in writing that provides rate quotations comparable to those provided on such Reuters screen page.

"Master Resolution" means this Master Resolution establishing the Extendable Commercial Paper Financing Program and Authorizing Extendable Commercial Paper Mode Bonds, Series B, adopted by the Board on October 16, 2018, and as it may be amended or supplemented from time to time by an Amended Master Resolution.

"Maximum Interest Rate" means with respect to any Series of ECP Bonds, the lesser of: (i) ten percent (10%) per annum and (ii) the maximum net effective interest rate permitted by law to be paid on obligations issued or incurred by the District in the exercise of its borrowing powers (prescribed by Chapter 1204, Texas Government Code, as amended).

"Maximum Original Maturity Days" means the number of days specified in an Issuance Request but may be no greater than 90 days.

"Moody's" means Moody's Investors Service, Inc. or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the Board.

"Nominee" means the nominee of the Depository as determined from time to time in accordance with this Master Resolution for any one or more Series of ECP Bonds.

"Original Maturity Date" means, for each ECP Bond, a Business Day not less than 1 day and not greater than the Maximum Original Maturity Days from the Issue Date, and specified as such in the confirmation sent to the Holder of the ECP Bond.

"Original Rate" means, for each ECP Bond, the rate of interest per annum borne by such ECP Bond to the Original Maturity Date as specified in the applicable Issuance Request.

"Outstanding", when used with respect to ECP Bonds, shall mean all ECP Bonds which have been authenticated and delivered under this Master Resolution, except: (a) ECP Bonds cancelled or purchased by the Issuing and Paying Agent for cancellation or delivered to or acquired by the Issuing and Paying Agent for cancellation and, in all cases, with the intent to extinguish the debt represented thereby; (b) ECP Bonds in lieu of which other ECP Bonds have been authenticated; (c) ECP Bonds that have become due (at maturity or on redemption, acceleration or otherwise) and for the payment of which sufficient moneys, including interest accrued to the due date, are held by the Issuing and Paying Agent; (d) ECP Bonds which, under the terms of this Master Resolution, are deemed to be no longer Outstanding; and (e) for purposes of any consent or other action to be taken by the holders of a specified percentage of ECP Bonds under this Master Resolution, ECP Bonds held by or for the account of the District or by any person controlling, controlled by or under common control with the District.

"Outstanding", when used with reference to Unlimited Tax Bonds, shall mean all such bonds theretofore delivered except: (i) any such bonds canceled by or on behalf of the District at or before said date; (ii) any such bonds defeased pursuant to the defeasance provisions of the Unlimited Bond Orders authorizing their issuance, or otherwise defeased as permitted by applicable law; and (iii) any such bonds in lieu of or in substitution for which another bond shall have been delivered pursuant to the resolution authorizing the issuance of such bonds.

"Participant" means a broker-dealer, bank, or other financial institution for which the Depository holds ECP Bonds as a securities depository.

"Payment Fund" means that fund created pursuant to Section 4.05 hereof.

"Permitted Investments" means any investment permitted by the Public Funds Investment Act, Chapter 2256, Texas Government Code, and the investment policy of the District.

"Person" means an individual, a corporation (including a limited liability company), a partnership (including a limited partnership), an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"Prevailing Rating" means, at the time of determination and with respect to a Rating Agency, the rating assigned to the ECP Bonds by the Rating Agency or any comparable future designation by the Rating Agency.

"Proceeds" means proceeds of the sale of the ECP Bonds or any moneys, securities or other obligations that may be deemed to be proceeds of the ECP Bonds within the meaning of the Code.

"Proceeds Fund" means the fund by that name established pursuant to Section 4.06.

"Program Expiration Date" means October 1, 2058.

"Project" means the purchasing, constructing, acquiring, owning, leasing, operating, repairing, improving or extending land, improvements, facilities, plants, equipment, and appliances for flood control and drainage facilities which is listed or otherwise described in a Tax Certificate of the District, as being financed in whole or in part with the Proceeds of the ECP Bonds.

"Project Costs" means all costs and expenses incurred in relation to a Project and permitted by law to be paid with the Proceeds of the ECP Bonds, including without limitation, design, planning, engineering, and legal costs; acquisition costs of land, interests in land, right of way, and easements; construction costs; costs of machinery, equipment, and other capital assets incident and related to the operation, maintenance, and administration of the Project; and Costs of Issuance.

"Rating Agency" means, any of the following: (i) Moody's, (ii) Standard & Poor's, (iii) Fitch or (iv) any other nationally recognized credit rating agency specified in an Amended Master Resolution that maintains a rating on the ECP Bonds at the request of the District.

"Refunding Bonds" means refunding Unlimited Tax Refunding Bonds of the District authorized to be issued pursuant to a Refunding Order to retire or defease ECP Bonds.

"Refunding Order" means any order adopted by the Board from time to time, authorizing the issuance of the Refunding Bonds.

"Registered Owner" means the person or entity in whose name any ECP Bond is registered in the Registration Books.

"Registration Books" means the books or records relating to the registration, payment, and transfer or exchange of the ECP Bonds maintained by the Issuing and Paying Agent pursuant to Section 2.06 hereof.

"Registrar" means, with respect to any Series, each person or entity, if any, designated by the District herein or in an Amended Master Resolution to keep a register of any Series and of the transfer and exchange of the ECP Bonds comprising such Series, and its successors and assigns, and any other person or entity which may at any time be substituted for it pursuant hereto. Initially, the Registrar shall be the Issuing and Paying Agent.

"Series" means a series of ECP Bonds issued pursuant to this Master Resolution; the Outstanding ECP Bonds of each series of ECP Bonds, when aggregated with all Outstanding ECP Bonds of other series, may be in an aggregate amount up to the full Authorized Amount regardless of when or whether issued.

"SIFMA" means the Securities Industry and Financial Markets Association.

"SIFMA Index" means (i) the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by SIFMA or any Person acting in cooperation with or under the sponsorship of SIFMA or (ii) if such index is not published, such other publicly available rate as all Dealers (or if the Dealers fail to do so, the District) shall deem most nearly equivalent thereto. Such index may be expressed as a percentage of (more or less than, or equal to, 100%) and/or a fixed spread to another index.

"Standard & Poor's" means Standard & Poor's Financial Services LLC or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the Board.

"State" means the State of Texas.

"Tax Certificate" means a certificate, as amended from time to time, executed and delivered on behalf of the District by a TRWD Authorized Representative on the date upon which a Series is initially issued and delivered, or any functionally equivalent certificate subsequently executed and delivered on behalf of the District by a TRWD Authorized Representative with respect to the requirements of Section 148 (or any successor section) of the Code relating to a Series.

"Taxable ECP Bonds" means ECP Bonds the interest on which is includable in the taxable income of the holder thereof.

"Tax Exempt ECP Bonds" means ECP Bonds the interest on which is excludable from the taxable income of the holder thereof.

"TRWD Authorized Representative" means one or more of the following officers or employees of the District: the General Manager, the Deputy General Manager, Finance Director, or such other officer or employee of the District authorized by the Board to act as a TRWD Authorized Representative.

"Unlimited Tax Bonds" means the unlimited tax bonds, in a principal amount not to exceed \$250,000,000, authorized by the voters within the District at elections held on May 5, 2018, for the purpose of providing certain drainage and flood control facilities, and in an amount not to exceed one and one-half times the amount of bonds or other evidence of indebtedness previously issued for such purposes of refunding such bonds or other conditions of indebtedness.

Section 1.02. Construction of Terms. If appropriate in the context of this Master Resolution, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine, or neuter gender shall be considered to include the other genders.

Section 1.03. Interpretation. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Master Resolution, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Master Resolution as a whole and not to any particular Article, Section or subdivision hereof. If any date for the payment of principal of or interest on the ECP Bonds is not a Business Day, payment may be made on the next succeeding day that is a Business Day and no interest will accrue for the intervening period.

ARTICLE II AUTHORIZATION OF EXTENDABLE COMMERCIAL PAPER BONDS

Section 2.01. Authorization. (a) Pursuant to authority conferred by and in accordance with the provisions of the Constitution and laws of the State of Texas, particularly the Acts, ECP Bonds are hereby authorized to be issued in an aggregate principal amount not to exceed the Authorized Amount at any one time Outstanding for the purpose of financing Projects and paying Project Costs and to refinance, renew, or refund Outstanding ECP Bonds, including interest thereon all in accordance with and subject to the terms, conditions, and limitations contained herein; provided that the maximum aggregate principal amount of ECP Bonds that may be issued under this Master Resolution shall be reduced by the aggregate principal amount of all then Outstanding ECP Bonds. For purposes of this Section 2.01, any portion of Outstanding ECP Bonds to be paid from money on deposit with the Issuing and Paying Agent and from the available proceeds of Refunding Bonds or other obligations of the District issued on the day of calculation shall not be considered Outstanding. The authority to issue ECP Bonds from time to time under the provisions of this Master Resolution shall exist until the Program Expiration Date, regardless of whether at any time prior to the Program Expiration Date there are any ECP Bonds Outstanding.

(b) As determined by a TRWD Authorized Representative in accordance with Section 2.02 and in consultation with Bond Counsel in accordance with Section 4.02 hereof for each issuance of ECP Bonds, such ECP Bonds shall be issued either as (i) Tax Exempt ECP Bonds, the interest on which is excludable from the gross income of the owners thereof for federal income tax purposes,

pursuant to section 103 of the Code or (ii) Taxable ECP Bonds, the interest on which is includable in the gross income of the owners thereof for federal income tax purposes.

(c) In connection with the refinancing or refunding of Outstanding ECP Bonds through the issuance of ECP Bonds, such ECP Bonds shall qualify as "obligations," as such term is defined in the Acts at the time any such refinancing or refunding occurs. The Outstanding ECP Bonds to be refunded shall be selected by the Board or as determined by a TRWD Authorized Representative.

Section 2.02. ECP Bonds.

(a) *Maturity Dates; Denominations.* Under and pursuant to the authority granted hereby and subject to the limitations contained herein, ECP Bonds to be designated "Tarrant Regional Water District, A Water Control and Improvement District Extendable Commercial Paper Mode Bond, Series B (Tax-Exempt)" and "Tarrant Regional Water District, A Water Control and Improvement District Extendable Commercial Paper Mode Bond, Series B (Taxable)" are hereby authorized to be issued, sold and delivered from time to time in such principal amounts as determined by a TRWD Authorized Representative in denominations of \$100,000 or in integral multiples of \$1,000 in excess thereof, numbered in ascending consecutive numerical order in the order of their issuance or in such manner as the Issuing and Paying Agent may deem appropriate, and shall mature and become due and payable on such dates as a TRWD Authorized Representative shall determine at the time of sale; provided that (a) the Original Maturity Date for each ECP Bond shall be not less than 1 day nor greater than the Maximum Original Maturity Days from its Issue Date and (b) the Extended Maturity Date for each ECP Bond shall be the number of Extended Maturity Days from its Issue Date. ECP Bonds within a single Series may bear different Issue Dates, Original Maturity Dates, Extended Maturity Dates and interest rates. Tax Exempt ECP Bond shall be sold at a price of par and the Taxable ECP Bonds may be sold at par or at a discount.

(b) *Dated Date; Interest Calculation; Sale Price.* ECP Bonds herein authorized shall be dated as of their Issue Date and shall bear no interest or shall bear interest payable at maturity at an annual rate (calculated on the basis of a year consisting of: 365/366 days and actual number of days elapsed with respect to Tax Exempt ECP Bonds and 360 days and actual number of days elapsed with respect to Taxable ECP Bonds), which shall not in any event exceed the Maximum Interest Rate, (ii) shall mature on its Original Maturity Date, unless the District exercises its option in accordance with this Master Resolution to extend the maturity date, in which case the ECP Bond shall mature on its Extended Maturity Date, and (iii) shall be sold by the Dealer pursuant to a Dealer Agreement. ECP Bonds may be payable to bearer, may be issued in registered form, without coupons, or may be issued in book-entry only form pursuant to Section 2.06 as determined by a TRWD Authorized Representative. ECP Bonds issued hereunder may contain terms and provisions for the redemption or prepayment thereof prior to maturity, subject to any applicable limitations contained herein, as provided herein or otherwise as shall be determined by a TRWD Authorized Representative.

(c) *Payment.* The District's obligation to pay the principal of and interest on each and every ECP Bond when due is a limited obligation of the District payable solely from Proceeds of the sale of ECP Bonds or Refunding Bonds issued to refinance ECP Bonds and any funds held and available for such purpose. The Registered Owners shall never have the right to demand payment of the ECP

Bonds out of any funds raised or to be raised by the levy of taxes by the District, or from any source other than specified in this Master Resolution. The District will make all payments of principal and interest directly to the Issuing and Paying Agent in immediately available funds on or prior to 2:00 p.m., New York, New York time, on the date any payment is due on any ECP Bond. The principal of and the interest on the ECP Bonds shall be paid in federal funds or other immediately available funds in currency of the United States of America that is legal tender for the payment of public and private debts.

The principal of and the interest on the ECP Bonds shall be payable at the principal office of the Issuing and Paying Agent on or before the close of business on any Original Maturity Date or Extended Maturity Date, as the case may be, upon which such ECP Bonds have become due and payable, provided that such ECP Bonds are presented and surrendered on a timely basis. Upon presentation of such an ECP Bond to the Issuing and Paying Agent no later than 3:00 p.m. (New York, New York time) on a Business Day, payment for such ECP Bond shall be made by the Issuing and Paying Agent in immediately available funds on such Business Day. If an ECP Bond is presented for payment after 3:00 p.m. (New York, New York time) on a Business Day, payment therefor may be made by the Issuing and Paying Agent on the next succeeding Business Day without the accrual of additional interest thereon.

Notwithstanding the provisions of the previous paragraph, in the event the ECP Bonds are issued as a master ECP Bond or master ECP Bonds in book entry form, they shall be payable at the Original Maturity Date or Extended Maturity Date, as the case may be, without physical presentation or surrender in accordance with the procedures of the Depository.

(d) *Interest Rate; Interest Payment Dates.* Each ECP Bond shall bear interest at the Original Rate from its Issue Date to its Original Maturity Date and shall be payable on the Original Maturity Date. Principal shall be payable on the Original Maturity Date, unless the District exercises its option to extend the Original Maturity Date to the Extended Maturity Date. The stated interest rate, Original Maturity Date, Extended Maturity Date and other terms of the ECP Bonds, as long as not inconsistent with the terms of this Master Resolution, shall be as set forth in the Issuance Request required by Section 4.01 hereof directing the issuance of ECP Bonds. If the District exercises its option in accordance with this Master Resolution to extend the maturity date of an ECP Bond, accrued interest from the Issue Date to the Original Maturity Date shall be paid on the Original Maturity Date, and the ECP Bond shall bear interest from its Original Maturity Date at the Extended Rate, and no additional interest shall accrue on the accrued but unpaid interest from the Issue Date to the Original Maturity Date.

(e) *Extended Rate.* The Extended Rate shall be the rate of interest per annum determined by the following formula; provided that such Extended Rate shall not exceed the Maximum Interest Rate:

The Extended Rate for Tax Exempt ECP Bonds shall be the rate of interest per annum determined by the following formula; provided that such Extended Rate shall not exceed the Maximum Interest Rate:

The greater of (SIFMA Index + *E*) or *F*

The Extended Rate for Taxable ECP Bonds shall be the rate of interest per annum determined by the following formula; provided that such Extended Rate shall not exceed the Maximum Interest Rate:

The greater of (LIBOR Index + *E*) or *F*

The Extended Rate applicable to an ECP Bond will be determined weekly by the Issuing and Paying Agent based on the Prevailing Ratings and other information available as of 11:00 a.m., New York, New York time, on the Original Maturity Date of the ECP Bond and each Thursday thereafter and will apply from that date through the following Wednesday or, if earlier, the applicable Extended Maturity Date. As used in the formula, the *E* and *F* variables shall be the fixed percentage rates, expressed in basis points and yields, respectively, determined based on the Prevailing Ratings of the Rating Agencies then rating the ECP Bonds, as follows:

<u>Prevailing Rating</u>				
<u>Fitch</u>	<u>Moody's</u>	<u>S&P</u>	<u>E Variable</u>	<u>F Variable</u>
F-1+	P-1	A-1+	300	7.00%
F-1	-	A-1	400	8.00%
F-2	P-2	A-2	600	9.00%
Lower than F-2 (or rating withdrawn for credit reasons)	Lower than P-2 (or rating withdrawn for credit reasons)	Lower than A-2 (or rating withdrawn for credit reasons)	Maximum Interest Rate	Maximum Interest Rate

If the individual Prevailing Ratings indicate different E or F variables as a result of split ratings assigned to the District, the E or F variable shall be the arithmetic average of those indicated by the Prevailing Ratings. If another credit rating agency becomes a Rating Agency, the Issuing and Paying Agent shall, upon written direction of the TRWD Authorized Representative, following consultation with the TRWD Authorized Representative and each Dealer, determine how the agency's rating categories shall be treated for the purpose of indicating an *E* or *F* variable.

(f) *Payment of Interest While Bearing Interest at Extended Rate.* This subsection 2.02(f) governs the interest payment dates if the District exercises its option to extend the Original Maturity Date to the Extended Maturity Date. If the Original Maturity Date is before the 15th day of the month, interest shall be payable on the first Business Day of the next month and on the first Business Day of each month thereafter and on the Extended Maturity Date for such ECP Bond. If the Original Maturity Date is on or after the 15th day of the month, interest shall be payable on the first Business Day of the second succeeding month and on the first Business Day of each month thereafter and on the Extended Maturity Date for such ECP Bond.

(g) *Notice of Extension.* The District shall notify the Issuing and Paying Agent and each Dealer by 11:00 a.m., New York City, New York time, on the Original Maturity Date if it is exercising its option to extend the Original Maturity Date of an ECP Bond to its Extended Maturity Date. Such notice shall be in substantially the form as attached hereto as Exhibit C. The Issuing and

Paying Agent shall correspondingly notify (i) DTC by 11:30 a.m., New York City, New York time on the Original Maturity Date and (ii) each Rating Agency then maintaining a rating on the ECP Bonds and EMMA by the close of business in New York, New York on the Original Maturity Date, that the maturity is being extended. Even if the requisite notices are not given, if payment of the principal of and interest on an ECP Bond does not occur on the Original Maturity Date, the maturity of the ECP Bond shall be extended automatically to the Extended Maturity Date. With the consent of the Issuing and Paying Agent, the District may modify the notification provisions contained in this Section 2.02(g) if deemed appropriate to conform to DTC's rules and procedures.

(h) *No Default.* In no event shall an extension of the Original Maturity Date constitute a default or a breach of any covenant under this Master Resolution or the Issuing and Paying Agent Agreement.

Section 2.03. Form of ECP Bonds.

