

**Alliance Regional Water Authority  
Board of Directors**

**REGULAR MEETING**



**ALLIANCE WATER**

**BOARD MEMBER PACKETS**

Monday, October 31, 2022 at 1:00 P.M.

Call-In Number: 1-346-248-7799  
Meeting ID: 857 3412 7862  
Passcode: 739506

**REGULAR MEETING**  
**Alliance Regional Water Authority Board of Directors**

**BOARD MEMBER PACKETS**

Monday, October 31, 2022 at 1:00 PM  
County Line SUD Offices, 8870 Camino Real, Kyle, TX 78640

This Notice is posted pursuant to the Texas Open Meetings Act (Texas Government Code Chapter 551). The Alliance Regional Water Authority (the Authority) Board of Directors will hold a meeting at 1:00 PM, Monday, October 31, 2022, at the County Line Special Utility District Offices, 8870 Camino Real, Kyle, Texas. The presiding officer of the meeting will be physically present at the location noted above. Some directors may participate remotely through videoconference. The public may observe this meeting in person or by using the following videoconference link and/or calling the number and code provided:

**[ZOOM MEETING LINK](#)**

Call-In Number: 1-346-248-7799

Meeting ID: 857 3412 7862

Passcode: 739506

A. CALL TO ORDER

B. ROLL CALL

C. PUBLIC COMMENT PERIOD (Note: Each person wishing to speak must register with the Executive Director at [info@alliancewater.org](mailto:info@alliancewater.org) before 3:00 p.m.)

D. CONSENT AGENDA

*The items included in the Consent Agenda portion of this meeting agenda can be considered and approved by the Board of Directors by one motion and vote. A Board member may request that an item included in the Consent Agenda be considered separately, in which event the Board of Directors will take action on the remaining Consent Agenda items and then consider the item removed from the Consent Agenda.*

D.1 Consider approval of minutes of the Regular Meeting held September 28th, 2022. ~ *Graham Moore, P.E., Executive Director*

D.2 Consider approval of the financial reports for the periods ending July 2022, August 2022 and September 2022. ~ *Graham Moore, P.E., Executive Director*

D.3 Consider approval of the Quarterly Investment Report for the period ending on September 30, 20202. ~ *Graham Moore, P.E., Executive Director*

E. PUBLIC HEARINGS / PRESENTATIONS - None

F. ITEMS FOR DISCUSSION NOT REQUIRING ACTION

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- F.1 Report on Technical Committee activities. ~ *Graham Moore, P.E., Executive Director*
  
- F.2 Update on status of groundwater management in project target area, and Gonzales County Underground Water Conservation District, Plum Creek Conservation District, Groundwater Management Area 13, Region L Planning Group, Guadalupe-Blanco River Authority, Hays County and CAPCOG activities. ~ *Graham Moore, P.E., Executive Director*
  
- G. EXECUTIVE DIRECTOR AND LEGAL COUNSEL REPORTS - Update on future meeting dates, locations, status of Authority procurements, Executive Director activities, other operational activities and the status of legal issues, where no action is required. ~ *Graham Moore, P.E., Executive Director / Mike Gershon, Lloyd Gosselink Rochelle & Townsend, P.C.*
  
- H. ITEMS FOR ACTION OR DISCUSSION/DIRECTION
  - H.1 Consideration and action with respect to Resolution 2022-10-31-001 by the Board of Directors of the Alliance Regional Water Authority Authorizing the Issuance of Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – Canyon Regional Water Authority), Series 2022A; and Resolving Other Matters Incident and Relating to the Issuance, Payment, Security, Sale and Delivery of Such Bonds. ~ *Carol Polumbo, McCall, Parkhurst & Horton, LLP*
  
  - H.2 Consideration and action with respect to Resolution 2022-10-31-002 by the Board of Directors of the Alliance Regional Water Authority Authorizing the Issuance of Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of Kyle, Texas), Series 2022B; and Resolving Other Matters Incident and Relating to the Issuance, Payment, Security, Sale and Delivery of Such Bonds. ~ *Carol Polumbo, McCall, Parkhurst & Horton, LLP*
  
  - H.3 Consideration and action with respect to Resolution 2022-10-31-003 by the Board of Directors of the Alliance Regional Water Authority Authorizing the Issuance of Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of San Marcos, Texas), Series 2022C; and Resolving Other Matters Incident and Relating to the Issuance, Payment, Security, Sale and Delivery of Such Bonds. ~ *Carol Polumbo, McCall, Parkhurst & Horton, LLP*

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- H.4 Consideration and action with respect to Resolution 2022-10-31-004 by the Board of Directors of the Alliance Regional Water Authority Authorizing the Issuance of Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of Buda, Texas), Series 2022D; and Resolving Other Matters Incident and Relating to the Issuance, Payment, Security, Sale and Delivery of Such Bonds. ~ *Carol Polumbo, McCall, Parkhurst & Horton, LLP*
- H.5 Discussion and possible direction to Staff regarding the payment of the interest-only debt service payments due in August 2023 for the 2022 contract revenue bonds from the surplus funds previously accumulated by the Authority in the debt service funds. ~ *Graham Moore, P.E., Executive Director*
- H.6 Update and possible direction to Staff regarding construction of the Authority's Phase 1B program. ~ *Toby Flinn, P.E., Pape-Dawson Engineers*
- H.7 Consider adoption of Resolution 2022-10-31-005 declaring that construction of the Phase 1B Water Treatment Plant and Raw Water Infrastructure Project is more than 50% complete and progressing satisfactorily. ~ *Graham Moore, P.E., Executive Director*
- H.8 Consider adoption of Resolution 2022-10-31-006 declaring that construction of the Phase 1B Booster Pump Station and Delivery Points Project is more than 50% complete and progressing satisfactorily. ~ *Graham Moore, P.E., Executive Director*
- H.9 Update and discussion regarding the status of the Authority's Phase 1B program, and direction to staff and consultants. ~ *Ryan Sowa, P.E., Kimley-Horn & Associates*
- I. BOARD MEMBER ITEMS OR FUTURE AGENDA ITEMS – Possible acknowledgement by Board Members of future area events and/or requests for item(s) to be placed on a future agenda where no action is required.
- J. EXECUTIVE SESSION
  - J.1 *Executive Session pursuant to the Government Code, Section 551.071 (Consultation with Attorney) and/or Section 551.072 (Real Property Deliberations) regarding:*
    - A. *Water supply partnership options*
    - B. *Groundwater leases*

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- C. Acquisition of real property for water supply project purposes*
- D. Rocco Moses, James Paul Moses and Richard Lawrence v. Alliance Regional Water Authority, Cause No. 22-O-383 filed in Caldwell County District Court*

J.2 Action from Executive Session on the following matters:

- A. Water supply partnership options*
- B. Groundwater leases*
- C. Acquisition of real property for water supply project purposes*

K. ADJOURNMENT

**NOTE:** *The Board of Directors may meet in Executive Session to consider any item listed on this agenda if a matter is raised that is appropriate for Executive Session discussion. An announcement will be made of the basis for the Executive Session discussion. The Board of Directors may also publicly discuss any item listed on the agenda for Executive Session.*

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**A. CALL TO ORDER**

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No Backup Information for this Item.

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**B. ROLL CALL**

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<b>NAME</b>	<b>TERM ENDS</b>	<b>PRESENT</b>
Mayor Jane Hughson (San Marcos)	April 2023	
Regina Franke (CRWA - General Manager, Crystal Clear SUD)	April 2023	
Tim Samford (Kyle – Treatment Operations Manager)	April 2024	
Blake Neffendorf – Treasurer (Buda – Assistant Director of Public Works)	April 2023	
Councilmember Mark Gleason (San Marcos)	April 2025	
Humberto Ramos – Vice Chair (CRWA – Water Resources Director)	April 2024	
Amber Lewis (Kyle – Assistant City Manager)	April 2024	
Tyler Hjorth (San Marcos – Director, Utilities)	April 2024	
Chris Betz – Chair (CRWA – Project Coordinator, County Line SUD)	April 2025	
Derrick Turley (Kyle – Water Production Supervisor)	April 2024	
Shaun Condor (San Marcos – Interim Director of Engineering & CIP)	April 2025	
Pat Allen (CRWA - General Manager, Green Valley SUD)	April 2023	
Paul Kite (San Marcos – Asst. Director of Public Services)	April 2025	

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- C.** PUBLIC COMMENT PERIOD (Note: Each person wishing to speak must register with the Executive Director at [info@alliancewater.org](mailto:info@alliancewater.org) before 3:00 p.m.)
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**D. CONSENT AGENDA**

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Items D.1 through D.3. are presented as part of the consent agenda.

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**BOARD MEMBER PACKETS**  
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**D.1** Consider approval of minutes of the Regular Meeting held September 28, 2022. ~  
*Graham Moore, P.E., Executive Director*

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Attachment(s)

- 2022 09 28 Board Meeting Minutes

**Board Decision(s) Needed:**

- Approval of minutes.



**Alliance Regional Water Authority**

**BOARD MEETING**

**MINUTES**

**Wednesday, September 28, 2022**

The following represents the actions taken by the Board of Directors of the Alliance Regional Water Authority (ARWA) in the order they occurred during the meeting. The Board of Directors convened in a meeting on Wednesday, September 28, 2022 at the County Line SUD offices.

**A. CALL TO ORDER.**

- **The Alliance Water Board Meeting was called to order at 3:06 p.m. by Mr. Betz.**

**B. ROLL CALL.**

- **Present: Hughson, Franke, Samford, Neffendorf, Gleason, Ramos, Hjorth, Betz, Turley, Condor and Allen with Ms. Lewis joining in Item H.1.**
- **Absent: Kite.**

**C. PUBLIC COMMENT PERIOD**

- **None.**

**D. CONSENT AGENDA**

**D.1 Consider approval of minutes of the Regular Meeting held August 24, 2022.**

**D.2 Consider approval of the financial report for July and August 2022.**

- **Item D.2 was pulled from consideration to be brought back at a future meeting.**
- **Motion to approve the consent agenda Item D.1 was made by Mr. Samford, seconded by Mr. Neffendorf and approved on a 11-0 vote.**

E. PUBLIC HEARINGS / PRESENTATIONS

- **None.**

F. ITEMS FOR DISCUSSION NOT REQUIRING ACTION

- F.1 Report on Technical Committee activities.
- F.2 Update on status of groundwater management in project target area, and Gonzales County Underground Water Conservation District, Plum Creek Conservation District, Groundwater Management Area 13, Region L Planning Group, Guadalupe-Blanco River Authority, Hays County and CAPCOG activities.
  - **No items opened.**

G. EXECUTIVE DIRECTOR AND LEGAL COUNSEL REPORTS

- **No action.**

H. ITEMS FOR ACTION OR DISCUSSION/DIRECTION

- H.1 Discussion and possible direction to Staff regarding renewal of consultant contracts for the next fiscal year.
  - **Mr. Moore provided an overview of the consultant review process and the contracts that up for renewal consideration under items H.2 through H.76.**
  - **No action.**

Items H.2 through H.7 were all opened at one time.

- H.2 Consider adoption of Resolution 2022-09-28-001 approving Work Order #7 with RW Harden & Associates for general hydrogeological services through September 30, 2023, as recommended by the Administrative Committee.
- H.3 Consider adoption of Resolution 2022-09-28-002 approving an agreement for public relations services with Concept Development & Planning, LLC through September 30, 2023, as recommended by the Administrative Committee.
- H.4 Consider adoption of Resolution 2022-09-28-003 approving an agreement for general counsel legal services with Lloyd Gosselink Rochelle and Townsend, P.C., as recommended by the Administrative Committee.
- H.5 Consider adoption of Resolution 2022-09-28-004 approving an agreement for governmental relations services with The Schlueter Group, as recommended by the Administrative Committee.
- H.6 Consider adoption of Resolution 2022-09-28-005 approving an agreement for audit services with Armstrong, Vaughan and Associates.

- H.7 Consider adoption of Resolution 2022-09-28-006 approving Work Order #4 with J.R. Tolles and Associates, LLC for construction management support for the Phase 1B projects.
- **Motion to adopt Resolution 2022-09-28-001, Resolution 2022-09-28-002, Resolution 2022-09-28-003, Resolution 2022-09-28-004, Resolution 2022-09-28-005 and Resolution 2022-09-28-006, as presented, was made by Mr. Ramos, seconded by Mr. Neffendorf and approved on a 12-0 vote.**
- H.8 Update and possible direction to Staff regarding construction of the Authority's Phase 1B program.
- **Mr. Flinn provided an update on the construction of the Phase 1B Program.**
  - **Mr. Neffendorf thanked the team for their close coordination with the landowners in the area.**
  - **No Action.**
- H.9 Update and discussion regarding the status of the Authority's Phase 1B program, and direction to staff and consultants.
- **Mr. Sowa provided an update on the Phase 1B Program.**
  - **Mr. Neffendorf asked if the five parcels in the "Appraisal/Offer In Development" phase are a schedule risk; Mr. Sowa responded that he is not concerned that they will impact the critical path.**
  - **No Action.**
- H.10 Update, discussion and possible direction to Staff regarding the Authority's request to the Texas Water Development Board for additional SWIFT funding.
- **Mr. Moore provided an update on the SWIFT funding schedule.**
  - **No Action.**
- H.11 Consider adoption of Resolution 2022-09-28-007 approving a construction change order with Garney Companies, Inc. adding portions of pipeline segments B2, C and D into the Phase 1B Segment B Project, as recommended by the Technical Committee.
- **Mr. Ramos inquired about the days requested in the change order.**
  - **Mr. Moore noted that it will impact the Segments C and D timeframes included in the change order, but not the Segment B timeframe which is of primary concern.**
  - **Motion to adopt Resolution 2022-09-28-007 approving a construction change order with Garney Companies, Inc. as presented was made by Mr. Ramos, seconded by Mr. Samford and approved on a 12-0 vote.**

- H.12 Consider adoption of Resolution 2022-09-28-008 authorizing the Executive Director to execute on behalf of the Authority all necessary documents to continue participation in the Texas Municipal League Intergovernmental Employee Benefits Pool (TML IEBP) for employee's health insurance for January 2023 through December 2023, as recommended by the Administrative Committee meeting.
- **Ms. Lewis inquired as to the Authority's policy as to how much it pays for employees dependent coverage.**
  - **Mr. Moore responded at the Authority covers 50% of medical and no vision or dental for dependent coverage, except by contract it pays 100% of dependent coverage for medical, dental and vision for the Executive Director.**
  - **Motion to adopt Resolution 2022-09-28-008 authorizing the continued participation in TMLIEBP for employee health insurance as presented was made by Ms. Lewis, seconded by Mr. Samford and approved on a 12-0 vote.**

I. BOARD MEMBER ITEMS OR FUTURE AGENDA ITEMS

- **No action.**

J.1 The Board of Directors recessed into Executive Session at 3:56 p.m. pursuant of the Government Code, Section 551.071, to seek the General Counsel's advice regarding matters involving attorney-client privilege, Section 551.072 to discuss water supply project partnership options and 551.074 for personnel matters. The Board of Directors reconvened from Executive Session at 5:00 p.m.

J.2 Action from Executive Session on the following matters:

- A. Water supply partnership options
- B. Groundwater leases
- C. Acquisition of real property for water supply project purposes.
  - **Staff to proceed as directed.**
- D. Annual performance evaluation of Executive Director, Graham Moore, including possible adoption of goals for the next fiscal year and compensation adjustments.
  - **Motion to increase the Executive Director's salary by 7% starting with the first of the physical year was made by Ms. Lewis, seconded by Mr. Ramos and approved on a 12-0 vote.**
- E. Consideration of Resolution 2022-09-28-009 finding Public Convenience and Necessity for and authorizing the acquisition of certain water pipeline easements and temporary construction easements and certain fee estates for the Alliance Regional Water Authority, Phase 1B Water Line Project in

connection therewith, over, across, upon and under certain privately owned real estate properties; authorizing all appropriate actions by the Board of Directors, staff, retained attorneys and engineering and technical consultants in the institution and prosecution of condemnation proceedings to acquire any such needed fee estates and easements and temporary construction easements and related rights of ingress and egress that cannot be acquired through negotiation; declaring further negotiations futile; ratifying and affirming all acts and proceedings heretofore done or initiated by employees, agents, and attorneys of ARWA to acquire such property interests including necessary acts for any applicable lienholders for such properties; authorizing all other lawful action necessary and incidental to such acquisitions or eminent domain proceedings to survey, specify, define, and secure the necessary interests in real property; declaring the sections of the resolution to be severable one from the other in the event any section of the resolution is determined to be invalid; establishing an effective date; and finding and determining that the meeting at which this resolution is passed was noticed and is open to the public as required by law.

- **Motion to adopt Resolution 2022-09-28-009 finding Public Convenience and Necessity and authorizing Eminent Domain Proceedings, if necessary, for acquisitions as presented was made by Mr. Ramos, seconded by Ms. Lewis and approved on an 12-0 vote.**

K. ADJOURNMENT

- **Meeting was adjourned at 5:04 p.m. based on the motion by Mr. Ramos, seconded by Ms. Hughson on a 12-0 vote.**

APPROVED: \_\_\_\_\_, 2022

ATTEST:

\_\_\_\_\_  
Chair, Board of Directors

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

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**Alliance Regional Water Authority Board of Directors**

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Monday, October 31, 2022 at 1:00 PM  
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**D.2** Consider approval of the financial reports for the periods ending July 2022, August 2022 and September 2022. ~ *Graham Moore, P.E., Executive Director*

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Attachment(s)

- Financial Reports for period ending July, August and September 2022

**Board Decision(s) Needed:**

- Approval of Financial Reports.





# **Alliance Regional Water Authority**

**Financial Statements  
(Compilation)**

**For the One Month Ended and Year-to-Date  
July 31, 2022**

## Alliance Regional Water Authority

## Balance Sheet

As of July 31, 2022

	Jul 31, 22
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
1004 · Broadway Bank	
1005 · Broadway Checking (8040)	-1,187,529.82
1010 · Broadway Savings (4415)	2,938,549.61
Total 1004 · Broadway Bank	1,751,019.79
1015 · TexStar	
1015-01 · TexStar (3310)	43,925,215.67
1015-02 · TexStar (0300)	52,358,758.57
Total 1015 · TexStar	96,283,974.24
1050 · Broadway Bank (Reserved)	
1051 · CRWA Debt Service (2785)	3,652,382.40
1052 · Kyle Debt Service (2787)	2,279,511.51
1055 · San Marcos Debt Service (6390)	3,947,454.64
1056 · Buda Debt Service (6391)	580,975.58
Total 1050 · Broadway Bank (Reserved)	10,460,324.13
1100 · Escrow Accounts	
1105 · BOKF, Escrow, CRWA Series 2015A	335,450.80
1106 · BOKF, Escrow, Kyle Series 2015B	222,200.74
1111 · BOKF, Escrow, CRWA Series 2019A	1,782,526.53
1112 · BOKF, Escrow, Kyle Series 2019B	1,625,567.94
1113 · BOKF, Escrow, SM Series 2019C	2,069,453.77
1114 · BOKF, Escrow, Buda Series 2019D	292,868.96
1115 · BOKF, Escrow, CRWA Series 2020A	24,080,650.57
1116 · BOKF, Escrow, CRWA 2020A-LM67	8,355,757.84
1117 · BOKF, Escrow, Kyle Series 2020B	21,959,031.70
1118 · BOKF, Escrow, Kyle 2020B-LM68	7,614,732.45
1119 · BOKF, Escrow, SM Series 2020C	27,988,137.22
1120 · BOKF, Escrow, SM 2020C-LM69	9,697,394.35
1121 · BOKF, Escrow, BUDA Series 2020D	3,866,458.06
1122 · BOKF, Escrow, Buda 2020D-LM70	1,366,746.89
Total 1100 · Escrow Accounts	111,256,977.82
Total Checking/Savings	219,752,295.98
Total Current Assets	219,752,295.98
Fixed Assets	
1405 · Engineering & Construction Cost	2,402,294.20
1420 · Projects in Progress (Cash)	
1420-01 · Legal Support	64,673.27
1420-02 · Hydrogeologic Support	192,699.58
1420-03 · PCCD Permitting	105,095.16
1420-04 · Kyle Water Model	25,000.00
1420-11 · Legal Support, GBRA	45,251.01
Total 1420 · Projects in Progress (Cash)	432,719.02

**Alliance Regional Water Authority**  
**Balance Sheet**  
As of July 31, 2022

	Jul 31, 22
<b>1430 · Projects in Progress Eng (Cash)</b>	
1430-02 · Engineering - Plumbing Plan	17,663.79
1430-03 · Engineering Fees-ROW	11,594.69
1430-05 · Engineering - Rate Study	50,760.00
1430-06 · DPR Study	59,880.00
1430-07 · Alignment Study	261,120.80
1430-08 · Prelim Engineering-Well Field	65,586.00
1430-09 · GCUWCD Monitoring Wells	129,175.39
1430-10 · 2017 SWIFT Funding Apps	23,107.96
1430-11 · Blanco Basin WW	41,880.00
1430-12 · Phase 1B Programming	107,761.14
1430-13 · ARWA-GBRA MOU Study	15,000.00
1430-14 · Phase 1A GIS	59,840.62
<b>Total 1430 · Projects in Progress Eng (Cash)</b>	<b>843,370.39</b>
<b>1440 · Projects in Prog Eng. (Finance)</b>	
1440-01 · Engineering-Phase 1A Pipeline	540,838.84
1440-02 · Engineering-Phase 1A Pump Stat	1,001,947.66
1440-03 · Engineering-ROW Acquisition	412,064.67
1440-04 · Phase 1A Const Observation	1,023,457.56
1440-05 · Phase 1A-Construction Trailer	69,341.22
1440-06 · Phase 1A Segment A Construction	1,734,150.32
1440-07 · Phase 1A BPS Construction	5,142,172.37
1440-08 · Phase 1A Segment B Construction	3,980,928.06
1440-15 · Land Acquisition Phase 1B	30,051,069.97
1440-16 · Phase 1B-Owners Rep	10,758,037.71
1440-17 · Phase 1B Environmental	3,209,671.81
1440-18 · Phase 1B Segment A Design	2,909,351.81
1440-19 · Phase 1B Segment B Design	2,783,998.38
1440-20 · Phase 1B Segment C Design	3,496,625.80
1440-21 · Phase 1B Segment D Design	2,532,276.87
1440-22 · Phase 1B Segment E Design	1,992,472.04
1440-23 · Phase 1B Land Attorney	2,464,564.70
1440-24 · Phase 1B Hydrogeology	540,941.00
1440-25 · Phase 1B WTP Design	5,172,488.21
1440-26 · Raw Water Infr.	1,525,534.00
1440-27 · Phase 1B Program Survey	3,210,109.00
1440-28 · Phase 1B BPS Design	2,753,329.07
1440-29 · GVEC Construction-in-Aid	1,740,143.30
1440-30 · Phase 1B Inline Tanks	440,344.06
1440-31 · Construction Mgmt & Inspection	3,122,855.09
1440-32 · Phase 1B Construction ARWA Only	3,980,500.95
1440-33 · SCADA Programming	375,600.56
1440-34 · Materials Testing	136,042.25
1440-35 · Shared Construction	37,029,834.45
<b>Total 1440 · Projects in Prog Eng. (Finance)</b>	<b>134,130,691.73</b>
<b>1447 · Land &amp; Easements</b>	<b>938,215.70</b>
<b>1448 · Capitalized Interest</b>	
1448-51 · Cap Interest, CRWA Series 2015A	152,369.03
1448-52 · Cap Interest, Kyle Series 2015B	222,143.28
1448-53 · Cap Interest, CRWA Series 2017A	127,269.80
1448-54 · Cap Interest, Kyle Series 2017B	116,100.88
1448-55 · Cap Interest, SM Series 2017C	65,904.35
1448-56 · Cap Interest, Buda Series 2017D	9,576.21
<b>Total 1448 · Capitalized Interest</b>	<b>693,363.55</b>
<b>Total Fixed Assets</b>	<b>139,440,654.59</b>

## Alliance Regional Water Authority

## Balance Sheet

As of July 31, 2022

10/10/22

Accrual Basis

	Jul 31, 22
Other Assets	
1900 · Deferred Outflow	42,509.25
<b>Total Other Assets</b>	<b>42,509.25</b>
<b>TOTAL ASSETS</b>	<b>359,235,459.82</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	855,022.91
<b>Total Accounts Payable</b>	<b>855,022.91</b>
Credit Cards	
2006 · Chase Bank VISA Card	4,960.40
<b>Total Credit Cards</b>	<b>4,960.40</b>
Other Current Liabilities	
2100 · Payroll Liabilities	-441.40
2102 · 401(a) Liability	3,344.67
2103 · Net Pension Liability	9,067.00
2104 · Pension Deferred Inflows	2,473.00
2106 · Accrued Vacation	42,151.49
2300 · Accrued Costs	330,643.18
2350 · Accrued Interest Payable	
2351 · Accrued Int Payable, CRWA 2015A	27,068.25
2352 · Accrued Int Payable, Kyle 2015B	38,925.59
2353 · Accrued Int Payable, CRWA 2017A	105,883.03
2354 · Accrued Int Payable, Kyle 2017B	96,566.91
2355 · Accrued Int Payable, SM 2017C	77,564.63
2356 · Accrued Int Payable, Buda 2017D	11,024.75
2357 · Accrued Int Payable, CRWA 2019A	247,468.10
2358 · Accrued Int Payable, Kyle 2019B	225,796.34
2359 · Accrued Int Payable, SM 2019C	183,255.93
2360 · Accrued Int Payable, Buda 2019D	25,995.31
2361 · Accrued Int Payable, CRWA 2020A	283,419.40
2362 · Accrued Int Payable, Kyle 2020B	258,449.84
2363 · Accrued Int Payable, SM 2020C	180,725.60
2364 · Accrued Int Payable, Buda 2020D	25,594.25
<b>Total 2350 · Accrued Interest Payable</b>	<b>1,787,737.93</b>
<b>Total Other Current Liabilities</b>	<b>2,174,975.87</b>
<b>Total Current Liabilities</b>	<b>3,034,959.18</b>
Long Term Liabilities	
2501 · Bond Payable, CRWA Series 2015A	3,030,000.00
2502 · Bond Payable, Kyle Series 2015B	3,075,000.00
2503 · Bond Payable, CRWA Series 2017A	9,075,000.00
2504 · Bond Payable, Kyle Series 2017B	8,275,000.00
2505 · Bond Payable, SM Series 2017C	9,815,000.00
2506 · Bond Payable, Buda Series 2017D	1,395,000.00
2507 · Bond Payable, CRWA Series 2019A	25,790,000.00
2508 · Bond Payable, Kyle Series 2019B	23,525,000.00
2509 · Bond Payable, SM Series 2019C	29,315,000.00
2510 · Bond Payable, Buda Series 2019D	4,160,000.00
2511 · Bond Payable, CRWA Series 2020A	37,865,000.00
2512 · Bond Payable, Kyle Series 2020B	34,530,000.00
2513 · Bond Payable, SM Series 2020C	43,955,000.00
2514 · Bond Payable, Buda Series 2020D	6,225,000.00
<b>Total Long Term Liabilities</b>	<b>240,030,000.00</b>
<b>Total Liabilities</b>	<b>243,064,959.18</b>