(a) If not issued in book-entry only form, the ECP Bonds and the Certificate of Authentication to appear on each of the ECP Bonds shall be substantially in the form set forth in Exhibit A hereto with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Master Resolution and may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) ("CUSIP" numbers) and such legends and endorsements thereon as may, consistently herewith, be approved by a TRWD Authorized Representative.

(b) If the ECP Bonds are issued in book-entry only form pursuant to Section 2.06 hereof, they shall be issued in the form of a Master ECP Bond for Tax Exempt ECP Bonds and a Master ECP Bond for Taxable ECP Bonds in substantially the forms attached as Exhibit B hereto, or such other forms as are required by DTC, to which there shall be attached the respective form of ECP Bond set forth in Exhibit A hereto and it is hereby declared that the provisions of Exhibit A hereto are incorporated into and shall be a part of the applicable Master ECP Bond. It is further provided that this Master Resolution, and the form of ECP Bond set forth in Exhibit A hereto shall constitute the "underlying records" referred to in each Master ECP Bond. In addition, whenever the beneficial ownership of the ECP Bonds is determined by a book-entry at DTC, the Issuing and Paying Agent may, without further approval from the District or a TRWD Authorized Representative, place such letters, numbers, marks of identification, legends and endorsements on the ECP Bonds and Master ECP Bonds as are necessary to satisfy the requirements of DTC.

Section 2.04. Execution and Authentication.

(a) The ECP Bonds shall be executed on behalf of the District by the President and Secretary of the Board under its seal reproduced or impressed thereon. The signature of said officers on the ECP Bonds may be manual or facsimile. Notwithstanding the other provisions of this Section, each Master ECP Bond shall be executed on behalf of the District by the manual signature of the President and Secretary of the Board. ECP Bonds bearing the manual or facsimile signatures of individuals who are or were the proper officers of the Board on the date of passage of this Master Resolution shall be deemed to be duly executed on behalf of the District, notwithstanding that such individuals or either of them shall cease to hold such offices at the time of the initial sale and

delivery of a Series of ECP Bonds authorized to be issued hereunder and with respect to ECP Bonds delivered in subsequent sales, exchanges, and transfers, all as authorized and provided in Chapter 1201, Texas Government Code, as amended.

(b) Other than pursuant to Section 2.03(b) hereof, no ECP Bond shall be entitled to any right or benefit under this Master Resolution, or be valid or obligatory for any purpose, unless there appears on such ECP Bond a certificate of authentication substantially in the form provided in Exhibit A hereto, executed by the Issuing and Paying Agent by manual signature, and such certificate upon any ECP Bond shall be conclusive evidence, and the only evidence, that such ECP Bond has been duly certified or registered and delivered.

(c) The Issuing and Paying Agent shall be the authenticating agent and Registrar for the ECP Bonds.

Section 2.05. Issuing and Paying Agent

(a) *Issuing and Paying Agent.* The District hereby appoints the Issuing and Paying Agent, and Registrar, and agrees that, at or prior to the time of issuance of the initial ECP Bonds, the TRWD Authorized Representative will execute and deliver on behalf of the District, the Issuing and Paying Agent Agreement in such form as approved by the TRWD Authorized Representative (such approval to be evidenced by the execution of such Issuing and Paying Agent Agreement), and will at all times, prior to the Program Expiration Date, maintain in effect an Issuing and Paying Agent Agreement, pursuant to which the Issuing and Paying Agent will agree to hold funds and fulfill the duties and obligations of the Issuing and Paying Agent, as provided for in this Master Resolution.

A TRWD Authorized Representative is hereby authorized to enter into any supplemental agreements with the Issuing and Paying Agent or any additional agreements with any successor Issuing and Paying Agent as may be necessary and proper to carry out the purpose and intent of the District.

The Issuing and Paying Agent and the District may treat the Registered Owner of each ECP Bond as the sole and exclusive owner thereof for the purposes of payment of the principal of or interest on the Series of ECP Bonds to which such ECP Bond belongs, giving any notice permitted or required to be given to Holders hereunder, registering the transfer of ECP Bonds, obtaining any consent or other action to be taken by Holders, and for all other purposes whatsoever, and neither the Issuing and Paying Agent nor the District shall be affected by any notice to the contrary.

(b) *Resignation and Removal.* The Issuing and Paying Agent may at any time resign and be discharged of the duties and obligations created by this Master Resolution by giving at least 60 days' written notice to the Dealer and the District. The Issuing and Paying Agent may be removed, at any time by an instrument signed by a TRWD Authorized Representative and filed with the Issuing and Paying Agent and each Dealer. No such resignation or removal shall become effective, however, until a successor Issuing and Paying Agent has been selected and assumed the duties of the Issuing and Paying Agent hereunder.

In the event of the resignation or removal of the Issuing and Paying Agent, the Issuing and Paying Agent shall pay over, assign and deliver any moneys held by it in such capacity to its

successor. The Issuing and Paying Agent shall make any representations and warranties to the District as may be reasonably requested by the District in connection with any such assignment.

Should a change in the Issuing and Paying Agent for the ECP Bonds occur, the District agrees to promptly cause a written notice thereof to be sent to each Dealer, Registered Owner, if any, of the ECP Bonds then Outstanding by United States mail, first class, postage prepaid and to be provided to EMMA. Such notice shall give the address of the successor Issuing and Paying Agent. A successor Issuing and Paying Agent may be appointed without the consent of the Holders.

(c) *Books and Records.* The Issuing and Paying Agent shall at all times keep or cause to be kept proper records in which accurate entries shall be made of all transactions made by it relating to the Proceeds of the ECP Bonds and any funds and accounts established and maintained by the Issuing and Paying Agent pursuant to this Master Resolution and any Amended Master Resolution. Such records shall be available for inspection by the District on each Business Day upon regular notice during reasonable business hours, and by any Registered Owner or its agent or representative duly authorized in writing at reasonable hours and under regular circumstances.

The Issuing and Paying Agent shall provide to the TRWD Authorized Representative upon request and each month a report or statement of the amounts deposited in each fund and account held by it, and the amount disbursed from such funds and accounts, the earnings thereon, the ending balance in each of such funds and accounts, the investments in each such fund and account, and the yield on each investment calculated in accordance with the directions of a TRWD Authorized Representative. Such report or statement shall also include or be accompanied by such information regarding the issuance of ECP Bonds during the subject month as the District shall request.

The Issuing and Paying Agent shall maintain such books, records and accounts as may be necessary to evidence the obligations of the District resulting from the ECP Bonds, the principal amounts owing thereunder, the maturity schedule therefor, the respective rates of interest thereon, and the principal and interest paid from time to time thereunder.

Section 2.06. Book-Entry Only System.

(a) Unless a TRWD Authorized Representative or its designee determines that a Series of ECP Bonds shall be issued in registered form other than in book entry form, the ECP Bonds shall initially be issued in book entry form as further provided in this Section. A TRWD Authorized Representative, acting for and on behalf of the District, is hereby authorized to approve, execute, and deliver a Letter of Representations to DTC and to enter into such other agreements and execute such instruments as are necessary to implement such book-entry only system, such approval to be conclusively evidenced by the execution thereof by said TRWD Authorized Representative.

(b) Under the initial Book Entry System with DTC, (i) no physical ECP Bond certificates will be delivered to DTC and (ii) the District will execute and deliver to the Issuing and Paying Agent, as custodian for the Depository, a Master ECP Bond relating to the Tax Exempt ECP Bonds and to the Taxable ECP Bonds (each a "Master ECP Bond") in substantially the form set forth in Exhibit B hereto, or such other forms as are required by the Depository. Except as provided herein, the ownership of the ECP Bonds shall be registered in the name of the Nominee of the Depository. Ownership of beneficial interests in the ECP Bonds shall be shown by book entry on the system

maintained and operated by the Depository and Participants, and transfers of ownership of beneficial interests shall be made only by the Depository and the Participants by book entry, and the District and the Issuing and Paying Agent shall have no responsibility therefor. The Depository will be required to maintain records of the positions of the Participants in the ECP Bonds, and the Participants and persons acting through the Participants will be required to maintain records of the purchasers of beneficial interests in the ECP Bonds. Except as provided in this Section, the ECP Bonds shall not be transferable or exchangeable, except for transfer to another securities depository or to another nominee of a securities depository.

(c) With respect to ECP Bonds registered in the name of the Depository or its Nominee, neither the District nor the Issuing and Paying Agent shall have any responsibility or obligation to any Participant or to any person on whose behalf a Participant holds an interest in the ECP Bonds. Without limiting the immediately preceding sentence, neither the District nor the Issuing and Paying Agent shall have any responsibility or obligation with respect to (i) the accuracy of the records of the Depository or any Participant with respect to any ownership interest in the ECP Bonds, (ii) the delivery to any Participant or any other person, other than a registered owner of the ECP Bonds, as shown on the Registration Books, of any notice with respect to the ECP Bonds, including any notice of redemption, (iii) the payment to any Participant or any other person, other than a Registered Owner of the ECP Bonds, as shown in the Registration Books, of any amount with respect to principal of and premium, if any, or interest on the ECP Bonds or (iv) for any other purpose.

(d) Whenever, during the term of the ECP Bonds, the beneficial ownership thereof is determined by a book entry at the Depository, the requirements in this Master Resolution of holding, registering, delivering, exchanging, or transferring the ECP Bonds shall be deemed modified to require the appropriate person or entity to meet the requirements of the Depository as to holding, registering, delivering, exchanging, or transferring the book entry to produce the same effect.

(e) The Depository may determine to discontinue providing its services with respect to a Series of ECP Bonds at any time by giving reasonable written notice to a TRWD Authorized Representative and the Issuing and Paying Agent, and by discharging its responsibilities with respect thereto under applicable law. A TRWD Authorized Representative, exercising the sole discretion of the District and without the consent of any other person, may terminate, upon provision of notice to the Depository and the Issuing and Paying Agent, the services of the Depository with respect to a Series of ECP Bonds if the TRWD Authorized Representative determines, on behalf of the District, that the continuation of the system of book entry only transfers through the Depository (or a successor securities depository) is not in the best interests of the owners of a Series of ECP Bonds or is burdensome to the District. Upon the termination of the services of the Depository with respect to a Series of ECP Bonds, after which no substitute Depository willing to undertake the functions of the Depository hereunder can be found or which, in the opinion of the District, is willing and able to undertake such functions upon reasonable and customary terms, a Series of ECP Bonds shall no longer be restricted to being registered in the registration books kept by the Registrar in the name of the Nominee of the Depository. In such event, the District shall issue and the Issuing and Paying Agent shall transfer and exchange physical ECP Bond certificates in the form set forth in Exhibit A hereto as requested by the Depository or Participants of like principal amount, Series and maturity, in denominations of \$100,000 and integral multiples of \$1,000 in excess thereof, to the identified Holder in replacement of such Holder's beneficial interests in a Series of ECP Bonds.

(f) Notwithstanding any provision hereof to the contrary, as long as the ECP Bonds of any Series are registered in the name of the Nominee, all payments with respect to principal of and interest on the ECP Bonds of such Series and all notices with respect to the ECP Bonds of such Series shall be made and given, respectively, as provided in the Representation Letter for the related Series of ECP Bonds or as otherwise instructed by the Depository.

(g) The initial Depository with respect to each Series of ECP Bonds shall be DTC. The initial Nominee with respect to each Series of ECP Bonds shall be CEDE & CO., as nominee of DTC.

Section 2.07. Negotiability, Registration, and Exchange.

(a) The ECP Bonds shall be, and shall have all of the qualities and incidents of a negotiable instrument under the laws of the State, and each successive Holder, in accepting any of the obligations, shall be conclusively deemed to have agreed that such obligations shall be and have all of the qualities and incidents of a negotiable instrument under the laws of the State.

(b) Registration Books relating to the registration, payment, and transfer or exchange of the ECP Bonds shall at all times be kept and maintained at the office of the Issuing and Paying Agent, and the Issuing and Paying Agent shall obtain, record, and maintain in the Registration Books the name, and to the extent provided by or on behalf of the Holder, the address of each Holder of the ECP Bonds, except for any ECP Bonds registered to bearer. A copy of the Registration Books shall be provided to and held by the District or TRWD Authorized Representative upon request.

(c) Notwithstanding Section 2.06, any ECP Bond may, in accordance with its terms and the terms hereof, be transferred or exchanged for ECP Bonds of like tenor and character and of other authorized denominations upon the Registration Books by the Holder in person or by his duly authorized agent, upon surrender of such ECP Bond to the Issuing and Paying Agent for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Issuing and Paying Agent. Upon surrender for transfer of any ECP Bond at the designated office of the Issuing and Paying Agent, the Issuing and Paying Agent shall register and deliver, in the name of the designated transferee or transferees, one or more new ECP Bonds executed on behalf of, and furnished by, the District of like tenor and character and of authorized denominations and having the same maturity, bearing interest at the same rate and of a like aggregate principal amount as the ECP Bond or ECP Bonds surrendered for transfer.

(d) ECP Bonds may be exchanged for other ECP Bonds of like tenor and character and of authorized denominations and having the same maturity, bearing the same rate of interest and of like aggregate principal amount as the ECP Bonds surrendered for exchange, upon surrender of the ECP Bonds to be exchanged at the designated office of the Issuing and Paying Agent. Whenever any ECP Bonds are so surrendered for exchange, the Issuing and Paying Agent shall register and deliver new ECP Bonds of like tenor and character as the ECP Bonds exchanged, executed on behalf of and furnished by, the District to the Holder requesting the exchange.

(e) The District and the Issuing and Paying Agent may charge the Holder a sum sufficient to reimburse them for any expenses incurred in making any exchange or transfer after the first such exchange or transfer. The Issuing and Paying Agent or the District may also require payment from the Holder of a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation thereto. Such charges and expenses shall be paid before any such new ECP Bond shall be delivered.

(f) The District and the Issuing and Paying Agent shall not be required to transfer or exchange any ECP Bond selected, called, or being called for redemption in whole or in part.

(g) New ECP Bonds delivered upon any transfer or exchange shall be valid special obligations of the District, evidencing the same debt as the ECP Bonds surrendered, shall be secured by this Master Resolution and shall be entitled to all of the security and benefits hereof to the same extent as the ECP Bonds surrendered.

(h) The District reserves the right to change the above registration and transferability provisions of the ECP Bonds at any time on or prior to the delivery thereof in order to comply with applicable laws and regulations of the United States in effect at the time of issuance thereof. In addition, to the extent that the provisions of this Section conflict with or are inconsistent with the provisions of the form of ECP Bonds set forth in Exhibit A hereto, such other provisions shall control.

Section 2.08. Mandatory Exchange Upon Extended Maturity. Notwithstanding Section 2.06, by acceptance of an ECP Bond, the Holder agrees that, should the principal of such Holder's ECP Bond not be paid on the Original Maturity Date, the Holder shall surrender such ECP Bond to the Issuing and Payin gAgent in exchange for a new ECP Bond of like tenor and character as the ECP Bond surrendered but having the Extended Maturity Date instead of the Original Maturity Date.

Section 2.09. ECP Bonds Mutilated, Lost, Destroyed, or Stolen. If any ECP Bond shall become mutilated, the District, at the expense of the Holder of said ECP Bond, shall execute and the Issuing and Paying Agent shall authenticate and deliver a new ECP Bond of like tenor and number in exchange and substitution for the ECP Bond so mutilated, but only upon surrender to the Issuing and Paying Agent of the ECP Bond so mutilated. If any ECP Bond shall be lost, destroyed, or stolen, evidence of such loss, destruction, or theft may be submitted to the District and the Issuing and Paying Agent. If such evidence is satisfactory to the District and the Issuing and Paying Agent and indemnity satisfactory to them shall be given, the District, at the expense of the Holder, shall execute and the Issuing and Paying Agent shall authenticate and deliver a new ECP Bond of like tenor in lieu of and in substitution for the ECP Bond so lost, destroyed, or stolen. In the event any such ECP Bond shall have matured, the Issuing and Paying Agent instead of issuing a duplicate ECP Bond may pay the same without surrender thereof after making such requirement as it deems fit for its protection, including a lost instrument bond. Neither the District nor the Issuing and Paying Agent shall be required to treat both the original ECP Bond and any duplicate ECP Bond as being Outstanding for the purpose of determining the principal amount of ECP Bonds which may be issued hereunder, but both the original and the duplicate ECP Bond shall be treated as one and the same. The District and the Issuing and Paying Agent may charge the Holder of such ECP Bond with their reasonable fees and expenses for such service.

Section 2.10. Cancellation. All ECP Bonds which at maturity are surrendered to the Issuing and Paying Agent for the collection of the principal and interest thereof or are surrendered for transfer or exchange pursuant to the provisions hereof shall, upon payment or issuance of new ECP Bonds, be cancelled by the Issuing and Paying Agent and forthwith transmitted to the District, and thereafter the District shall have custody of such cancelled ECP Bonds.

Section 2.11. Fiscal and Other Agents. In furtherance of the purposes of this Master Resolution, the District may from time to time appoint and provide for the payment of such additional fiscal, paying, or other agents or trustees as it may deem necessary or appropriate in connection with the ECP Bonds.

Section 2.11. Dealer Agreement. The TRWD Authorized Representative is hereby authorized to appoint one or more firms to act as Dealer, and agrees that, at or prior to the time of issuance of the initial ECP Bonds, the District will enter into a Dealer Agreement with the Dealer. The District covenants that at all times while any ECP Bonds shall be outstanding, it will maintain in effect one or more Dealer Agreements, pursuant to which the Dealer will agree to fulfill the duties and obligations of the Dealer as set forth in this Master Resolution and its Dealer Agreement.

The TRWD Authorized Representative is further authorized and directed from time to time to review the performance of each Dealer and of the ECP Bond program authorized hereby and to periodically solicit and review the qualifications of each Dealer and of any additional investment banking firms interested in serving as Dealer. Based upon such review, the number of Dealers selected, which Dealers are selected and the amount of ECP Bonds which each Dealer is allocated to attempt to sell may be changed and additional or different Dealers may be selected and new Dealer Agreements entered into based upon a determination that such changes are expected to result in the lowest overall cost of the extendable commercial paper program authorized hereby after taking into account not only the fees to be paid to the Dealers but the expectations as to the performance of each Dealer in providing broad distribution of the ECP Bonds and creating competitive pricing without adversely affecting investor liquidity.

A TRWD Authorized Representative is hereby authorized and directed to approve, execute, and deliver to the Dealers any instrument evidencing such changes, additions, or amendments to the Dealer Agreements as may be necessary and proper to carry out the purpose and intent of the District in authorizing this Master Resolution. A TRWD Authorized Representative is hereby authorized to enter into any supplemental agreements with the Dealer or with any successor Dealer.

Section 2.12. Credit Agreement. The District reserves the right to enter into a credit agreement (as that term is defined by Chapter 1371, Texas Government Code, as amended or other applicable State law) to provide liquidity for a part or all of the ECP Bonds to be Outstanding under this Master Resolution and any Amended Master Resolution; provided that any credit agreement shall be entered into and reviewed by the appropriate State agencies or offices as required by State law.

ARTICLE III

ESTABLISHMENT OF ECP PROGRAM AND SECURITY THEREFOR

Section 3.01. Establishment of ECP Program. This Master Resolution is intended to establish a master plan for the authorization, issuance, sale, delivery, form, characteristics, provisions of payment and redemption, and security of the ECP Bonds.

Section 3.02. Security and Pledge.

(a) The ECP Bonds are special obligations of the District, and the payment of the principal of and interest on the ECP Bonds are and shall be secured by and payable from a lien on and pledge of the proceeds of the sale of ECP Bonds or Refunding Bonds issued to refinance ECP Bonds and any funds held and available for such purpose, and the funds and accounts hereinafter created in this Master Resolution, are further pledged to the establishment and maintenance of the Payment Fund. The ECP Bonds are and shall be secured by and payable only from the Proceeds from the sale of ECP Bonds to refinance maturing ECP Bonds (*i.e.*, "roll") and the proceeds of Refunding Bonds to be issued by the District. The ECP Bonds are not secured by or payable from any funds raised or to be raised by the levy of taxes by the District nor a mortgage or deed of trust on any properties, whether real, personal, or mixed, nor from any source other than as specified in this Master Resolution.

(b) The District covenants to pay the principal of, premium, if any, and the interest on the ECP Bonds when due, whether by reason of maturity or redemption.

(c) Chapter 1208, Texas Government Code, applies to the issuance of the ECP Bonds and the pledge of the proceeds of the sale of ECP Bonds or Refunding Bonds under this section, and such pledge is therefore valid, effective, and perfected. If State law is amended at any time while the ECP Bonds are outstanding such that the pledge granted by the District under this section is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the Registered Owners of the ECP Bonds the perfection of the security interest in said pledge, the District agrees to take such measures as it determines are reasonable and necessary under State law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

Section 3.03. Covenant to Refinance.

(a) The District covenants that it will undertake its best efforts to issue and deliver Refunding Bonds at the times and in the amounts necessary to refinance the ECP Bonds that are maturing on the applicable Extended Maturity Date and apply the proceeds of such Refunding Bonds to retire such maturing ECP Bonds. Notwithstanding the foregoing, the TRWD Authorized Representative shall not deliver an Issuance Request for a Series of ECP Bonds that could not be refinanced on or before the Program Expiration Date.

(b) The receipts derived from the refinancing of the ECP Bonds, whether by other ECP Bonds or Refunding Bonds, and all amounts in the funds and accounts created or maintained pursuant to this Master Resolution, the Issuing and Paying Agent Agreement or any Tax Certificate

(except the Rebate Fund), including earnings on such amounts, are hereby pledged as security for the payment of the ECP Bonds and constitute funds held for that purpose, subject only to the provisions of this Master Resolution and the Issuing and Paying Agent Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein and therein. The pledge herein made shall be irrevocable until all of the ECP Bonds have been paid and retired. The granting of this pledge by the District does not limit in any manner the rights of the District to issue any additional debt or incur any other obligations.

(c) The District intends to refinance the ECP Bonds with Refunding Bonds issued under Chapter 1207, Texas Government Code, as amended, and, therefore (in accordance with Section 1371.057(c) of Chapter 1371), the District will treat the ECP Bonds as having the intended term and payment schedule of such Refunding Bonds, as determined by the TRWD Authorized Representative.

ARTICLE IV

ISSUANCE AND SALE OF ECP BONDS; CREATION OF FUNDS; PAYMENT

Section 4.01. Issuance and Sale of ECP Bonds.

(a) All ECP Bonds shall be sold in the manner determined by the TRWD Authorized Representative to be most economically advantageous to the District. Prior to the issuance of the first Series of ECP Bonds pursuant to this Master Resolution, ECP Bonds of each initial Series shall be executed on behalf of the District and delivered to the Issuing and Paying Agent, which shall hold such ECP Bonds unauthenticated in safekeeping for the District.

(b) The terms of the ECP Bonds shall be established and they shall be delivered by the Issuing and Paying Agent in accordance with telephonic, facsimile, computer, or written instructions of a TRWD Authorized Representative and in the manner specified below and in the Issuing and Paying Agent Agreement. Any Issuance Request made by telephone pursuant to this Section may be recorded by the Issuing and Paying Agent and shall be confirmed promptly in writing by a TRWD Authorized Representative; provided, however, that any conflict between any recorded oral Issuance Request and the written confirmation thereof, shall not affect the validity of any recorded oral Issuance Request received by the Issuing and Paying Agent as provided herein. If the Issuing and Paying Agent does not record an oral Issuance Request, and a conflict exists between such oral Issuance Request and the written confirmation thereof, the terms of the written confirmation shall control. Any such instructions from a TRWD Authorized Representative relating to the issuance of ECP Bonds for the purpose of refinancing, renewing or refunding ECP Bonds may be in the form of standing instructions to the effect that the Issuing and Paying Agent may rely on instructions it receives from a Dealer for the issuance and sale of such ECP Bonds unless otherwise notified in writing by a TRWD Authorized Representative.

(c) Any Issuance Request shall specify (i) the aggregate principal amount of ECP Bonds of each Series then to be issued, and the respective denominations in which they are to be issued, (ii) the Original Rate with respect to each ECP Bond, (iii) the Issue Date, the Original Maturity Date, and the Extended Maturity Date of each ECP Bond, (iv) the Series designation thereof, (v) the formula or method of calculating interest and the basis upon which it is to be computed, (vi) whether

such ECP Bonds are Tax Exempt ECP Bonds or Taxable ECP Bonds, (vii) the purchase price, and (viii) any other terms and conditions which are hereby authorized and permitted to be fixed by any TRWD Authorized Representative at the time of sale of the ECP Bonds. No later than 2:30 p.m. (New York, New York time) on each Business Day on which the District proposes to issue ECP Bonds, the applicable Dealer shall report to the District each transaction made with or arranged by it or shall notify the District and the Issuing and Paying Agent of the difference, if any, between the amount of maturing ECP Bonds of a Series and the amount of ECP Bonds of a Series which the Dealer has arranged to sell or has agreed to purchase. The District may deliver an Issuance Request for the issuance of ECP Bonds on multiple roll-over dates in the future, but shall have the right to rescind such notice with respect to ECP Bonds to be issued, no later than 11:00 a.m. (New York, New York time) on any date ECP Bonds are to be issued.

(d) Upon receipt of such Issuance Request (which may be transmitted by mail, telecopy or other electronic communications method, or by telephone, promptly confirmed in writing by 1:30 p.m. New York City, New York time), the Issuing and Paying Agent shall, by 2:00 p.m. (New York City, New York time) on such day, complete each ECP Bond as to amount, Issue Date, Original Maturity Date, Extended Maturity Date and Original Rate specified in such Issuance Request, and deliver each such ECP Bond to or upon the order of the applicable Dealer upon receipt of payment therefor; provided, however, that no such ECP Bonds shall be delivered by the Issuing and Paying Agent if such delivery would cause the sum of the aggregate principal amount of ECP Bonds Outstanding to exceed the Authorized Amount. If an Issuance Request is received after 1:30 p.m. (New York City, New York time) on a given day, the Issuing and Paying Agent shall not be obligated to deliver the requested ECP Bonds until the next succeeding Business Day.

(e) In connection with each issuance and sale of ECP Bonds for the purpose of refinancing, renewing or refunding ECP Bonds, a TRWD Authorized Representative is hereby authorized to provide standing instructions to any Dealer of its preferred ranges for the interest rates and maturity dates for any such sale of ECP Bonds; provided that, no such ECP Bond shall (i) bear interest at a rate that exceeds the Maximum Interest Rate or (ii) have a term in excess of 270 calendar days, whether extended or not; and provided further that, the interest rates shall be the minimum interest rates which, in the opinion of such Dealer under then-existing market conditions, would result in the sale of such ECP Bonds at a price equal to the principal amount thereof.

Section 4.02. Conditions to Delivery Pursuant to Issuance Request.

(a) No ECP Bonds of any Series shall be delivered by the Issuing and Paying Agent if (i) it shall have received notice from a TRWD Authorized Representative directing the Issuing and Paying Agent to cease authenticating and delivering ECP Bonds until such time as such direction is withdrawn by similar notice, (ii) it shall have actual knowledge that an Event of Default shall have occurred and be continuing, and will not be cured by the issuance of the applicable ECP Bonds, (iii) it shall have received notice from Bond Counsel that its opinion regarding the exclusion of interest on the ECP Bonds of such issue or Series (issued as Tax Exempt ECP Bonds) from gross income for federal income tax purposes of the holders thereof is being withdrawn or (iv) the maturity date of such ECP Bonds would extend beyond the related Program Expiration Date.

(b) In addition to the Issuance Request described above in Section 4.01, and as a further condition to the issuance of any ECP Bonds, the TRWD Authorized Representative shall certify to or instruct, for and on behalf of the District, the Issuing and Paying Agent that, as of the date of delivery of such ECP Bonds, (i) all action on the part of the District necessary for the valid issuance of the ECP Bonds then to be issued has been taken; (ii) all provisions of State and federal law necessary for the valid issuance of such ECP Bonds have been complied with; (iii) such ECP Bonds will be valid and enforceable special obligations of the District according to their terms, subject to the exercise of judicial discretion in accordance with general principles of equity and bankruptcy, insolvency, reorganization, moratorium, sovereign immunity of political subdivisions and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable or general principles of equity which permit the exercise of judicial discretion; (iv) after the issuance of such ECP Bonds and the application of the Proceeds thereof, the sum of the aggregate principal amount of ECP Bonds Outstanding will not exceed the Authorized Amount; (v) unless the ECP Bonds are to be issued as Taxable ECP Bonds, to the District's knowledge there has been no change in the facts, estimates, circumstances and representations of the District set forth or made (as the case may be) in the Tax Certificate (applicable to such ECP Bonds); (vi) the Extended Maturity Date of such ECP Bonds set forth in the Issuance Request does not extend beyond the Program Expiration Date; (vii) the District, has not been notified by Bond Counsel that its opinion with respect to the validity of the ECP Bonds and, unless interest on the ECP Bonds is to be taxable, the tax treatment of the interest thereon has been revised or withdrawn or, if any such revision or withdrawal has occurred, the revised opinion or a substitute opinion acceptable to the Dealer has been delivered; (viii) to the actual knowledge of the District, no Event of Default has occurred and is then continuing; (ix) the Proceeds shall be deposited into the Payment Fund or into the Proceeds Fund pursuant to Sections 4.06 and 4.07 hereof in the amounts specified by the TRWD Authorized Representative; and (x) all of the conditions precedent to the issuance of such ECP Bonds set forth in this Section of this Master Resolution have been satisfied. **The delivery of any Issuance Request to the Issuing and Paying Agent by a TRWD Authorized Representative in the manner provided in this Section shall constitute the certification and representation of the District as of the date of such Issuance Request as to the matters set forth in this paragraph.**

Section 4.03. No Redemption Prior to Original Maturity Date. The ECP Bonds shall not be subject to redemption prior to their Original Maturity Date.

Section 4.04. Redemption following Original Maturity Date. In the event the District exercises its option to extend the maturity of an ECP Bond to the Extended Maturity Date, that ECP Bond may be redeemed on any date after its Original Maturity Date, at the option of the District at a redemption price equal to par (100%), plus accrued and unpaid interest to the redemption date. To exercise its redemption option, the District shall provide not less than 5 nor more than 25 calendar days' notice to the Issuing and Paying Agent. The Issuing and Paying Agent will notify the Depository of the ECP Bonds to be redeemed within one Business Day of receipt of such notice.

Section 4.05. Creation of Payment Fund. There is hereby created a fund at the Issuing and Paying Agent entitled the "TRWD ECP Bond Series B Interest and Sinking Fund" (the "Payment Fund"). Moneys in the Payment Fund and the accounts therein shall be held separate and apart from all other moneys, funds and accounts held by the Issuing and Paying Agent, and shall be applied to pay the principal of and interest on Outstanding ECP Bonds in the amounts, at the times

and in the manner set forth herein. The Payment Fund is hereby created as a separate fund and shall be held by the Issuing and Paying Agent. The District may direct the Issuing and Paying Agent to establish and maintain a separate account or accounts in the Payment Fund with respect to any or all of the ECP Bonds of one or more Series. The following accounts are hereby established within the Payment Fund for the deposit of the Proceeds of ECP Bonds to refinance Outstanding ECP Bonds in accordance with Section 4.07, and the Issuing and Paying Agent shall hold such accounts in accordance herewith and with the Issuing and Paying Agent Agreement:

- (1) the "Tax-Exempt ECP Bond Series B Account" and
- (2) the "Taxable ECP Bond Series B Account".

Pending the expenditure of moneys in the Payment Fund for authorized purposes, moneys deposited therein may be invested at the direction of a TRWD Authorized Representative in Permitted Investments. Any income received from investments in the Payment Fund shall be retained in the Payment Fund.

Section 4.06. Creation of Proceeds Fund; Proceeds of Sale of ECP Bonds.

(a) The TRWD ECP Bond Series B Proceeds Fund (the "Proceeds Fund") is hereby created as a separate fund and shall be held, maintained and accounted for by the District at a depository bank selected by the District. The Proceeds Fund is designated as the ECP Proceeds Fund and herein called the Proceeds Fund.

(b) The Proceeds of the initial sale of any ECP Bonds (that is, "new money" ECP Bonds that are issued to pay Project Costs and are not issued to redeem or pay the principal of another ECP Bond) shall be deposited into the Proceeds Fund and into the applicable account designated by the TRWD Authorized Representative by which the Proceeds shall be used to pay Project Costs for which Projects the Series of ECP Bonds is issued. Proceeds so deposited shall be held separate and apart from all other funds and accounts and shall not be commingled with any other moneys.

(c) The Proceeds of ECP Bonds issued to redeem or pay the principal of another ECP Bond shall be deposited directly into the applicable Payment Fund as directed in writing by a TRWD Authorized Representative to refinance or retire the ECP Bonds for which the refinancing ECP Bonds were issued. Proceeds so deposited shall be held separate and apart from all other funds and accounts and shall not be commingled with any other moneys.

Section 4.07. Deposits Into Payment Fund.

(a) At or before 2:00 p.m., New York, New York time, on an interest payment date as provided in Section 2.02(d) or 2.02(f) hereof, the Original Maturity Date or Extended Maturity Date of each ECP Bond, the District shall deposit or cause to be deposited into the applicable Payment Fund account, solely from ECP Bond Proceeds or proceeds from the sale of the Refunding Bonds, an amount sufficient, together with other available moneys including the moneys in the Payment Fund account, to pay principal of and interest due on all ECP Bonds maturing on such interest payment date, Original Maturity Date or the Extended Maturity Date, as applicable. The Issuing and

Paying Agent shall notify the District on or before 5:00 p.m., New York, New York time, on the Business Day prior to such interest payment date, Original Maturity Date or Extended Maturity Date, of the total amount due on such date.

(b) Moneys in the Payment Fund shall be invested and reinvested by the Issuing and Paying Agent in Permitted Investments, as directed in writing by a TRWD Authorized Representative.

Section 4.08. Defeasance of ECP Bonds. ECP Bonds shall not be deemed to have been paid in full unless payment of the principal of and interest on the ECP Bonds either (a) shall have been made or caused to be made in accordance with the terms of the ECP Bonds and this Master Resolution, or (b) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Issuing and Paying Agent in accordance with an escrow agreement or other instrument for such payment (i) lawful money of the United States of America sufficient to make such payment or (ii) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability of sufficient money to provide for such payment.

ARTICLE V COVENANTS OF THE DISTRICT

Section 5.01. Limitation on Issuance. Unless this Master Resolution is amended and modified by the District in accordance with the provisions of Article VI, the District covenants that there will not be issued and Outstanding at any time more than the Authorized Amount of ECP Bonds. The District, however, does reserve the right to increase said amount by an amendment to this Master Resolution duly adopted by the Board. For purposes of this Section any portion of Outstanding ECP Bonds to be paid on the day of calculation from moneys on deposit in the Payment Fund or the Proceeds of ECP Bonds or Refunding Bonds or any combination thereof shall not be considered Outstanding.

Section 5.02. Reserved.

Section 5.03. Tax Exempt ECP Bonds to Remain Tax Exempt.

(a) In order to maintain the exclusion from gross income of the interest on the ECP Bonds issued as Tax Exempt ECP Bonds for federal income tax purposes, the District will make all calculations required by section 148 of the Code, including, but not limited to, the calculation of rebate, in a reasonable and prudent fashion and to segregate and set aside the lawfully available amounts that such calculations indicate may be required to be paid to the United States of America. The District further covenants to do and perform all acts and things within its power and authority necessary to comply with each applicable requirement of section 103 and sections 141 through 150 of the Code. The District agrees to periodically execute or cause to be executed a Tax Certificate as may be required by the Code, in the opinion of Bond Counsel, and the Form 8038-G, or any other forms designated by the Internal Revenue Service in substitution thereof. In furtherance of the foregoing, the District will execute annually, or at any other time necessary in the opinion of Bond Counsel, a Tax Certificate and Form 8038-G necessary to assure the tax-exempt status of the Tax Exempt ECP Bonds.

(b) The District covenants to refrain from any action which would adversely affect, or to take such action to assure, the treatment of the Tax Exempt ECP 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 District covenants as follows:

(i) to take any action to assure that no more than 10 percent of the Proceeds (but not to exceed \$15,000,000) of a series of the Tax Exempt ECP Bonds (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the Proceeds are so used, such amounts, whether or not received by the District, with respect to such private business use, do not, under the terms of this Master 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 Tax Exempt ECP Bonds, in contravention of section 141(b)(2) of the Code;

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

(iii) to take any action to assure that no amount which is greater than the lesser of \$5,000,000, or 5 percent of the Proceeds of a series of the Tax Exempt ECP 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;

(iv) to take any action to assure that no more than 5 percent of the Proceeds of a series of the Tax Exempt ECP Bonds are used to provide any output facility (other than a facility for furnishing water) with respect to which there is any "private business use" as more fully set forth in section 141(b)(3) of the Code;

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

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

(vii) to refrain from using any portion of the Proceeds of the Tax Exempt ECP 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 Tax Exempt ECP Bonds, other than investment property acquired with -

(A) Proceeds of the Tax Exempt ECP Bonds invested for a reasonable temporary period until such Proceeds are needed for the purpose for which the Tax Exempt ECP Bonds are issued; and

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

(C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the stated principal amount (or, in the case of a discount, the issue price) of the Bonds;

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

(ix) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Tax Exempt ECP Bonds issued to pay Project Costs) 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 Tax Exempt ECP Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of the Excess Earnings under section 148(f) of the Code.