**Alliance Regional Water Authority**  
**Balance Sheet**  
As of July 31, 2022

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	<u>Jul 31, 22</u>
Equity	
2925 · Net Investment in Capital Asset	7,521,343.98
2950 · Retained Earnings	26,983,652.90
Net Income	81,665,503.76
	<hr/>
Total Equity	116,170,500.64
	<hr/>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>359,235,459.82</b>
	<hr/> <hr/>

**Alliance Regional Water Authority  
Profit Loss / Budget vs. Actual  
For the One Month and Ten Months Ended  
July 31, 2022**

	July 2022	October 2021 July 2022	Annual Budget	Over/Under Budget	% of Annual Budget
<b>Ordinary Income/Expense</b>					
<b>Income</b>					
<b>4010 - Project Contribution</b>					
4011 - City of San Marcos	0.00	4,601,800.14	6,135,730.00	-1,533,929.86	75.0%
4012 - City of Kyle	0.00	3,085,932.81	4,114,580.00	-1,028,647.19	75.0%
4013 - City of Buda	222,000.39	877,270.14	873,690.00	3,580.14	100.41%
4014 - Canyon Regional Water Authority	942,363.88	4,371,000.55	4,571,520.00	-200,519.45	95.61%
4015 - GBRA	0.00	73,466,611.12	0.00	73,466,611.12	100.0%
<b>Total 4010 - Project Contribution</b>	<b>1,164,364.27</b>	<b>86,402,614.76</b>	<b>15,695,520.00</b>	<b>70,707,094.76</b>	<b>550.49%</b>
<b>4200 - Shared Water</b>					
4210 - Shared Water, City of Buda	0.00	290,350.00	0.00	290,350.00	100.0%
4211 - Shared Water, County Line SUD	0.00	61,960.00	0.00	61,960.00	100.0%
<b>Total 4200 - Shared Water</b>	<b>0.00</b>	<b>352,310.00</b>	<b>0.00</b>	<b>352,310.00</b>	<b>100.0%</b>
<b>4250 - Non Potable Water Sales</b>	0.00	25,388.64	31,600.00	-6,211.36	80.34%
<b>4300 - Broadway Interest Income</b>					
4311 - City of San Marcos	890.07	2,073.03	550.00	1,523.03	376.92%
4312 - City of Kyle	854.49	1,787.73	425.00	1,362.73	420.64%
4313 - City of Buda	97.20	230.97	75.00	155.97	307.96%
4314 - Canyon Regional Water Authority	1,039.42	2,126.96	450.00	1,676.96	472.66%
<b>Total 4300 - Broadway Interest Income</b>	<b>2,881.18</b>	<b>6,218.69</b>	<b>1,500.00</b>	<b>4,718.69</b>	<b>414.58%</b>
<b>4350 - Escrow Accounts Income</b>					
4351 - BOKF, CRWA Series 2015A	197.34	382.07	0.00	382.07	100.0%
4352 - BOKF, Kyle Series 2015B	130.71	253.07	0.00	253.07	100.0%
4353 - BOKF, CRWA Series 2017A	0.00	25.08	0.00	25.08	100.0%
4354 - BOKF, Kyle Series 2017B	0.00	22.86	0.00	22.86	100.0%
4355 - BOKF, SM Series 2017C	0.00	31.46	0.00	31.46	100.0%
4356 - BOKF, Buda Series 2017D	0.00	4.06	0.00	4.06	100.0%
4357 - BOKF, CRWA Series 2019A	1,048.61	2,775.47	0.00	2,775.47	100.0%
4358 - BOKF, Kyle Series 2019B	956.27	2,531.08	0.00	2,531.08	100.0%
4359 - BOKF, SM Series 2019C	1,217.40	3,225.42	0.00	3,225.42	100.0%
4360 - BOKF, Buda Series 2019D	172.29	449.27	0.00	449.27	100.0%
4361 - BOKF, CRWA Series 2020A	14,165.93	27,918.15	0.00	27,918.15	100.0%
4362 - BOKF, CRWA Series 2020A-LM67	4,915.44	9,516.73	0.00	9,516.73	100.0%
4363 - BOKF, Kyle Series 2020B	12,917.84	25,458.44	0.00	25,458.44	100.0%
4364 - BOKF, Kyle Series 2020B-LM68	4,479.52	8,672.73	0.00	8,672.73	100.0%
4365 - BOKF, SM Series 2020C	16,464.59	32,447.63	0.00	32,447.63	100.0%
4366 - BOKF, SM Series 2020C-LM69	5,704.69	11,044.77	0.00	11,044.77	100.0%
4367 - BOKF, Buda Series 2020D	2,274.52	4,484.52	0.00	4,484.52	100.0%
4368 - BOKF, Buda Series 2020D-LM70	804.02	1,556.66	0.00	1,556.66	100.0%
<b>Total 4350 - Escrow Accounts Income</b>	<b>65,449.17</b>	<b>130,799.47</b>	<b>0.00</b>	<b>49,533.58</b>	<b>100.0%</b>
<b>4370 - TexStar Interest Income</b>					
4371 - City of San Marcos	44,174.83	117,540.83	4,300.00	113,240.83	2,733.51%
4372 - City of Kyle	34,701.76	92,334.77	3,400.00	88,934.77	2,715.73%
4373 - City of Buda	6,257.90	16,651.06	600.00	16,051.06	2,775.18%
4374 - Canyon Regional Water Authority	38,052.43	101,250.29	3,700.00	97,550.29	2,736.49%
<b>Total 4370 - TexStar Interest Income</b>	<b>123,186.92</b>	<b>327,776.95</b>	<b>12,000.00</b>	<b>315,776.95</b>	<b>2,731.48%</b>
4901 - Miscellaneous Income	0.00	5,542.84	0.00	5,542.84	100.0%
<b>Total Income</b>	<b>1,355,881.54</b>	<b>87,250,651.35</b>	<b>15,740,620.00</b>	<b>71,423,222.62</b>	<b>554.3%</b>
<b>Expenses</b>					
<b>6000 - Groundwater Reservation Costs</b>	122,510.67	1,094,443.09	1,437,600.00	-343,156.91	76.13%
<b>6010 - Shared Water Costs</b>					
6015 - Shared Water, City of Kyle	22,145.34	200,369.26	0.00	200,369.26	100.0%
6020 - Shared Water, City of San Marcos	22,227.14	394,139.14	0.00	394,139.14	100.0%
<b>Total 6010 - Shared Water Costs</b>	<b>44,372.48</b>	<b>594,508.40</b>	<b>0.00</b>	<b>594,508.40</b>	<b>100.0%</b>
<b>6200 - Plant Operations &amp; Maintenance</b>					
6201 - O&M, General	566.17	10,251.52	9,000.00	1,251.52	113.91%
6240 - O&M, Buda BPS	0.00	1,643.33	19,510.00	-17,866.67	8.42%
<b>Total 6200 - Plant Operations &amp; Maintenance</b>	<b>566.17</b>	<b>11,894.85</b>	<b>28,510.00</b>	<b>-16,615.15</b>	<b>41.72%</b>
7125 - Auditing fees	0.00	10,930.00	13,000.00	-2,070.00	84.08%
7210 - Bank Fees	240.58	3,412.06	2,500.00	912.06	136.48%
7220 - Escrow and Paying Agent Fees	0.00	2,450.00			
<b>7250 - Interest Expense</b>					
7250-51 - Interest Expense - CRWA 2015A	4,921.50	49,215.00	59,058.00	-9,843.00	83.33%
7250-52 - Interest Expense - Kyle 2015B	7,077.38	70,773.77	84,928.50	-14,154.73	83.33%
7250-53 - Interest Expense - CRWA 2017A	19,251.46	192,514.59	231,017.50	-38,502.91	83.33%
7250-54 - Interest Expense - Kyle 2017B	17,557.62	175,576.23	210,691.50	-35,115.27	83.33%
7250-55 - Interest Expense - SM 2017C	14,102.66	141,026.64	169,232.00	-28,205.36	83.33%
7250-56 - Interest Expense - Buda 2017D	2,004.50	20,045.00	24,054.00	-4,009.00	83.33%
7250-57 - Interest Expense - CRWA 2019A	44,994.20	449,942.05	539,930.50	-89,988.45	83.33%
7250-58 - Interest Expense - Kyle 2019B	41,053.88	410,538.77	492,646.50	-82,107.73	83.33%
7250-59 - Interest Expense - SM 2019C	33,319.26	333,192.54	399,831.00	-66,638.46	83.33%
7250-60 - Interest Expense - Buda 2019D	4,726.42	47,264.18	56,717.00	-9,452.82	83.33%
7250-61 - Interest Expense - CRWA 2020A	51,530.80	515,307.95	618,369.50	-103,061.55	83.33%
7250-62 - Interest Expense - Kyle 2020B	46,990.88	469,908.77	563,890.50	-93,981.73	83.33%
7250-63 - Interest Expense - SM 2020C	32,859.20	328,592.05	394,310.50	-65,718.45	83.33%
7250-64 - Interest Expense - Buda 2020D	4,653.50	46,535.00	55,842.00	-9,307.00	83.33%
<b>Total 7250 - Interest Expense</b>	<b>325,043.26</b>	<b>3,250,432.54</b>	<b>3,900,519.00</b>	<b>-650,086.46</b>	<b>83.33%</b>

**Alliance Regional Water Authority  
Profit Loss / Budget vs. Actual  
For the One Month and Ten Months Ended  
July 31, 2022**

	July 2022	October 2021 July 2022	Annual Budget	Over/Under Budget	% of Annual Budget
7325 · Dues	0.00	6,680.00	7,500.00	-820.00	89.07%
7350 · Insurance - Liability, E&O	0.00	3,073.28	7,000.00	-3,926.72	43.9%
7400 · Legal Fees	18,547.10	80,765.08	115,000.00	-34,234.92	70.23%
7410 · Newspaper Public Notices	0.00	99.99	3,500.00	-3,400.01	2.86%
7425 · Contract Services-Lobbyist	5,000.00	35,000.00	72,000.00	-37,000.00	48.61%
7430 · Agency Mgmt Public Relations	0.00	27,588.11	50,000.00	-22,411.89	55.18%
7440 · Region L Contributions	0.00	0.00	2,500.00	-2,500.00	0.0%
7450 · Permit & Fees	0.00	81,899.87	0.00	81,899.87	100.0%
7500 · Supplies	2,388.76	24,871.57	19,500.00	5,371.57	127.55%
7600 · Telephone, Telecommunications	126.36	1,554.32	3,800.00	-2,245.68	40.9%
7700 · Travel, Conferences & Meetings	375.71	2,653.82	5,000.00	-2,346.18	53.08%
7800 · Employee Expenses					
7810 · Salaries and wages	25,396.46	271,843.19	389,225.19	-117,382.00	69.84%
7820 · Auto Allowance	969.24	10,177.02	12,600.00	-2,422.98	80.77%
7821 · Phone Allowance	207.70	2,180.85	2,700.00	-519.15	80.77%
7830 · Payroll taxes	1,997.74	19,455.72	27,760.61	-8,304.89	70.08%
7840 · Employee Insurance	2,663.59	26,105.80	47,637.50	-21,531.70	54.8%
7850 · Retirement	2,232.17	22,577.03	33,267.70	-10,690.67	67.87%
7860 · Licenses & Permits	0.00	111.00	2,700.00	-2,589.00	4.11%
7865 · Mileage Reimbursement	0.00	0.00	3,150.00	-3,150.00	0.0%
7867 · Training	0.00	440.00	0.00	440.00	100.0%
7870 · Employee Expenses, Other	0.00	0.00	6,000.00	-6,000.00	0.0%
<b>Total 7800 · Employee Expenses</b>	<b>33,466.90</b>	<b>352,890.61</b>	<b>525,041.00</b>	<b>-172,150.39</b>	<b>67.21%</b>
<b>Total Expenses</b>	<b>552,637.99</b>	<b>5,585,147.59</b>	<b>6,192,970.00</b>	<b>-610,272.41</b>	<b>90.19%</b>
<b>Net Ordinary Income</b>	<b>803,243.55</b>	<b>81,665,503.76</b>	<b>9,547,650.00</b>	<b>72,033,495.03</b>	<b>855.35%</b>
Other Income/Expense					
Other Expense					
8550 · Bond Principal					
8550-51 · Bond Principal - CRWA 2015A	0.00	0.00	190,000.00	-190,000.00	0.0%
8550-52 · Bond Principal - Kyle 2015	0.00	0.00	95,000.00	-95,000.00	0.0%
8550-53 · Bond Principal - CRWA 2017A	0.00	0.00	270,000.00	-270,000.00	0.0%
8550-54 · Bond Principal - Kyle 2017B	0.00	0.00	245,000.00	-245,000.00	0.0%
8550-55 · Bond Principal - SM 2017C	0.00	0.00	550,000.00	-550,000.00	0.0%
8550-56 · Bond Principal - Buda 2017D	0.00	0.00	80,000.00	-80,000.00	0.0%
8550-57 · Bond Principal - CRWA 2019A	0.00	0.00	750,000.00	-750,000.00	0.0%
8550-58 · Bond Principal - Kyle 2019B	0.00	0.00	680,000.00	-680,000.00	0.0%
8550-59 · Bond Principal - SM 2019C	0.00	0.00	1,500,000.00	-1,500,000.00	0.0%
8550-60 · Bond Principal - Buda 2019D	0.00	0.00	215,000.00	-215,000.00	0.0%
8550-61 · Bond Principal - CRWA 2020A	0.00	0.00	1,110,000.00	-1,110,000.00	0.0%
8550-62 · Bond Principal - Kyle 2020B	0.00	0.00	1,010,000.00	-1,010,000.00	0.0%
8550-63 · Bond Principal - SM 2020C	0.00	0.00	2,190,000.00	-2,190,000.00	0.0%
8550-64 · Bond Principal - Buda 2020D	0.00	0.00	310,000.00	-310,000.00	0.0%
<b>Total 8550 · Bond Principal</b>	<b>0.00</b>	<b>0.00</b>	<b>9,195,000.00</b>	<b>-9,195,000.00</b>	<b>0.0%</b>
<b>Total Other Expense</b>	<b>0.00</b>	<b>0.00</b>	<b>9,195,000.00</b>	<b>-9,195,000.00</b>	<b>0.0%</b>
<b>Net Other Income</b>	<b>0.00</b>	<b>0.00</b>	<b>-9,195,000.00</b>	<b>9,195,000.00</b>	<b>0.0%</b>
<b>Net Income</b>	<b>803,243.55</b>	<b>81,665,503.76</b>	<b>352,650.00</b>	<b>450,593.55</b>	<b>23,157.66%</b>

**Alliance Regional Water Authority**  
**Chase VISA Credit Card Transactions**  
**July 31, 2020**

Type	Date	Name	Split	Amount	Balance
<b>2006 · Chase Bank VISA Card</b>					4,069.56
Credit Card Charge	07/01/2022	Pedernales Electric	6201 · O&M, General	566.17	4,635.73
Credit Card Charge	07/01/2022	Stamps Com	7500 · Supplies	18.17	4,653.90
Credit Card Charge	07/05/2022	UPS Store	7500 · Supplies	18.00	4,671.90
Credit Card Charge	07/06/2022	54th Street	7700 · Travel, Conf...	50.76	4,722.66
Credit Card Charge	07/07/2022	Spicy Bite	7700 · Travel, Conf...	24.43	4,747.09
Credit Card Charge	07/08/2022	Fedex	7500 · Supplies	28.56	4,775.65
Credit Card Charge	07/09/2022	Zoom.US	7500 · Supplies	29.98	4,805.63
Credit Card Charge	07/10/2022	Rackspace	7500 · Supplies	223.72	5,029.35
Check	07/12/2022	Chase	1005 · Broadway C...	-3,237.68	1,791.67
Credit Card Charge	07/12/2022	Fedex	7500 · Supplies	32.45	1,824.12
Credit Card Charge	07/13/2022	Willscot Mobile Mini	1440-05 · Phase 1A...	651.70	2,475.82
Credit Card Charge	07/16/2022	Adobo Acropro	7500 · Supplies	16.23	2,492.05
Credit Card Charge	07/16/2022	Rackspace	7500 · Supplies	115.25	2,607.30
Credit Card Charge	07/25/2022	Piscis Seafood	7700 · Travel, Conf...	22.64	2,629.94
Credit Card Charge	07/25/2022	Adobo Acropro	7500 · Supplies	16.99	2,646.93
Credit Card Charge	07/26/2022	Squarespace Inc	7500 · Supplies	28.15	2,675.08
Credit Card Charge	07/26/2022	UPS Store	7500 · Supplies	48.00	2,723.08
Credit Card Charge	07/27/2022	Dell Sales & Service	7500 · Supplies	1,602.26	4,325.34
Credit Card Charge	07/28/2022	UPS Store	7500 · Supplies	6.00	4,331.34
Credit Card Charge	07/28/2022	Solve Networks	7500 · Supplies	205.00	4,536.34
Credit Card Charge	07/28/2022	Texas Disposal Systems	1440-05 · Phase 1A...	297.70	4,834.04
Credit Card Charge	07/30/2022	Verizon	7600 · Telephone, T...	126.36	4,960.40
Total 2006 · Chase Bank VISA Card				890.84	4,960.40
<b>TOTAL</b>				<b>890.84</b>	<b>4,960.40</b>





# **Alliance Regional Water Authority**

**Financial Statements  
(Compilation)**

**For the One Month Ended and Year-to-Date  
August 31, 2022**

## Alliance Regional Water Authority

## Balance Sheet

As of August 31, 2022

10/10/22

Accrual Basis

	<u>Aug 31, 22</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
1004 · Broadway Bank	
1005 · Broadway Checking (8040)	-2,033,160.35
1010 · Broadway Savings (4415)	3,260,913.25
	<hr/>
<b>Total 1004 · Broadway Bank</b>	1,227,752.90
1015 · TexStar	
1015-01 · TexStar (3310)	35,992,327.67
1015-02 · TexStar (0300)	45,763,180.47
	<hr/>
<b>Total 1015 · TexStar</b>	81,755,508.14
1050 · Broadway Bank (Reserved)	
1051 · CRWA Debt Service (2785)	607,624.57
1052 · Kyle Debt Service (2787)	418,566.70
1055 · San Marcos Debt Service (6390)	527,119.41
1056 · Buda Debt Service (6391)	92,656.21
	<hr/>
<b>Total 1050 · Broadway Bank (Reserved)</b>	1,645,966.89
1100 · Escrow Accounts	
1105 · BOKF, Escrow, CRWA Series 2015A	335,793.80
1106 · BOKF, Escrow, Kyle Series 2015B	222,427.94
1111 · BOKF, Escrow, CRWA Series 2019A	1,784,349.18
1112 · BOKF, Escrow, Kyle Series 2019B	1,627,230.10
1113 · BOKF, Escrow, SM Series 2019C	2,071,569.81
1114 · BOKF, Escrow, Buda Series 2019D	293,168.42
1115 · BOKF, Escrow, CRWA Series 2020A	24,105,273.36
1116 · BOKF, Escrow, CRWA 2020A-LM67	8,364,301.71
1117 · BOKF, Escrow, Kyle Series 2020B	21,981,485.11
1118 · BOKF, Escrow, Kyle 2020B-LM68	7,622,518.61
1119 · BOKF, Escrow, SM Series 2020C	28,016,755.47
1120 · BOKF, Escrow, SM 2020C-LM69	9,707,310.07
1121 · BOKF, Escrow, BUDA Series 2020D	3,870,411.57
1122 · BOKF, Escrow, Buda 2020D-LM70	1,368,144.40
	<hr/>
<b>Total 1100 · Escrow Accounts</b>	111,370,739.55
	<hr/>
<b>Total Checking/Savings</b>	195,999,967.48
	<hr/>
<b>Total Current Assets</b>	195,999,967.48
<b>Fixed Assets</b>	
1405 · Engineering & Construction Cost	2,402,294.20
1420 · Projects in Progress (Cash)	
1420-01 · Legal Support	64,673.27
1420-02 · Hydrogeologic Support	195,039.58
1420-03 · PCCD Permitting	105,095.16
1420-04 · Kyle Water Model	25,000.00
1420-11 · Legal Support, GBRA	45,251.01
	<hr/>
<b>Total 1420 · Projects in Progress (Cash)</b>	435,059.02

**Alliance Regional Water Authority**  
**Balance Sheet**  
As of August 31, 2022

	Aug 31, 22
<b>1430 · Projects in Progress Eng (Cash)</b>	
1430-02 · Engineering - Plumbing Plan	17,663.79
1430-03 · Engineering Fees-ROW	11,594.69
1430-05 · Engineering - Rate Study	50,760.00
1430-06 · DPR Study	59,880.00
1430-07 · Alignment Study	261,120.80
1430-08 · Prelim Engineering-Well Field	65,586.00
1430-09 · GCUWCD Monitoring Wells	129,175.39
1430-10 · 2017 SWIFT Funding Apps	23,107.96
1430-11 · Blanco Basin WW	84,189.00
1430-12 · Phase 1B Programming	107,761.14
1430-13 · ARWA-GBRA MOU Study	15,000.00
1430-14 · Phase 1A GIS	59,840.62
<b>Total 1430 · Projects in Progress Eng (Cash)</b>	<b>885,679.39</b>
<b>1440 · Projects in Prog Eng. (Finance)</b>	
1440-01 · Engineering-Phase 1A Pipeline	540,838.84
1440-02 · Engineering-Phase 1A Pump Stat	1,001,947.66
1440-03 · Engineering-ROW Acquisition	405,264.67
1440-04 · Phase 1A Const Observation	1,059,841.56
1440-05 · Phase 1A-Construction Trailer	69,992.92
1440-06 · Phase 1A Segment A Construction	1,734,150.32
1440-07 · Phase 1A BPS Construction	5,142,172.37
1440-08 · Phase 1A Segment B Construction	3,980,928.06
1440-15 · Land Acquisition Phase 1B	33,555,014.69
1440-16 · Phase 1B-Owners Rep	10,758,037.71
1440-17 · Phase 1B Environmental	3,331,763.96
1440-18 · Phase 1B Segment A Design	2,951,707.23
1440-19 · Phase 1B Segment B Design	2,818,017.07
1440-20 · Phase 1B Segment C Design	3,496,625.80
1440-21 · Phase 1B Segment D Design	2,599,407.99
1440-22 · Phase 1B Segment E Design	2,070,053.71
1440-23 · Phase 1B Land Attorney	2,703,695.29
1440-24 · Phase 1B Hydrogeology	540,941.00
1440-25 · Phase 1B WTP Design	5,263,331.20
1440-26 · Raw Water Infr.	1,525,534.00
1440-27 · Phase 1B Program Survey	3,305,787.41
1440-28 · Phase 1B BPS Design	2,804,049.91
1440-29 · GVEC Construction-in-Aid	1,740,143.30
1440-30 · Phase 1B Inline Tanks	440,344.06
1440-31 · Construction Mgmt & Inspection	4,011,586.81
1440-32 · Phase 1B Construction ARWA Only	3,980,500.95
1440-33 · SCADA Programming	375,600.56
1440-34 · Materials Testing	220,175.71
1440-35 · Shared Construction	46,768,638.68
<b>Total 1440 · Projects in Prog Eng. (Finance)</b>	<b>149,196,093.44</b>
<b>1447 · Land &amp; Easements</b>	<b>938,215.70</b>
<b>1448 · Capitalized Interest</b>	
1448-51 · Cap Interest, CRWA Series 2015A	152,369.03
1448-52 · Cap Interest, Kyle Series 2015B	222,143.28
1448-53 · Cap Interest, CRWA Series 2017A	127,269.80
1448-54 · Cap Interest, Kyle Series 2017B	116,100.88
1448-55 · Cap Interest, SM Series 2017C	65,904.35
1448-56 · Cap Interest, Buda Series 2017D	9,576.21
<b>Total 1448 · Capitalized Interest</b>	<b>693,363.55</b>
<b>Total Fixed Assets</b>	<b>154,550,705.30</b>