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

(c) The District covenants to account for the expenditure of Tax Exempt ECP Bond sale Proceeds and investment earnings to be used for Projects on its books and records in accordance with the requirements of the Code. The District recognizes that in order for the Proceeds to be considered used for the reimbursement of Project Costs, the Proceeds must be allocated to expenditures within 18 months of the later of the date that (i) the expenditure is made, or (ii) the project being financed with the Proceeds of the series of Tax Exempt ECP Bonds is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the District recognizes that in order for Proceeds to be expended under the Code, the sale Proceeds or investment earnings must be expended no more than 60 days after the earlier of (i) the fifth anniversary of the delivery of a series of the Tax Exempt ECP Bonds, or (ii) the date the series of Tax Exempt ECP Bonds are retired, other than being retired with the proceeds of another tax-exempt obligation including tax-exempt bonds or another series of Tax Exempt ECP Bonds. The District agrees to obtain the advice of Bond Counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Tax Exempt ECP Bonds. For purposes hereof, the District shall not be obligated to comply with this covenant if it obtains an opinion of Bond Counsel that such failure to

comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(d) The District covenants that the property constituting Projects financed with the Proceeds of the Tax Exempt ECP Bonds will not be sold or otherwise disposed in a transaction resulting in the receipt by the District of cash or other compensation, unless the District obtains an opinion of Bond Counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Tax Exempt ECP 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 District shall not be obligated to comply with this covenant if it obtains an opinion of Bond Counsel that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) The District shall not, expend, or permit to be expended, the Proceeds of the Tax Exempt ECP Bonds in any manner inconsistent with its reasonable expectations as certified in the Tax Certificate to be executed from time to time with respect to the Tax Exempt ECP Bonds; provided, however, that the District may expend Proceeds of the Tax Exempt ECP Bonds in any manner if the District first obtains an unqualified opinion of Bond Counsel that such expenditure will not impair the exemption from federal income taxation of interest paid on the Tax Exempt ECP Bonds.

Section 5.04. Opinion of Bond Counsel. The District shall cause the legal opinion of Bond Counsel as to the validity of the ECP Bonds and, with respect to Tax Exempt ECP Bonds, as to the exclusion of interest on such Tax Exempt ECP Bonds from gross income of the owners thereof for federal income tax purposes to be furnished to any Holder without cost. In addition, a copy of said opinion may be printed on or accompany each of the ECP Bonds issued in physical format. In addition, in connection with the updating of the Offering Memorandum (as provided in accordance with Section 7.08 hereof) or as required by the Dealer Agreement, there may be provided an updated opinion of Bond Counsel for Tax Exempt ECP Bonds and for Taxable ECP Bonds as determined by Bond Counsel, at the cost of the District or the Dealer as agreed to in the Dealer Agreement.

Section 5.05. Performance. The District will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions authorizing the issuance of the ECP Bonds, and in each and every ECP Bond; promptly pay or cause to be paid the principal of and interest on every ECP Bond, on the dates and in the places and manner prescribed, and will, at the times and in the manner prescribed, deposit or cause to be deposited the amounts required to be deposited into the Payment Fund, and any Registered Owner of ECP Bonds may require the District, its Board, and its officials and employees, to carry out, respect, or enforce the covenants and obligations of this Master Resolution, by all legal and equitable means, including specifically, but without limitation, the use and filing of mandamus proceedings, in any court of competent jurisdiction, against the District, its Board, and its officials and employees.

Section 5.06. Legal Authority. The District represents that it is a duly created and existing conservation and reclamation district of the State pursuant to Article 16, Section 59, of the Texas Constitution, and the District Act, and is duly authorized under the laws of the State to create and

issue the ECP Bonds; that all action on its part for the creation and issuance of the ECP Bonds has been duly and effectively taken, and that the ECP Bonds in the hands of the Registered Owners thereof are and will be valid and enforceable special obligations of the District in accordance with their terms.

Section 5.07. Reserved.

Section 5.08. No Effect on Tax Bonds. This Master Resolution does not and is not intended to affect, limit, or prohibit the issuance of Bonds payable solely from ad valorem taxes.

Section 5.09. Maintenance of Existence. While ECP Bonds are Outstanding, the District will maintain its current legal corporate status as a conservation and reclamation district.

Section 5.10. Insurance. The District will carry or cause to be carried such insurance as usually would be carried by corporations or other business entities operating like properties and engaged in similar activities, with a responsible insurance company or companies; provided that no insurance shall be required to the extent that the Board determines, based on the advise of legal counsel, that no substantial liability can or will arise under a particular hazard. At any time while any contractor engaged in construction work shall be fully responsible therefor, the District shall not be required to carry insurance on the works being constructed, if the contractor is required to carry appropriate insurance. All such policies shall be open to the inspection of the owners or holders of the Unlimited Tax Bonds and ECP Bonds and their representatives at all reasonable times.

Section 5.11. Governmental Agencies. The District will comply with all of the terms and conditions of any and all franchises and permits applicable to the System granted by any governmental agency, and all franchises, permits, and agreements applicable to the System and the ECP Bonds entered into between the District and any governmental agency, and the District will take all action necessary to enforce said terms and conditions; and the District will obtain and keep in full force and effect all franchises, permits, and other requirements necessary with respect to the acquisition, construction, operation, and maintenance of the System.

Section 5.12. Audits. Each year while any of the ECP Bonds are outstanding, an audit will be made of its books and accounts relating to the District by an independent certified public accountant or an independent firm of certified public accountants. As soon as practicable after the close of each year, and when said audit has been completed and made available to the District, a copy of such audit for the preceding year shall be mailed to the Municipal Advisory Council of Texas and to any holders of ECP Bonds who shall so request in writing. Such annual audit reports shall be open to the inspection of the owners or holders of the the ECP Bonds and their agents and representatives at all reasonable times.

**ARTICLE VI
AMENDMENTS**

Section 6.01. Limitations. This Master Resolution shall not be modified or amended in any respect subsequent to the first delivery of fully executed and authenticated ECP Bonds except as provided in, and in accordance with and subject to the provisions of, this Article.

Section 6.02. Amendments Without Consent.

(a) This Master Resolution and the rights and obligations of the District and of the owners of the Outstanding ECP Bonds may be modified or amended at any time without notice to or the consent of any owner of the ECP Bonds, solely for any one or more of the following purposes:

(i) To add to the covenants and agreements of the District contained in this Master Resolution, other covenants and agreements thereafter to be observed, or to surrender any right or power reserved to or conferred upon the District in this Master Resolution and which shall not, in the judgment of the District, materially adversely affect the interests of the owners of the Outstanding ECP Bonds;

(ii) To cure any ambiguity or inconsistency, or to cure or correct any defective provisions contained in this Master Resolution, upon receipt by the District of an opinion of Bond Counsel, that the same is required for such purpose, and will more clearly express the intent of this Master Resolution, provided that such supplement or amendment is not materially adverse to the Holders;

(iii) To supplement the security for the Outstanding ECP Bonds issued hereunder, provide for credit facilities, or make changes in the provisions thereof, or change the form of the Outstanding ECP Bonds or make such other changes in the provisions hereof, including extending the Program Expiration Date, as the District may deem necessary or desirable and which shall not, in the judgment of the District, materially adversely affect the interests of the owners of the Outstanding ECP Bonds;

(iv) To make any changes or amendments requested by any Rating Agency then rating or requested to rate ECP Bonds, as a condition to the issuance or maintenance of a rating, which changes or amendments do not, in the judgment of the District, materially adversely affect the interests of the owners of the Outstanding ECP Bonds;

(v) To increase the Authorized Amount of ECP Bonds which may be Outstanding;

(vi) To accommodate the technical, operational and structural features of ECP Bonds which are issued or are proposed to be issued, including, but not limited to, changes required to accommodate other forms of paper, or other forms of indebtedness which the District from time to time deems appropriate to incur;

(vii) To comply with the requirements of the Code as are necessary, in the opinion of Bond Counsel, to preserve the exclusion from gross income for federal income taxation of the interest on ECP Bonds issued as Tax Exempt ECP Bonds, as appropriate; or

(viii) To change the Maximum Interest Rate, the Extended Rate variables E and F, the Maximum Original Maturity Days or the Extended Maturity Days, with respect to ECP Bonds issued on or after the effective date of this Master Resolution accompanied by appropriate disclosure of the amendment or supplement, provided however, that the Maximum Original Maturity Days together with the Extended Maturity Days may not

exceed 270 days and that any change to the Extended Rate variables E and F or the Maximum Interest Rate will be made so as to ensure that the ECP Bonds will bear the lowest overall interest rate at which a par priced ECP Bond may be sold, and provided further that any supplement or amendment described in this paragraph shall not be materially adverse to the Holders of Outstanding ECP Bonds.

(b) Before the District shall, pursuant to this Section, execute any Amended Master Resolution, other than an Amended Master Resolution entered into pursuant to Section 6.02(a)(viii) hereof, there shall have been delivered to the District an opinion of Bond Counsel to the effect that such Amended Master Resolution is authorized or permitted by this Master Resolution and applicable law, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the District in accordance with its terms, and will not cause interest on any of the ECP Bonds which is then excluded from gross income of the recipient thereof for federal income tax purposes to be included in gross income for federal income tax purposes.

Section 6.03. Amendments With Consent.

(a) Except for any amendment pursuant to Section 6.02 and any amendment pursuant to subsection (b) below, subject to the terms and provisions contained in this Section and not otherwise, the Holders of not less than a majority in aggregate principal amount of the ECP Bonds then Outstanding shall have the right from time to time, to consent to and approve the execution by the District of any Amended Master Resolution deemed necessary or desirable by the District for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in this Master Resolution; provided, however, that, unless approved in writing by the holders of all the ECP Bonds then Outstanding, or unless such change affects less than all Series of ECP Bonds and subsection (b) below is applicable, nothing herein contained shall permit, or be construed as permitting, (i) an extension in the stated maturity (whether the Original Maturity Date or the Extended Maturity Date) of any Outstanding ECP Bonds, or a change in the amounts of the principal of or interest on any Outstanding ECP Bonds, or (ii) a reduction in the principal amount or redemption price of any Outstanding ECP Bonds, or the rate of interest thereon; or (iii) except with respect to additional security which may be provided for a particular Series of ECP Bonds, a preference or priority of any ECP Bond or ECP Bonds over any other ECP Bond or ECP Bonds with respect to the security granted therefor under this Master Resolution, or (iv) a reduction in the aggregate principal amount of ECP Bonds the consent of the Holders of which is required for any such Amended Master Resolution.

(b) Subject to the provisions of Section 6.02 and 6.03(a) hereof, the District may, from time to time and at any time, adopt an Amended Master Resolution which amends the provisions of an earlier Amended Master Resolution. If such Amended Master Resolution is executed for one of the purposes set forth in Section 6.02 hereof, no notice to or consent of the Holders shall be required. If such Amended Master Resolution contains provisions which affect the rights and interests of less than all Series of ECP Bonds Outstanding and Section 6.02 hereof is not applicable, then this subsection (b) rather than subsection (a) above shall control, and, subject to the terms and provisions contained in this Section and not otherwise, the holders of not less than a majority in aggregate principal amount of the ECP Bonds of all Series which are affected by such changes shall have the right from time to time to consent to any Amended Master Resolution deemed necessary or desirable by the District for the purposes of modifying, altering, amending, supplementing or rescinding, in

any particular, any of the terms or provisions contained in such Amended Master Resolution and affecting only the ECP Bonds of such Series; provided, however, that, unless approved in writing by the holders of all the ECP Bonds of all the affected Series then Outstanding, nothing herein contained shall permit, or be construed as permitting, (i) an extension in the stated maturity (whether the Original Maturity Date or the Extended Maturity Date) of any Outstanding ECP Bonds of such Series, or a change in the amounts of the principal of or interest thereon, or (ii) a reduction in the principal amount or redemption price of any Outstanding ECP Bonds of such Series or the rate of interest thereon, or (iii) except with respect to additional security which may be provided for a particular Series of ECP Bonds, a preference or priority of any ECP Bond or ECP Bonds over any other ECP Bond or ECP Bonds with respect to the security granted therefor under this Master Resolution, or (iv) a reduction in the aggregate principal amount of ECP Bonds of such Series, the consent of the Holders of which is required for any such Amended Master Resolution. Nothing herein contained, however, shall be construed as making necessary the approval by Holders of the adoption of any Amended Master Resolution as authorized in Section 6.02 hereof.

Section 6.04. Notice of Proposed Amendments. If at any time the District shall desire to amend this Master Resolution pursuant to Section 6.03, the District shall cause notice of the proposed amendment to be given to all affected Registered Owners, each Dealer and EMMA. 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 the Issuing and Paying Agent for inspection by all owners of ECP Bonds issued hereunder. A copy of such Notice shall be provided in writing to each national Rating Agency maintaining a rating on the ECP Bonds.

Section 6.05. Receipt of Consents.

(a) Whenever at any time not less than thirty (30) days, and within one year, from the date of the notice of the proposed amendment is provided by the District in accordance with Section 6.04 the District shall receive an instrument or instruments executed by all of the owners or the owners of at least 51% in Outstanding Principal Amount of the ECP Bonds, as appropriate, 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 Board may adopt the Amended Master Resolution in substantially the same form. It shall not be required that the Holders approve the final form of such Amended Master Resolution but it shall be sufficient if such Holders approve the substance thereof.

(b) Any consent given by any Holder of ECP Bonds pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the notice provided, and shall be conclusive and binding upon all future Holders of the same ECP Bonds during such period. Such consent may be revoked at any time after six months from the date of the such notice by the Holder who gave such consent, or by a successor in title, by filing notice thereof with the Issuing and Paying Agent and the District, but such revocation shall not be effective if the District has acted upon such proposed amendment prior to the attempted revocation of consent by such Holder or if the Holders of at least 51% in Outstanding principal amount of ECP Bonds prior to the attempted revocation consented to and approved the amendment.

(c) If Holders of not less than the percentage of ECP Bonds required by this Section shall have consented to and approved the execution and delivery thereof as herein provided, no Holders shall have any right to object to the adoption of such Amended Master Resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution and delivery thereof, or to enjoin or restrain the District from executing the same or from taking any action pursuant to the provisions thereof.

Section 6.06. Effect of Amendments. Upon the adoption by the Board of any resolution to amend this Master Resolution pursuant to the provisions of this Section, this Master Resolution shall be deemed to be amended in accordance with the Amended Master Resolution, and the respective rights, duties, and obligations of the District and all the Holders of then Outstanding ECP Bonds and all future ECP Bonds shall thereafter be determined, exercised, and enforced under this Master Resolution.

ARTICLE VII MISCELLANEOUS

Section 7.01. Master Resolution to Constitute a Contract; Equal Security. In consideration of the acceptance of the ECP Bonds by those who shall hold the same from time to time, this Master Resolution shall be deemed to be and shall constitute a contract between the District and the Holders of the ECP Bonds and the pledge made in this Master Resolution by the District and the covenants and agreements set forth in this Master Resolution to be performed by the District shall be for the equal and proportionate benefit, security, and protection of all Holders of the ECP Bonds, without preference, priority, or distinction as to security or otherwise of any of the ECP Bonds over any of the others by reason of time of issuance, sale, or maturity thereof or otherwise for any cause whatsoever, except as expressly provided in or permitted by this Master Resolution.

Section 7.02. Individuals Not Liable. All covenants, stipulations, obligations, and agreements of the District contained in this Master Resolution shall be deemed to be covenants, stipulations, obligations, and agreements of the District and the Board to the full extent authorized or permitted by the Constitution and laws of the State of Texas. No covenant, stipulation, obligation, or agreement herein contained shall be deemed to be a covenant, stipulation, obligation, or agreement of any member of the Board or agent or employee of the Board in his individual capacity and neither the members of the Board nor any officer thereof shall be liable personally on the ECP Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 7.03. Additional Actions; Recitals.

(a) The President of the Board, the Vice President of the Board, the Secretary of the Board, the TRWD Authorized Representatives, and the other officers, employees, and agents of the Board are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to consummate the issuance, sale, and delivery of the ECP Bonds and otherwise to effectuate the purposes of this Master Resolution, the Dealer Agreement, and the Issuing and Paying Agent Agreement. In

addition, the President of the Board, Vice President of the Board, Secretary of the Board, the TRWD Authorized Representative, and Bond Counsel are hereby authorized to approve, subsequent to the date of adoption of this Master Resolution, any amendments to the above named documents, and any technical amendments to this Master Resolution as may be required by a Rating Agency as a condition to the granting or maintaining of a rating on the ECP Bonds acceptable to a TRWD Authorized Representative, or as may be required by the Office of the Attorney General of the State in connection with the approval of this Master Resolution or to correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Master Resolution. In addition, the statements, findings, representations, and determinations set forth in the recitals to this Master Resolution are hereby incorporated into and made a part of this Master Resolution for all purposes.

(b) A TRWD Authorized Representative shall promptly give written notice to each Rating Agency then rating the ECP Bonds, as appropriate, of any changes or amendments to this Master Resolution, or any other operative document used in connection with the issuance from time to time of the ECP Bonds.

Section 7.04. Severability of Invalid Provisions. If any one or more of the covenants, agreements, or provisions herein contained shall be held contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements, or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof or of the ECP Bonds issued hereunder.

Section 7.05. Payment and Performance on Business Days. Whenever under the terms of this Master Resolution or the ECP Bonds, the performance date of any provision hereof or thereof, including the payment of principal of or interest on the ECP Bonds, shall occur on a day other than a Business Day, then the performance thereof, including the payment of principal of and interest on the ECP Bonds, need not be made on such day but may be performed or paid, as the case may be, on the next succeeding Business Day with the same force and effect as if made on the date of performance or payment is scheduled.

Section 7.06. Limitation of Benefits With Respect to the Master Resolution. With the exception of the rights or benefits herein expressly conferred, nothing expressed or contained herein or implied from the provisions of this Master Resolution or the ECP Bonds is intended or should be construed to confer upon or give to any person other than the District, the Holders, the Issuing and Paying Agent, and the Dealer any legal or equitable right, remedy, or claim under or by reason of or in respect to this Master Resolution or any covenant, condition, stipulation, promise, agreement, or provision herein contained. This Master Resolution and all of the covenants, conditions, stipulations, promises, agreements, and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the District, the Holders, the Issuing and Paying Agent and the Dealer as herein and in the Issuing and Paying Agent Agreement and the Dealer Agreement provided.

Section 7.07. Approval of Attorney General. No ECP Bonds herein authorized to be issued shall be sold or delivered by a TRWD Authorized Representative until the Attorney General of the State shall have approved this Master Resolution, and other agreements and proceedings as may be required in connection therewith, all as is required by the Acts.

Section 7.08. Approval of Offering Memorandum. A TRWD Authorized Representative is hereby authorized to approve the form of Offering Memorandum, to be used by the Dealer in the offering of the ECP Bonds, and the use thereof by the Dealer in connection therewith and to cooperate with the Dealer in periodically updating and approving the Offering Memorandum.

Section 7.09. Notice to Rating Agencies. (a) The TRWD Authorized Representative shall provide the Rating Agencies with written notice of the occurrence of the following events: (i) changes in any Dealer, (ii) the appointment of a successor Issuing and Paying Agent, (iii) amendments or supplements to the Master Resolution or the Issuing and Paying Agent Agreement, (iv) the defeasance of all Outstanding ECP Bonds and (v) the termination of the extendable commercial paper program.

(b) Any notice under paragraph (a) shall be sent to the Rating Agencies at the following addresses, as applicable:

Standard & Poor's: Attention: Muni Structured Finance
55 Water Street, 38th Floor
New York, New York 10041
phone: 212-438-2000
fax: 212-438-2157
email: pubfin_structured@sandp.com

Moody's: Attention: Public Finance Department – Rating Desk/CP
Moody's Investors Service, Inc.
99 Church Street
New York, New York 10007
phone: 212-553-0300
fax: 212-964-5082

Fitch Ratings Fitch Ratings - U.S. Public Finance
33 Whitehall Street
New York, New York
phone: 212-908-0889

ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES

Section 8.01. Events of Default. Each of the following events shall constitute and is referred to in this Master Resolution as an "Event of Default":

(a) a failure by the District to pay the principal of any ECP Bond for five Business Days after the date the same shall have become due and payable on an Extended Maturity Date;

(b) a failure by the District to pay any installment of interest on any ECP Bond for five Business Days after the date such interest shall have become due and payable on an Original Maturity Date or an Extended Maturity Date or in accordance with Section 2.02(d) hereof;

(c) a failure by the District to apply the Proceeds of Refunding Bonds to the payment of maturing ECP Bonds on the applicable Extended Maturity Date;

(d) a failure by the District to observe and perform any covenant, condition, agreement or provision (other than as specified in paragraphs (a) and (b) of this Section) contained in the ECP Bonds or in this Master Resolution on the part of the District to be observed or performed, which materially, adversely affects the rights of the Registered Owners, including, but not limited to, their prospect or ability to be repaid in accordance with this Master Resolution and which failure shall continue for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the District by a Dealer, the Issuing and Paying Agent or any Registered Owner;

(e) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, including, without limitation, proceedings under the United States Bankruptcy Code (as the same may from time to time be hereafter amended), or other proceedings for relief under any federal or State bankruptcy law or similar law for the relief of debtors are instituted by the District; or

(f) the occurrence of any other Event of Default as is provided in an Amended Master Resolution.

(g) If any Event of Default has occurred, but is subsequently cured or waived, then such Event of Default shall no longer constitute an Event of Default hereunder.

Section 8.02. Remedies for Default.

(a) Upon the happening of any Event of Default, any Registered Owner or an authorized representative thereof, including, but not limited to, a trustee or trustees therefore, may proceed against the District or the Board, as appropriate, for the purpose of protecting and enforcing the rights of the Registered Owners under this Master Resolution, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Registered Owners hereunder or any combination of such remedies. It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Registered Owners of ECP Bonds then Outstanding.

(b) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the ECP Bonds or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Master

Resolution, the right to accelerate the debt evidenced by the ECP Bonds shall not be available as a remedy under this Master Resolution.

(c) By accepting the delivery of an ECP Bond authorized under this Master Resolution, a Registered Owner agrees that the certifications required to effectuate any covenants or representations contained in this Master Resolution do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers or employees of the District or the Board.

EXHIBIT A
FORM OF ECP BONDS

UNITED STATES OF AMERICA
STATE OF TEXAS
TARRANT REGIONAL WATER DISTRICT,
A WATER CONTROL AND IMPROVEMENT DISTRICT
EXTENDABLE COMMERCIAL PAPER MODE BOND, SERIES B
[(TAX-EXEMPT)] [(TAXABLE)]

ECP BOND NUMBER	INTEREST RATE	ISSUE DATE	PRINCIPAL AMOUNT
--------------------	---------------	------------	---------------------

ORIGINAL MATURITY DATE:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

THE TARRANT REGIONAL WATER DISTRICT, A WATER CONTROL AND IMPROVEMENT DISTRICT (the "*District*") being a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assigns, (i) the Principal Amount stated above, with accrued interest thereon at the Interest Rate stated above, on the Original Maturity Date stated above and (ii) if the Original Maturity Date shall have been extended to the Extended Maturity Date, as provided in the Master Resolution, to pay: (a) accrued interest at the Interest Rate stated above on the Original Maturity Date, (b) from and after the Original Maturity Date accrued interest on the Principal Amount stated above at the Extended Rate (as described herein) and (c) the Principal Amount stated above on the Extended Maturity Date. The Principal Amount shall be payable at _____ (the "*Issuing and Paying Agent*"). Both principal and interest on this ECP Bond being payable in immediately available lawful money of the United States of America at the designated corporate office of the Issuing and Paying Agent, or its successor.

THIS ECP BOND IS ONE OF A SERIES OF BONDS in a commercial paper mode with the option of the District to extend the Original Maturity Date to the Extended Maturity Date. This ECP Bond has been duly authorized and issued in accordance with the provisions of a master resolution (the "*Master Resolution*") adopted by the Board of the Directors of the District for the purpose of financing Project Costs and to refinance, renew, and refund ECP Bonds; all in accordance and in strict conformity with the provisions of the Constitution and laws of the State of Texas, including

* As appointed by the TRWD Authorized Representative.

but not limited to, the Acts. The provisions of the Master Resolution are incorporated herein by reference. Capitalized terms used herein and not otherwise defined shall have the meaning given in the Master Resolution.

THIS ECP BOND SHALL BEAR INTEREST at the Interest Rate from its Issue Date to its Original Maturity Date (calculated on the basis of a year consisting of: 365/366 days and actual number of days elapsed with respect to Tax Exempt ECP Bonds and 360 days and actual number of days elapsed with respect to Taxable ECP Bonds) and, unless the District exercises its option to extend the Original Maturity Date to the Extended Maturity Date, shall be payable as to principal and interest on its Original Maturity Date.

IF THE DISTRICT EXERCISES ITS OPTION in accordance with the Master Resolution to extend the Original Maturity Date of this ECP Bond, accrued interest at the Interest Rate stated above shall be paid on the Original Maturity Date, the Principal Amount shall not be paid on its Original Maturity Date and the ECP Bond shall bear interest from its Original Maturity Date at the Extended Rate (calculated on the basis of a year consisting of: 365/366 days and actual number of days elapsed with respect to Tax Exempt ECP Bonds and 360 days and actual number of days elapsed with respect to Taxable ECP Bonds), and no additional interest shall accrue on the accrued but unpaid interest from the Issue Date to the Original Maturity Date. If the District extends the ECP Bond to the Extended Maturity Date and the Original Maturity Date is before the 15th day of the month, then interest shall be payable on the first Business Day of the next month and on the first Business Day of each month thereafter and on the Extended Maturity Date for such ECP Bond. If the District extends the ECP Bond to the Extended Maturity Date and the Original Maturity Date is on or after the 15th day of the month, interest shall be payable on the first Business Day of the second succeeding month and on the first Business Day of each month thereafter and on the Extended Maturity Date for such ECP Bond. The Extended Rate shall be the rate of interest per annum determined by the following formula; provided that such Extended Rate shall not exceed the Maximum Interest Rate:

The Extended Rate for Tax Exempt ECP Bonds shall be the rate of interest per annum determined by the following formula; provided that such Extended Rate shall not exceed the Maximum Interest Rate:

The greater of (SIFMA Index + E) or F

The Extended Rate for Taxable ECP Bonds shall be the rate of interest per annum determined by the following formula; provided that such Extended Rate shall not exceed the Maximum Interest Rate:

The greater of (LIBOR Index + E) or F

THE EXTENDED RATE APPLICABLE TO AN ECP BOND will be determined weekly by the Issuing and Paying Agent based on the Prevailing Ratings and other information available as of 11:00 a.m., New York, New York time, on the Original Maturity Date of this ECP Bond and each Thursday thereafter and will apply from that date through the following Wednesday or, if

earlier, the applicable Extended Maturity Date. As used in the formula, the *E* and *F* variables shall be the fixed percentage rates, expressed in basis points and yields, respectively, determined based on the Prevailing Ratings of the Rating Agencies then rating the ECP Bonds, as follows:

<u>Prevailing Rating</u>				
<u>Fitch</u>	<u>Moody's</u>	<u>S&P</u>	<u>E Variable</u>	<u>F Variable</u>
F-1+	P-1	A-1+	300	7.00%
F-1	-	A-1	400	8.00%
F-2	P-2	A-2	600	9.00%
Lower than F-2 (or rating withdrawn for credit reasons)	Lower than P-2 (or rating withdrawn for credit reasons)	Lower than A-2 (or rating withdrawn for credit reasons)	Maximum Interest Rate	Maximum Interest Rate

If the individual Prevailing Ratings indicate different E or F variables as a result of split ratings assigned to the District, the E or F variable shall be the arithmetic average of those indicated by the Prevailing Ratings.

BY ACCEPTANCE OF THIS BOND, in the event principal of this Bond is not paid on the Original Maturity Date, the Registered Owner agrees to surrender this Bond to the Issuing and Paying Agent in exchange for a new Bond having the Extended Maturity Date.

THE ECP BONDS SHALL NOT BE SUBJECT TO REDEMPTION prior to their Original Maturity Date. If the District exercises its option to extend the maturity of an ECP Bond to the Extended Maturity Date, this ECP Bond may be redeemed on any date after its Original Maturity Date, at the option of the District at a redemption price equal to par (100%), plus accrued and unpaid interest to the redemption date. To exercise its redemption option, the District shall provide not less than 5 nor more than 25 calendar days' notice to the Issuing and Paying Agent and each Dealer. The Issuing and Paying Agent will notify the Depository of the ECP Bonds to be redeemed within one Business Day of receipt of such notice.

THIS ECP BOND IS A SPECIAL OBLIGATION OF The District, and the payment of the principal of and interest on this ECP Bond is and shall be secured by and payable from the proceeds of the sale of ECP Bonds or Refunding Bonds issued to refinance ECP Bonds and any funds held and available for such purposes and are further pledged to the establishment and maintenance of the Payment Fund. This ECP Bond is and shall be secured by and payable only from the Proceeds from the sale of ECP Bond to refinance this ECP Bonds and the proceeds of Refunding Bonds to be issued by the District. This ECP Bond is not secured by or payable from any funds raised or to be raised by the levy of taxes by the District nor a mortgage or deed of trust on any properties, whether real, personal, or mixed, constituting the District's water system nor from any source other than as specified in the Master Resolution.

THE DISTRICT COVENANTS to pay the principal of, premium, if any, and the interest on the ECP Bonds when due, whether by reason of maturity or redemption.

[THIS ECP BOND is not an obligation described in section 103(a) of the Code.]¹

REFERENCE IS HEREBY MADE TO THE MASTER RESOLUTION, copies of which may be obtained upon request to the District, and by acceptance of this ECP Bond, the Holder hereof hereby assents to all of the terms and provisions of the Master Resolution, including, but not limited to, provisions relating to definitions of terms; the description of and the nature of the security for the ECP Bonds; and the conditions upon which the Master Resolution may be amended or supplemented with or without the consent of the Holders of the ECP Bonds.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by law and the Master Resolution to exist, to have happened, and to have been performed precedent to and in the issuance of this ECP Bond, do exist, have happened, and have been performed in regular and in due time, form, and manner as required by law and that the issuance of this ECP Bond, together with all other Outstanding ECP Bonds, is not in excess of the Authorized Amount permitted to be issued under the Master Resolution.

THIS ECP BOND has all the qualities and incidents of a negotiable instrument under the laws of the State of Texas.

THIS ECP BOND may be registered to bearer or to any designated payee. Title to any ECP Bond registered to bearer shall pass by delivery. If not registered to bearer, this ECP Bond may be transferred only on the books of the Issuing and Paying Agent. Upon surrender hereof at the designated office of the Issuing and Paying Agent, this ECP Bond may be exchanged for a like aggregate principal amount of fully registered (which registration may be to bearer) ECP Bonds of authorized denominations of like interest rate and maturity, and in the same form as this ECP Bond, but only in the manner, and subject to the limitations, and upon payment of the charges provided in the Master Resolution and upon surrender and cancellation of this ECP Bond.

THIS ECP BOND shall not be entitled to any benefit under the Master Resolution or be valid or become obligatory for any purpose until this ECP Bond shall have been authenticated by the execution by the Issuing and Paying Agent of the Certificate of Authentication hereon.

IN WITNESS WHEREOF, the District has authorized and caused this ECP Bond to be executed and attested on its behalf by the manual or facsimile signatures of the President of the Board of Directors and the Secretary to the Board of Directors and its official seal impressed or a facsimile thereof to be printed hereon.

Secretary, Board of Directors
Tarrant Regional Water District,
A Water Control and Improvement District

President, Board of Directors
Tarrant Regional Water District,
A Water Control and Improvement District

(SEAL)

¹ Include bracketed language only if ECP Bonds are being issued as Taxable.

CERTIFICATE OF AUTHENTICATION

This ECP Bond is one of the ECP Bonds delivered pursuant to the within mentioned Master Resolution.

_____,
As Issuing and Paying Agent

By: _____
Authorized Signatory

FORM OF ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto:

Please insert Social Security or Taxpayer Identification Number of Transferee

Please print or type name and address, including zip code of Transferee

the within ECP Bond and all rights thereunder, and hereby irrevocably constitutes and appoints: _____, attorney, to register the transfer of the within ECP Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____.

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution participating in a securities transfer association recognized signature guarantee program.

NOTICE: The signature above must correspond with the name of the registered owner as it appears upon the front of this ECP Bond in every particular, without alteration or enlargement or any change whatsoever.

EXHIBIT B

FORM OF MASTER ECP BONDS

EXHIBIT C

FORM OF EXTENSION REQUEST

Date _____

[Name and Address of Issuing and Paying Agent]

[Name and Address of Dealer]

EXTENSION REQUEST

Ladies and Gentlemen:

This certificate is provided pursuant to the requirements of Section 2.02(g) of the Master Resolution establishing the Tarrant Regional Water District, A Water Control and Improvement District Extendable Commercial Paper Financing Program and Authorizing Extendable Commercial Paper Mode Bonds, Series B adopted by the Board of Directors of the Tarrant Regional Water District, A Water Control and Improvement District on October 16, 2018 (the "Master Resolution"), with respect to the issuance of the Tarrant Regional Water District, A Water Control and Improvement District Extendable Commercial Paper Mode Bond, Series B [(Tax-Exempt) / (Taxable)], for the purpose of requesting the extension of an ECP Bond, as provided herein. Capitalized terms used herein and not otherwise defined shall have the meaning given in the Master Resolution.

(a) The ECP Bond is in the principal amount of \$_____, bears interest at the stated rate of ____%, and has a stated Original Maturity Date of _____, 20___. The ECP Bond has the following CUSIP number(s):

(b) The Extended Maturity Date of the ECP Bond shall be _____, 20___, which is a Business Day.

(c) The certifications made in the Issuance Request delivered in connection with the initial issuance of the ECP Bond are confirmed.

(d) The term of the ECP Bond, as extended to the Extended Maturity Date, does not exceed 270 days.

TARRANT REGIONAL WATER DISTRICT,
A WATER CONTROL AND IMPROVEMENT DISTRICT

By _____
Authorized Representative

TARRANT REGIONAL WATER DISTRICT

AGENDA ITEM 9

DATE: October 16, 2018

SUBJECT: Consider Termination of the 2003 Additional Party Water Sales Contract with the Trinity River Authority as Amended Authorizing Water Sales to the City of Midlothian and Consider Approval of an Additional Party Water Sales Contract with the City of Midlothian Texas

FUNDING: N/A

RECOMMENDATION:

Management recommends termination of the 2003 Additional Party Water Sales Contract with the Trinity River Authority (TRA) as amended authorizing water sales to the City of Midlothian and the approval of an Additional Party Water Sales Contract with the City of Midlothian.

DISCUSSION:

In 2003, The District entered into an Additional Party Water Sales Contract with TRA authorizing water sales to the City of Midlothian from the District's Cedar Creek and Richland-Chambers Pipelines.

The proposed contract is between the District and the City of Midlothian and will incorporate the same terms and conditions contained in the current contract with TRA. The volume of water supplied under the proposed contract remains 10.33 MGD.

Terminating the water contract with TRA allows Midlothian to contract directly with the District. This new arrangement removes TRA as a "middleman" with regard to business practices and communication related to water supply operations, accounting, budgeting and payment for water supply.

The 2003 Contract with TRA must be terminated prior to authorizing the proposed contract between the District and the City of Midlothian.

This item was reviewed by the Construction and Operations Committee on October 12, 2018

Submitted By:

Wayne Owen
Planning Director

Reviewed By:

Dan Buhman
Assistant General Manager

TARRANT REGIONAL WATER DISTRICT

AGENDA ITEM 10

DATE: October 16, 2018

SUBJECT: Consider Adoption of “Confluence: The Trinity River Strategic Master Plan”

FUNDING: N/A

RECOMMENDATION:

Management recommends adoption of The Trinity River Strategic Master Plan developed by Streams & Valleys, Inc.

DISCUSSION:

The proposed Confluence Master Plan builds on past planning by the District, Streams & Valleys and City of Fort Worth toward sustaining a healthy and thriving Trinity River that connects citizens and communities, and offers an abundance of recreational amenities for the region while continuing to provide for flood control and enhanced water quality. Streams & Valleys engaged the firm MIG out of Berkley California, a noted firm specializing in helping communities plan for elegant and accessible places and sustain natural environments.

A plan overview was presented to the District’s Board in September 2018. The specific prioritization and commitment to conceptual projects remain up to individual stakeholders to determine funding and development. Plan adoption is also being considered by the City of Fort Worth.

Submitted By:

Wayne Owen
Planning Director

Reviewed By:

Dan Buhman
Assistant General Manager

TARRANT REGIONAL WATER DISTRICT

AGENDA ITEM 11

DATE: October 16, 2018

SUBJECT: Consider Approval of a Professional Services Contract with CDM Smith for a Reclaimed Water Study

FUNDING: Fiscal Year 2019 Revenue Fund Budget - \$221,000

RECOMMENDATION:

Management recommends approval of a professional services contract with CDM Smith in an amount **not-to-exceed \$158,600** to study using reclaimed water from various Trinity River Authority (TRA) facilities.