## Alliance Regional Water Authority

## Balance Sheet

As of August 31, 2022

	<u>Aug 31, 22</u>
Other Assets	
1900 · Deferred Outflow	42,509.25
<b>Total Other Assets</b>	<b>42,509.25</b>
<b>TOTAL ASSETS</b>	<b><u>350,593,182.03</u></b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	855,022.91
<b>Total Accounts Payable</b>	<b>855,022.91</b>
Credit Cards	
2006 · Chase Bank VISA Card	6,759.38
<b>Total Credit Cards</b>	<b>6,759.38</b>
Other Current Liabilities	
2100 · Payroll Liabilities	-0.85
2102 · 401(a) Liability	3,445.18
2103 · Net Pension Liability	9,067.00
2104 · Pension Deferred Inflows	2,473.00
2106 · Accrued Vacation	42,151.49
2300 · Accrued Costs	330,643.18
2350 · Accrued Interest Payable	
2351 · Accrued Int Payable, CRWA 2015A	7,106.76
2352 · Accrued Int Payable, Kyle 2015B	10,451.01
2353 · Accrued Int Payable, CRWA 2017A	28,505.94
2354 · Accrued Int Payable, Kyle 2017B	25,999.56
2355 · Accrued Int Payable, SM 2017C	20,535.24
2356 · Accrued Int Payable, Buda 2017D	2,916.75
2357 · Accrued Int Payable, CRWA 2019A	66,516.30
2358 · Accrued Int Payable, Kyle 2019B	60,696.81
2359 · Accrued Int Payable, SM 2019C	48,385.14
2360 · Accrued Int Payable, Buda 2019D	6,861.18
2361 · Accrued Int Payable, CRWA 2020A	77,101.92
2362 · Accrued Int Payable, Kyle 2020B	70,309.56
2363 · Accrued Int Payable, SM 2020C	48,960.30
2364 · Accrued Int Payable, Buda 2020D	6,933.75
<b>Total 2350 · Accrued Interest Payable</b>	<b>481,280.22</b>
<b>Total Other Current Liabilities</b>	<b>869,059.22</b>
<b>Total Current Liabilities</b>	<b>1,730,841.51</b>
Long Term Liabilities	
2501 · Bond Payable, CRWA Series 2015A	2,840,000.00
2502 · Bond Payable, Kyle Series 2015B	2,980,000.00
2503 · Bond Payable, CRWA Series 2017A	8,805,000.00
2504 · Bond Payable, Kyle Series 2017B	8,030,000.00
2505 · Bond Payable, SM Series 2017C	9,265,000.00
2506 · Bond Payable, Buda Series 2017D	1,315,000.00
2507 · Bond Payable, CRWA Series 2019A	25,040,000.00
2508 · Bond Payable, Kyle Series 2019B	22,845,000.00
2509 · Bond Payable, SM Series 2019C	27,815,000.00
2510 · Bond Payable, Buda Series 2019D	3,944,980.00
2511 · Bond Payable, CRWA Series 2020A	36,755,000.00
2512 · Bond Payable, Kyle Series 2020B	33,520,000.00
2513 · Bond Payable, SM Series 2020C	41,765,000.00
2514 · Bond Payable, Buda Series 2020D	5,915,000.00
<b>Total Long Term Liabilities</b>	<b>230,834,980.00</b>
<b>Total Liabilities</b>	<b>232,565,821.51</b>

**Alliance Regional Water Authority**  
**Balance Sheet**  
**As of August 31, 2022**

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	<u>Aug 31, 22</u>
Equity	
2925 · Net Investment in Capital Asset	7,521,343.98
2950 · Retained Earnings	26,983,652.90
Net Income	83,522,363.64
	<hr/>
Total Equity	118,027,360.52
	<hr/>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>350,593,182.03</b>
	<hr/> <hr/>

**Alliance Regional Water Authority**  
**Profit Loss / Budget vs. Actual**  
**For the One Month and Eleven Months Ended**  
**August 31, 2022**

	August 2022	October 2021 August 2022	Annual Budget	Over/Under Budget	% of Annual Budget
<b>Ordinary Income/Expense</b>					
<b>Income</b>					
<b>4010 - Project Contribution</b>					
4011 - City of San Marcos	1,300,843.37	5,902,643.51	6,135,730.00	-233,086.49	96.2%
4012 - City of Kyle	845,539.23	3,931,472.04	4,114,580.00	-183,107.96	95.55%
4013 - City of Buda	0.00	877,270.14	873,690.00	3,580.14	100.41%
4014 - Canyon Regional Water Authority	0.00	4,371,000.55	4,571,520.00	-200,519.45	95.61%
4015 - GBRA	0.00	73,466,611.12	0.00	73,466,611.12	100.0%
<b>Total 4010 - Project Contribution</b>	<b>2,146,382.60</b>	<b>88,548,997.36</b>	<b>15,695,520.00</b>	<b>72,853,477.36</b>	<b>564.17%</b>
<b>4200 - Shared Water</b>					
4210 - Shared Water, City of Buda	75,372.12	365,722.12	0.00	365,722.12	100.0%
4211 - Shared Water, County Line SUD	15,490.00	77,450.00	0.00	77,450.00	100.0%
<b>Total 4200 - Shared Water</b>	<b>90,862.12</b>	<b>443,172.12</b>	<b>0.00</b>	<b>443,172.12</b>	<b>100.0%</b>
<b>4250 - Non Potable Water Sales</b>					
	9,579.59	34,968.23	31,600.00	3,368.23	110.66%
<b>4300 - Broadway Interest Income</b>					
4311 - City of San Marcos	1,354.94	3,427.97	550.00	2,877.97	623.27%
4312 - City of Kyle	547.22	2,334.95	425.00	1,909.95	549.4%
4313 - City of Buda	154.47	385.44	75.00	310.44	513.92%
4314 - Canyon Regional Water Authority	677.14	2,804.10	450.00	2,354.10	623.13%
<b>Total 4300 - Broadway Interest Income</b>	<b>2,733.77</b>	<b>8,952.46</b>	<b>1,500.00</b>	<b>7,452.46</b>	<b>596.83%</b>
<b>4350 - Escrow Accounts Income</b>					
4351 - BOKF, CRWA Series 2015A	343.00	725.07	0.00	725.07	100.0%
4352 - BOKF, Kyle Series 2015B	227.20	480.27	0.00	480.27	100.0%
4353 - BOKF, CRWA Series 2017A	0.00	25.08	0.00	25.08	100.0%
4354 - BOKF, Kyle Series 2017B	0.00	22.86	0.00	22.86	100.0%
4355 - BOKF, SM Series 2017C	0.00	31.46	0.00	31.46	100.0%
4356 - BOKF, Buda Series 2017D	0.00	4.06	0.00	4.06	100.0%
4357 - BOKF, CRWA Series 2019A	1,822.65	4,598.12	0.00	4,598.12	100.0%
4358 - BOKF, Kyle Series 2019B	1,662.16	4,193.24	0.00	4,193.24	100.0%
4359 - BOKF, SM Series 2019C	2,116.04	5,341.46	0.00	5,341.46	100.0%
4360 - BOKF, Buda Series 2019D	299.46	748.73	0.00	748.73	100.0%
4361 - BOKF, CRWA Series 2020A	24,622.79	52,540.94	0.00	52,540.94	100.0%
4362 - BOKF, CRWA Series 2020A-LM67	8,543.87	18,060.60	0.00	18,060.60	100.0%
4363 - BOKF, Kyle Series 2020B	22,453.41	47,911.85	0.00	47,911.85	100.0%
4364 - BOKF, Kyle Series 2020B-LM68	7,786.16	16,458.89	0.00	16,458.89	100.0%
4365 - BOKF, SM Series 2020C	28,618.25	61,065.88	0.00	61,065.88	100.0%
4366 - BOKF, SM Series 2020C-LM69	9,915.72	20,960.49	0.00	20,960.49	100.0%
4367 - BOKF, Buda Series 2020D	3,953.51	8,438.03	0.00	8,438.03	100.0%
4368 - BOKF, Buda Series 2020D-LM70	1,397.51	2,954.17	0.00	2,954.17	100.0%
<b>Total 4350 - Escrow Accounts Income</b>	<b>113,761.73</b>	<b>244,561.20</b>	<b>0.00</b>	<b>93,418.57</b>	<b>100.0%</b>
<b>4370 - TexStar Interest Income</b>					
4371 - City of San Marcos	52,563.20	170,104.03	4,300.00	165,804.03	3,955.91%
4372 - City of Kyle	41,291.29	133,626.06	3,400.00	130,226.06	3,930.18%
4373 - City of Buda	7,446.21	24,097.27	600.00	23,497.27	4,016.21%
4374 - Canyon Regional Water Authority	45,278.24	146,528.53	3,700.00	142,828.53	3,960.23%
<b>Total 4370 - TexStar Interest Income</b>	<b>146,578.94</b>	<b>474,355.89</b>	<b>12,000.00</b>	<b>462,355.89</b>	<b>3,952.97%</b>
4901 - Miscellaneous Income	0.00	5,542.84	0.00	5,542.84	100.0%
<b>Total Income</b>	<b>2,509,898.75</b>	<b>89,760,550.10</b>	<b>15,740,620.00</b>	<b>73,863,244.63</b>	<b>570.25%</b>
<b>Expenses</b>					
<b>6000 - Groundwater Reservation Costs</b>					
	94,061.83	1,188,504.92	1,437,600.00	-249,095.08	82.67%
<b>6010 - Shared Water Costs</b>					
6015 - Shared Water, City of Kyle	22,137.54	222,506.80	0.00	222,506.80	100.0%
6020 - Shared Water, City of San Marcos	-171,118.74	223,020.40	0.00	223,020.40	100.0%
<b>Total 6010 - Shared Water Costs</b>	<b>-148,981.20</b>	<b>445,527.20</b>	<b>0.00</b>	<b>445,527.20</b>	<b>100.0%</b>
<b>6200 - Plant Operations &amp; Maintenance</b>					
6201 - O&M, General	551.50	10,803.02	9,000.00	1,803.02	120.03%
6240 - O&M, Buda BPS	0.00	1,643.33	19,510.00	-17,866.67	8.42%
<b>Total 6200 - Plant Operations &amp; Maintenance</b>	<b>551.50</b>	<b>12,446.35</b>	<b>28,510.00</b>	<b>-16,063.65</b>	<b>43.66%</b>
7125 - Auditing fees	0.00	10,930.00	13,000.00	-2,070.00	84.08%
7210 - Bank Fees	372.33	3,784.39	2,500.00	1,284.39	151.38%
7220 - Escrow and Paying Agent Fees	2,450.00	4,900.00			
<b>7250 - Interest Expense</b>					
7250-51 - Interest Expense - CRWA 2015A	9,567.51	58,782.51	59,058.00	-275.49	99.53%
7250-52 - Interest Expense - Kyle 2015B	13,989.67	84,763.44	84,928.50	-165.06	99.81%
7250-53 - Interest Expense - CRWA 2017A	38,131.66	230,646.25	231,017.50	-371.25	99.84%
7250-54 - Interest Expense - Kyle 2017B	34,778.40	210,354.63	210,691.50	-336.87	99.84%
7250-55 - Interest Expense - SM 2017C	27,586.61	168,613.25	169,232.00	-618.75	99.63%
7250-56 - Interest Expense - Buda 2017D	3,919.00	23,964.00	24,054.00	-90.00	99.63%
7250-57 - Interest Expense - CRWA 2019A	89,013.45	538,955.50	539,930.50	-975.00	99.82%
7250-58 - Interest Expense - Kyle 2019B	81,223.72	491,762.49	492,646.50	-884.01	99.82%
7250-59 - Interest Expense - SM 2019C	65,044.71	398,237.25	399,831.00	-1,593.75	99.6%
7250-60 - Interest Expense - Buda 2019D	9,224.37	56,488.55	56,717.00	-228.45	99.6%
7250-61 - Interest Expense - CRWA 2020A	102,867.27	618,175.22	618,369.50	-194.28	99.97%
7250-62 - Interest Expense - Kyle 2020B	93,804.97	563,713.74	563,890.50	-176.76	99.97%
7250-63 - Interest Expense - SM 2020C	65,389.95	393,982.00	394,310.50	-328.50	99.92%
7250-64 - Interest Expense - Buda 2020D	9,260.50	55,795.50	55,842.00	-46.50	99.92%
<b>Total 7250 - Interest Expense</b>	<b>643,801.79</b>	<b>3,894,234.33</b>	<b>3,900,519.00</b>	<b>-6,284.67</b>	<b>99.84%</b>

**Alliance Regional Water Authority  
Profit Loss / Budget vs. Actual  
For the One Month and Eleven Months Ended  
August 31, 2022**

	August 2022	October 2021 August 2022	Annual Budget	Over/Under Budget	% of Annual Budget
7325 · Dues	0.00	6,680.00	7,500.00	-820.00	89.07%
7350 · Insurance - Liability, E&O	0.00	3,073.28	7,000.00	-3,926.72	43.9%
7400 · Legal Fees	6,648.00	87,413.08	115,000.00	-27,586.92	76.01%
7410 · Newspaper Public Notices	0.00	99.99	3,500.00	-3,400.01	2.86%
7425 · Contract Services-Lobbyist	5,000.00	40,000.00	72,000.00	-32,000.00	55.56%
7430 · Agency Mgmt Public Relations	11,593.51	39,181.62	50,000.00	-10,818.38	78.36%
7440 · Region L Contributions	0.00	0.00	2,500.00	-2,500.00	0.0%
7450 · Permit & Fees	0.00	81,899.87	0.00	81,899.87	100.0%
7500 · Supplies	919.84	25,791.41	19,500.00	6,291.41	132.26%
7600 · Telephone, Telecommunications	0.00	1,554.32	3,800.00	-2,245.68	40.9%
7700 · Travel, Conferences & Meetings	2,163.24	4,817.06	5,000.00	-182.94	96.34%
7800 · Employee Expenses					
7810 · Salaries and wages	26,146.46	297,989.65	389,225.19	-91,235.54	76.56%
7820 · Auto Allowance	969.24	11,146.26	12,600.00	-1,453.74	88.46%
7821 · Phone Allowance	207.70	2,388.55	2,700.00	-311.45	88.47%
7830 · Payroll taxes	2,055.86	21,511.58	27,760.61	-6,249.03	77.49%
7840 · Employee Insurance	2,663.59	28,769.39	47,637.50	-18,868.11	60.39%
7850 · Retirement	2,295.18	24,872.21	33,267.70	-8,395.49	74.76%
7860 · Licenses & Permits	0.00	111.00	2,700.00	-2,589.00	4.11%
7865 · Mileage Reimbursement	0.00	0.00	3,150.00	-3,150.00	0.0%
7867 · Training	120.00	560.00	0.00	560.00	100.0%
7870 · Employee Expenses, Other	0.00	0.00	6,000.00	-6,000.00	0.0%
<b>Total 7800 · Employee Expenses</b>	<b>34,458.03</b>	<b>387,348.64</b>	<b>525,041.00</b>	<b>-137,692.36</b>	<b>73.78%</b>
<b>Total Expenses</b>	<b>653,038.87</b>	<b>6,238,186.46</b>	<b>6,192,970.00</b>	<b>40,316.46</b>	<b>100.73%</b>
<b>Net Ordinary Income</b>	<b>1,856,859.88</b>	<b>83,522,363.64</b>	<b>9,547,650.00</b>	<b>73,822,928.17</b>	<b>874.8%</b>
Other Income/Expense					
Other Expense					
8550 · Bond Principal					
8550-51 · Bond Principal - CRWA 2015A	0.00	0.00	190,000.00	-190,000.00	0.0%
8550-52 · Bond Principal - Kyle 2015	0.00	0.00	95,000.00	-95,000.00	0.0%
8550-53 · Bond Principal - CRWA 2017A	0.00	0.00	270,000.00	-270,000.00	0.0%
8550-54 · Bond Principal - Kyle 2017B	0.00	0.00	245,000.00	-245,000.00	0.0%
8550-55 · Bond Principal - SM 2017C	0.00	0.00	550,000.00	-550,000.00	0.0%
8550-56 · Bond Principal - Buda 2017D	0.00	0.00	80,000.00	-80,000.00	0.0%
8550-57 · Bond Principal - CRWA 2019A	0.00	0.00	750,000.00	-750,000.00	0.0%
8550-58 · Bond Principal - Kyle 2019B	0.00	0.00	680,000.00	-680,000.00	0.0%
8550-59 · Bond Principal - SM 2019C	0.00	0.00	1,500,000.00	-1,500,000.00	0.0%
8550-60 · Bond Principal - Buda 2019D	0.00	0.00	215,000.00	-215,000.00	0.0%
8550-61 · Bond Principal - CRWA 2020A	0.00	0.00	1,110,000.00	-1,110,000.00	0.0%
8550-62 · Bond Principal - Kyle 2020B	0.00	0.00	1,010,000.00	-1,010,000.00	0.0%
8550-63 · Bond Principal - SM 2020C	0.00	0.00	2,190,000.00	-2,190,000.00	0.0%
8550-64 · Bond Principal - Buda 2020D	0.00	0.00	310,000.00	-310,000.00	0.0%
<b>Total 8550 · Bond Principal</b>	<b>0.00</b>	<b>0.00</b>	<b>9,195,000.00</b>	<b>-9,195,000.00</b>	<b>0.0%</b>
<b>Total Other Expense</b>	<b>0.00</b>	<b>0.00</b>	<b>9,195,000.00</b>	<b>-9,195,000.00</b>	<b>0.0%</b>
<b>Net Other Income</b>	<b>0.00</b>	<b>0.00</b>	<b>-9,195,000.00</b>	<b>9,195,000.00</b>	<b>0.0%</b>
<b>Net Income</b>	<b>1,856,859.88</b>	<b>83,522,363.64</b>	<b>352,650.00</b>	<b>1,504,209.88</b>	<b>23,684.21%</b>

**Alliance Regional Water Authority**  
**Chase VISA Credit Card Transactions**  
**July 31, 2020**

Type	Date	Name	Split	Amount	Balance
<b>2006 · Chase Bank VISA Card</b>					4,960.40
Credit Card Charge	08/01/2022	Stamps Com	7500 · Supplies	18.17	4,978.57
Credit Card Charge	08/02/2022	UPS Store	7500 · Supplies	12.00	4,990.57
Credit Card Charge	08/04/2022	Pedernales Electric	6201 · O&M, General	551.50	5,542.07
Credit Card Charge	08/05/2022	Fedex	7500 · Supplies	82.92	5,624.99
Credit Card Charge	08/09/2022	UPS Store	7500 · Supplies	12.00	5,636.99
Credit Card Charge	08/09/2022	Zoom.US	7500 · Supplies	29.98	5,666.97
Credit Card Charge	08/09/2022	ORorkes	7700 · Travel, Conf...	49.62	5,716.59
Credit Card Charge	08/10/2022	Mcafee	7500 · Supplies	70.35	5,786.94
Credit Card Charge	08/10/2022	Rackspace	7500 · Supplies	265.45	6,052.39
Credit Card Charge	08/10/2022	Garden Grille	7700 · Travel, Conf...	27.00	6,079.39
Credit Card Charge	08/11/2022	Garden Grille	7700 · Travel, Conf...	16.62	6,096.01
Credit Card Charge	08/11/2022	Garden Grille	7700 · Travel, Conf...	17.49	6,113.50
Credit Card Charge	08/12/2022	Fedex	7500 · Supplies	27.70	6,141.20
Credit Card Charge	08/12/2022	Austin Bergstrom	7500 · Supplies	50.00	6,191.20
Credit Card Charge	08/12/2022	Garden Grille	7700 · Travel, Conf...	9.97	6,201.17
Check	08/15/2022	Chase	1005 · Broadway C...	-2,607.30	3,593.87
Credit Card Charge	08/15/2022	Willscot Mobile Mini	1440-05 · Phase 1A...	651.70	4,245.57
Credit Card Charge	08/15/2022	Jaliscos	7700 · Travel, Conf...	28.55	4,274.12
Credit Card Charge	08/16/2022	Adobo Acropro	7500 · Supplies	16.23	4,290.35
Credit Card Charge	08/16/2022	Office Depot	7500 · Supplies	167.47	4,457.82
Credit Card Charge	08/16/2022	Rackspace	7500 · Supplies	117.31	4,575.13
Credit Card Charge	08/18/2022	Dell Sales & Service	7500 · Supplies	50.26	4,625.39
Credit Card Charge	08/24/2022	Training	7867 · Training	120.00	4,745.39
Credit Card Charge	08/24/2022	Smith Pump Company	7700 · Travel, Conf...	2,013.99	6,759.38
Total 2006 · Chase Bank VISA Card				1,798.98	6,759.38
<b>TOTAL</b>				<b>1,798.98</b>	<b>6,759.38</b>





# **Alliance Regional Water Authority**

**Financial Statements  
(Compilation)**

**For the One Month Ended and Year-to-Date  
September 30, 2022**

## Alliance Regional Water Authority

## Balance Sheet

10/17/22

As of September 30, 2022

Accrual Basis

	Sep 30, 22
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
1004 · Broadway Bank	
1005 · Broadway Checking (8040)	-770,818.07
1010 · Broadway Savings (4415)	2,108,205.99
<b>Total 1004 · Broadway Bank</b>	<b>1,337,387.92</b>
1015 · TexStar	
1015-01 · TexStar (3310)	23,786,407.53
1015-02 · TexStar (0300)	37,153,760.65
<b>Total 1015 · TexStar</b>	<b>60,940,168.18</b>
1050 · Broadway Bank (Reserved)	
1051 · CRWA Debt Service (2785)	607,774.39
1052 · Kyle Debt Service (2787)	418,669.91
1055 · San Marcos Debt Service (6390)	527,262.38
1056 · Buda Debt Service (6391)	92,665.42
<b>Total 1050 · Broadway Bank (Reserved)</b>	<b>1,646,372.10</b>
1100 · Escrow Accounts	
1105 · BOKF, Escrow, CRWA Series 2015A	336,323.96
1106 · BOKF, Escrow, Kyle Series 2015B	222,779.12
1111 · BOKF, Escrow, CRWA Series 2019A	1,787,166.36
1112 · BOKF, Escrow, Kyle Series 2019B	1,629,799.22
1113 · BOKF, Escrow, SM Series 2019C	2,074,840.47
1114 · BOKF, Escrow, Buda Series 2019D	293,631.28
1115 · BOKF, Escrow, CRWA Series 2020A	24,143,331.50
1116 · BOKF, Escrow, CRWA 2020A-LM67	8,377,507.53
1117 · BOKF, Escrow, Kyle Series 2020B	22,016,190.15
1118 · BOKF, Escrow, Kyle 2020B-LM68	7,634,553.28
1119 · BOKF, Escrow, SM Series 2020C	28,060,989.18
1120 · BOKF, Escrow, SM 2020C-LM69	9,722,636.27
1121 · BOKF, Escrow, BUDA Series 2020D	3,876,522.29
1122 · BOKF, Escrow, Buda 2020D-LM70	1,370,304.47
<b>Total 1100 · Escrow Accounts</b>	<b>111,546,575.08</b>
<b>Total Checking/Savings</b>	<b>175,470,503.28</b>
<b>Total Current Assets</b>	<b>175,470,503.28</b>
<b>Fixed Assets</b>	
1405 · Engineering & Construction Cost	2,402,294.20
1420 · Projects in Progress (Cash)	
1420-01 · Legal Support	64,673.27
1420-02 · Hydrogeologic Support	204,070.58
1420-03 · PCCD Permitting	105,095.16
1420-04 · Kyle Water Model	25,000.00
1420-11 · Legal Support, GBRA	45,251.01
<b>Total 1420 · Projects in Progress (Cash)</b>	<b>444,090.02</b>

# Alliance Regional Water Authority Balance Sheet

10/17/22

As of September 30, 2022

Accrual Basis

	Sep 30, 22
<b>1430 · Projects in Progress Eng (Cash)</b>	
1430-02 · Engineering - Plumbing Plan	17,663.79
1430-03 · Engineering Fees-ROW	11,594.69
1430-05 · Engineering - Rate Study	50,760.00
1430-06 · DPR Study	59,880.00
1430-07 · Alignment Study	261,120.80
1430-08 · Prelim Engineering-Well Field	65,586.00
1430-09 · GCUWCD Monitoring Wells	129,175.39
1430-10 · 2017 SWIFT Funding Apps	23,107.96
1430-11 · Blanco Basin WW	84,189.00
1430-12 · Phase 1B Programming	107,761.14
1430-13 · ARWA-GBRA MOU Study	15,000.00
1430-14 · Phase 1A GIS	59,840.62
<b>Total 1430 · Projects in Progress Eng (Cash)</b>	<b>885,679.39</b>
<b>1440 · Projects in Prog Eng. (Finance)</b>	
1440-01 · Engineering-Phase 1A Pipeline	540,838.84
1440-02 · Engineering-Phase 1A Pump Stat	1,001,947.66
1440-03 · Engineering-ROW Acquisition	405,264.67
1440-04 · Phase 1A Const Observation	1,082,973.56
1440-05 · Phase 1A-Construction Trailer	70,728.12
1440-06 · Phase 1A Segment A Construction	1,734,150.32
1440-07 · Phase 1A BPS Construction	5,142,172.37
1440-08 · Phase 1A Segment B Construction	3,980,928.06
1440-15 · Land Acquisition Phase 1B	35,275,898.15
1440-16 · Phase 1B-Owners Rep	11,147,339.73
1440-17 · Phase 1B Environmental	3,636,275.53
1440-18 · Phase 1B Segment A Design	2,970,168.48
1440-19 · Phase 1B Segment B Design	2,818,017.07
1440-20 · Phase 1B Segment C Design	3,496,625.80
1440-21 · Phase 1B Segment D Design	2,658,084.87
1440-22 · Phase 1B Segment E Design	2,054,086.38
1440-23 · Phase 1B Land Attorney	2,906,154.21
1440-24 · Phase 1B Hydrogeology	540,941.00
1440-25 · Phase 1B WTP Design	5,317,669.61
1440-26 · Raw Water Infr.	1,525,534.00
1440-27 · Phase 1B Program Survey	3,305,787.41
1440-28 · Phase 1B BPS Design	2,829,787.74
1440-29 · GVEC Construction-in-Aid	1,740,143.30
1440-30 · Phase 1B Inline Tanks	440,344.06
1440-31 · Construction Mgmt & Inspection	4,011,586.81
1440-32 · Phase 1B Construction ARWA Only	3,980,500.95
1440-33 · SCADA Programming	395,225.60
1440-34 · Materials Testing	287,939.18
1440-35 · Shared Construction	66,246,547.86
<b>Total 1440 · Projects in Prog Eng. (Finance)</b>	<b>171,543,661.34</b>
<b>1447 · Land &amp; Easements</b>	<b>938,215.70</b>
<b>1448 · Capitalized Interest</b>	
1448-51 · Cap Interest, CRWA Series 2015A	152,369.03
1448-52 · Cap Interest, Kyle Series 2015B	222,143.28
1448-53 · Cap Interest, CRWA Series 2017A	127,269.80
1448-54 · Cap Interest, Kyle Series 2017B	116,100.88
1448-55 · Cap Interest, SM Series 2017C	65,904.35
1448-56 · Cap Interest, Buda Series 2017D	9,576.21
<b>Total 1448 · Capitalized Interest</b>	<b>693,363.55</b>
<b>Total Fixed Assets</b>	<b>176,907,304.20</b>