DISCUSSION:

District staff is currently reviewing the potential of purchasing reclaimed water from TRA. This study will evaluate the potential volume, value and conceptual use of these return flows by the District's system.

CDM Smith previously completed a study, as part of the 2014 Integrated Water Supply Plan, on using Joe Pool Lake and TRA reclaimed water. The study reviewed alternatives for utilizing reclaimed water from three TRA wastewater treatment plants and found that it would increase the District's system reliability and reduce pumping costs. The study went on to recommend that use of reclaimed water from TRA through either Joe Pool Lake and/or the District's wetlands be further evaluated as potential water supply for the District.

This work will provide an assessment of water quality, reliability, cost and overall feasibility to compare the purchase and use of 80,000 acre-feet of additional water supply in various locations in the District's system.

This item was reviewed by the Construction and Operations Committee on October 12, 2018

Submitted By:

Wayne Owen
Planning Director

Reviewed By:

Dan Buhman
Assistant General Manager

TARRANT REGIONAL WATER DISTRICT

AGENDA ITEM 12

DATE: October 16, 2018

SUBJECT: Consider Approval of Settlement of Claims in the Integrated Pipeline Project – Knapp (IPL Parcel No. 90) Lawsuit

FUNDING: Bond Fund

RECOMMENDATION:

Approve settlement agreement as negotiated by General Counsel.

DISCUSSION:

The District condemned property interests owned by Darcy Knapp Fricks, James Christopher Knapp, Shelley Lynn Knapp, Sandra G. Knapp, individually and as Executor of Estate of James Knapp, Jr., and Amber Knapp. Through negotiations, a tentative settlement has been reached to resolve the claims in the condemnation proceeding. The tentative settlement is supported by the District Staff and General Counsel.

This item was reviewed by the Real Property Committee on October 11, 2018.

Submitted By:

R. Steve Christian
Real Property Director

Reviewed By:

Dan Buhman
Assistant General Manager

TARRANT REGIONAL WATER DISTRICT

AGENDA ITEM 13

DATE: October 16, 2018

SUBJECT: Consider Approval of Settlement of Claims in the Integrated Pipeline Project – Knapp (IPL Parcel No. 115) Lawsuit

FUNDING: Bond Fund

RECOMMENDATION:

Approve settlement agreement as negotiated by General Counsel.

DISCUSSION:

The District condemned property interests owned by James Christopher Knapp and Amber Knapp. Through negotiations, a tentative settlement has been reached to resolve the claims in the condemnation proceeding. The tentative settlement is supported by the District Staff and General Counsel.

This item was reviewed by the Real Property Committee on October 11, 2018.

Submitted By:

R. Steve Christian
Real Property Director

Reviewed By:

Dan Buhman
Assistant General Manager

TARRANT REGIONAL WATER DISTRICT

AGENDA ITEM 14

DATE: October 16, 2018

SUBJECT: Authorization to Acquire Real Property by Purchase for the Cedar Creek Wetland Project

FUNDING: Bond Fund

RECOMMENDATION:

Management requests authority to acquire, by purchase, interests in the following described tracts, which are necessary for the public use and purpose of construction and operation of the Cedar Creek Wetland Project.

Parcel 20 (Quick)

A permanent easement interest across a 2.591-acre tract of land located in the John Swesey Survey, Abstract No. 499, Kaufman County, said 2.591-acre tract of land also being a portion of a called 57.158-acre tract of land conveyed by deed as recorded in Volume 4720, page 318, Deed Records, Kaufman County, Texas, and being further described in the accompanying resolution and in the survey plat for Parcel 20 attached thereto for the negotiated purchase price of \$19,000.

Parcel 23 (Haynie)

A permanent easement interest across a 0.989-acre tract of land located in the Andrew J. Martin Survey, Abstract No. 347, Kaufman County, Texas, said 0.989-acre tract of land also being a portion of a called 130.10-acre tract of land conveyed to Donald Jeffrey Haynie, William Dale Haynie, and Derrell Duane Haynie by deed as recorded in Volume 2548, Page 120, Deed Records, Kaufman County, Texas, and being further described in the accompanying resolution and in the survey plat for Parcel 23 attached thereto for the negotiated purchase price of \$25,000.

In connection therewith, staff requests that the Board of Directors of TRWD make the following findings:

- 1) That the Cedar Creek Wetland Project, as generally described in that certain document entitled "Cedar Creek Wetland – Phase II Preliminary Design and

Operations Considerations” by Alan Plummer Associates, Inc., dated June 2013 (the “Cedar Creek Wetland Project”), is a public works project intended to provide a source of water supply for cities and other users for municipal, domestic, industrial, and mining purposes; will conserve and develop the natural resources of this state; will control, store, preserve, develop and distribute storm and flood waters, and the waters of rivers and streams, for municipal consumption and other useful purposes; and will serve other public purposes and uses for which TRWD was created pursuant to Article 16, Section 59, of the Texas Constitution;

- 2) That it is necessary and convenient in the public interest to construct the Cedar Creek Wetland Project;
- 3) That it is reasonable and appropriate to acquire the above-described property, which is necessary for the public use and purpose of constructing and operating the Cedar Creek Wetland Project;
- 4) That General Manager of TRWD, or his designee, be authorized to take all steps which are reasonably necessary to facilitate the acquisition of the above-described Property by TRWD for the Cedar Creek Wetland Project, with title to be held in the name of TRWD, and in connection therewith to pay all reasonable and necessary costs incurred with such acquisition; and
- 5) That the Board of Directors of TRWD approves of the acquisition of the above-described property by purchase.

DISCUSSION:

Based upon current plans, the acquisition of the above-described property is necessary for the public use and purpose of construction and operation of the Cedar Creek Wetland Project.

This item was reviewed by the Real Property Committee on October 11, 2018.

Submitted By:

R. Steve Christian
Real Property Director

Reviewed By:

Dan Buhman
Assistant General Manager

**RESOLUTION OF THE BOARD OF DIRECTORS
OF
TARRANT REGIONAL WATER DISTRICT**

WHEREAS, the Board of Directors of the Tarrant Regional Water District (“TRWD”) has determined, and hereby determines, that the Cedar Creek Wetland Project, as generally described in that certain document entitled “Cedar Creek Wetland – Phase II Preliminary Design and Operations Considerations” by Alan Plummer Associates, Inc., dated June 2013 (the “Cedar Creek Wetland Project”), is a public works project intended to provide a source of water supply for cities and other users for municipal, domestic, industrial, and mining purposes; will conserve and develop the natural resources of this state; will control, store, preserve, develop and distribute storm and flood waters, and the waters of rivers and streams, for municipal consumption and other useful purposes; and will serve other public purposes and uses for which TRWD was created pursuant to Article 16, Section 59, of the Texas Constitution;

WHEREAS, the Board of Directors of TRWD has determined, and hereby determines, that it is necessary and convenient in the public interest to construct the Cedar Creek Wetland Project;

WHEREAS, the Board of Directors of TRWD has determined that in order to fulfill the public purposes aforesaid, it will be necessary to acquire certain interests in real property in order to facilitate the construction of the Cedar Creek Wetland Project;

WHEREAS, the Board of Directors of TRWD has determined that it is reasonable, necessary, and appropriate to acquire the following interest in real estate, as more fully set forth in Exhibit A (the “Property”), for the public use and purpose of constructing the Cedar Creek Wetland Project:

A permanent easement interest across a 2.591-acre tract of land located in the John Swesey Survey, Abstract No. 499, Kaufman County, said 2.591-acre tract of land also being a portion of a called 57.158-acre tract of land conveyed by deed as recorded in Volume 4720, page 318, Deed Records, Kaufman County, Texas, and being further described in the survey plat attached hereto as Exhibit A.

WHEREAS, the Board of Directors of TRWD has determined that the negotiated purchase price of \$19,000 is reasonable and necessary for the acquisition of said Property; and

WHEREAS, the Board of Directors of TRWD has determined that staff of TRWD should be authorized to take all steps as may be reasonable and necessary to facilitate acquisition of the above-described Property by TRWD for the Cedar Creek Wetland Project, with title to be held in the name of TRWD.

NOW, THEREFORE, it is hereby

RESOLVED, that the foregoing recitals are adopted as resolutions of the Board of Directors of TRWD as if fully set forth herein;

FURTHER RESOLVED, that the Property be acquired for the public use and purpose of constructing and operating the Cedar Creek Wetland Project; and

FURTHER RESOLVED, that the General Manager of TRWD, or his designee, should be, and is hereby, authorized to take all steps which are reasonably necessary to facilitate the acquisition of the above-described Property by TRWD, and in connection therewith to pay all reasonable and necessary costs incurred with such acquisition.

PASSED, APPROVED AND ADOPTED THIS 16TH DAY OF OCTOBER, 2018.

TARRANT REGIONAL WATER DISTRICT

BY: _____

Jack R. Stevens
President
Board of Directors

ATTEST:

Leah M. King
Secretary

EXHIBIT "A"
Property Description

BEING a 2.591 acre (112,868 square feet) tract of land located in the John Swesey Survey, Abstract No. 499, Kaufman County, said 2.591 acre tract of land also being a portion of a called 57.158 acre tract of land conveyed to **GARY D. WRIGHT**, by deed as recorded in Volume 4720, page 318, Deed Records, Kaufman County, Texas (D.R.K.C.T.), and being more particularly described by metes and bounds as follows:

BEGINNING at a 1/2 inch iron rod with a cap stamped "SPOONER & ASSOCIATES" set (hereinafter referred to as an iron rod set) on a west property line of the said 57.158 acre tract, same being an east property line of a called 73.57 acre tract of land conveyed to C Quick Motorcross, LLC, by deed as recorded in Volume 5256, Page 281, D.R.K.C.T., from which the most southerly southwest property corner of the said 57.158 acre tract, same being the most southerly southeast property corner of the said 73.57 acre tract bears South 00°04'46" West, a distance of 1,031.85 feet (said beginning point having a grid coordinate of N:6,821,618.716 E:2,645,769.354):

THENCE North 00°04'46" East, along the said property lines, a distance of 100.02 feet to an iron rod set;

THENCE North 89°02'15" East, over and across the said 57.158 acre tract, a distance of 884.49 feet to an iron rod set;

THENCE North 66°32'43" East, a distance of 246.13 feet to an iron rod set on the east property line of the said 57.158 acre tract, same being a west property line of a called 20 acre tract of land conveyed to The James D. Witherspoon and Neta J. Witherspoon Revocable Living Trust, by deed as recorded in Volume 3549, Page 461, D.R.K.C.T.;

THENCE South 00°59'58" West, along the said property lines, a distance of 109.85 feet to an iron rod set from which a southeast property corner of the said 57.158 acre tract, same being a southwest property corner of the said 20 acre tract bears South 00°59'58" West, a distance of 964.33 feet;

THENCE South 66°32'43" West, over and across the said 57.158 acre tract, a distance of 220.54 feet to an iron rod set;

THENCE South 89°02'15" West, a distance of 906.20 feet to the **POINT OF BEGINNING** and containing **2.591 acres (112,868 square feet)** of land, more or less.

NOTE: Basis of Bearings is the Texas State Plane Coordinate System, North Central Zone (4202) North American Datum (NAD83)(2007) with all distances scaled from N:6,280,412.879 E:2,638,417.218 by a project combined scale factor of 0.99993245856.

NOTE: Plat to accompany this legal description

I do certify on this 15th day of January, 2018, to Tarrant Regional Water District, that a survey was made on the ground as per the field notes shown on this survey and is true and correct according to the standards of the Texas Society of Professional Surveyors Standards and Specifications for a Category 2, Condition IV Survey, and accurate as to the boundaries and areas of the subject property and the size, location and type of buildings and improvements, if any, and shows the location of all visible easements and rights-of-way and the rights-of-way, easements and other matters of record as listed in Schedule B of the Commitment for Title issued by First American Title Insurance Company, with an effective date of October 23, 2017, issued October 30, 2017, GF # 1794143-KT50, affecting the subject property.

Except as shown on the survey: (i) there are no visible encroachments upon the subject property by visible improvements on adjacent property, (ii) there are no visible encroachments on adjacent property, streets or alleys by any visible improvements on the subject property, and (iii) there are no visible conflicts or discrepancies.

This survey substantially complies with the current Texas Society of Professional Surveyors Standards and Specifications for a Category 2, Condition IV Survey.

Eric S. Spooner, RPLS
Registered Professional Land Surveyor
Texas Registration Number 5922

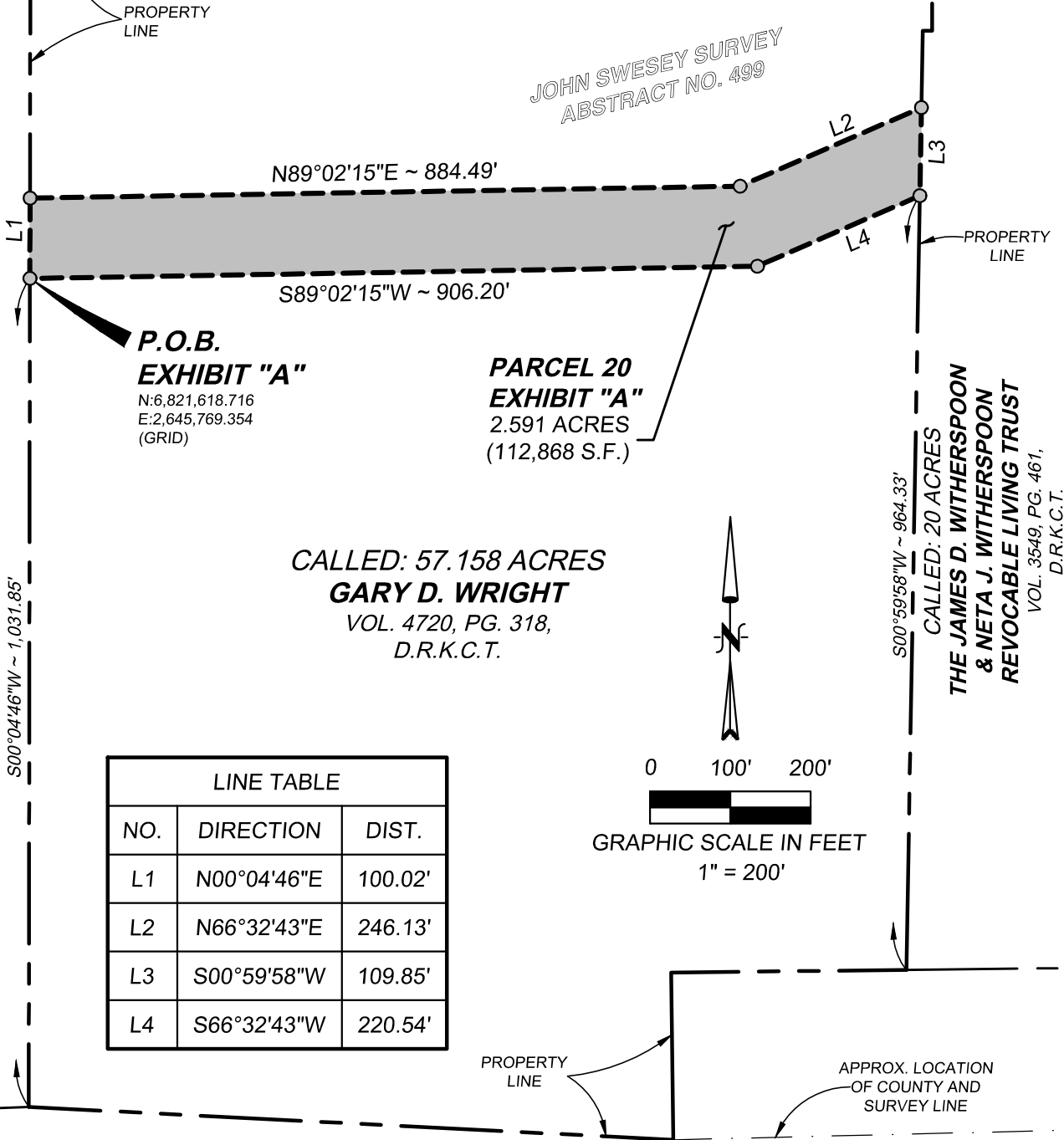


EXHIBIT "A" PARCEL 20

○ = 1/2 IRON ROD SET WITH CAP STAMPED
"SPOONER & ASSOCIATES" SET UNLESS
OTHERWISE SHOWN.

KAUFMAN
COUNTY

JOHN SWESEY SURVEY
ABSTRACT NO. 499



CALLED: 73.57 ACRES
C QUICK MOTORCROSS, LLC,
VOL. 5256, PG. 281,
D.R.K.C.T.

**P.O.B.
EXHIBIT "A"**
N:6,821,618.716
E:2,645,769.354
(GRID)

**PARCEL 20
EXHIBIT "A"**
2.591 ACRES
(112,868 S.F.)

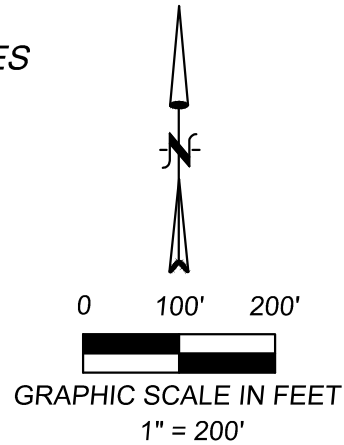
CALLED: 57.158 ACRES
GARY D. WRIGHT
VOL. 4720, PG. 318,
D.R.K.C.T.

CALLLED: 20 ACRES
**THE JAMES D. WITHERSPOON
& NETA J. WITHERSPOON
REVOCABLE LIVING TRUST**
VOL. 3549, PG. 461,
D.R.K.C.T.

S00°04'46"W ~ 1,031.85'

S00°59'58"W ~ 964.93'

LINE TABLE		
NO.	DIRECTION	DIST.
L1	N00°04'46"E	100.02'
L2	N66°32'43"E	246.13'
L3	S00°59'58"W	109.85'
L4	S66°32'43"W	220.54'



SURVEYED ON THE GROUND JUNE-2013

NOTE: LEGAL DESCRIPTION TO ACCOMPANY THIS PLAT.

HENDERSON
COUNTY



SPOONER AND ASSOCIATES, INC.
309 BYERS STREET, SUITE 100
EULESS, TEXAS 76039
TEL 817-685-8448



PROJ NO: 09-086-3
SCALE: 1" = 200'
DATE: 05/08/2013
DRAWN BY: C.R.R.
CHECKED BY: E.S.S.
REVISED DATE: 01/15/2018

SHEET TITLE

EXHIBIT "A"
PARCEL 20
GARY D. WRIGHT

PROJECT

CEDAR CREEK
FINISHED WATER PIPELINE

BASIS OF BEARING IS THE TEXAS STATE PLANE COORDINATE SYSTEM, NORTH CENTRAL ZONE (4202) NORTH AMERICAN DATUM (NAD83)(2007) WITH ALL DISTANCES SCALED FROM N:6,820,412.879, E: 2,638,417.218 BY A PROJECT COMBINED SCALE FACTOR OF 0.99993245856.

PG. 3 OF 4

**RESOLUTION OF THE BOARD OF DIRECTORS
OF
TARRANT REGIONAL WATER DISTRICT**

WHEREAS, the Board of Directors of the Tarrant Regional Water District (“TRWD”) has determined, and hereby determines, that the Cedar Creek Wetland Project, as generally described in that certain document entitled “Cedar Creek Wetland – Phase II Preliminary Design and Operations Considerations” by Alan Plummer Associates, Inc., dated June 2013 (the “Cedar Creek Wetland Project”), is a public works project intended to provide a source of water supply for cities and other users for municipal, domestic, industrial, and mining purposes; will conserve and develop the natural resources of this state; will control, store, preserve, develop and distribute storm and flood waters, and the waters of rivers and streams, for municipal consumption and other useful purposes; and will serve other public purposes and uses for which TRWD was created pursuant to Article 16, Section 59, of the Texas Constitution;

WHEREAS, the Board of Directors of TRWD has determined, and hereby determines, that it is necessary and convenient in the public interest to construct the Cedar Creek Wetland Project;

WHEREAS, the Board of Directors of TRWD has determined that in order to fulfill the public purposes aforesaid, it will be necessary to acquire certain interests in real property in order to facilitate the construction of the Cedar Creek Wetland Project;

WHEREAS, the Board of Directors of TRWD has determined that it is reasonable, necessary, and appropriate to acquire the following interest in real estate, as more fully set forth in Exhibit A (the “Property”), for the public use and purpose of constructing the Cedar Creek Wetland Project:

A permanent easement interest across a 0.989-acre tract of land located in the Andrew J. Martin Survey, Abstract No. 347, Kaufman County, Texas, said 0.989-acre tract of land also being a portion of a called 130.10-acre tract of land conveyed to Donald Jeffrey Haynie, William Dale Haynie, and Derrell Duane Haynie by deed as recorded in Volume 2548, Page 120, Deed Records, Kaufman County, Texas, and being further described in the survey plat attached hereto as Exhibit A.

WHEREAS, the Board of Directors of TRWD has determined that the negotiated purchase price of \$25,000 is reasonable and necessary for the acquisition of said Property; and

WHEREAS, the Board of Directors of TRWD has determined that staff of TRWD should be authorized to take all steps as may be reasonable and necessary to facilitate acquisition of the above-described Property by TRWD for the Cedar Creek Wetland Project, with title to be held in the name of TRWD.

NOW, THEREFORE, it is hereby

RESOLVED, that the foregoing recitals are adopted as resolutions of the Board of Directors of TRWD as if fully set forth herein;

FURTHER RESOLVED, that the Property be acquired for the public use and purpose of constructing and operating the Cedar Creek Wetland Project; and

FURTHER RESOLVED, that the General Manager of TRWD, or his designee, should be, and is hereby, authorized to take all steps which are reasonably necessary to facilitate the acquisition of the above-described Property by TRWD, and in connection therewith to pay all reasonable and necessary costs incurred with such acquisition.

PASSED, APPROVED AND ADOPTED THIS 16TH DAY OF OCTOBER, 2018.

TARRANT REGIONAL WATER DISTRICT

BY: _____
Jack R. Stevens
President
Board of Directors

ATTEST:

Leah M. King
Secretary

EXHIBIT "A"
Property Description

BEING a 0.989 acre (43,083 square feet) tract of land located in the Andrew J. Martin Survey, Abstract No. 347, Kaufman County, Texas, said 0.989 acre tract of land also being a portion of a called 130.10 acre tract of land conveyed to **DONALD JEFFREY HAYNIE, WILLIAM DALE HAYNIE, and DERRELL DUANE HAYNIE**, by deed as recorded in Volume 2548, Page 120, Deed Records, Kaufman County, Texas (D.R.K.C.T.);

BEGINNING at a 1/2 inch iron rod with a cap stamped "SPOONER & ASSOCIATES" set (hereinafter referred to as an iron rod set) on the north property line of the said 130.10 acre tract, same being the south right-of-way line of Farm to Market No. 3396 (being a variable width right-of-way at this point), from which a concrete Texas Department of Transportation monument found on the north property line of the said 130.10 acre tract, same being the said south right-of-way line bears North 89°41'21" East, a distance of 160.40 feet (said beginning point having a grid coordinate of N:6,823,198.353 E:2,649,224.376);

THENCE over and across the said 130.10 acre tract the following courses and distances:

South 15°30'31" West, a distance of 59.22 feet to an iron rod set;

South 60°30'31" West, a distance of 327.00 feet to an iron rod set at the beginning of a curve to the left having a radius of 3,930.00 feet;

Along said curve to the left, an arc length of 128.33 feet, and across a chord which bears South 59°34'24" West, 128.32 feet to an iron rod set on a west property line of the said 130.10 acre tract, same being an east property line of a called 79.322 acre tract of land conveyed to Jerry D. Little and Dorothy Little, by deeds as recorded in Volume 5003, Page 438, & Volume 5486, Page 588, D.R.K.C.T., from which a 1/2 inch iron rod found at a southwest property corner of the said 130.10 acre tract bears South 01°11'03" East, a distance of 703.15 feet and South 01°38'29" East, a distance of 1,611.21 feet;

THENCE North 01°11'03" West, along the said property lines, a distance of 115.20 feet to an iron rod set at the beginning of a curve to the right having a radius of 4,030.00 feet;

THENCE over and across the said 130.10 acre tract with said curve to the right, an arc length of 73.69 feet, and across a chord which bears North 59°59'06" East, 73.68 feet to an iron rod set;

THENCE North 60°30'31" East, a distance of 264.79 feet to an iron rod set on the north property line of the said 130.10 acre tract, same being the south right-of-way line of the aforesaid Farm to Market No. 3396;

THENCE North 89°41'21" East, along the said property line and along the said right-of-way line, a distance of 119.21 feet to the **POINT OF BEGINNING**, and containing **0.989 acres (43,083 square feet)** of land, more or less.

NOTE: Basis of Bearings is the Texas State Plane Coordinate System, North Central Zone (4202) North American Datum (NAD83)(2007) with all distances scaled from N:6,280,412.879 E:2,638,417.218 by a project combined scale factor of 0.99993245856.

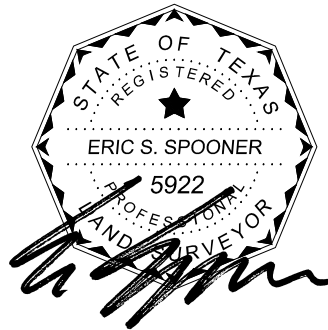
NOTE: Plat to accompany this legal description

I do certify on this 27th day of March, 2018, to Kaufman County Title & Abstract Company, First American Title Insurance Company, and Tarrant Regional Water District, that a survey was made on the ground as per the field notes shown on this survey and is true and correct according to the standards of the Texas Society of Professional Surveyors Standards and Specifications for a Category 2, Condition IV Survey, and accurate as to the boundaries and areas of the subject property and the size, location and type of buildings and improvements, if any, and shows the location of all visible easements and rights-of-way and the rights-of-way, easements and other matters of record as listed in Schedule B of the Commitment for Title issued by Fidelity National Title Insurance Company, having an effective date of March 01, 2018, issued March 08, 2018, GF # 1794148-KT50, affecting the subject property.

Except as shown on the survey: (i) there are no visible encroachments upon the subject property by visible improvements on adjacent property, (ii) there are no visible encroachments on adjacent property, streets or alleys by any visible improvements on the subject property, and (iii) there are no visible conflicts or discrepancies.

This survey substantially complies with the current Texas Society of Professional Surveyors Standards and Specifications for a Category 2, Condition IV Survey.

Eric S. Spooner, RPLS
Registered Professional Land Surveyor
Texas Registration Number 5922
Dated: 3-27-18



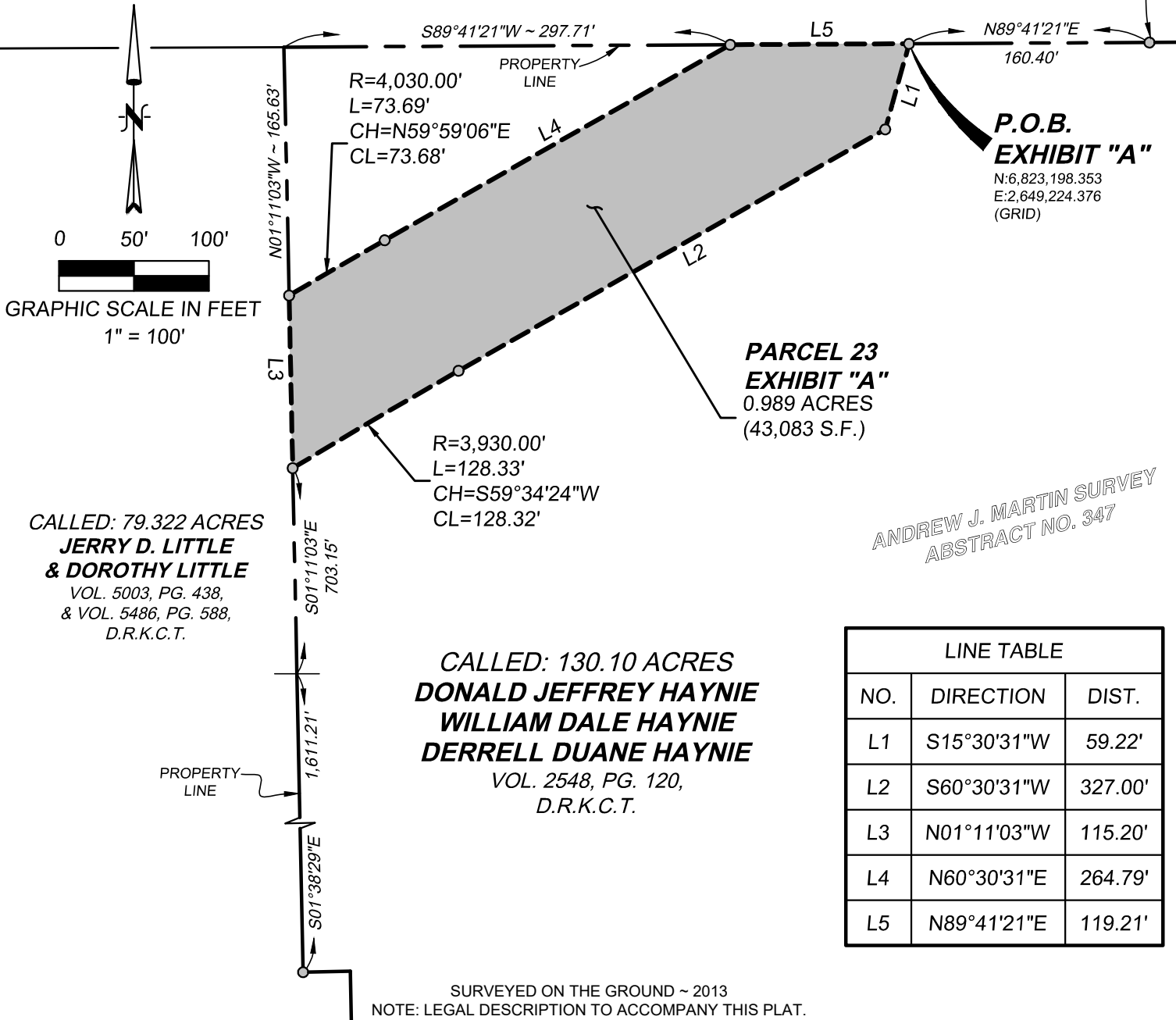
○ = 1/2 IRON ROD SET WITH CAP STAMPED
 "SPOONER & ASSOCIATES" SET UNLESS
 OTHERWISE SHOWN.

EXHIBIT "A" PARCEL 23

CALLED: 50 ACRES
JOHN R. FILLMORE
 VOL. 3761, PG. 326,
 D.R.K.C.T.

(VARIABLE WIDTH R.O.W.)
FARM TO MARKET NO. 3396

CONC. TXDOT
 MON. FND.



SPOONER & ASSOCIATES
 REGISTERED PROFESSIONAL LAND SURVEYORS

SPOONER AND ASSOCIATES, INC.
 309 BYERS STREET, SUITE 100
 EULESS, TEXAS 76039
 TEL 817-281-2355
 FAX 817-685-8508

PROJ NO: 09-086-3
 SCALE: 1" = 100'
 DATE: 05/13/2013
 DRAWN BY: C.R.R.
 CHECKED BY: S.G.S.
 REVISED DATE: 03/29/2018

03/30/2018

STATE OF TEXAS
 REGISTERED
 ERIC S. SPOONER
 5922
 PROFESSIONAL
 LAND SURVEYOR

SHEET TITLE
EXHIBIT "A"
PARCEL 23
DONALD JEFFREY HAYNIE
WILLIAM DAYLE HAYNIE
DERRELL DUANE HAYNIE

PROJECT
 CEDAR CREEK
 FINISHED WATER PIPELINE

BASIS OF BEARING IS THE TEXAS STATE PLANE COORDINATE
 SYSTEM, NORTH CENTRAL ZONE (4202) NORTH AMERICAN DATUM
 (NAD83)(2007) WITH ALL DISTANCES SCALED FROM N:6,820,412.879, E:
 2,638,417.218 BY A PROJECT COMBINED SCALE FACTOR OF 0.99993245856.

PG. 3 OF 4

TARRANT REGIONAL WATER DISTRICT

AGENDA ITEM 15

DATE: October 16, 2018

SUBJECT: Consider Approval of Capital Expenditures

FUNDING: Fiscal Year 2019 General/Revenue Funds

RECOMMENDATION:

Management recommends approval of capital and operations maintenance expenditures as outlined on the attached spreadsheet.

DISCUSSION:

All statutory bidding requirements have been satisfied.

This item was reviewed by the Construction and Operations Committee on October 12, 2018.

Submitted By:

Alan Thomas
Deputy General Manager

Reviewed By:

Jim Oliver
General Manager

**Tarrant Regional Water District
Board of Directors Meeting
October 2018
Capital Expenditures**

Project	Vendor	Amount	Purpose	Budget Line	Budget	
					Source	Amount
1 ITB No. 19-006 Heavy Duty Tandem Axle Cab & Chassis Water Truck - Unit 5-108	Houston Freightliner Inc.	\$150,216.00	New unit will replace 5-79 1990 Chevrolet Kodiak Single Axle Water Truck and assigned to Operations. Unit 5-79 was sold at auction August 31, 2018. The purchase will be made utilizing the Interlocal Cooperative, HGAC in accordance with Government Code 791.025.	10713	General	\$150,000.00
Total for Unit 5-108		\$150,216.00				
4 ITB No. 19-002 Heavy Duty 72" Zero-Turn Mower - Unit 6-179	Morigde Manufacturing, Inc.	\$15,063.67	New unit will replace unit 6-138 2007 Grasshopper Zero Turn Mower and assigned to Richland Chambers Operations. Unit 6-138 will be sold at auction. The purchase will be made utilizing the Interlocal Cooperative, U.S. Communities in accordance with Government Code 791.025.	10824	Revenue	\$15,000.00
Total for Unit 6-179		\$15,063.67				
5 ITB No. 19-003 1/2 Ton 4WD Crew Cab SWB Pickup - Unit 2-362	Caldwell Country Cheverolet	\$32,878.00	New unit will replace 2-274 2010 Chevrolet 1/2 Ton 4WD Crew Cab Pickup and assigned to Land Department. Unit 2-274 will be a pool replacement and another unit will be sold. The purchase will be made utilizing the Interlocal Cooperative, HGAC in accordance with Government Code 791.025.	10704	General	\$33,000.00
Truck Outfitting Four Corner Strobes installed by TRWD staff	DFW Camper Corral Ogburns Truck Parts	\$415.00 \$202.57				
Total for Unit 2-362		\$33,495.57				
6 ITB No. 19-003 1/2 Ton 4WD Crew Cab SWB Pickup - Unit 2-366	Caldwell Country Cheverolet	\$32,878.00	New unit will replace 2-294 2012 Chevrolet 1/2 Ton 4WD Crew Cab Pickup and assigned to Environmental. Unit 2-294 will be a pool replacement and another unit will be sold. The purchase will be made utilizing the Interlocal Cooperative, HGAC in accordance with Government Code 791.025..	10706	Revenue	\$34,000.00
Truck Outfitting Four Corner Strobes installed by TRWD staff	DFW Camper Corral Ogburns Truck Parts	\$415.00 \$202.57				
Total for Unit 2-366		\$33,495.57				
7 ITB No. 19-003 1/2 Ton 4WD Crew Cab SWB Pickup - Unit 2-381	Caldwell Country Cheverolet	\$32,878.00	New unit will replace 2-317 2013 Dodge 1/2 Ton 4WD Crew Cab Pickup and assigned to Environmental. Unit 2-317 will be a pool replacement and another unit will be sold. The purchase will be made utilizing the Interlocal Cooperative, HGAC in accordance with Government Code 791.025	10707	Revenue	\$34,000.00
Truck Outfitting Four Corner Strobes installed by TRWD staff	DFW Camper Corral Ogburns Truck Parts	\$415.00 \$202.57				
Total for Unit 2-381		\$33,495.57				