## Alliance Regional Water Authority

## Balance Sheet

10/17/22

As of September 30, 2022

Accrual Basis

	Sep 30, 22
Other Assets	
1900 · Deferred Outflow	42,509.25
<b>Total Other Assets</b>	<b>42,509.25</b>
<b>TOTAL ASSETS</b>	<b>352,420,316.73</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	855,022.91
<b>Total Accounts Payable</b>	<b>855,022.91</b>
Credit Cards	
2006 · Chase Bank VISA Card	3,597.76
<b>Total Credit Cards</b>	<b>3,597.76</b>
Other Current Liabilities	
2102 · 401(a) Liability	5,225.61
2103 · Net Pension Liability	9,067.00
2104 · Pension Deferred Inflows	2,473.00
2106 · Accrued Vacation	42,151.49
2300 · Accrued Costs	330,643.18
2350 · Accrued Interest Payable	
2351 · Accrued Int Payable, CRWA 2015A	11,844.60
2352 · Accrued Int Payable, Kyle 2015B	17,418.35
2353 · Accrued Int Payable, CRWA 2017A	47,509.90
2354 · Accrued Int Payable, Kyle 2017B	43,332.60
2355 · Accrued Int Payable, SM 2017C	34,225.40
2356 · Accrued Int Payable, Buda 2017D	4,861.25
2357 · Accrued Int Payable, CRWA 2019A	110,860.50
2358 · Accrued Int Payable, Kyle 2019B	101,161.35
2359 · Accrued Int Payable, SM 2019C	80,641.90
2360 · Accrued Int Payable, Buda 2019D	11,435.30
2361 · Accrued Int Payable, CRWA 2020A	128,503.20
2362 · Accrued Int Payable, Kyle 2020B	117,182.60
2363 · Accrued Int Payable, SM 2020C	81,600.50
2364 · Accrued Int Payable, Buda 2020D	11,556.25
<b>Total 2350 · Accrued Interest Payable</b>	<b>802,133.70</b>
<b>Total Other Current Liabilities</b>	<b>1,191,693.98</b>
<b>Total Current Liabilities</b>	<b>2,050,314.65</b>
Long Term Liabilities	
2501 · Bond Payable, CRWA Series 2015A	2,840,000.00
2502 · Bond Payable, Kyle Series 2015B	2,980,000.00
2503 · Bond Payable, CRWA Series 2017A	8,805,000.00
2504 · Bond Payable, Kyle Series 2017B	8,030,000.00
2505 · Bond Payable, SM Series 2017C	9,265,000.00
2506 · Bond Payable, Buda Series 2017D	1,315,000.00
2507 · Bond Payable, CRWA Series 2019A	25,040,000.00
2508 · Bond Payable, Kyle Series 2019B	22,845,000.00
2509 · Bond Payable, SM Series 2019C	27,815,000.00
2510 · Bond Payable, Buda Series 2019D	3,944,980.00
2511 · Bond Payable, CRWA Series 2020A	36,755,000.00
2512 · Bond Payable, Kyle Series 2020B	33,520,000.00
2513 · Bond Payable, SM Series 2020C	41,765,000.00
2514 · Bond Payable, Buda Series 2020D	5,915,000.00
<b>Total Long Term Liabilities</b>	<b>230,834,980.00</b>
<b>Total Liabilities</b>	<b>232,885,294.65</b>

# Alliance Regional Water Authority

## Balance Sheet

As of September 30, 2022

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	<u>Sep 30, 22</u>
Equity	
2925 · Net Investment in Capital Asset	7,521,343.98
2950 · Retained Earnings	26,983,652.90
Net Income	85,030,025.20
	<hr/>
Total Equity	119,535,022.08
	<hr/>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>352,420,316.73</b>
	<hr/> <hr/>

**Alliance Regional Water Authority**  
**Profit Loss / Budget vs. Actual**  
**For the One Month and Twelve Months Ended**  
**September 30, 2022**

	September 2022	October 2021 September 2022	Annual Budget	Over/Under Budget	% of Annual Budget
<b>Ordinary Income/Expense</b>					
<b>Income</b>					
<b>4010 - Project Contribution</b>					
4011 - City of San Marcos	0.00	5,902,643.51	6,135,730.00	-233,086.49	96.2%
4012 - City of Kyle	0.00	3,931,472.04	4,114,580.00	-183,107.96	95.55%
4013 - City of Buda	69,847.93	947,118.07	873,690.00	73,428.07	108.4%
4014 - Canyon Regional Water Authority	200,515.00	4,571,515.55	4,571,520.00	-4.45	100.0%
4015 - GBRA	1,430,713.16	74,897,324.28	0.00	74,897,324.28	100.0%
<b>Total 4010 - Project Contribution</b>	<b>1,701,076.09</b>	<b>90,250,073.45</b>	<b>15,695,520.00</b>	<b>74,554,553.45</b>	<b>575.01%</b>
<b>4200 - Shared Water</b>					
4210 - Shared Water, City of Buda	0.00	365,722.12	0.00	365,722.12	100.0%
4211 - Shared Water, County Line SUD	63,325.46	140,775.46	0.00	140,775.46	100.0%
<b>Total 4200 - Shared Water</b>	<b>63,325.46</b>	<b>506,497.58</b>	<b>0.00</b>	<b>506,497.58</b>	<b>100.0%</b>
<b>4250 - Non Potable Water Sales</b>					
	3,180.55	38,148.78	31,600.00	6,548.78	120.72%
<b>4300 - Broadway Interest Income</b>					
4311 - City of San Marcos	380.11	3,808.08	550.00	3,258.08	692.38%
4312 - City of Kyle	289.50	2,624.45	425.00	2,199.45	617.52%
4313 - City of Buda	42.80	428.24	75.00	353.24	570.99%
4314 - Canyon Regional Water Authority	354.09	3,158.19	450.00	2,708.19	701.82%
<b>Total 4300 - Broadway Interest Income</b>	<b>1,066.50</b>	<b>10,018.96</b>	<b>1,500.00</b>	<b>8,518.96</b>	<b>667.93%</b>
<b>4350 - Escrow Accounts Income</b>					
4351 - BOKF, CRWA Series 2015A	530.16	1,255.23	0.00	1,255.23	100.0%
4352 - BOKF, Kyle Series 2015B	351.18	831.45	0.00	831.45	100.0%
4353 - BOKF, CRWA Series 2017A	0.00	25.08	0.00	25.08	100.0%
4354 - BOKF, Kyle Series 2017B	0.00	22.86	0.00	22.86	100.0%
4355 - BOKF, SM Series 2017C	0.00	31.46	0.00	31.46	100.0%
4356 - BOKF, Buda Series 2017D	0.00	4.06	0.00	4.06	100.0%
4357 - BOKF, CRWA Series 2019A	2,817.18	7,415.30	0.00	7,415.30	100.0%
4358 - BOKF, Kyle Series 2019B	2,569.12	6,762.36	0.00	6,762.36	100.0%
4359 - BOKF, SM Series 2019C	3,270.66	8,612.12	0.00	8,612.12	100.0%
4360 - BOKF, Buda Series 2019D	462.86	1,211.59	0.00	1,211.59	100.0%
4361 - BOKF, CRWA Series 2020A	38,058.14	90,599.08	0.00	90,599.08	100.0%
4362 - BOKF, CRWA Series 2020A-LM67	13,205.82	31,266.42	0.00	31,266.42	100.0%
4363 - BOKF, Kyle Series 2020B	34,705.04	82,616.89	0.00	82,616.89	100.0%
4364 - BOKF, Kyle Series 2020B-LM68	12,034.67	28,493.56	0.00	28,493.56	100.0%
4365 - BOKF, SM Series 2020C	44,233.71	105,299.59	0.00	105,299.59	100.0%
4366 - BOKF, SM Series 2020C-LM69	15,326.20	36,286.69	0.00	36,286.69	100.0%
4367 - BOKF, Buda Series 2020D	6,110.72	14,548.75	0.00	14,548.75	100.0%
4368 - BOKF, Buda Series 2020D-LM70	2,160.07	5,114.24	0.00	5,114.24	100.0%
<b>Total 4350 - Escrow Accounts Income</b>	<b>175,835.53</b>	<b>420,396.73</b>	<b>0.00</b>	<b>161,249.27</b>	<b>100.0%</b>
<b>4370 - TexStar Interest Income</b>					
4371 - City of San Marcos	47,233.43	217,337.46	4,300.00	213,037.46	5,054.36%
4372 - City of Kyle	37,104.46	170,730.52	3,400.00	167,330.52	5,021.49%
4373 - City of Buda	6,691.19	30,788.46	600.00	30,188.46	5,131.41%
4374 - Canyon Regional Water Authority	40,687.14	187,215.67	3,700.00	183,515.67	5,059.88%
<b>Total 4370 - TexStar Interest Income</b>	<b>131,716.22</b>	<b>606,072.11</b>	<b>12,000.00</b>	<b>594,072.11</b>	<b>5,050.6%</b>
4901 - Miscellaneous Income	0.00	5,542.84	0.00	5,542.84	100.0%
<b>Total Income</b>	<b>2,076,200.35</b>	<b>91,836,750.45</b>	<b>15,740,620.00</b>	<b>75,831,440.15</b>	<b>583.44%</b>
<b>Expenses</b>					
<b>6000 - Groundwater Reservation Costs</b>					
	80,749.64	1,269,254.56	1,437,600.00	-168,345.44	88.29%
<b>6010 - Shared Water Costs</b>					
6015 - Shared Water, City of Kyle	22,131.35	244,638.15	0.00	244,638.15	100.0%
6020 - Shared Water, City of San Marcos	80,223.58	303,243.98	0.00	303,243.98	100.0%
<b>Total 6010 - Shared Water Costs</b>	<b>102,354.93</b>	<b>547,882.13</b>	<b>0.00</b>	<b>547,882.13</b>	<b>100.0%</b>
<b>6200 - Plant Operations &amp; Maintenance</b>					
6201 - O&M, General	601.32	11,421.32	9,000.00	2,421.32	126.9%
6240 - O&M, Buda BPS	0.00	1,643.33	19,510.00	-17,866.67	8.42%
<b>Total 6200 - Plant Operations &amp; Maintenance</b>	<b>601.32</b>	<b>13,064.65</b>	<b>28,510.00</b>	<b>-15,445.35</b>	<b>45.83%</b>
7125 - Auditing fees	0.00	10,930.00	13,000.00	-2,070.00	84.08%
7210 - Bank Fees	639.43	4,423.82	2,500.00	1,923.82	176.95%
7220 - Escrow and Paying Agent Fees	0.00	4,900.00			
<b>7250 - Interest Expense</b>					
7250-51 - Interest Expense - CRWA 2015A	4,737.84	63,520.35	59,058.00	4,462.35	107.56%
7250-52 - Interest Expense - Kyle 2015B	6,967.34	91,730.78	84,928.50	6,802.28	108.01%
7250-53 - Interest Expense - CRWA 2017A	19,003.96	249,650.21	231,017.50	18,632.71	108.07%
7250-54 - Interest Expense - Kyle 2017B	17,333.04	227,687.67	210,691.50	16,996.17	108.07%
7250-55 - Interest Expense - SM 2017C	13,690.16	182,303.41	169,232.00	13,071.41	107.72%
7250-56 - Interest Expense - Buda 2017D	1,944.50	25,908.50	24,054.00	1,854.50	107.71%
7250-57 - Interest Expense - CRWA 2019A	44,344.20	583,299.70	539,930.50	43,369.20	108.03%
7250-58 - Interest Expense - Kyle 2019B	40,464.54	532,227.03	492,646.50	39,580.53	108.03%
7250-59 - Interest Expense - SM 2019C	32,256.76	430,494.01	399,831.00	30,663.01	107.67%
7250-60 - Interest Expense - Buda 2019D	4,574.12	61,062.67	56,717.00	4,345.67	107.66%
7250-61 - Interest Expense - CRWA 2020A	51,401.28	669,576.50	618,369.50	51,207.00	108.28%
7250-62 - Interest Expense - Kyle 2020B	46,873.04	610,586.78	563,890.50	46,696.28	108.28%
7250-63 - Interest Expense - SM 2020C	32,640.20	426,622.20	394,310.50	32,311.70	108.19%
7250-64 - Interest Expense - Buda 2020D	4,622.50	60,418.00	55,842.00	4,576.00	108.2%
<b>Total 7250 - Interest Expense</b>	<b>320,853.48</b>	<b>4,215,087.81</b>	<b>3,900,519.00</b>	<b>314,568.81</b>	<b>108.07%</b>

**Alliance Regional Water Authority  
Profit Loss / Budget vs. Actual  
For the One Month and Twelve Months Ended  
September 30, 2022**

	September 2022	October 2021 September 2022	Annual Budget	Over/Under Budget	% of Annual Budget
7325 · Dues	0.00	6,680.00	7,500.00	-820.00	89.07%
7350 · Insurance - Liability, E&O	0.00	3,073.28	7,000.00	-3,926.72	43.9%
7400 · Legal Fees	0.00	87,413.08	115,000.00	-27,586.92	76.01%
7410 · Newspaper Public Notices	0.00	99.99	3,500.00	-3,400.01	2.86%
7425 · Contract Services-Lobbyist	5,000.00	45,000.00	72,000.00	-27,000.00	62.5%
7430 · Agency Mgmt Public Relations	7,976.75	47,158.37	50,000.00	-2,841.63	94.32%
7440 · Region L Contributions	0.00	0.00	2,500.00	-2,500.00	0.0%
7450 · Permit & Fees	0.00	81,899.87	0.00	81,899.87	100.0%
7500 · Supplies	887.13	27,181.53	19,500.00	7,681.53	139.39%
7600 · Telephone, Telecommunications	0.00	1,680.68	3,800.00	-2,119.32	44.23%
7700 · Travel, Conferences & Meetings	97.40	4,966.96	5,000.00	-33.04	99.34%
<b>7800 · Employee Expenses</b>					
7810 · Salaries and wages	38,094.69	336,084.34	389,225.19	-53,140.85	86.35%
7820 · Auto Allowance	1,453.86	12,600.12	12,600.00	0.12	100.0%
7821 · Phone Allowance	311.55	2,700.10	2,700.00	0.10	100.0%
7830 · Payroll taxes	2,997.46	24,509.04	27,760.61	-3,251.57	88.29%
7840 · Employee Insurance	2,434.05	31,203.44	47,637.50	-16,434.06	65.5%
7850 · Retirement	3,348.27	28,220.48	33,267.70	-5,047.22	84.83%
7860 · Licenses & Permits	40.00	151.00	2,700.00	-2,549.00	5.59%
7865 · Mileage Reimbursement	0.00	0.00	3,150.00	-3,150.00	0.0%
7867 · Training	0.00	560.00	0.00	560.00	100.0%
7870 · Employee Expenses, Other	0.00	0.00	6,000.00	-6,000.00	0.0%
<b>Total 7800 · Employee Expenses</b>	<b>48,679.88</b>	<b>436,028.52</b>	<b>525,041.00</b>	<b>-89,012.48</b>	<b>83.05%</b>
<b>Total Expenses</b>	<b>567,839.96</b>	<b>6,806,725.25</b>	<b>6,192,970.00</b>	<b>608,855.25</b>	<b>109.91%</b>
<b>Net Ordinary Income</b>	<b>1,508,360.39</b>	<b>85,030,025.20</b>	<b>9,547,650.00</b>	<b>75,222,584.90</b>	<b>890.59%</b>
Other Income/Expense					
Other Expense					
8550 · Bond Principal					
8550-51 · Bond Principal - CRWA 2015A	0.00	0.00	190,000.00	-190,000.00	0.0%
8550-52 · Bond Principal - Kyle 2015	0.00	0.00	95,000.00	-95,000.00	0.0%
8550-53 · Bond Principal - CRWA 2017A	0.00	0.00	270,000.00	-270,000.00	0.0%
8550-54 · Bond Principal - Kyle 2017B	0.00	0.00	245,000.00	-245,000.00	0.0%
8550-55 · Bond Principal - SM 2017C	0.00	0.00	550,000.00	-550,000.00	0.0%
8550-56 · Bond Principal - Buda 2017D	0.00	0.00	80,000.00	-80,000.00	0.0%
8550-57 · Bond Principal - CRWA 2019A	0.00	0.00	750,000.00	-750,000.00	0.0%
8550-58 · Bond Principal - Kyle 2019B	0.00	0.00	680,000.00	-680,000.00	0.0%
8550-59 · Bond Principal - SM 2019C	0.00	0.00	1,500,000.00	-1,500,000.00	0.0%
8550-60 · Bond Principal - Buda 2019D	0.00	0.00	215,000.00	-215,000.00	0.0%
8550-61 · Bond Principal - CRWA 2020A	0.00	0.00	1,110,000.00	-1,110,000.00	0.0%
8550-62 · Bond Principal - Kyle 2020B	0.00	0.00	1,010,000.00	-1,010,000.00	0.0%
8550-63 · Bond Principal - SM 2020C	0.00	0.00	2,190,000.00	-2,190,000.00	0.0%
8550-64 · Bond Principal - Buda 2020D	0.00	0.00	310,000.00	-310,000.00	0.0%
<b>Total 8550 · Bond Principal</b>	<b>0.00</b>	<b>0.00</b>	<b>9,195,000.00</b>	<b>-9,195,000.00</b>	<b>0.0%</b>
<b>Total Other Expense</b>	<b>0.00</b>	<b>0.00</b>	<b>9,195,000.00</b>	<b>-9,195,000.00</b>	<b>0.0%</b>
<b>Net Other Income</b>	<b>0.00</b>	<b>0.00</b>	<b>-9,195,000.00</b>	<b>9,195,000.00</b>	<b>0.0%</b>
<b>Net Income</b>	<b>1,508,360.39</b>	<b>85,030,025.20</b>	<b>352,650.00</b>	<b>1,155,710.39</b>	<b>24,111.73%</b>

**Alliance Regional Water Authority**  
**Chase VISA Credit Card Transactions**  
**September 30, 2022**

Type	Date	Name	Split	Amount
<b>2006 · Chase Bank VISA Card</b>				
Credit Card Charge	08/25/2022	Business Journals	7500 · Supplies	4.26
Credit Card Charge	08/25/2022	Zoom.US	7500 · Supplies	195.35
Credit Card Charge	08/25/2022	Adobo Acropro	7500 · Supplies	16.99
Credit Card Charge	08/25/2022	Texas Disposal Systems	1440-05 · Phase 1A-Constr...	310.69
Credit Card Charge	08/26/2022	Squarespace Inc	7500 · Supplies	31.39
Credit Card Charge	08/26/2022	Solve Networks	7500 · Supplies	205.00
Credit Card Charge	08/30/2022	USPS	7500 · Supplies	50.00
Credit Card Charge	08/30/2022	Logan's	7700 · Travel, Conferences ...	52.50
Credit Card Charge	08/30/2022	Verizon	7600 · Telephone, Telecom...	126.36
Credit Card Charge	08/30/2022	Home Depot	6201 · O&M, General	16.98
Credit Card Charge	09/01/2022	Stamps Com	7500 · Supplies	18.17
Credit Card Charge	09/02/2022	Pedernales Electric	6201 · O&M, General	570.96
Credit Card Charge	09/04/2022	Mcafee	7500 · Supplies	113.65
Credit Card Charge	09/06/2022	Home Depot	6201 · O&M, General	30.36
Credit Card Charge	09/09/2022	Coopers BBQ	7700 · Travel, Conferences ...	65.18
Credit Card Charge	09/10/2022	Rackspace	7500 · Supplies	265.45
Credit Card Charge	09/14/2022	Willscot Mobile Mini	1440-05 · Phase 1A-Constr...	651.70
Check	09/15/2022	Chase	1005 · Broadway Checking ...	-6,759.38
Credit Card Charge	09/16/2022	Adobo Acropro	7500 · Supplies	16.23
Credit Card Charge	09/16/2022	UPS Store	7500 · Supplies	6.00
Credit Card Charge	09/16/2022	Rackspace	7500 · Supplies	117.48
Credit Card Charge	09/17/2022	Mr. Taco	7700 · Travel, Conferences ...	32.22
Credit Card Charge	09/22/2022	Business Journals	7500 · Supplies	149.24
Credit Card Charge	09/22/2022	Texas Disposal Systems	1440-05 · Phase 1A-Constr...	310.69
Credit Card Charge	09/23/2022	USPS	7500 · Supplies	7.85
Credit Card Charge	09/23/2022	TX Board Engineering Licen...	7860 · Licenses & Permits	40.00
Credit Card Charge	09/23/2022	ARC Lakeside Blueprint	7500 · Supplies	193.06
Total 2006 · Chase Bank VISA Card				-3,161.62
<b>TOTAL</b>				<b>-3,161.62</b>



**REGULAR MEETING**  
**Alliance Regional Water Authority Board of Directors**

**BOARD MEMBER PACKETS**  
Monday, October 31, 2022 at 1:00 PM  
County Line SUD Offices, 8870 Camino Real, Kyle, TX 78640

**D.3** Consider approval of the Quarterly Investment Report for the period ending September 30, 2022. ~ *Graham Moore, P.E., Executive Director*

---

Attachment(s)

- Quarterly Investment Report for period ending September 30, 2022

**Board Decision(s) Needed:**

- Approval of Quarterly Investment Report.

# Alliance Regional Water Authority



## Quarterly Investment Report Ending as of September 30, 2022

Submitted by:

A handwritten signature in blue ink, appearing to read 'G. Moore', is written over a horizontal line.

Graham Moore – Alliance Regional Water Authority Investment Officer

The following reports are submitted in accordance with the Public Funds Investment Act (Chapter 2256) and the Authority's Investment Policy. The report includes an analysis of the cash accounts and investments, an analysis versus the benchmark and rates of returns for the pooled accounts.

**Alliance Regional Water Authority  
Quarterly Investment Report  
June 30, 2022 – September 30, 2022**

**Portfolio Allocation Analysis**

Portfolio as of June 30, 2022

Beginning Book Value   \$203,093,973.56  
Beginning Market Value \$240,434,678.05  
Unrealized Gain / Loss     – 0 –

Portfolio as of June 30, 2022

Ending Book Value         \$176,316,321.35  
Ending Market Value       \$176,361,321.35  
Accrued Interest             \$355,046.43  
Change in Unrealized Gain/Loss   – 0 –

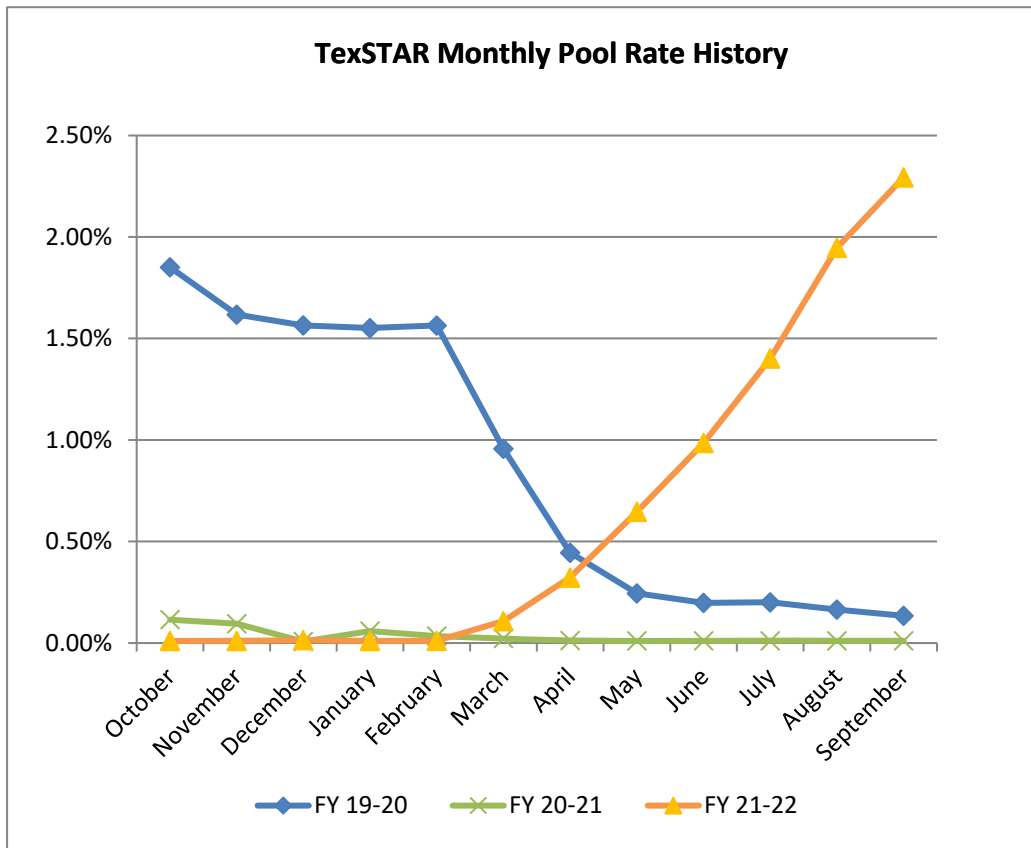
<b>Schedule of Cash Accounts and Investments</b>		
	<b>As of June 30, 2022</b>	<b>As of September 30, 2022</b>
<b>Funds in Investment Pools</b>		
TexSTAR Balance	\$106,224,406.75	\$60,940,168.18
Deposits to TexSTAR in Period	\$10,163,882.32	\$0.00
Accrued Interest	\$191,838.02	\$401,482.08
Percentage of Total Portfolio	52.30%	34.56%
<b>Funds in Checking Accounts</b>		
Broadway Balance	\$75,000.00	\$75,000.00
Deposits to Checking in Period	\$17,981,954.05	\$0.00
Percentage of Total Portfolio	0.0%	0.0%
<b>Funds in Reserve Accounts</b>		
Reserves Balance	\$7,844,488.55	\$1,646,372.10
Deposits to Reserves in Period	\$4,480,370.43	\$5,364,071.87
Percentage of Total Portfolio	2.5%	0.6%
<b>Funds in Savings Accounts</b>		
Broadway Balance	\$2,938,549.61	\$2,108,205.99
Deposits to Savings in Period	\$0.00	\$26,760,865.38
Accrued Interest	\$448.95	\$1,843.85
Percentage of Total Portfolio	1.4%	1.2%

<b>Funds in Escrow Accounts</b>		
BoKF - 2015A (CRWA)	\$335,253.46	\$336,323.96
BoKF - 2015B (Kyle)	\$222,070.03	\$222,779.12
BoKF - 2019A (CRWA)	\$1,781,477.92	\$1,787,166.36
BoKF - 2019B (Kyle)	\$1,624,611.67	\$1,629,799.22
BoKF - 2019C (San Marcos)	\$2,068,236.37	\$2,074,840.47
BoKF - 2019D (Buda)	\$292,696.67	\$293,631.28
BoKF - 2020A (CRWA)	\$32,417,327.04	\$32,520,839.03
BoKF - 2020B (Kyle)	\$29,556,366.79	\$29,650,743.43
BoKF - 2020C (San Marcos)	\$12,483,362.29	\$37,783,625.45
BoKF - 2020D (Buda)	\$5,230,126.41	\$5,246,826.76
Deposits to Escrow in Period	\$0.00	\$0.00
Accrued Interest	\$51,458.53	\$355,046.43
Percentage of Total Portfolio	42.4%	63.3%
<b>Total Investments &amp; Cash Accounts</b>	<b>\$203,093,973.56</b>	<b>\$ 176,316,321.35</b>

<b>Benchmark Analysis</b>	
Benchmark (US Treasury – Daily Bill Rates: 4 weeks)	2.177%
TexSTAR Average Monthly Rate	1.881%
Average Weighted Maturity	25.7 Days

## Schedule of TexSTAR Monthly Rate History October 1, 2018 – September 30, 2022

<u>Month</u>	<u>Average Monthly Rate (FY 18-19)</u>	<u>Average Monthly Rate (FY 19-20)</u>	<u>Average Monthly Rate (FY 20-21)</u>	<u>Average Monthly Rate (FY 21-22)</u>	<u>Average Rate Variance</u>
<b>October</b>	2.16%	1.85%	0.12%	0.01%	-0.11%
<b>November</b>	2.22%	1.62%	0.09%	0.01%	-0.08%
<b>December</b>	2.31%	1.56%	0.01%	0.01%	0.01%
<b>January</b>	2.39%	1.55%	0.06%	0.01%	-0.05%
<b>February</b>	2.40%	1.56%	0.03%	0.01%	-0.02%
<b>March</b>	2.41%	0.96%	0.02%	0.11%	0.09%
<b>April</b>	2.42%	0.44%	0.01%	0.32%	0.31%
<b>May</b>	2.40%	0.24%	0.01%	0.65%	0.64%
<b>June</b>	2.38%	0.20%	0.01%	0.99%	0.98%
<b>July</b>	2.39%	0.20%	0.01%	1.40%	1.39%
<b>August</b>	2.13%	0.16%	0.01%	1.95%	1.94%
<b>September</b>	2.11%	0.13%	0.01%	2.29%	2.28%



**REGULAR MEETING**  
**Alliance Regional Water Authority Board of Directors**

**BOARD MEMBER PACKETS**  
Monday, October 31, 2022 at 1:00 PM  
County Line SUD Offices, 8870 Camino Real, Kyle, TX 78640

**F.1** Report on Technical Committee activities. ~ *Graham Moore, P.E., Executive Director*

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Background/Information

The following items were discussed by the Committee at its 10/12 meeting:

- Committee elected Blake Neffendorf to serve as Chair.
- Received a construction update on the Phase 1B projects (Item H.6).
- Received an update on the Phase 1B program (Item H.9).
- Received a brief update on the status of the Corrosion Report process and submittals to TCEQ.
- Received a presentation showing the Authority's GIS website and the information being gathered during construction.
- Discussed the updated water projections from the Authority's sponsors. Staff will come back with a more detailed update after having further compiled the data.
- Received an update on SWIFT funding.
- Received an update on area water meetings (Item F.2).

**Board Decision(s) Needed:**

- None.

**REGULAR MEETING**  
**Alliance Regional Water Authority Board of Directors**

**BOARD MEMBER PACKETS**

Monday, October 31, 2022 at 1:00 PM  
County Line SUD Offices, 8870 Camino Real, Kyle, TX 78640

- F.2** Update on status of groundwater management in project target area, and Gonzales County Underground Water Conservation District, Plum Creek Conservation District, Groundwater Management Area 13, Region L Planning Group, Guadalupe-Blanco River Authority, Hays County and Capital Area Planning Group activities.
- 

Gonzales County Underground Water Conservation District (GCUWCD)

The GCUWCD met on October 11th. The District renewed the Authority's production permit. In addition, the District continued a public hearing on GBRA's request to add 9,000 acre-feet per year of Carrizo water to it's permit. The District is likely to appoint a hearings examiner at the District's November meeting to determine who should have party status in a contested case hearing.

Plum Creek Conservation District (PCCD)

The PCCD met on October 18<sup>th</sup> – no items directly affecting the Authority were on the agenda. Staff continues to discuss the monitoring well parameters with the PCCD.

Groundwater Management Area 13

No update.

Region L Planning Group

Region L will meet on November 3rd.

Guadalupe-Blanco River Authority; Hays County Activities; CAPCOG Activities

No update.

**Board Decision(s) Needed:**

- None.

**REGULAR MEETING**  
**Alliance Regional Water Authority Board of Directors**

**BOARD MEMBER PACKETS**

Monday, October 31, 2022 at 1:00 PM  
County Line SUD Offices, 8870 Camino Real, Kyle, TX 78640

- G. EXECUTIVE DIRECTOR AND LEGAL COUNSEL REPORTS** - Update on future meeting dates, locations, status of Authority procurements, Executive Director activities, other operational activities and the status of legal issues, where no action is required. ~ *Graham Moore, P.E., Executive Director / Mike Gershon, Lloyd Gosselink Rochelle & Townsend, P.C.*

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**EXECUTIVE DIRECTOR**

- A reminder that the November meeting will be held on Wednesday, November 16<sup>th</sup> – it will be held in person at the Buda City Hall.
- On October 25<sup>th</sup> the Authority hosted a tour of the current construction of the infrastructure. A total of 24 attendees were able to visit the sites. The following page provides a map of the key areas that were visited during the tour.



# 1B Site Tour – October 2022



**REGULAR MEETING**  
**Alliance Regional Water Authority Board of Directors**

**BOARD MEMBER PACKETS**

Monday, October 31, 2022 at 1:00 PM  
 County Line SUD Offices, 8870 Camino Real, Kyle, TX 78640

**H.1** Consideration and action with respect to Resolution 2022-10-31-001 by the Board of Directors of the Alliance Regional Water Authority Authorizing the Issuance of Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – Canyon Regional Water Authority), Series 2022A; and Resolving Other Matters Incident and Relating to the Issuance, Payment, Security, Sale and Delivery of Such Bonds. ~ *Carol Polumbo, McCall, Parkhurst & Horton, LLP*

Background/Information

The final step in the SWIFT process is for the Authority to approve a resolution authorizing the issuance of the contract revenue bonds and related matters. The TWDB sold their bonds in early October and therefore the rates have been established. The table below shows the rates compared to the previous issuances and to the budgeted rate for 2022.

<b>SWIFT - Net Interest Cost</b>						
<i>Maturity Schedule</i>	<i>2015</i>	<i>2017</i>	<i>2019</i>	<i>2020</i>	<i>2022 - Budgeted</i>	<i>2022 - FINAL</i>
30-year	2.88%	2.76%	2.37%	2.03%	3.57%	3.95%

The Canyon Regional Water Authority Board of Directors unanimously approved a resolution approving the bond resolution on October 18<sup>th</sup>. The County Line SUD approved the resolution at their October 17<sup>th</sup> meeting, with Green Valley SUD and Crystal Clear SUD each approving the resolution at their meetings held on October 27<sup>th</sup>.

The closing date for the Authority is set for November 15<sup>th</sup> or 16<sup>th</sup>. Representatives with the Authority’s bond counsel, McCall, Parkhurst and Horton and the Authority’s financial advisor, Specialized Public Finance will attend the Board meeting and will address any legal or financial questions pertaining to the issuance.

Attachment(s)

- Resolution 2022-10-31-001 – Authorizing the Issuance of Series 2022A Contract Revenue Bonds.
- 2022A Debt Service Schedule – CRWA
- Escrow Agreement
- Paying Agent/Registrar Agreement

**REGULAR MEETING**  
**Alliance Regional Water Authority Board of Directors**

**BOARD MEMBER PACKETS**  
Monday, October 31, 2022 at 1:00 PM  
County Line SUD Offices, 8870 Camino Real, Kyle, TX 78640

**Board Decision(s) Needed:**

- Adoption of Resolution 2022-10-31-001 authorizing the issuance of contract revenue bonds Series 2022A and all related matters, as presented.



**RESOLUTION NO. 2022-10-31-001**

**A RESOLUTION BY THE BOARD OF DIRECTORS OF THE ALLIANCE REGIONAL WATER AUTHORITY AUTHORIZING THE ISSUANCE OF ALLIANCE REGIONAL WATER AUTHORITY CONTRACT REVENUE BONDS (REGIONAL WATER SUPPLY CONTRACT PROJECT – CANYON REGIONAL WATER AUTHORITY), SERIES 2022A; AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE AND DELIVERY OF SUCH BONDS**

**ADOPTED OCTOBER 31, 2022**

**RESOLUTION NO. 2022-10-31-001**

**A RESOLUTION BY THE BOARD OF DIRECTORS OF THE ALLIANCE REGIONAL WATER AUTHORITY AUTHORIZING THE ISSUANCE OF ALLIANCE REGIONAL WATER AUTHORITY CONTRACT REVENUE BONDS (REGIONAL WATER SUPPLY CONTRACT PROJECT – CANYON REGIONAL WATER AUTHORITY), SERIES 2022A; AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE, AND DELIVERY OF SUCH BONDS**

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**RESOLUTION NO. 2022-10-31-001**

**A RESOLUTION BY THE BOARD OF DIRECTORS OF THE ALLIANCE REGIONAL WATER AUTHORITY AUTHORIZING THE ISSUANCE OF ALLIANCE REGIONAL WATER AUTHORITY CONTRACT REVENUE BONDS (REGIONAL WATER SUPPLY CONTRACT PROJECT – CANYON REGIONAL WATER AUTHORITY), SERIES 2022A; AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE, AND DELIVERY OF SUCH BONDS**

**WHEREAS**, pursuant to Chapter 572, as amended, Texas Local Government Code, the Hays Caldwell Public Utility Agency (the "Agency") as a constituted authority and instrumentality and political subdivision of the State of Texas (the "State"), was created by the Cities of Buda ("Buda"), Kyle ("Kyle") and San Marcos, Texas ("San Marcos"), each Texas home rule municipalities, and the Canyon Regional Water Authority ("Canyon Regional"), a conservation and reclamation district and political subdivision of the State created and existing pursuant to Article XVI, Section 59 of the Texas Constitution and Chapter 670, Acts of the 71<sup>st</sup> Legislature, Regular Session, 1989, as amended (collectively, the "Sponsors" or singularly, a "Sponsor"); and

**WHEREAS**, the Agency and the Sponsors have entered into a "Regional Water Supply Contract" dated as of January 9, 2008, as amended by Amendment No. 1 and as may be further amended (collectively, the "Contract") pursuant to which the Agency has agreed to design, finance, construct, own, acquire, maintain and operate a water supply project in a manner that will allow the Agency to deliver water to the Sponsors on a regional basis and under which each of the Sponsors agree to pay their share of the project costs and to make payments to or on behalf of the Agency in amounts sufficient to meet all of the Agency's obligations under the Contract including those relating to a Sponsor's bonds issued to finance and refinance a Sponsor's share of the Project Costs and to own, operate and maintain the Project; and

**WHEREAS**, at the request of Canyon Regional and Kyle, the Agency issued two series of bonds on November 19, 2015 for such Sponsors share of the Phase 1A Project entitled: \$3,960,000 Hays Caldwell Public Utility Agency Contract Revenue Bonds (Regional Water Supply Contract Project – Canyon Regional Water Authority), Series 2015A and \$3,530,000 Hays Caldwell Public Utility Agency Contract Revenue Bonds (Regional Water Supply Contract Project – City of Kyle, Texas), Series 2019A (collectively, the "Outstanding Bonds"); and

**WHEREAS**, on June 15, 2017, by special act of the 85<sup>th</sup> Legislature, SB 1198, codified as Chapter 11010, Special District Local Laws Code (the "Act"), the Agency was converted to the Alliance Regional Water Authority (the "Authority"), a conservation and reclamation district to accomplish the purposes set forth in the Act and of Article XVI, Section 59, Texas Constitution; and

**WHEREAS**, by operation of the law pursuant to the Act, the Authority assumed all assets, liabilities, bonds, notes and other obligations of the Agency including all obligations pursuant to the Outstanding Bonds and the Contract; and



**WHEREAS**, at the request of the Sponsors the Authority issued twelve series of bonds, one for each of the Sponsors' share of the Project Costs, to wit: \$9,865,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – Canyon Regional Water Authority), Series 2017A, \$8,995,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – City of Kyle, Texas), Series 2017B, \$11,450,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of San Marcos, Texas), Series 2017C, \$1,625,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – City of Buda, Texas), Series 2017D, \$26,530,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – Canyon Regional Water Authority), Series 2019A, \$24,200,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – City of Kyle, Texas), Series 2019B, \$30,800,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of San Marcos, Texas), Series 2019C and \$4,370,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – City of Buda, Texas), Series 2019D, \$37,865,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – Canyon Regional Water Authority), Series 2020A, \$34,530,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – City of Kyle, Texas), Series 2020B, \$43,955,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of San Marcos, Texas), Series 2020C and \$6,225,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – City of Buda, Texas), Series 2020D; and

**WHEREAS**, pursuant to the Act, the Authority is empowered to, among other powers, acquire, own, construct, operate, repair, improve, maintain or extend inside or outside its boundaries water improvements, facilities, plants, pipelines, equipment and appliances for the treatment and transportation of water and to deliver this water to the Sponsors; and

**WHEREAS**, the Act also authorizes the Authority acting through its Board of Directors (the "Board") to issue revenue bonds to finance such water projects, payable solely from the revenues derived from payments to be made to the Authority by one or more of the respective Sponsors for which a series of bonds are issued for the purpose of defraying such Sponsor's share of the cost of financing, acquiring, and constructing water supply facilities including the Phase 1B Improvements Water Supply Project (as hereinafter defined); and

**WHEREAS**, the Authority expects to issue four additional series of such revenue bonds in 2022 for Canyon Regional, Kyle, San Marcos and Buda, respectively, to finance their additional share of the Phase 1B Improvements Water Supply Project costs, with each series payable from and secured solely by payments made by Canyon Regional, Kyle, San Marcos and Buda, respectively, under the Contract; and

**WHEREAS**, Canyon Regional has requested that the Authority issue a separate series of revenue bonds in the aggregate principal amount of \$14,830,000 pursuant to the Contract to finance their share of the Phase 1B Improvements Water Supply Project Costs (the "Bonds"); and

**WHEREAS**, this Resolution constitutes a Bond Resolution as that term is defined in the Contract; and

**WHEREAS**, the principal of the Bonds and the interest thereon are and shall be solely payable from and secured by a lien on and pledge of the portion of the Annual Payments designated as "Bond Payments" to be made by Canyon Regional pursuant to the Contract in amounts sufficient to pay and redeem, and provide for the payment of the principal of, premium, if any, and interest on the Bonds, when due, and the fees and expenses of the Paying Agent/Registrar and Escrow Agent for the Bonds, all as required by this Resolution.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ALLIANCE REGIONAL WATER AUTHORITY THAT:**

**Section 1. DEFINITIONS.** In addition to the definitions set forth in the preamble of this Resolution, the terms used in this Resolution (except as may be otherwise indicated in the FORM OF BOND) and not otherwise defined herein shall have the meanings given in Exhibit "A" to this Resolution attached hereto and made a part hereof.

**Section 2. AMOUNT, PURPOSE AND DESIGNATION OF THE BONDS.** (a) *Amount and Designation.* The Authority's Bonds issued pursuant to this Resolution shall be entitled "ALLIANCE REGIONAL WATER AUTHORITY CONTRACT REVENUE BONDS (Regional Water Supply Contract Project – Canyon Regional Water Authority), Series 2022A" and are hereby authorized to be issued in the aggregate principal amount of \$14,830,000.

(b) *Purpose.* The Bonds are to be issued for the following purposes: (i) FOR DESIGNING, CONSTRUCTING, ACQUIRING, IMPROVING AND/OR EXPANDING THE PROJECT INCLUDING BUT NOT LIMITED TO THE PAYMENT OF PROJECT COSTS FOR THE PHASE 1B IMPROVEMENTS WATER SUPPLY PROJECT AND (ii) PAYING THE COSTS OF ISSUANCE OF THE BONDS.

**Section 3. DATE, DENOMINATIONS, NUMBERS, MATURITIES AND TERMS OF BONDS.** (a) *Terms of Bonds.* The Bonds shall initially be issued, sold, and delivered hereunder as fully registered bonds, without interest coupons, numbered consecutively from R-1 upward (except the initial Bond delivered to the Attorney General of the State which shall be numbered T-1), dated the date of delivery, payable to the respective initial Registered Owners thereof in an Authorized Denomination, serially on August 15, in the years and in the principal amounts set forth below:

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<u>YEAR OF STATED MATURITY</u>	<u>PRINCIPAL AMOUNTS (\$)</u>	<u>YEAR OF STATED MATURITY</u>	<u>PRINCIPAL AMOUNTS (\$)</u>
2024	\$340,000	2039	\$495,000
2025	345,000	2040	515,000
2026	350,000	2041	530,000
2027	360,000	2042	550,000
2028	370,000	2043	570,000
2029	375,000	2044	590,000
2030	385,000	2045	615,000
2031	395,000	2046	635,000
2032	405,000	2047	660,000
2033	410,000	2048	685,000
2034	425,000	2049	710,000
2035	435,000	2050	735,000
2036	450,000	2051	760,000
2037	465,000	2052	790,000
2038	480,000		

(b) *In General.* The Bonds (i) may and shall be redeemed prior to the respective scheduled maturity dates, (ii) may be assigned and transferred, (iii) may be exchanged for other Bonds, (iv) shall have the characteristics, (v) shall be signed, and the principal of and interest on the Bonds shall be payable, all as provided, and in the manner required or indicated, in the FORM OF BOND set forth in Exhibit "B" to this Resolution.

**Section 4. INTEREST.** The Bonds shall bear interest, calculated on the basis of a 360-day year composed of twelve 30-day months, from their date of delivery at the rates set forth below:

<u>YEAR OF STATED MATURITY</u>	<u>INTEREST RATES (%)</u>	<u>YEAR OF STATED MATURITY</u>	<u>INTEREST RATES (%)</u>
2024	2.780%	2039	4.000%
2025	2.820	2040	4.040
2026	2.850	2041	4.080
2027	2.890	2042	4.130
2028	2.920	2043	4.080
2029	2.950	2044	4.080
2030	3.010	2045	4.080
2031	3.070	2046	4.080
2032	3.110	2047	4.080
2033	3.270	2048	4.170
2034	3.450	2049	4.170
2035	3.550	2050	4.170
2036	3.870	2051	4.170
2037	3.910	2052	4.170
2038	3.950		

Interest shall be payable to the Registered Owner of any such Bond in the manner provided and, on the dates, stated in the FORM OF BOND set forth in Exhibit "B" to this Resolution.

**Section 5. REGISTRATION, TRANSFER, AND EXCHANGE; AUTHENTICATION.** (a) ***Paying Agent/Registrar.*** BOKF, NA (the "Paying Agent/Registrar") is hereby appointed the Paying Agent/Registrar for the Bonds. The Authority Representative is authorized to enter into and carry out a Paying Agent/Registrar Agreement with the Paying Agent/Registrar with respect to the Bonds in substantially the form and substance presented to the Board in connection with the approval of this Resolution with such changes as are acceptable to the Authority Representative.

(b) ***Registration Books.*** The Board shall keep or cause to be kept at a designated corporate trust office of the Paying Agent/Registrar in Dallas, Texas (the "Designated Trust Office") the Registration Books and the Board hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, exchanges, and replacements under such reasonable regulations as the Board and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, exchanges, and replacements as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the Registered Owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each Registered Owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Board shall have the right to inspect the Registration Books at the Designated Trust Office of the Paying Agent/Registrar during regular business hours, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. A copy of the Registration Books shall be maintained in the State.

(c) ***Ownership of Bonds.*** The entity or person in whose name any Bond shall be registered in the Registration Books at any time shall be deemed and treated as the absolute owner thereof for all purposes of this Resolution, whether or not such Bond shall be overdue, and, to the extent permitted by law, the Board and the Paying Agent/Registrar shall not be affected by any notice to the contrary; and payment of, or on account of, the principal of, premium, if any, and interest on any such Bond shall be made only to such Registered Owner. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(d) ***Payment of Bonds and Interest.*** The Paying Agent/Registrar shall further act as the paying agent for paying the principal of, premium, if any, and interest on the Bonds, all as provided in this Resolution. The Paying Agent/ Registrar shall keep proper records of all payments made by the Board and the Paying Agent/Registrar with respect to the Bonds. So long as the Texas Water Development Board (the "Purchaser") owns the Bonds, the Paying Agent/Registrar shall provide a copy to the Purchaser and its designated trustee of all receipts documenting debt service payments.

(e) **Authentication.** The Bonds initially issued and delivered pursuant to this Resolution shall be authenticated by the Paying Agent/Registrar by execution of the Paying Agent/Registrar's Authentication Certificate unless they have been approved by the Attorney General of the State and registered by the Comptroller of Public Accounts of the State, and on each substitute Bond issued in exchange for any Bond or Bonds issued under this Resolution the Paying Agent/Registrar shall execute the Paying Agent/Registrar's Authentication Certificate (the "Authentication Certificate"). The Authentication Certificate shall be in the form set forth in the FORM OF BOND in Exhibit "B" attached hereto.

(f) **Transfer, Exchange, or Replacement.** Each Bond issued and delivered pursuant to this Resolution, to the extent of the unpaid or unredeemed principal amount thereof, may, upon surrender of such Bond at the Designated Trust Office of the Paying Agent/Registrar, together with a written request therefor duly executed by the Registered Owner or the assignee or assignees thereof, or its or their duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the Paying Agent/Registrar, may, at the option of the Registered Owner or such assignee or assignees, as appropriate, be exchanged for fully registered Bonds, without interest coupons, in the appropriate form prescribed in the FORM OF BOND set forth in Exhibit "B" to this Resolution, in any Authorized Denomination (subject to the requirement hereinafter stated that each substitute Bond shall be of the same Series and have a single stated maturity date), as requested in writing by such Registered Owner or such assignee or assignees, in an aggregate principal amount equal to the unpaid or unredeemed principal amount of any Bond or Bonds so surrendered, and payable to the appropriate Registered Owner, assignee, or assignees, as the case may be. If a portion of any Bond shall be redeemed prior to its scheduled maturity as provided herein, a substitute Bond or Bonds having the same Series designation and maturity date, bearing interest at the same rate, and payable in the same manner, in Authorized Denominations at the request of the Registered Owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Registered Owner upon surrender thereof for cancellation. If any Bond or portion thereof is assigned and transferred, each Bond issued in exchange therefor shall have the same Series designation and maturity date and bear interest at the same rate and payable in the same manner as the Bond for which it is being exchanged. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond. The Paying Agent/Registrar shall exchange or replace Bonds as provided herein, and each fully registered Bond delivered in exchange for or replacement of any Bond or portion thereof as permitted or required by any provision of this Resolution shall constitute one of the Bonds for all purposes of this Resolution and may again be exchanged or replaced. On each substitute Bond issued in exchange for or replacement of any Bond or Bonds issued under this Resolution there shall be printed an Authentication Certificate, in the form set forth in Exhibit "B" to this Resolution. An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign the Authentication Certificate, and, except as provided in (e) above, no such Bond shall be deemed to be issued or outstanding unless the Authentication Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all Bonds surrendered for transfer, exchange, or replacement. No additional orders or resolutions need be passed or adopted by the Board or any other body or person so as to accomplish the foregoing transfer, exchange, or replacement of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein, and said Bonds shall be in typed or printed form as determined by

the Authority Representative. Pursuant to Subtitle D, Texas Government Code and particularly Section 1201.063, thereof, the duty of transfer, exchange, or replacement of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of the Authentication Certificate, the exchanged or replaced Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds which were originally issued pursuant to this Resolution. The Board shall pay the Paying Agent/Registrar's standard or customary fees and charges, if any, for transferring, and exchanging any Bond or any portion thereof, but the one requesting any such transfer and exchange shall pay any taxes or governmental charges required to be paid with respect thereto as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, exchange, or replacement of Bonds or any portion thereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following interest payment date, or (ii) with respect to any Bond or portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date. To the extent possible, any new Bond issued in an exchange, replacement, or transfer of a Bond will be delivered to the Registered Owner or assignee of the Registered Owner not more than three business days after the receipt of the Bonds to be canceled and the written request as described above.