**Tarrant Regional Water District
Board of Directors Meeting
October 2018
Capital Expenditures**

Project	Vendor	Amount	Purpose	Budget Line	Budget
8 ITB No. 19-003 1/2 Ton 4WD Crew Cab SWB Pickup - Unit 2-391	Caldwell Country Cheverolet	\$32,878.00	New unit will replace 2-302 2012 Chevrolet 1/2 Ton 4WD Crew Cab Pickup and assigned to Pipeline, Unit 2-302 will be a pool replacement and another unit will be sold. The purchase will be made utilizing the Interlocal Cooperative, HGAC in accordance with Government Code 791.025.	10864	Revenue \$34,000.00
Truck Outfitting	DFW Camper Corral	\$415.00			
Four Corner Strobes installed by TRWD staff	Ogburns Truck Parts	\$202.57			
Total for Unit 2-391		\$33,495.57			
9 ITB No. 19-004 1/2 Ton 4WD Ext Cab SWB Pickup - Unit 2-373	Caldwell Country Cheverolet	\$29,551.00	New unit will replace 2-306 2012 Chevrolet 1/2 Ton 2WD Ext Cab Pickup and assigned to Environmental. Unit 2-306 will be a pool replacement and another unit will be sold. The purchase will be made utilizing the Interlocal Cooperative, HGAC in accordance with Government Code 791.025.	10705	Revenue \$29,000.00
Truck Outfitting	DFW Camper Corral	\$415.00			
Four Corner Strobes installed by TRWD staff	Ogburns Truck Parts	\$202.57			
Total for Unit 2-373		\$30,168.57			
10 ITB No. 19-004 1/2 Ton 4WD Ext Cab SWB Pickup - Unit 2-388	Caldwell Country Cheverolet	\$29,551.00	New unit will replace 2-305 2012 Chevrolet 1/2 Ton 2WD Ext Cab Pickup and assigned to Engineering. Unit 2-305 will be sold at auction. The purchase will be made utilizing the Interlocal Cooperative, HGAC in accordance with Government Code 791.025.	10744	Revenue \$29,000.00
Truck Outfitting	DFW Camper Corral	\$415.00			
Four Corner Strobes installed by TRWD staff	Ogburns Truck Parts	\$202.57			
Total for Unit 2-388		\$30,168.57			
11 ITB No. 19-008 1 Ton 4WD Ext Cab & Chassis W/Utility Bed - Unit 2-385	Silsbee Ford	\$32,535.00	New unit will replace 2-304 2012 Ford 1 Ton 4WD Ext Cab UTL Truck and assigned to Pipeline Operations. Unit 2-304 will be evaluated for reassignment or sold. If reassigned another unit will be sold at auction. The purchase will made utilizing the State of Texas Co-Op program, in accordance with Local Government Code § 271.083.	10711	Revenue \$46,000.00
ITB No. 19-007 Truck Outfitting	General Truck Body Mfg.	\$12,960.02	The purchase will be made utilizing the BUYBOARD Contract: 521-16 program, a local Government Purchasing Cooperative, in accordance with Government Code 791.025		
Four Corner Strobes installed by TRWD staff	Ogburns Truck Parts	\$202.57			
Total for Unit 2-385		\$45,697.59			
12 ITB No. 19-008 1 Ton 4WD Ext Cab & Chassis W/Utility Bed - Unit 2-386	Silsbee Ford	\$32,535.00	New unit will replace 2-314 2013 Ford 1 Ton 4WD Ext Cab UTL Truck and assigned to Pipeline Operations. Unit 2-314 will be evaluated for reassignment or sold. If reassigned another unit will be sold at auction. The purchase will made utilizing the State of Texas Co-Op program, in accordance with Local Government Code § 271.083.	10712	Revenue \$46,000.00
ITB No. 19-007 Truck Outfitting	General Truck Body Mfg.	\$12,960.02	The purchase will be made utilizing the BUYBOARD Contract: 521-16 program, a local Government Purchasing Cooperative, in accordance with Government Code 791.025		
Four Corner Strobes installed by TRWD staff	Ogburns Truck Parts	\$202.57			
Total for Unit 2-386		\$45,697.59			

**Tarrant Regional Water District
Board of Directors Meeting
October 2018
Capital Expenditures**

Project	Vendor	Amount	Purpose	Budget Line	Budget
13 ITB No. 19-008 3/4 Ton 4WD Ext Cab & Chassis W/Utility Bed - Unit 2-382	Lake Country Chevrolet	\$28,783.32	New unit will replace 2-322 2014 Ford 3/4 Ton 2WD Ext Cab UTL Truck and assigned to Pipeline Operations. Unit 2-322 will be evaluated for reassignment or sold. If reassigned another unit will be sold at auction. The purchase will made utilizing the State of Texas Co-Op program, in accordance with Local Government Code § 271.083. The purchase will be made utilizing the BUYBOARD Contract: 521-16 program, a local Government Purchasing Cooperative, in accordance with Government Code 791.025	10708	Revenue \$54,500.00
ITB No. 19-007 Truck Outfitting	General Truck Body Mfg.	\$11,815.25			
Four Corner Strobes installed by TRWD staff	Ogburns Truck Parts	\$202.57			
Total for Unit 2-382		\$40,801.14			
14 ITB No. 19-008 3/4 Ton 4WD Ext Cab & Chassis W/Utility Bed - Unit 2-387	Lake Country Chevrolet	\$28,783.32	New unit will replace 2-278 2010 Ford Van and assigned to Security. Unit 2-278 will be sold at auction. The purchase will made utilizing the State of Texas Co-Op program, in accordance with Local Government Code § 271.083. The purchase will be made utilizing the BUYBOARD Contract: 521-16 program, a local Government Purchasing Cooperative, in accordance with Government Code 791.025	10826	General \$39,000.00
ITB No. 19-007 Truck Outfitting	General Truck Body Mfg.	\$11,815.25			
Four Corner Strobes installed by TRWD staff	Ogburns Truck Parts	\$202.57			
Total for Unit 2-387		\$40,801.14			
15 ITB No. 19-008 3/4 Ton 4WD Ext Cab & Chassis W/Utility Bed - Unit 2-389	Lake Country Chevrolet	\$28,783.32	New unit will replace 2-268 2009 Dodge 3/4 2WD Reg Cab UTL Truck and assigned to Facilities.. Unit 2-268 will be sold at auction. The purchase will made utilizing the State of Texas Co-Op program, in accordance with Local Government Code § 271.083. The purchase will be made utilizing the BUYBOARD Contract: 521-16 program, a local Government Purchasing Cooperative, in accordance with Government Code 791.025	10827	General \$39,000.00
ITB No. 19-007 Truck Outfitting	General Truck Body Mfg.	\$11,815.25			
Four Corner Strobes installed by TRWD staff	Ogburns Truck Parts	\$202.57			
Total for Unit 2-389		\$40,801.14			
16 ITB No. 19-008 3/4 Ton 4WD Ext Cab & Chassis W/Utility Bed - Unit 2-390	Lake Country Chevrolet	\$28,783.32	New unit will replace unit 2-279 2010 Chevrolet 3/4 Ton 2WD Ext Cab Utl Truck and assigned to Security. Unit 2-279 will be sold at auction. The purchase will made utilizing the State of Texas Co-Op program, in accordance with Local Government Code § 271.083. The purchase will be made utilizing the BUYBOARD Contract: 521-16 program, a local Government Purchasing Cooperative, in accordance with Government Code 791.025	10828	General \$39,000.00
ITB No. 19-007 Truck Outfitting	General Truck Body Mfg.	\$11,815.25			
Total for Unit 2-390		\$40,598.57			
17 ITB No. 19-008 3/4 Ton 4WD Ext Cab SWB Pickup - Unit 2-383	Lake Country Chevrolet	\$32,378.32	New unit will replace 2-297 2011 Ford 3/4 Ton 4WD Ext Cab Pickup and assigned to Eagle Mountain Operations. Unit 2-297 will be evaluated for reassignment or sold at auction. If reassigned another unit will be sold at auction. The purchase will made utilizing the State of Texas Co-Op program, in accordance with Local Government Code § 271.083.	10709	Revenue \$34,000.00
Total for Unit 2-383		\$32,378.32			

**Tarrant Regional Water District
Board of Directors Meeting
October 2018
Capital Expenditures**

Project	Vendor	Amount	Purpose	Budget Line	Budget
18 ITB No. 19-008 1 Ton 4WD Crew Cab SWB Pickup - Unit 2-384	Caldwell Country Chevrolet	\$41,204.00	New unit will replace 2-231 2005 Dodge 3/4 Ton 4WD Ext Cab Pickup and assigned to Pipeline Operations. Unit 2-231 will be sold a auction. The purchase will be made utilizing the Interlocal Cooperative, HGAC in accordance with Government Code 791.025.	10710	Revenue \$40,000.00
Four Corner Strobes installed by TRWD staff	Ogburns Truck Parts	\$202.57			
Total for Unit 2-384		\$41,406.57			
19 ITB No. 19-008 3/4 Ton 4WD Crew Cab SWB Pickup - Unit 2-392	Caldwell Country Chevrolet	\$33,440.00	New unit will be addition to the LED Fleet. The purchase will be made utilizing the Interlocal Cooperative, HGAC in accordance with Government Code 791.025.	10924	General \$47,000.00
Truck Outfitting	American Communications	\$10,294.27			
Truck Outfitting	DFW Camper Corral	\$2,408.00			
Total for Unit 2-392		\$46,142.27			

Tarrant Regional Water District
Board of Directors Meeting
October 2018
Capital Expenditures

Project	Vendor	Amount	Purpose	Budget Line	Budget
General Acutals	\$352,054.69		General Budget		\$347,000.00
Revenue Actuals	\$381,868.73		Revenue Budget		\$395,500.00
Capital Equipment Actual Total	<u>\$733,923.42</u>		Capital Equipment Budget Total		<u>\$742,500.00</u>
VENDOR TOTALS					
Grand Total for Houston Freightliner Inc.		\$150,216.00			
Grand Total for Caldwell Country Chevrolet		\$265,258.00			
Grand Total for Moridge Mfg. Inc.		\$15,063.67			
Grand Total for Silsbee Ford		\$65,070.00			
Grand Total for Lake Country Chevrolet		\$147,511.60			
Grand Total for General Truck Body		\$73,181.04			
Grand Total for American Communications		\$10,294.27			
Grand Total for DFW Camper Corral		\$4,898.00			
Grand Total for Ogburns Truck Parts		<u>\$2,430.84</u>			
Capital Equipment Total		<u>\$733,923.42</u>			

TARRANT REGIONAL WATER DISTRICT

AGENDA ITEM 16

DATE: October 16, 2018

SUBJECT: Consider Approval of Operation Maintenance Expenditures

FUNDING: Fiscal Year 2019 General/Revenue Funds

RECOMMENDATION:

Management recommends approval of operations maintenance expenditures as outlined on the attached spreadsheet.

DISCUSSION:

All statutory bidding requirements have been satisfied.

This item was reviewed by the Construction and Operations Committee on October 12, 2018.

Submitted By:

Alan Thomas
Deputy General Manager

Reviewed By:

Jim Oliver
General Manager

Tarrant Regional Water District
Board of Directors Meeting
October 2018
Operations Maintenance

Project	Vendor	Amount	Purpose	Budget Line	Budget	
					Source	Amount
20 ITB No. 18-121 Grounds Maintenance for Western Facilities and Trailheads	Whitmore & Sons, Inc.	\$116,460.00	Grounds maintenance for District facilities and trailheads at the following locations: Administration Building, Vic Henderson Building, Annex Building, Eagle Mountain Office, Eagle Mountain Outlet, Eagle Mountain Circle, Eagle Mountain Park, Eagle Mountain Balancing Reservoir, Clear Fork Outlet, Arlington Outlet, Twin Points Park, Fort Worth Operations Compound, Benbrook Booster Pump Station, Rolling Hills Booster Pump Station, Hogest Trailhead, Riverside Trailhead, Chyrstelle Waggoner/Riverfront Trailhead, Ohio Garden Trailhead, White Settlement Trailhead, and Westpark Trailhead.		General	\$114,200
					Revenue	\$80,000

TARRANT REGIONAL WATER DISTRICT

AGENDA ITEM 17

DATE: October 16, 2018

SUBJECT: Consider Closeout and Release of Retainage with Hartman Walsh Painting Company for the Bridgeport Spillway Rehabilitation

FUNDING: Fiscal Year 2018 Revenue Fund

RECOMMENDATION:

Management recommends close out and release of retainage **in the amount of \$72,680.55** for the contract with Hartman Walsh Painting Company for the Bridgeport Spillway Rehabilitation.

DISCUSSION:

On March 20, 2018 the Board approved a contract with Hartman Walsh Painting Company in the amount of \$1,447,581 for the rehabilitation of the Bridgeport Spillway. The work includes recoating of the spillway super structure and gates, replacement of gate seals and hoist cables, required structural welding, and containment to facilitate lead abatement. There has been one change order to date totaling \$6,030 for roller removal, sluice gate refurbishment, and controller box fabrication. There has been one credit of \$37,880 for structural welding that was not required. The project total is now \$1,415,731.

Management has inspected the work performed under this contract and declared it to be substantially complete in accordance with the contract documents.

Closeout and Release are contingent on the receipt of the following: Contractors Affidavit of Payment of Debts and Claims, Contractors Affidavit of Release of Liens, Consent of Surety.

This item was reviewed by the Construction and Operations Committee on October 12, 2018.

Submitted By:

Darrell Beason
Director of Operations

Reviewed By:

Alan Thomas
Deputy General Manager

RFP 18-121 Grounds Maintenance at West Facilities

Technical Quality Criteria	Total Points Available	<i>Whitmore and Sons</i>	<i>MDM Landscape</i>	<i>Lawn Patrol</i>	<i>Greener Pastures</i>
Price	35.00	35.00	22.84	17.68	8.74
	Price	\$116,460.00	\$156,920.55	\$174,094.00	\$203,829.80
Work experiences and past performance record with the District and others	30.00	30.00	22.50	15.00	7.50
Contractor's proposed means and methods to perform work	20.00	20.00	15.00	10.00	5.00
Equipment List	10.00	10.00	7.50	5.00	2.50
Diverse Business Participation	5.00	1.63	2.62	3.85	5.00
Total	100.00	96.63	70.46	51.53	28.74

TARRANT REGIONAL WATER DISTRICT

AGENDA ITEM 18

DATE: October 16, 2018

SUBJECT: Consider Approval of a Contract with U.S. Geological Survey (USGS) for Gage Network Support Services

FUNDING: Fiscal Year 2019 General Fund Budget - \$155,000; Fiscal Year 2019 Revenue Fund Budget - \$210,000

RECOMMENDATION:

Management recommends approval of a joint-funding agreement (JFA) with the USGS at a cost of \$388,240.

DISCUSSION:

Rainfall, streamflow, lake level, and water quality data collected and published by the USGS from a network of over 30 gages is used by District staff to make decisions related to flood operations, water supply, and environmental impact. During times of flood, the flood forecasting model for the West Fork reservoirs and Fort Worth Floodway, also known as Aviso, is initialized and calibrated with USGS data. The reservoir inflow projections computed by the District's Flood Team, with the help of Aviso, are used to provide crucial lead time for flood discharge decisions. The observed rainfall imagery shown in many District board meetings is the same rainfall data used as input for the Aviso model. This rain data is produced by the National Weather Service (NWS) and is calibrated based on a large network of rain gages across the state. This network includes the USGS rainfall sites sponsored by the District. At Richland-Chambers and Cedar Creek Reservoirs, the reservoir operators and District engineers use the lake levels and rainfall quantities measured by the USGS to make flood discharge decisions. During water supply operations, lake levels measured by the USGS are used to monitor available terminal storage at Lake Arlington, Benbrook Lake, and Eagle Mountain Lake to inform decisions on pumping from Richland-Chambers and Cedar Creek. Data collected at USGS sites are used to compute the reliability of District water supply infrastructure and to evaluate the viability of potential future sites. USGS measurements are used to monitor water quality for recreation in the Fort Worth Floodway and water quality for water supply on select tributaries in the Richland-Chambers watershed.

The District partners with the USGS to support a reliable gage network in the Trinity River basin. The data collected at District-sponsored USGS sites benefits many other entities as well. This includes the NWS radar rainfall estimates and streamflow forecasting efforts. Surrounding counties and cities also use the data to inform Federal Emergency Management Agency (FEMA) floodplain mapping in their communities. Emergency management coordinators use data to aid in evacuations during flooding. State water

planners use the data to assess the reliability and status of state water supplies. Similar to how the aforementioned entities benefit from USGS gage sites sponsored by the District, the District benefits from several gages funded by federal dollars through the Federal Priority Streamgages (FPS) program. Sites funded by this program include Jacksboro, Big Sandy, Boyd, Clear Fork and West Fork at Fort Worth, and Trinidad. This represents over \$90,000 of federal funding for gages the District uses nearly every day.

Each year the USGS operates and maintains the network of gages scattered throughout the District's area of interest. This work includes responding to service calls, making periodic field measurements to ensure data accuracy, and publishing quality controlled data to the USGS website for District and public use. This year's contract is for \$388,240, a \$48,625 increase over last year's contract of \$339,615. The cost increase is due to the following items:

- 1) A stream gage at on Richland Creek at Love Bridge (SW CR 0030). This will help monitor inflow to the Richland-Chambers reservoir from the 381 square mile drainage area downstream of Navarro Mills Lake.
- 2) A 3-percent price increase for all USGS stream monitoring services.
- 3) A \$780 increase in the price of base level USGS rainfall gage services. The District currently funds 13 rainfall sites through USGS. This increase comes with an improved level of service and equipment upgrades.

In this agreement the USGS contributes \$40,840 (approximately 10%) of the total \$428,720 fee required to perform the aforementioned work. The District is responsible for the remaining \$388,240 for services provided during the October 15, 2018 through September 30, 2019 period.

This item was reviewed by the Construction and Operations Committee on October 12, 2018.

Submitted By:

Rachel A. Ickert, P.E.
Water Resources Engineering Director

Reviewed By:

Alan Thomas
Deputy General Manager

TARRANT REGIONAL WATER DISTRICT

AGENDA ITEM 19

DATE: October 16, 2018

SUBJECT: Consider Approval of an Agreement with M&M Irrigation and Illumination for the Residential Sprinkler System Evaluation Program

FUNDING: Fiscal Year 2019 Revenue Fund Budget - \$155,000

RECOMMENDATION:

Management recommends approval of a contract with M&M Irrigation and Illumination for a cost **not-to-exceed \$155,000** for residential sprinkler system evaluations.

DISCUSSION:

Since 2012, staff has managed the Residential Sprinkler System Evaluation Program to provide customer cities with conservation program support and to reduce water waste from inefficient outdoor watering practices. M&M Irrigation and Illumination (MMii) was selected as the vendor to provide evaluations in Fiscal Year 2018. From October 2017 through September 2018, they successfully provided 1,867 evaluations throughout Tarrant County. MMii is a local company out of Bedford, Texas and holds current evaluation contracts with the City of Allen, City of Prosper, and the Upper Trinity Regional Water District. Management recommends a one-year contract for Fiscal Year 2019 with two one-year renewal options that could extend the contract through Fiscal Year 2021 as long as budgeted funds are available.

The proposed agreement with MMii is through an Interlocal Cooperation Agreement with the City of Allen. By using the Interlocal Agreement, TRWD will have the same terms and conditions as the City of Allen contract. Allen has contracted with MMii for the past four years and recently renewed their contract for Fiscal Year 2019. TRWD will receive the benefit of lower costs and will further the District's goal in working regionally with other communities to promote conservation efforts.

This item was reviewed by the Environmental Committee on October 9, 2018.

Submitted By:

Linda Christie
Government Affairs Director

Reviewed By:

Dan Buhman
Assistant General Manager

Next Scheduled Board Meeting

TBD