(g) ***Substitute Paying Agent/Registrar.*** The Board covenants with the Registered Owners of the Bonds that at all times while the Bonds are outstanding the Board will provide a competent and legally qualified bank, trust company, financial institution, or other Authority to act as and perform the services of Paying Agent/Registrar for the Bonds under this Resolution, and that the Paying Agent/Registrar will be one entity. The Board reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than ninety (90) days written notice to the Paying Agent/Registrar, to be effective not later than sixty (60) days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Board covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other Authority to act as Paying Agent/Registrar under this Resolution. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the Board. Upon any change in the Paying Agent/Registrar, the Board promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each Registered Owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Resolution, and a certified copy of this Resolution shall be delivered to each Paying Agent/Registrar.

(h) ***Notice of Redemption.*** Each notice of redemption required in the FORM OF BOND shall contain a description of the Bonds to be redeemed including the complete name of the Bonds, the Series, the date of issue, the interest rate or rates, the maturity date, the CUSIP number, a reference to the certificate numbers and the amounts called of each certificate, the publication and mailing date for the notice, the date of redemption, the redemption price, the

name of the Paying Agent/Registrar and the address at which the Bonds may be redeemed, including a contact person and telephone number. All redemption payments made by the Paying Agent/Registrar to the registered owners of the Bonds shall include a CUSIP number relating to each amount paid to such Registered Owner.

(i) ***Book-Entry-Only System.*** The Bonds issued in exchange for the Bonds initially issued as provided in Section 5(l) 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 (f) hereof, all of the Outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Authority and the Paying Agent/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 Authority and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC participant or any other person, other than a Registered Owner, as shown on the Registration Books, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any person, other than a Registered Owner, as shown on the Registration Books of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Resolution to the contrary, but to the extent permitted by law, the Authority and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Registration Books as the absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest, with respect to such Bond, for the purposes of registering transfers with respect to such Bonds, and for all other purposes of registering transfers with respect to such Bonds, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Registered Owners, as shown in the Registration Books as provided in this Resolution, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to payment of principal of, premium, if any, 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 Authority to make payments of principal, premium, if any, and interest pursuant to this Resolution. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Resolution with respect to interest checks being mailed to the registered owner at the close of business on the Record Date the word "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

(j) ***Successor Securities Depository; Transfer Outside Book-Entry-Only System.*** In the event the Purchaser no longer owns the Bonds or the Purchaser consents to such action, the

Authority may determine 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 Authority 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 Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names the Registered Owner transferring or exchanging Bonds shall designate, in accordance with the provisions of this Resolution.

(k) **Payments to Cede & Co.** Notwithstanding any other provision of this Resolution to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Blanket Representation of the Authority to DTC.

(l) **Initial Bond.** The Bonds herein authorized shall be initially issued as fully registered bonds, being one bond for each maturity in the denomination of the applicable principal amount and the initial Bond shall be registered in the name of the Registered Owner. The initial Bond shall be the Bond submitted to the Office of the Attorney General of the State for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State and delivered to the Registered Owner. Immediately after the delivery of the initial Bond, the Paying Agent/Registrar shall cancel the initial Bond delivered hereunder and exchange therefor Bonds 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 Section 5(j), all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

**Section 6. FORM OF BOND.** The form of the Bond, including the form of the Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State, with respect to the Bonds initially issued and delivered pursuant to this Resolution, shall be, respectively, substantially as set forth in Exhibit "B", with such appropriate variations, omissions, or insertions as are permitted or required by this Resolution.

**Section 7. PLEDGE OF BOND PAYMENTS.** (a) **Pledge.** The Authority hereby covenants and agrees that the Bond Payments are hereby irrevocably pledged to the payment and security of the Bonds Similarly Secured including the establishment and maintenance of the special funds or accounts created and established on the books and records of the Authority for the payment and security thereof, all as hereinafter provided; and it is hereby resolved that the Bonds Similarly Secured, and the interest thereon, shall constitute a lien on and pledge of the Bond Payments and be valid and binding without any physical delivery thereof or further act by the Authority, and the lien created hereby on the Bond Payments for the payment and security of



the Bonds Similarly Secured shall be prior in right and claim as to any other indebtedness, liability, or obligation of the Authority or the Project payable pursuant to the terms of the Contract. The Authority shall deposit the Bond Payments, as collected and received, into the Debt Service Fund (hereinafter defined), to be utilized pursuant to Section 9 hereof to pay the Bonds.

(b) **Perfection of Pledge.** Chapter 1208, as amended, Texas Government Code, applies to the issuance of the Bonds Similarly Secured and the lien on and pledge of Bond Payments granted by the Authority under subsection (a) of this Section, and such pledge is therefore valid, effective, and perfected. If State law is amended at any time while the Bonds Similarly Secured are outstanding and unpaid such that the pledge of the Bond Payments granted by the Authority 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 Bonds Similarly Secured the perfection of the security interest in this pledge, the Board agrees to take such measures as it determines are reasonable and necessary under State law to comply with the applicable provisions of Chapter 9, as amended, Texas Business & Commerce Code and enable a filing to perfect the security interest in this pledge to occur.

**Section 8. RATES AND CHARGES.** For the benefit of the Registered Owners of the Bonds Similarly Secured and in addition to all provisions and covenants in the laws of the State and in this Resolution, the Contract between the Authority and Canyon Regional expressly stipulates and agrees, while any of the Bonds Similarly Secured are Outstanding, Canyon Regional will fix and collect such rates and charges for services to be supplied by Canyon Regional's respective systems that will produce gross revenues at all times during the term of the Contract in an amount equal to pay all of the expenses of operation and maintenance of the respective systems including Annual Payments and Bond Payments under the Contract and all other amounts required by the laws and the provisions of the ordinances or resolutions authorizing Canyon Regional's Outstanding System Obligations now or hereafter outstanding payable, in whole or in part, from the net revenues of the Canyon Regional's Systems, including the amounts required to pay all principal of and interest on Canyon Regional's outstanding System bonds and other obligations. The Authority hereby expressly stipulates and agrees that it will take all appropriate action to charge rates sufficient and enforce such terms of the Contract while any Bonds Similarly Secured are Outstanding.

The Registered Owner shall never have the right to demand payment for the Bonds out of any funds raised or to be raised from taxation by Canyon Regional, other Participating Entities, the Sponsors or the Authority.

**Section 9. DEBT SERVICE FUND AND PROJECT FUND.** (a) **Debt Service Fund.** For purposes of providing funds to pay the principal of and interest on the Bonds Similarly Secured as the same become due and payable, the Authority agrees to maintain, at a Depository, a separate and special fund or account previously created and known as the "Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – Canyon Regional Water Authority), Debt Service Fund" (the "Debt Service Fund"). The Authority covenants that there shall be deposited into the Debt Service Fund prior to each principal and interest payment date solely from the available Bond Payments an amount equal to one hundred

per cent (100%) of the amount required to fully pay the interest on and the principal of the Bonds Similarly Secured then falling due and payable.

Any accrued interest received from the Purchaser of the Bonds shall be deposited into the subaccount of the Debt Service Fund. In addition, any surplus proceeds from the sale of the Bonds, including investment income therefrom, not expended for authorized purposes shall be deposited into the Debt Service Fund, and such amounts (i.e., accrued and investment interest) so deposited shall reduce the sum otherwise required to be deposited in the Debt Service Fund from Bond Payments.

(b) **Project Fund.** The Authority hereby creates and establishes and shall maintain on the books and records of the Authority a separate fund or account to be entitled the "Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – Canyon Regional Water Authority), Project Fund" for use by the Authority for payment of Canyon Regional's share of the Project Costs. The Authority shall deposit the net proceeds from the sale of the Bonds into the Project Fund as provided in this Resolution. Funds in the Project Fund shall be requisitioned for payment of Canyon Regional's share of Project Costs in accordance with a requisition in substantially the form set forth in Exhibit "C" attached hereto with such changes as approved by the Authority Representative. Upon payment of all Project Costs, any moneys remaining on deposit in the Project Fund shall be transferred to the Debt Service Fund.

In the event the Project is not completed for any reason contemplated in the Contract or otherwise or any proceeds from the Bonds are not used for completion of the Project for any reason, any Bond proceeds and earnings therein not used for completion of the Project shall be utilized to pay principal and/or interest on the Bonds so as to reduce the Bond Payment as set forth below.

Any surplus proceeds, including the investment earnings derived from the investment of monies on deposit in the Project Fund, from the Bonds remaining on deposit in the Project Fund after completing the Project and upon the completion of the final accounting as described in Section 37(c) hereof, shall be transferred to the Debt Service Fund to redeem, in inverse order of maturity, the Bonds owned by Purchaser, unless the Executive Administrator of Purchaser approves the use of such surplus proceeds to pay eligible Project Costs by funding projects that are a part of the State Water Plan.

**Section 10. DEFICIENCIES - EXCESS BOND PAYMENTS.** (a) **Deficiencies.** If on any occasion there shall not be sufficient Bond Payments to make the required deposits into the Debt Service Fund, then such deficiency shall be cured as soon as possible from the next available unallocated Bond Payments and such payments shall be in addition to the amounts required to be paid into these Funds or accounts during such month or months.

(b) **Excess Bond Payments** Subject to making the required deposits to the Debt Service Fund when and as required by this Resolution or any resolution authorizing the issuance of Additional Bonds, any excess Bond Payments may be used by the Authority for any lawful purpose including, but not limited to, the redemption of any Bonds Similarly Secured.

**Section 11. PAYMENT OF BONDS.** While any of the Bonds Similarly Secured are Outstanding, the Executive Director of the Authority or other authorized Authority official, shall cause to be transferred to the Paying Agent/Registrar therefor, from funds on deposit in the Debt Service Fund, amounts sufficient to fully pay and discharge promptly each installment of interest on and principal of the Bonds Similarly Secured as such installment accrues or matures; such transfer of funds must be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar for the Bonds at the close of the Business Day next preceding the date a debt service payment is due on the Bonds Similarly Secured.

**Section 12. INVESTMENTS.** Funds held in any fund or account created, established, or maintained pursuant to this Resolution shall, at the option of the Authority, be invested in time deposits, certificates of deposit, guaranteed investment contracts, or similar contracting arrangements and/or as permitted by the provisions of the Public Funds Investment Act, as amended, Chapter 2256, Texas Government Code, or any other law, and secured (to the extent not insured by the Federal Deposit Insurance Corporation) to the fullest extent required by the Public Funds Collateral Act, as amended, Chapter 2257, Texas Government Code. All interest and income derived from deposits and investments in any fund shall immediately be credited to, and any losses debited from, the fund from which such funds were derived. All such investments shall be sold promptly when necessary to prevent any default in connection with the Bonds.

**Section 13. ISSUANCE OF ADDITIONAL BONDS.** In addition to the right to issue bonds of inferior lien as authorized by the laws of this State, the Authority reserves the right hereafter to issue Additional Bonds. The Additional Bonds, when issued, shall be payable from and secured by a lien on and pledge of the Bond Payments in the same manner and to the same extent as the Bonds and the Bonds Similarly Secured, and shall in all respects be of equal dignity. The Additional Bonds may be issued in one or more Series provided, however, that no Additional Bonds, shall be issued unless and until the following conditions have been met:

(i) Except for a refunding to cure a default, the Authority is not then in default as to any covenant, condition or obligation prescribed in the resolutions authorizing the issuance of the Bonds Similarly Secured or the Contract (including any amendment or supplement thereto) and the funds under the resolution authorizing the same contains the amounts then required to be therein;

(ii) Canyon Regional shall have approved the resolution(s) authorizing the issuance of the Additional Bonds as to form and content and acknowledged that the payment of principal of and interest on such Additional Bonds is payable, in whole or in part, from the Bond Payments to be made to the Authority under and pursuant to the Contract;

(iii) The resolution authorizing the issuance of the Additional Bonds provides for deposits to be made to the Debt Service Fund in amounts sufficient to pay the principal of and interest on such Additional Bonds as the same become due; and

(iv) Canyon Regional confirms (and counsel to the Authority opines) that the Contract is a legal, valid and binding contract then in effect pursuant to which Canyon Regional is obligated to make payments to the Authority during each fiscal year (including periods when

services of the Project may not be available to such contracting parties and others) in such amounts as shall be necessary to provide to the Authority sufficient funds to pay when due all principal and interest on all Bonds and Additional Bonds to be outstanding after the issuance of the proposed Additional Bonds.

The Bonds Similarly Secured may be refunded (pursuant to any law then available) upon such terms and conditions as the Board of the Authority may deem to be in the best interest of the Authority.

**Section 14. SPECIAL PROJECT BONDS.** The Authority further reserves the right to issue bonds in one or more installments for the purchase, construction, improvement, extension, replacement, enlargement or repair of utility facilities necessary under a contract or contracts with persons, corporations, municipal corporations, political subdivisions, or entities including Canyon Regional, such bonds to be payable from and secured by the proceeds of such contract or contracts (other than the Contract). The Authority further reserves the right to refund such bonds and secure the payment of the debt service requirements on the refunding bonds in the same manner or as otherwise permitted by the laws of the State.

**Section 15. MAINTENANCE OF PROJECT - INSURANCE.** The Authority covenants, agrees, and affirms its covenants that while the Bonds Similarly Secured remain outstanding it will maintain and operate the Project with all possible efficiency and maintain casualty and other insurance on the properties of the Project and its operations of a kind and in such amounts customarily carried by municipal corporations in the State engaged in a similar type of business (which may include an adequate program of self- insurance) which insurance shall also be sufficient to protect the Purchaser; and that it will faithfully and punctually perform all duties with reference to the Project required by the laws of the State. All money received from losses under such insurance policies, other than public liability policies, shall be retained for the benefit of the Registered Owners of the Bonds Similarly Secured until and unless the proceeds are paid out in making good the loss or damage in respect of which such proceeds are received, either by replacing the property destroyed or repairing the property damaged, and adequate provision for making good such loss or damage must be made within ninety (90) days after the date of loss. The payment of premiums for all insurance policies required under the provisions hereof shall be considered Maintenance and Operating Expenses of the Project. Nothing in this Resolution shall be construed as: (i) requiring the Authority to expend any funds which are derived from sources other than the operation of the Project but nothing herein shall be construed as preventing the Authority from doing so or (ii) requiring the purchase of insurance until the Facilities are constructed.

**Section 16. RECORDS AND ACCOUNTS - ANNUAL AUDIT.** The Authority covenants, agrees, and affirms its covenants that so long as any of the Bonds Similarly Secured remain outstanding, it will keep and maintain separate and complete records and accounts pertaining to the operations of the Project in which complete and correct entries shall be made of all transactions relating thereto as provided by applicable law. The Registered Owners of any Bonds or any duly authorized agent or agents of such Registered Owners shall have the right to inspect the Project and all properties comprising the same. The Authority further agrees that following (and in no event later than six (6) months after) the close of each Fiscal Year, it will

cause an audit of such books and accounts to be made by an independent firm of Certified Public Accountants. Expenses incurred in making the annual audit of the operations of the Project are to be regarded as Operation and Maintenance Expenses of the Project.

**Section 17. SALE OR ENCUMBRANCE OF SYSTEM.** While any Bonds remain Outstanding, the Authority will not sell, dispose of or further encumber the Project or any substantial part thereof; provided, however, that this provision shall not prevent the Authority from (i) pledging the Bond Payments and Funds to Additional Bonds or Special Project Bonds as set forth in Sections 13 and 14 of this Resolution or (ii) disposing of any part of the Project which is being replaced or is deemed by the Authority to be obsolete, worn out, surplus or no longer needed for the proper operation of the Project. Any agreement pursuant to which the Authority contracts with a person, corporation, municipal corporation or political subdivision to operate the Project or to lease and/or operate all or part of the Project shall not be considered as an encumbrance of the Project; provided, however, no such agreement shall impair the pledge and lien on the Bond Payments and Funds.

**Section 18. SPECIAL COVENANTS.** The Authority further covenants and agrees that: (a) **Title.** The Authority lawfully owns or will own and is or will be lawfully possessed of the lands, easements or other property rights (including leasehold interests) upon which its Project is and will be located, and has or will purchase good and indefeasible estate in such lands in fee simple, or has or will lawfully obtain any necessary easements or has or will lawfully obtain property rights (including leasehold interests to operate the Project, and it warrants that it has or will obtain and will defend, the title to all the aforesaid lands, easements and property rights for the benefit of the Registered Owners of the Bonds against the claims and demands of all persons whomsoever, that it is lawfully qualified to pledge the Bond Payments to the payment of the Bonds Similarly Secured, in the manner prescribed herein, and that it has lawfully exercised such rights.

(b) **Liens.** The Authority will from time to time and before the same become delinquent pay and discharge all taxes, assessments, and governmental charges, if any, which shall be lawfully imposed upon it, or its Project, and it will pay all lawful claims for rents, royalties, labor, materials, and supplies which if unpaid might by law become a lien or charge upon its Project, provided, however, that no such tax, assessment, or charge, and that no such claims which might be or other lien or charge, shall be required to be paid while the validity of the same shall be contested in good faith by the Authority.

(c) **Performance.** The Authority will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in the resolutions authorizing the issuance of Bonds Similarly Secured, and in each and every Bond Similarly Secured and pay from the Bond Payments the principal of and interest on every Bond Similarly Secured on the dates and in the places and manner prescribed in such resolutions and Bonds Similarly Secured; and that it will, at the times and in the manner prescribed, deposit or cause to be deposited from the Bond Payments the amounts required to be deposited into the Debt Service Fund; and the Registered Owner of the Bonds Similarly Secured may require the Authority, its officials, agents, and employees to carry out, respect, or enforce the covenants and obligations of this Resolution or any resolution authorizing the issuance of Bonds Similarly Secured including, but without

limitation, the use and filing of mandamus proceedings, in any court of competent jurisdiction, against the Authority, its officials, agents, and employees.

(d) **Legal Authority.** The Authority is duly authorized under the laws of the State, including the Act, to issue the Bonds Similarly Secured; that all action on its part for the authorization and issuance of the Bonds Similarly Secured has been duly and effectively taken, and the Bonds Similarly Secured in the hands of the Registered Owners thereof are and will be valid and enforceable special obligations of the Authority in accordance with their terms payable solely from the Bond Payments.

(e) **Budget.** The Authority will prepare, adopt, and place into effect an annual budget (the "Annual Budget") for Operation and Maintenance Expenses of the Project for each Fiscal Year, including in each Annual Budget such items as are customarily and reasonably contained in a utility project budget under generally accepted accounting procedures and shall deliver such budget at least 90 days prior to adoption for review and comment by Canyon Regional.

(f) **Permits.** The Authority will comply with all of the terms and conditions of any and all franchises, permits, and authorizations applicable to or necessary with respect to the Project and which have been obtained from any governmental Authority; and the Authority has or will obtain and keep in full force and effect all franchises, permits, authorizations, and other requirements applicable to or necessary with respect to the acquisition, construction, equipment, operation, and maintenance of the Project.

**Section 19. LIMITED OBLIGATIONS OF THE AUTHORITY.** The Bonds Similarly Secured are limited, special obligations of the Authority payable from and equally and ratably secured solely by a lien on and pledge of the Bond Payments, and the Registered Owners thereof shall never have the right to demand payment of the principal or interest on the Bonds Similarly Secured from any funds raised or to be raised through taxation by Canyon Regional or the Authority.

**Section 20. DEFAULT AND REMEDIES.** (a) **Events of Default.** Each of the following occurrences or events for the purpose of this Resolution is hereby declared to be an Event of Default:

(i) the failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable; or

(ii) default in the performance or observance of any other covenant, agreement or obligation of the Authority, the failure to perform which materially, adversely affects the rights of the Registered Owners of the Bonds, including, but not limited to, their prospect or ability to be repaid in accordance with this Resolution, and, if such default is capable of cure, the continuation thereof for a period of sixty (60) days after notice of such default is given by any Registered Owner to the Authority; or

(iii) a default by Canyon Regional under the Contract.

(b) ***Remedies for Event of Default.***

(i) Upon the happening of any Event of Default, then and in every case, any Registered Owner or an authorized representative thereof, including, but not limited to, a trustee or trustees therefor, may proceed against the Authority, or any official, officer or employee of the Authority in their official capacity, for the purpose of protecting and enforcing the rights of the Registered Owners under this 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. The Registered Owners are third party beneficiaries to the Contract with the ability to enforce the provisions of the Contract for such period that a default exists under the Contract.

(ii) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Registered Owners of Bonds then Outstanding.

(iii) Notwithstanding anything in this Resolution to the contrary, so long as the Purchaser continue to hold the Bonds, the Purchaser may exercise all remedies available to it in law or equity and any provision in this Resolution or the Bonds that restricts or limits the Purchaser's full exercise of these remedies shall be of no force and effect.

(c) ***Remedies Not Exclusive.***

(i) 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 Bonds or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Resolution, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under this Resolution.

(ii) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

(iii) By accepting the delivery of a Bond authorized under this Resolution, such Registered Owner agrees that the certifications required to effectuate any covenants or representations contained in this Resolution do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers, employees or trustees of the Authority or the Board.

(iv) None of the members of the Board, nor any other official or officer, agent, or employee of the Authority, shall be charged personally by the Registered Owners with any liability, or be held personally liable to the Registered Owners under any term or provision of this Resolution, or because of any Event of Default or alleged Event of Default under this Resolution.

**Section 21. AMENDMENT OF RESOLUTION.** (a) *Amendments Without Consent.*

This Resolution and the rights and obligations of the Board and of the Registered Owners of the Bonds may be modified or amended at any time without notice to or the consent of any Registered Owner of the Bonds or any Bond similarly secured, solely for any one or more of the following purposes:

(i) To add to the covenants and agreements of the Board contained in this Resolution, other covenants and agreements thereafter to be observed, or to surrender any right or power reserved to or conferred upon the Board in this Resolution;

(ii) To cure any ambiguity or inconsistency, or to cure or correct any defective provisions contained in this Resolution, upon receipt by the Board of an opinion of counsel, that the same is needed for such purpose, and will more clearly express the intent of this Resolution;

(iii) To supplement the security for the Bonds, replace or provide an additional Credit Agreement, or change the form of the Bonds or make such other changes in the provisions hereof as the Board may deem necessary or desirable and which shall not, in the judgment of the Board, materially adversely affect the interests of the owners of the Outstanding Bonds;

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

(v) To make such other changes in the provisions hereof as the Board may deem necessary or desirable and which shall not, in the judgment of the Board, materially adversely affect the interests of the owners of the Outstanding Bonds; or

(vi) To assign the Contract to a trustee.

(b) *Amendments With Consent.* Subject to the other provisions of this Resolution, the Registered Owners of Outstanding Bonds aggregating 51% in Outstanding Principal Amount shall have the right from time to time to approve any amendment, other than amendments described in Subsection (a) of this Section, to this Resolution which may be deemed necessary or desirable by the Board; provided, however, that nothing herein contained shall permit or be construed to permit, without the approval of the owners of all of the Outstanding Bonds, the amendment of the terms and conditions in this Resolution or in the Bonds so as to:

- (1) Make any change in the maturity of the Outstanding Bonds;
- (2) Reduce the rate of interest borne by the Outstanding Bonds;
- (3) Reduce the amount of the principal payable on the Outstanding Bonds;
- (4) Modify the terms of payment of principal of or interest on the Outstanding Bonds, or impose any conditions with respect to such payment;



- (5) Affect the rights of the owners of less than all Bonds then Outstanding; or
- (6) Change the minimum percentage of the Outstanding Principal Amount of Bonds necessary for consent to such amendment.

(c) **Notice.** (i) If at any time the Board shall desire to amend this Resolution other than pursuant to (a) above, the Board shall cause notice of the proposed amendment to be published in a financial newspaper or journal of general circulation in The City of New York, New York (including but not limited to, the Bond Buyer and The Wall Street Journal) or the State (including but not limited to the Texas Bond Reporter) once during each calendar week for at least two (2) successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of the Paying Agent/Registrar for inspection by all owners of the Bonds. Such publication is not required, however, if the Board gives or causes to be given such notice in writing to each Registered Owner of Bonds.

(d) **Receipt of Consents.** Whenever at any time not less than thirty (30) days, and within one (1) year, from the date of the first publication of said notice or other service of written notice of the proposed amendment the Board shall receive an instrument or instruments executed by all of the owners or the owners of at least 51% in Outstanding Principal Amount of 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 amendatory resolution in substantially the same form.

(e) **Effect of Amendments.** Upon the adoption by the Board of any resolution to amend this Resolution pursuant to the provisions of this Section, this Resolution shall be deemed to be amended in accordance with the amendatory resolution, and the respective rights, duties, and obligations of the Board and all the owners of then Outstanding Bonds and all future Bonds shall thereafter be determined, exercised, and enforced under the resolution and this Resolution, as amended.

(f) **Consent Irrevocable.** Any consent given by any owner of Bonds pursuant to the provisions of this Section shall be irrevocable for a period of six (6) months from the date of the first publication or other service of the notice provided for in this Section and shall be conclusive and binding upon all future owners of the same Bonds during such period. Such consent may be revoked at any time after six (6) months from the date of the first publication of such notice by the owner who gave such consent, or by a successor in title, by filing notice thereof with the Registrar and the Board, but such revocation shall not be effective if the owners of 51% in Outstanding Principal Amount of Bonds, prior to the attempted revocation, consented to and approved the amendment.

(g) **Ownership.** For the purpose of this Section, the ownership and other matters relating to all Bonds registered as to ownership shall be determined from the Registration Books kept by the Paying Agent/Registrar therefor. The Paying Agent/Registrar may conclusively assume that

such ownership continues until written notice to the contrary is served upon the Paying Agent/Registrar.

**Section 22. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE BONDS.** (a) *Covenants.* The Authority 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 Authority 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 Authority, with respect to such private business use, do not, under the terms of this Resolution or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the "private business use" described in subsection (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 5 years or less or, in the case of a refunding bond, for a period of 90 days or less until such proceeds are needed for the purpose for which the bonds are issued,

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

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

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

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

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

(10) to file or cause to be filed with the Secretary of the Treasury, not later than the 15<sup>th</sup> day of the second calendar month after the close of the calendar quarter in which the Bonds are issued, an information statement concerning the Bonds, all under and in accordance with section 149(e) of the Code and the applicable Treasury Regulations promulgated thereunder; and

(11) the Authority will not acquire any of the Purchaser source series bonds in an amount related to the amount of Bonds acquired by the Purchaser.

(b) **Rebate Fund.** In order to facilitate compliance with the above covenant (8), a "Rebate Fund" is hereby established by the Authority for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation the bondholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) **Proceeds.** The Authority understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations. It is the understanding of the Authority 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 Authority 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 Authority 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 Authority hereby authorizes and directs the Executive Director to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Authority, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

(d) **Allocation of, and Limitation On, Expenditures for the Project.** The Authority covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 2 of this Resolution (the "Project") on its books and records in accordance with the requirements of the Internal Revenue Code. The Authority recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the Authority recognizes that in order for proceeds to be expended under the Internal Revenue Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired. The Authority agrees to obtain the advice of nationally recognized 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 Bonds. For purposes hereof, the Authority 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.

(e) **Disposition of Project.** The Authority covenants that the property constituting the Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the Authority of cash or other compensation, unless any action taken in connection with such disposition will not adversely affect the tax-exempt status of the Bonds. For purpose of the foregoing, the Authority may rely on an opinion of nationally recognized bond counsel that the action taken in connection with 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 Authority 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.

(f) **Reimbursement.** This Resolution is intended to satisfy the official intent requirements set forth in section 1.150-2 of the Treasury Regulations.

**Section 23. RESOLUTION TO CONSTITUTE A CONTRACT; EQUAL SECURITY.** In consideration of the acceptance of the Bonds, the issuance of which is authorized hereunder, by those who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Board and the Registered Owners from time to time of the Bonds and the pledge made in this Resolution by the Board and the covenants and agreements set forth in this Resolution to be performed by the Board shall be for the equal and proportionate benefit, security, and protection of all Registered Owners, without preference, priority, or distinction as to security or otherwise of any of the Bonds authorized hereunder 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 Resolution.

**Section 24. 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 Bonds issued hereunder.

**Section 25. PAYMENT AND PERFORMANCE ON BUSINESS DAYS.** Except as provided to the contrary in the FORM OF BOND, whenever under the terms of this Resolution or the Bonds, the performance date of any provision hereof or thereof, including the payment of principal of or interest on the 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 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.

**Section 26. LIMITATION OF BENEFITS WITH RESPECT TO THE RESOLUTION.** With the exception of the rights or benefits herein expressly conferred, nothing expressed or contained herein or implied from the provisions of this Resolution or the Bonds is intended or should be construed to confer upon or give to any person other than the Board, the Registered Owners, and the Paying Agent/Registrar, any legal or equitable right, remedy, or claim under or by reason of or in respect to this Resolution or any covenant, condition, stipulation, promise, agreement, or provision herein contained. This 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 Board, the Registered Owners, and the Paying Agent/Registrar as herein and therein provided.

**Section 27. CUSTODY, APPROVAL, BOND COUNSEL'S OPINION, CUSIP NUMBERS AND PREAMBLE.** The Authority Representative is hereby authorized to have control of the Bonds issued hereunder and all necessary records and proceedings pertaining to the Bonds pending their delivery and approval by the Attorney General of the State. The

Authority Representative is hereby authorized, to the extent deemed necessary or advisable thereby, in the discretion thereof, to request that the Attorney General approve the Bonds as permitted by Chapter 1202, Texas Government Code, in which case the Authority Representative also is authorized to request the Comptroller of Public Accounts register the Bonds, and to cause an appropriate legend reflecting such approval and registration to appear on the Bonds and the substitute Bonds. The approving legal opinion of the Board's Bond Counsel and the assigned CUSIP numbers may, at the option of the Board, be printed on the Bonds and on any Bonds issued and delivered in exchange or replacement of any Bond, but neither shall have any legal effect, and shall be solely for the convenience and information of the Registered Owners of the Bonds. The preamble to this Resolution is hereby adopted and made a part of this Resolution for all purposes.

**Section 28. CONTINUING DISCLOSURE UNDERTAKING.** (a) *Annual Reports.* The Authority shall provide annually to the MSRB, (1) within six months after the end of each fiscal year of the Authority, financial and operating data of the general type, being the information of the type described in Exhibit "D" hereto including financial statements of the Authority if audited financial statements of the Authority are then available, and (2) if not provided as part such financial information and operating data, audited financial statements of the Authority, when and if available. Any financial statements to be provided shall be (i) prepared in accordance with the generally accepted accounting principles for governmental units, or such other accounting principles as the Authority may be required to employ from time to time pursuant to state law or regulation, and in substantially the form included in the official statement, and (ii) audited, if the Authority commissions an audit of such financial 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 12 months after any such fiscal year end, then the Authority shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

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

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document 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 Section shall be accompanied by identifying information as prescribed by the MSRB.

(b) *Event Notices.* The Authority shall file notice to notify the MSRB of any of the following events with respect to the Bonds in a timely manner and not more than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;

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

For these purposes, (a) any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Authority in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental

authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of the Authority in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority, and (b) the Authority intends the words used in the immediately preceding paragraphs (15) and (16) and the definition of Financial Obligation in this Section to have the same meanings as when they are used in the Rule, as prescribed by SEC Release No. 34-83885, dated August 20, 2018.

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

(c) ***Limitations, Disclaimers, and Amendments.*** The Authority shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Authority remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the Authority in any event will give notice of any deposit made in accordance with Section 30 of this Resolution that causes the Bonds no longer to be outstanding.

The provisions of this Section are for the sole benefit of the holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Board undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Authority's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The Authority 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 AUTHORITY 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 AUTHORITY, 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 Authority in observing or performing its obligations under this Section shall comprise a breach of or default under this Resolution for purposes of any other provision of this Resolution.



Should the Rule be amended to obligate the Authority to make filings with or provide notices to entities other than the MSRB, the Board 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 Board under federal and state securities laws.

The provisions of this Section may be amended by the Authority 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 Authority, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Resolution that authorizes such an amendment) of the outstanding Bonds consents to such amendment or (b) a person that is unaffiliated with the Board (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the Bonds. If the Authority so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with paragraph (a) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The Authority may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

**Section 29. APPLICATION OF BOND PROCEEDS.** (a) Proceeds from the sale of the Bonds shall, promptly upon receipt thereof, be applied by the Authority Representative as follows:

- (i) accrued interest, if any, for the Bonds shall be deposited as provided in Section 9(a);
- (ii) an amount sufficient to accomplish the purposes of Section 2(b) shall be deposited to the Project Fund; and
- (iii) any proceeds from the sale of the Bonds remaining after the deposits provided for in clauses (i) and (ii) above, shall be applied to pay expenses arising in connection with the issuance of the Bonds.

Any sale proceeds of the Bonds remaining after making all deposits and payments provided for above shall be applied to the payment of interest on the Bonds and deposited into the Debt Service Fund.

**Section 30. DEFEASANCE PROVISIONS.** (a) Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond") within the

meaning of this Resolution, except to the extent provided in 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 the establishment of irrevocable provisions for the giving of such notice) 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 or an eligible trust company or commercial bank 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 Authority with the Paying Agent/Registrar or an eligible trust company or commercial bank 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 Bond Payments as provided in this Resolution, 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 or upon the establishment of irrevocable provisions for the giving of such notice, in accordance with this Resolution. Any money so deposited with the Paying Agent/Registrar or an eligible trust company or commercial bank as provided in this Section may at the discretion of the Authority 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 or an eligible trust company or commercial bank 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 remitted to the Authority.

(c) Notwithstanding any provision of any other Section of this Resolution 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 Authority shall make proper arrangements to provide and pay for such services as required by this Resolution.

(d) Notwithstanding anything elsewhere in this Resolution, if money or Defeasance Securities have been deposited or set aside with the Paying Agent/Registrar or an eligible trust company or commercial bank 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 Authority retains the right under State law to later call that Defeased Bond for redemption in accordance with the provisions of this Resolution, the Authority may call such Defeased Bond for redemption upon complying with the provisions of State 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.

**Section 31. SALE OF BONDS; USE OF PROCEEDS.** (a) *Sale to the Texas Water Development Board.* That the Bonds are hereby sold to the Purchaser for the price of par. The Bonds have been purchased by the Purchaser pursuant to TWDB Resolution No. 17-079, adopted on July 20, 2017, as amended by TWDB Resolution No. 19-077 adopted on July 22, 2019, as amended by TWDB Resolution No. 20-067 adopted on July 23, 2020, as amended by TWDB Resolution No. 22-066 adopted on July 27, 2022 (collectively, the "Purchaser Resolution"). The Bonds initially delivered shall be registered in the name of the Purchaser. The Private Placement Memorandum prepared in connection with the sale of the Bonds to the Purchaser in substantially the form attached to this Resolution is approved. The Authority has determined, based upon the advice provided by its financial advisors, that acceptance of the purchase price for the Bonds is on terms advantageous to, and in the best interests of, the Authority.

(b) *Notice from Purchaser of Sale of Bonds.* It is the intent of the parties to the sale of the Bonds that if the Purchaser ever determines to sell all or a part of the Bonds, it shall notify the Authority at least 60 days prior to the sale of the Bonds of the decision to so sell the Bonds.

(c) *Proceeds.* The proceeds from the sale of the Bonds shall be used in the manner described in the letter of instructions executed by the Authority, or on behalf of the Authority by its financial advisor.

(d) *Payment by Wire Transfer.* Payment of amounts due and owing on the Bonds to the Purchaser shall be made by wire transfer, at no expense to the Purchaser, as provided in the FORM OF BOND.

(e) *Escrow Fund.* By agreeing to purchase the Bonds, the Purchaser agrees that the Bond proceeds shall be deposited into the escrow fund established in the Escrow Agreement between the Authority and BOKF, NA, as escrow Agent (the "Escrow Agent").

(f) *Investment of Bond Proceeds.* Proceeds from the sale of the Bonds shall be held at a depository or other properly chartered and authorized institution in accordance with Chapter 2256, Texas Government Code, and Chapter 2257, Texas Government Code.

**Section 32. FURTHER PROCEDURES.** The Authority Representative and all other officers, employees, and agents of the Board, and each of them, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and on behalf of the Board all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution, the Bonds, the sale and delivery of the Bonds and fixing all details in connection therewith. The Authority Representative is authorized to sign this Resolution.

**Section 33. REPEAL OF CONFLICTING RESOLUTIONS.** All resolutions and all parts of any resolutions which are in conflict or inconsistent with this Resolution are hereby repealed and shall be of no further force or effect to the extent of such conflict or inconsistency.

**Section 34. PUBLIC NOTICE.** It is hereby found and determined that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the meeting at which this Resolution was adopted; that this Resolution would be introduced and considered for adoption at said meeting; 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.

**Section 35. NO PERSONAL LIABILITY.** No covenant or agreement contained in the Bonds, this Resolution or any corollary instrument shall be deemed to be the covenant or agreement of any member of the Board or Canyon Regional or any officer, agent, employee or representative of the Board or Canyon Regional in their individual capacity, and neither the directors, officers, agents, employees or representatives of the Board or Canyon Regional nor any person executing the Bonds shall be personally liable thereon or be subject to any personal liability for damages or otherwise or accountable by reason of the issuance thereof, or any actions taken or duties performed, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the issuance of the Bonds.

**Section 36. APPROVAL OF ESCROW AGREEMENT, PAYING AGENT/REGISTRAR AGREEMENT, BLANKET ISSUER LETTER OF REPRESENTATIONS WITH THE DEPOSITORY TRUST COMPANY AND CREDIT AGREEMENTS.** (a) The Escrow Agreement by and between the Authority and the Escrow Agent ("Escrow Agreement") in substantially the form and substance submitted to the Board is hereby approved, and the Authority Representative is hereby authorized to complete, amend, modify, and execute the Escrow Agreement, as necessary.

(b) The Paying Agent/Registrar Agreement by and between the Authority and the Paying Agent/Registrar ("Paying Agent Agreement"), in substantially the form and substance submitted to the Board is hereby approved and the Authority Representative is hereby authorized and directed to complete, amend, modify, and execute the Paying Agent Agreement, as necessary.

(c) The Blanket Issuer Letter of Representations with the Depository Trust Company has been previously executed by the Authority Representative and is hereby authorized to be utilized in connection with the Bonds.

(d) To the extent permitted by law, the Authority reserves the right to enter into Credit Agreements in connection with the Bonds, upon the written opinion of the Authority Representative that such Credit Agreements are in the best interest of the Authority given the market conditions at the time. The Credit Agreements will constitute a Credit Agreement as defined in this Resolution. The Credit Agreements and the obligations thereunder may, pursuant to their terms, constitute (i) debt secured by a pledge of the Bond Payments on parity with the Bonds Similarly Secured (ii) debt secured by an inferior lien secured by a pledge of the Bond Payments subordinate to the Bonds Similarly Secured or (iii) partially parity and partially inferior lien.

**Section 37. ADDITIONAL COVENANTS.** In connection with the sale of the Bonds to the Purchaser, the Authority covenants as follows:

(a) ***Compliance with the Texas Water Development Board's Rules and Regulations.*** The Authority covenants to comply with the rules and regulations of the Purchaser, and to maintain insurance on the Project in such amount as may be required by the Purchaser, as further addressed in subsection (h) of this Section.

(b) ***Audits.*** For so long as the State owns any of the Bonds, the Authority shall mail a copy of the audit required by this Resolution to the Purchaser. In addition, monthly operating statements for the Project shall be maintained by the Authority and made available, on request, to the Purchaser as long as the State owns any of the Bonds, and the monthly operating statement shall be in such detail as requested by the Development Fund Manager of the Purchaser until this requirement is waived thereby. The Authority shall also provide, or cause to be provided, a copy of Canyon Regional's audit within 150 days after Canyon Regional's fiscal year end.

(c) ***Final Accounting.*** Within 60 days of Project completion, the Authority shall render a final accounting to the Purchaser in reference to the total cost incurred by the Authority for the Project which were financed by the issuance of the Bonds, together with a copy of "as built" plans of such Project.

(d) ***Defeasance.*** Should the Authority exercise its right under this Resolution to effect the defeasance of the Bonds, the Authority agrees that it will provide the Purchaser with 30 days written notice of any such defeasance.

(e) ***Segregation of Funds.*** The Authority covenants that proceeds of the Bonds shall remain separate and distinct from other sources of funding from the date of the Purchaser commitment through costing and final disbursement.

(f) ***Environmental Indemnity.*** Proceeds from the Bonds shall not be used by the Authority when sampling, testing, removing, or disposing of contaminated soils and/or media at the Project site. To the extent permitted by law, the Authority agrees to indemnify, hold

harmless, and protect the Purchaser from any and all claims, causes of action, or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment, and disposition of any contaminated sewage sludge, contaminated sediments, and/or contaminated media that may be generated by the Authority, its contractors, consultants, agents, officials, and employees as a result of activities relating to the project funded with proceeds of the Bonds.

(g) ***Environmental Determination.*** In connection with the Project financed with the Bonds, the Authority agrees to implement any environmental determination issued by the Executive Administrator of the Purchaser to satisfy the environmental review requirements set forth in 31 Texas Administrative Code 371.

(h) ***Insurance.*** The Authority agrees that it will maintain insurance on the Project in an amount sufficient to protect the Purchaser's interest in the project financed with the proceeds of the Bonds. The Authority may self-insure in respect to satisfying this covenant.

(i) ***No Purchase of Purchaser Bonds.*** The Authority agrees that neither it, nor any related party to the Authority, will purchase, as an investment or otherwise, bonds issued by the Purchaser including, without limitation, bonds issued by the Purchaser, the proceeds of which were used by the Purchaser to purchase the Bonds.

(j) ***Compliance with Federal Contracting Laws.*** The Authority acknowledges that it has a legal obligation to comply with any applicable requirements of federal law relating to contracting with disadvantaged business enterprises.

(k) ***Compliance with State Contracting Laws.*** The Authority acknowledges that it has a legal obligation to comply with any applicable requirements of State law relating to contracting with historically underutilized businesses and will report to the Purchaser the amounts of Project funds, if any, that are used to compensate historically underutilized businesses that work on the Project in accordance with 31 Texas Administrative Code § 363.1312.

(l) ***No Advance Refunding.*** The Authority will not use proceeds of the Bonds to advance refund any outstanding bonds.

**Section 38. APPROVAL CERTIFICATE.** Pursuant to Section 3.1 of the Contract, Canyon Regional has authorized the execution of an approval certificate attached hereto as Exhibit "F" which evidences the approval of the terms and provisions of the Bonds as set forth herein by the Canyon Regional.

**PASSED AND ADOPTED** this October 31, 2022.

**ALLIANCE REGIONAL WATER  
AUTHORITY**

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Authority Representative

**EXHIBIT A**  
**DEFINITIONS**

As used in this Resolution, the following terms and expressions shall have the meanings set forth below, unless the text in this Resolution specifically indicates otherwise.

The term *Additional Bonds* shall mean the obligations issued in accordance with the terms and conditions prescribed in Section 13 hereof.

The term *Annual Payments* shall have the meaning given in the Contract.

The term *Authorized Denominations* shall mean the denomination of \$5,000 or any integral multiple thereof.

The term *Authority* shall mean Alliance Regional Water Authority and any other public Authority succeeding to the powers, rights, privileges and functions of the Authority and, when appropriate, the Board of the Authority.

The term *Authority Representative* shall mean the Chair, Vice Chair or the Executive Director of the Authority or such other person authorized by the Board to act as an Authority Representative.

The term *Average Annual Debt Service Requirements* shall mean that average amount which, at the time of computation, will be required to pay the Debt Service Requirements on all outstanding Bonds Similarly Secured when due (either at Stated Maturity or mandatory redemption) and derived by dividing the total of such Debt Service Requirement by the number of Fiscal Years then remaining before Stated Maturity of such Bonds Similarly Secured. For purposes of this definition, a fractional period of a Fiscal Year shall be treated as an entire Fiscal Year. Capitalized interest payments provided from Bond proceeds shall be excluded in making the aforementioned computation.

The term *Board* shall mean the Board of Directors of the Authority.

The term *Bond Payments* shall mean the payments defined as "Bond Payments" within the Contract that the Authority expects to receive from Canyon Regional pursuant to the terms of the Contract.

The term *Bonds* shall mean and include collectively the Bonds issued and delivered 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.

The term *Bonds Similarly Secured* shall mean the Series 2015 Bonds, the Series 2017 Bonds, the Series 2019 Bonds, the Series 2020 Bonds and the Bonds issued pursuant to this Resolution and any Additional Bonds hereafter issued by the Authority or bonds issued to refund



any of the foregoing if issued in a manner that provides that the refunding bonds are payable from and equally and ratably secured by a lien on and pledge of the Bond Payments.

The term *Business Day* shall mean any day which is not a Saturday, Sunday, legal holiday, or a day on which banking institutions in The City of New York, New York or in the city where the Designated Trust Office of the Paying Agent/Registrar is located are authorized by law or executive order to close.

The term *Certified Public Accountant* shall mean an independent certified public accountant or firm of independent certified public accountants.

The term *Canyon Regional* shall mean the Canyon Regional Water Authority.

The term *Canyon Regional System* shall mean and includes the existing combined waterworks and/or wastewater disposal system of Canyon Regional, together with all future extensions, improvements, enlargements, and additions thereto, including, to the extent permitted by law, storm sewer and drainage and/or reclaimed water systems which are integrated with the waterworks or wastewater disposal system, and all replacements thereof. Provided that, notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the term *Canyon Regional System* shall not include any waterworks or wastewater facilities which are declared by Canyon Regional not to be a part of the Canyon Regional System, and which are hereafter acquired or constructed by Canyon Regional with the proceeds from the issuance of "Special Facilities Bonds," which are hereby defined as being special revenue obligations of Canyon Regional which are not secured by or payable from the net revenues of the Canyon Regional System, but which are secured by and are payable solely from special contract revenues, or payments received from Canyon Regional or any other legal entity, or any combination thereof, in connection with such facilities; and such revenues or payments shall not be considered as or constitute gross revenues of the Canyon Regional System, unless and to the extent otherwise provided in the ordinance or ordinances authorizing the issuance of such *Special Facilities Bonds*.

The term *Completion Date* shall mean when the Facilities have been substantially complete; the date specified in a certificate of the Authority and Project Engineer that the Project is substantially completed and ready to be placed in service.

The term *Contract* shall mean the Regional Water Supply Contract dated as of January 9, 2008, together with amendments and supplements thereto including Amendment No. 1 (which by the term of such instrument is designated as a supplement or amendment to such Contract) between the Authority and each Sponsor, conformed copies of the Contract being attached hereto as Exhibit "E" for the purposes of identification.

The term *Credit Agreement* shall mean an Insurance Policy, a surety bond (including any supporting Insurance Agreement), a letter or line of credit or other type of enhancement issued in

support of any Bonds or Additional Bonds by a Credit Agreement Provider at the request of the Authority.

The term *Credit Agreement Provider* shall mean (i) with respect to any Credit Agreement consisting of a policy of municipal bond insurance or a surety bond, an issuer of policies of insurance insuring the timely payment of scheduled debt service on governmental obligations such as any Series of Bonds or Additional Bonds, provided that a Rating Authority having an outstanding rating on the Bonds or Additional Bonds would rate the Bonds or Additional Bonds upon delivery of the Bonds or Additional Bonds fully insured by a standard policy issued by the issuer in its highest generic rating category for such obligations; and (ii) with respect to any Credit Agreement consisting of a letter or line of credit, any financial institution, provided that a Rating Authority having an outstanding rating on the Bonds or Additional Bonds would rate the Bonds or Additional Bonds in one of its two highest generic rating categories for such obligations if the letter or line of credit proposed to be issued by such financial institution secured the timely payment of the entire principal amount of a series of Bonds or Additional Bonds and the interest thereon.

The term *Debt Service Fund* shall mean the special fund or account created and established by the provisions of Section 9(a) of this Resolution.

The term *Debt Service Requirements* shall mean as of any particular date of computation, with respect to any obligations and with respect to any period, the aggregate of the amounts to be paid or set aside by the Authority as of such date or in such period for the payment of the principal of, premium, if any, and interest (to the extent not capitalized) on such obligations; assuming, in the case of obligations without a fixed numerical rate, that such obligations bear interest calculated by (a) either (i) an interest rate equal to the average rate borne by such Bonds (or by comparable debt in the event that such Bonds have not been outstanding during the preceding 24 months) for any 24 month period ending within 30 days prior to the date of calculation, (ii) if the Bonds bear interest at tax-exempt rates, an interest rate equal to the 24 month average of the Index (as most recently published in The Bond Buyer), unless such index is no longer published in The Bond Buyer, in which case the index to be used in its place shall be that index which the Authority Representative determines most closely replicates such index as set forth in a certificate of the Authority Representative, (iii) if the Bonds bear interest at taxable rates, the index which the Authority Representative determines is an accepted market index for taxable rates, (iv) that interest rate which, in the judgment of the Authority Representative, based, to the extent possible, upon an accepted market index which corresponds with the provisions of the subject Bonds, is the average rate anticipated to be in effect with respect to such Bonds or (v) that interest rate which, in the judgment of the Authority Representative, based upon the interest rate methodology in the applicable Credit Agreement if calculating payments under a Credit Agreement, is the average rate anticipated to be in effect; and (b) that the debt service of such bonds is amortized such that annual debt service is substantially level over the remaining stated life of such bonds, and further assuming in the case of obligations required to be redeemed or prepaid as to principal prior to Stated Maturity, the principal amounts thereof

will be redeemed prior to Stated Maturity in accordance with the mandatory redemption provisions applicable thereto.

The term *Defeasance Securities* shall mean (i) Federal Securities, (ii) noncallable obligations of an Authority or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the Authority or instrumentality and that, on the date the Board adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provides 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, (iii) non-callable obligations of a state or an Authority or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Board 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, or (iv) any additional securities and obligations hereafter authorized by the laws of the State as eligible for use to accomplish the discharge of obligations such as the Bonds.

The term *Depository* shall mean an official depository bank of the Authority.

The term *Designated Trust Office* shall have the meaning ascribed to said term in Section 5(b) of this Resolution.

The term *Engineering Report* shall mean the "Final Report of the Plumbing Plan," prepared by Lockwood, Andrews & Newnan, Inc., dated September 21, 2007, as such report may be amended, modified, changed or superseded with the approval of the Authority and Sponsors, at any time prior to the execution of construction contracts for the Project or as modified and changed by change orders issued after the execution of such construction contracts; provided, however, no such change orders shall adversely affect any of the Sponsors without the consent of the Sponsors.

The term *Facilities* shall mean the facilities, wells, diversion structures, treatment plants, storage tanks, capacity rights, lines, booster pumps, and other appurtenances sufficient to produce, divert, treat and deliver the water to which the Sponsors are entitled under the Contract and any improvements, additions, or extensions to such Facilities hereafter acquired or constructed to deliver water between such places.

The term *Federal Securities* shall mean direct, non-callable 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).

The term *Financial Obligation* shall mean (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities (as defined in the

Securities and Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

The term *Fiscal Year* shall mean the twelve-month accounting period used by the Authority in connection with the operation of the Project, currently ending on September 30th of each year, which may be any twelve consecutive month period established by the Authority, but in no event may the Fiscal Year be changed more than one time in any three-calendar year period.

The term *Fitch* shall mean Fitch Ratings, Inc., its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating Authority, Fitch shall be deemed to refer to any other nationally recognized securities rating Authority designated by the Authority.

The term *Funds* shall mean the Debt Service Fund and Project Fund created and held pursuant to this Resolution.

The term *Government Securities* shall mean (i) direct non-callable obligations of the United States, including obligations that are unconditionally guaranteed by, the United States of America; (ii) non-callable obligations of an Authority or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the Authority or instrumentality and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; (iii) non-callable obligations of a state or an Authority 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 issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; or (iv) any additional securities and obligations hereafter authorized by the laws of the State as eligible for use to accomplish the discharge of obligations such as the Bonds.

The term *Interest Payment Date* shall mean the date semiannual interest is payable on the Bonds, while any of the Bonds remain Outstanding as set forth in the FORM OF BOND.

The term *IRS Code* shall mean the Internal Revenue Code of 1986, as amended.

The term *Land Interests* shall mean the easements, right-of-way, and other interests in real property necessary for the acquisition, construction, and operation of the Facilities and the Water Rights for the Project.

The term *MSRB* means the Municipal Securities Rulemaking Board.

The term *Maturity* shall mean the date on which the principal of a Bond becomes due and payable as therein and herein provided, whether at Stated Maturity, by redemption or otherwise.

The term *Moody's* shall mean Moody's Investors Service, Inc., its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating Authority, Moody's shall be deemed to refer to any other nationally recognized securities rating Authority designated by the Authority.

The term *Operation and Maintenance Expenses* shall mean all direct costs and expenses incurred by the Authority for its operation and maintenance, including but not limited to, the operation and maintenance of the Project, including (for greater certainty but without limiting the generality of the foregoing) amounts payable under any contract with any person, including, but not limited to any federal, state, or local Authority for the right to produce, withdraw or divert and use water, any contribution or payment in lieu of taxes or any fee or charge by any government authority relating to the Authority's production, withdrawal or diversion of or sale of treated water hereunder, the costs of utilities, supervision, engineering, accounting, auditing, legal services, insurance premiums, supplies, services, and administration of the Project, Overhead Expenses, any required costs of mitigation and land management incidental to Project operation, and costs of operating, repairing, maintaining, and replacing equipment for proper operation and maintenance of the Project. The term "Operation and Maintenance Expenses" does not include depreciation charges or such portion of the above-described costs to the extent such costs are paid pursuant to an agreement other than the Contract.

The term *Outstanding* shall mean when used in this Resolution with respect to Bonds means, as of the date of determination, all Bonds of any series issued and delivered pursuant to this Resolution, except:

- (1) those Bonds canceled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;
- (2) those Bonds for which payment has been duly provided by the Authority in accordance with the provisions of Section 30 of this Resolution by the irrevocable deposit with the Paying Agent/Registrar, or an authorized escrow agent, of money or Government Securities, or both, in the amount necessary to fully pay the principal of, premium, if any, and interest thereon to maturity or redemption, as the case may be, provided that, if such Bonds are to be redeemed, notice of redemption thereof shall have been duly given pursuant to this Resolution or irrevocably provided to be given to the satisfaction of the Paying Agent/Registrar, or waived; and
- (3) those Bonds that have been mutilated, destroyed, lost, or stolen and replacement Bonds have been registered and delivered in lieu thereof as provided in Section 5(f) of this Resolution.

The term *Overhead Expenses* shall mean the Authority's reasonable and necessary costs and expenses incurred at any time directly related to the issuance and servicing of the Bonds, the acquisition of Land Interests required for the Project, the design, permitting, financing, acquisition, construction, and ownership of the Project and any other activities required of or involving the Authority in connection with or attributable to the Project or the Bonds, including,

but not limited to: (i) per diem and reimbursable expenses incurred by the Directors of the Authority for special meetings of the Authority's Board related to the Project; (ii) services of the professional, technical skilled and unskilled persons and firms engaged by or associated with the Authority, other than Authority staff personnel, together with their reimbursable expenses paid or required to be paid by the Authority; (iii) salaries of the Authority's staff attributable to the Project or the Bonds based on time expended, as documented or reasonably estimated by the President, Board of the Authority; (iv) the costs of preparing applications for and obtaining all approvals and authorizations required for the Project or the Bonds from the regulatory authorities having jurisdiction; (v) the cost of property casualty and public liability insurance incurred prior to the Completion Date; including any insurance deductible charged to or required to be paid by the Authority; provided that if the Authority is unable to obtain such insurance on an occurrence basis, then any expense incurred by the Authority from and after the Completion Date for casualty and public liability insurance, including any insurance deductible, shall be paid by the Sponsors; (vi) all costs incurred in litigation involving or relating to the Project; and (vii) any and all other costs and expenses, including out-of-pocket expenses, incurred by the Authority attributable to the Project or the Bonds, whether enumerated above or not, and whether or not included in the definition or as a part of Project Costs.

The terms *Paying Agent/Registrar*, *Paying Agent* or *Registrar* shall mean the agent appointed pursuant to Section 5 of this Resolution or any successor to such agent.

The term *Participating Entities* shall mean with respect to the Contract, Cities of Buda, Kyle and San Marcos and Canyon Regional Water Authority.

The term *Phase 1A Project* shall mean the design and construction of facilities to interconnect the Cities of Kyle and Buda water systems. The Project will use the Phase 1A Project facilities to deliver Carrizo water into the Buda system. Facilities include a possible water pump section, pumps, ground storage tank, chlorine treatment system, yard piping necessary to receive and pump water, fee simple purchase of property for the pump station and new transmission pipeline.

The term *Phase 1B Improvements Project* shall include design, construction and equipment of multiple wells drilled and installed; the primary collection line from the well field to the treatment plant along with the individual collection lines; a sand filter water treatment plant including filters, disinfection equipment, high service pump station, and clearwell storage; plant construction in phases with Phase 1B expected to provide a treatment capacity of approximately 5 MGD, with an ultimate plant buildout of approximately 35 MGD; and transmission mains from the water treatment plant to the Project's Phase 1A infrastructure all as further set forth in the Authority's application to the Texas Water Development Board.

The term *Project* shall mean, collectively, the Land Interests and the Facilities as described in the recitals to the Contract and in the Engineering Report.

The term *Project Costs* shall mean and includes, without limitation, the following costs incurred for the Project by or on behalf of the Authority or the Sponsors: (i) the cost of acquisition of the Land Interests, including appraisals, closing costs and title insurance policies; (ii) the cost of acquisition, construction, repair, replacement, improvement or decommissioning of the Facilities, and any structure, item of equipment, or other item, used for, or in connection with, the Project; (iii) the cost of site preparation of the Land Interests, including demolition or removal of structures and improvements as necessary or incident to accomplishing the Project; (iv) the cost of engineering, legal, architectural or other related services; (v) the preparation cost of plans, specifications, studies, surveys, cost estimates, and other expenses necessary or incident to planning, providing, or financing the Project; (vi) the cost of machinery, equipment, furnishings, and facilities necessary or incident to placing the Project in operation; (vii) finance charges and interest before, during, and after construction as permitted by the laws of the State; (viii) costs incurred in connection with financing the project, including, without limitation: (1) financing, legal, accounting, financial advisory, Rating Authority, and auditing fees, expenses and disbursements; (2) the cost of printing, engraving, and reproduction services; and (3) the cost of a trustee's or paying agent's initial or acceptance fee and subsequent fees; (ix) all costs, fees and expenses of litigation of all kinds; (x) the cost of property casualty and public liability insurance; (xi) the fees and costs of the anticipated Purchaser of the Bonds, including underwriting services, if applicable; (xii) reimbursement of the costs previously incurred by the Sponsors with respect to the Project; and (xiii) other costs generally recognized as a part of Project construction costs.

The term *Project Engineer* shall mean such engineer or engineering firm selected by the Authority.

The term *Purchaser* shall mean the initial purchaser of the Bonds, the Texas Water Development Board.

The term *Record Date* shall mean the Business Day of each month as set forth in the FORM OF BOND.

The term *Registration Books* shall mean the books or records relating to the registration, payment and transfer or exchange of the Bonds maintained by the Paying Agent/Registrar pursuant to Section 5 of this Resolution.

The term *Registered Owner* shall mean the entity or person in whose names any of the Bonds are registered in the Registration Books.

The term *Resolution* shall mean this resolution adopted by the Board of the Authority on October 31, 2022.

The term *Rule* shall mean SEC Rule 15c2-12, as amended from time to time.

The term *SEC* means the United States Securities and Exchange Commission.

The term *Series* shall mean any designated Series of Bonds issued pursuant to this Resolution.

The term *Series 2015 Bonds* shall mean the Hays Caldwell Public Utility Agency Contract Revenue Bonds (Regional Water Supply Contract Project – Canyon Regional Water Authority), Series 2015A.

The term *Series 2017 Bonds* shall mean the Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – Canyon Regional Water Authority), Series 2017A.

The term *Series 2019 Bonds* shall mean the Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – Canyon Regional Water Authority), Series 2019A.

The term *Series 2020 Bonds* shall mean the Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – Canyon Regional Water Authority), Series 2020A.

The term *Special Project Bonds* shall mean obligations which the Authority expressly reserves the right to issue in Section 14 of this Resolution.

The term *State* shall mean the State of Texas.

The term *Stated Maturity* shall mean, when used with respect to the Bonds, the scheduled maturity or mandatory sinking fund redemption date of a series of the Bonds.

The term *Water Rights* shall mean the right to produce, withdraw or divert water, and transport the water from the location where it is produced, withdrawn, or diverted into Caldwell County, Guadalupe County, Hays County, and the surrounding counties. "Water Rights" are a component of "Land Interests."



**EXHIBIT B**  
**FORM OF BOND**

**REGISTERED  
NO.** \_\_\_\_\_

**REGISTERED  
PRINCIPAL AMOUNT  
\$14,830,000**

**UNITED STATES OF AMERICA  
STATE OF TEXAS  
ALLIANCE REGIONAL WATER AUTHORITY  
CONTRACT REVENUE BONDS  
(REGIONAL WATER SUPPLY CONTRACT PROJECT – CANYON REGIONAL  
WATER AUTHORITY)  
SERIES 2022A**

<u>BOND DATE</u>	<u>STATED MATURITY</u>	<u>INTEREST RATE</u>	<u>CUSIP NO.</u>
November 16, 2022		%	

**REGISTERED OWNER:** \_\_\_\_\_

**PRINCIPAL AMOUNT: FOURTEEN MILLION EIGHT HUNDRED THIRTY THOUSAND DOLLARS**

The Alliance Regional Water Authority (the "Authority"), a conservation and reclamation district of the State of Texas (the "State"), created by the Cities of Buda, Kyle and San Marcos, Texas and Canyon Regional Water Authority, a conservation and reclamation district and political subdivision of the State created and existing pursuant to Article XVI, Section 59 of the Texas Constitution and existing under the laws of the State, for value received, hereby promises to pay to the order of the Registered Owner specified above, or the registered assigns thereof, on the Stated Maturity date specified above, the Principal Amount specified above (or so much thereof as shall not have been paid upon prior redemption), and to pay interest on the unpaid principal amount hereof from the Bond Date, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, to the earlier of redemption or Stated Maturity, at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on August 15 and February 15 of each year commencing August 15, 2023.

Principal and premium, if any, of this Bond shall be payable to the Registered Owner hereof (the "Holder") upon presentation and surrender, at a corporate trust office of the Paying Agent/Registrar executing the registration certificate appearing hereon or a successor thereof. Interest shall be payable to the Holder of this Bond (or one or more Predecessor Bonds, as

defined in the Resolution hereinafter referenced) whose name appears on the Security Register maintained by the Paying Agent/Registrar at the close of business on the Record Date, which is the last Business Day of the month next preceding each interest payment date. All payments of principal of and interest on this Bond shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. The foregoing notwithstanding, so long as the Texas Water Development Board is the registered owner of 100% in aggregate principal amount of the Bonds then outstanding, payment of principal and interest on the Bonds shall be made thereto by wire transfer, at no expense to the Texas Water Development Board. 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, payments made to the securities depository, or its nominee, shall be made in accordance with arrangements between the Authority and the securities depository.

This Bond is one of the series specified in its title issued in the aggregate principal amount of \$14,830,000 (the "Bonds") pursuant to a resolution adopted by the governing body of the Authority (the "Resolution"), (i) FOR CONSTRUCTING, ACQUIRING, IMPROVING AND/OR EXPANDING THE PROJECT INCLUDING BUT NOT LIMITED TO THE PHASE 1B IMPROVEMENTS WATER SUPPLY PROJECT AND (ii) PAYING THE COSTS OF ISSUANCE OF THE BONDS.

The Bonds stated to mature on and after August 15, 2033 may be redeemed prior to their Stated Maturities, at the option of the Authority, in inverse order of maturity on February 15, 2033, or on any date thereafter, in whole or in part in an Authorized Denomination (and if within a Stated Maturity selected at random and by lot by the Paying Agent/Registrar) at the redemption price of par, together with accrued interest to the date of redemption, and upon thirty (30) days prior written notice being given by United States mail, first-class postage prepaid, to Holders of the Bonds to be redeemed, and subject to the terms and provisions relating thereto contained in the Resolution. If this Bond is subject to redemption prior to Stated Maturity and in an Authorized Denomination thereof may be redeemed, and, if less than all of the principal sum hereof is to be redeemed, there shall be issued, without charge therefor, to the Holder hereof, upon the surrender of this Bond to the Paying Agent/Registrar at its corporate trust office, a new Bond or Bonds of like Stated Maturity and interest rate in any authorized denominations provided in the Resolution for the then unredeemed balance of the principal sum hereof.

If this Bond (or any portion of the principal sum hereof) shall have been duly called for redemption and notice of such redemption duly given, then upon such redemption date this Bond (or the portion of the principal sum hereof to be redeemed) shall become due and payable, and, if money for the payment of the redemption price and the interest accrued on the principal amount to be redeemed to the date of redemption is held for the purpose of such payment by the Paying Agent/Registrar, interest shall cease to accrue and be payable hereon from and after the redemption date on the principal amount hereof to be redeemed. If this Bond is called for redemption, in whole or in part, the Authority or the Paying Agent/Registrar shall not be required to issue, transfer, or exchange this Bond within forty-five (45) days of the date fixed for

redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the Holder of the unredeemed balance hereof in the event of its redemption in part.

The Bonds of this series are special obligations of the Authority payable from and equally and ratably secured solely by a lien on and pledge of the Bond Payments received by the Authority from Canyon Regional pursuant to the provisions of the Contract. In the Resolution, the Authority reserves and retains the right to issue Additional Bonds, without limitation as to principal amount but subject to any terms, conditions, or restrictions set forth in the Resolution or as may be applicable thereto under law or otherwise. The Bonds do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any property of the Authority or System, except with respect to the Bond Payments.

The Holder hereof shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

Reference is hereby made to the Resolution, copies of which are on file in the corporate trust office of the Paying Agent/Registrar, and to all of the provisions of which the Holder by his acceptance hereof hereby assents, for definitions of terms; the description and nature of the Special Payments pledged for the payment of the Bonds; the terms and conditions under which the Authority may issue Additional Bonds; the terms and conditions relating to the transfer or exchange of the Bonds; the conditions upon which the Resolution may be amended or supplemented with or without the consent of the Holders; the rights, duties, and obligations of the Authority and the Paying Agent/Registrar; the terms and provisions upon which this Bond may be redeemed or discharged at or prior to the Stated Maturity thereof, and deemed to be no longer Outstanding thereunder; and for the other terms and provisions specified in the Resolution. Capitalized terms used herein have the same meanings assigned in the Resolution.

This Bond, subject to certain limitations contained in the Resolution, may be transferred on the Registration Books upon presentation and surrender at a corporate trust office of the Paying Agent/Registrar, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by the Holder hereof, or his duly authorized agent, and thereupon one or more new fully registered Bonds of the same Stated Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued to the designated transferee or transferees.

The Authority and the Paying Agent/Registrar, and any agent of either, shall treat the Holder hereof whose name appears on the Security Register (i) on the Record Date as the owner hereof for purposes of receiving payment of interest hereon, (ii) on the date of surrender of this Bond as the owner hereof for purposes of receiving payment of principal hereof at its Stated Maturity, or its redemption, in whole or in part, and (iii) on any other date as the owner hereof for all other purposes, and neither the Authority nor the Paying Agent/Registrar, or any such agent of either, shall be affected by notice to the contrary. In the event of a non-payment of interest on a scheduled payment date, and for thirty (30) 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 Authority. Notice of the Special Record Date and of the scheduled payment date of the past due

interest (the "Special Payment Date" - which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

It is hereby certified, covenanted, and represented that all acts, conditions, and things required to be performed, exist, and be done precedent to the issuance of this Bond in order to render the same a legal, valid, and binding special obligation of the Authority have been performed, exist, and have been done, in regular and due time, form, and manner, as required by law, and that issuance of the Bonds does not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on the Bonds by a lien on and pledge of the Bond Payments and as otherwise provided in this Resolution. In case any provision in this Bond or any application thereof shall be deemed invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. The terms and provisions of this Bond and the Resolution shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the Board of the Authority has caused this Bond to be duly signed with the manual or facsimile signature of the Chair or Vice Chair of the Board of the Authority and countersigned with the manual or facsimile signature of the Secretary of the Board of the Authority.

ALLIANCE REGIONAL WATER  
AUTHORITY

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Chair, Board

ATTESTED:

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Secretary, Board

C. Form of Registration Certificate of Comptroller of Public Accounts to Appear on Initial Bond Only.

**REGISTRATION CERTIFICATE OF  
COMPTROLLER OF PUBLIC ACCOUNTS**

**OFFICE OF THE COMPTROLLER OF  
PUBLIC ACCOUNTS  
THE STATE OF TEXAS**

§  
§  
§  
§

**REGISTER NO.** \_\_\_\_\_

I HEREBY CERTIFY that this Bond has been examined and approved by the Attorney General of the State of Texas, and duly registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS my signature and seal of office this \_\_\_\_\_.

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

**D. Form of Certificate of Paying Agent/Registrar to Appear on Definitive Bonds Only.**

This Bond has been duly issued under the provisions of the within-mentioned Resolution; the Bond or Bonds of the above-entitled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

Registered this date: \_\_\_\_\_

**BOKF, NA**  
as Paying Agent/Registrar

By: \_\_\_\_\_  
Authorized Signature

**E. Form of Assignment.**

**ASSIGNMENT**

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto (Print or typewrite name, address, and zip code of transferee): \_\_\_\_\_

\_\_\_\_\_  
(Social Security or other identifying number):

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

DATED: \_\_\_\_\_

\_\_\_\_\_  
NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular.

Signature guaranteed:

\_\_\_\_\_

F. The Initial Bond of each series shall be in the form set forth in paragraph B of this Section, except that the form of a single fully registered Initial Bond shall be modified as follows:

- i) immediately under the name of the Bond(s) the headings "Interest Rate" and "Stated Maturity" shall both be completed "as shown below";
- ii) the first two paragraphs shall read as follows:

Registered Owner: \_\_\_\_\_

Principal Amount: \_\_\_\_\_

The Alliance Regional Water Authority (the "Authority"), a conservation and reclamation district of the State of Texas, with its principal office located in San Marcos, Texas, for value received, hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, the Principal Amount specified above on the 15th day of August in each of the years and in principal amounts and bearing interest at per annum rates in accordance with the following schedule:

Year of Stated Maturity (August 15)	Principal Amounts	Interest Rates
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(Information to be inserted from Sections 3 and 4)

(or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid Principal Amount hereof from the Bond Date, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, to Stated Maturity or prior redemption, at the per annum rates of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15, commencing August 15, 2023 (the "Interest Payment Date").

Principal and premium, if any, of this Bond shall be payable to the Registered Owner hereof (the Holder), upon its presentation and surrender, at a corporate trust office of BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"). Interest shall be payable to the Holder of this Bond whose name appears on the Security Register maintained by the Paying Agent/Registrar at the close of business on the Record Date, which is the last Business Day of the month next preceding each interest payment date. All payments of principal of and interest on this Bond shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Interest shall be paid by the Paying Agent/Registrar by check sent on or prior to the appropriate date of payment by United States mail, first-class postage prepaid, to the Holder hereof at the address appearing in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder hereof.

**EXHIBIT C**

**FORM OF PROJECT FUND REQUISITION**

**PROJECT FUND REQUISITION**

DATE: \_\_\_\_\_

Alliance Regional Water Authority hereby makes this requisition pursuant to "A Resolution by the Board of the Alliance Regional Water Authority Authorizing the Issuance of Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – Canyon Regional Water Authority), Series 2022A; and Resolving Other Matters Incident and Relating to the Issuance, Payment, Security, Sale, and Delivery of Such Bonds" adopted by the Board of the Authority on October 31, 2022. The undersigned hereby authorizes disbursement from the Project Fund to pay Project Costs for the purposes and in the amounts as follows:

<u>Name of Payee</u>	<u>Nature of Disbursement</u>	<u>Amount</u>
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## **EXHIBIT D**

### **CONTINUING DISCLOSURE**

#### **DESCRIPTION OF ANNUAL FINANCIAL INFORMATION**

The following information is referred to in Section 28 of this Resolution.

#### **Annual Financial Statements and Operating Data**

The financial information and operating data with respect to the Canyon Regional Water Authority to be provided annually in accordance with such Section 28 are audited financial statements of the Canyon Regional Water Authority.

#### **Accounting Principles**

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

**EXHIBIT E**

**REGIONAL WATER SUPPLY CONTRACT**

**EXHIBIT F**

**APPROVAL CERTIFICATE**

The undersigned Authorized Representative of the Canyon Regional Water Authority pursuant to the resolution (the "Resolution") authorizing the issuance of obligations designated as "Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – Canyon Regional Water Authority), Series 2022A" (the "Bonds") hereby approves the following terms of the Bonds:

- (i) the total principal amount of the Bonds of \$14,830,000;
- (ii) the purchase price for the Bonds is \$14,830,000 (representing the original principal amount of the Bonds);
- (iii) the interest rates and maturity schedule for the Bonds are as set forth below:

<u>YEAR OF STATED MATURITY (August 15)</u>	<u>PRINCIPAL AMOUNTS(\$)</u>	<u>INTEREST RATES(%)</u>	<u>YEAR OF STATED MATURITY (August 15)</u>	<u>PRINCIPAL AMOUNTS(\$)</u>	<u>INTEREST RATES(%)</u>
2024	\$340,000	2.780%	2039	\$495,000	4.000%
2025	345,000	2.820	2040	515,000	4.040
2026	350,000	2.850	2041	530,000	4.080
2027	360,000	2.890	2042	550,000	4.130
2028	370,000	2.920	2043	570,000	4.080
2029	375,000	2.950	2044	590,000	4.080
2030	385,000	3.010	2045	615,000	4.080
2031	395,000	3.070	2046	635,000	4.080
2032	405,000	3.110	2047	660,000	4.080
2033	410,000	3.270	2048	685,000	4.170
2034	425,000	3.450	2049	710,000	4.170
2035	435,000	3.550	2050	735,000	4.170
2036	450,000	3.870	2051	760,000	4.170
2037	465,000	3.910	2052	790,000	4.170
2038	480,000	3.950			

- (iv) the Bonds are subject to redemption as set forth below:

The Bonds stated to mature on and after August 15, 2033 may be redeemed prior to their Stated Maturities, at the option of the Authority, in inverse order of maturity on February 15, 2033, or on any date thereafter, in whole or in part in an Authorized Denomination (and if within a Stated Maturity selected at random and by lot by the Paying Agent/Registrar) at the redemption price of par, together with accrued interest to the date of redemption, and upon thirty (30) days

prior written notice being given by United States mail, first-class postage prepaid, to Holders of the Bonds to be redeemed, and subject to the terms and provisions relating thereto contained in the Resolution. If any Bond subject to redemption prior to Stated Maturity and in an Authorized Denomination thereof may be redeemed, and, if less than all of the principal sum is to be redeemed, there shall be issued, without charge therefor, to the Holder thereof, upon the surrender of such Bond to the Paying Agent/Registrar at its corporate trust office, a new Bond of like Stated Maturity and interest rate in any authorized denominations provided in the Resolution for the then unredeemed balance of the principal sum.

If the Bond (or any portion of the principal sum) shall have been duly called for redemption and notice of such redemption duly given, then upon such redemption date the Bond (or the portion of the principal sum to be redeemed) shall become due and payable, and, if money for the payment of the redemption price and the interest accrued on the principal amount to be redeemed to the date of redemption is held for the purpose of such payment by the Paying Agent/Registrar, interest shall cease to accrue and be payable from and after the redemption date on the principal amount to be redeemed. If the Bond is called for redemption, in whole or in part, the Authority or the Paying Agent/Registrar shall not be required to issue, transfer, or exchange the Bond within forty-five (45) days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the Holder of the unredeemed balance in the event of its redemption in part; and

(v) the Bonds have been approved for issuance by the Texas Water Development Board and will be approved by the Texas Attorney General.

**EXECUTED AND DELIVERED THIS** 18th day of October, 2022.

**CANYON REGIONAL WATER  
AUTHORITY**

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

FINAL

**Alliance Regional Water Authority**

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\$14,830,000 Contract Revenue Bonds (Regional Water Supply Contract Project - Canyon Regional Water Authority), Series 2022A (30-Year Low Interest - Level)  
11/16/22 Closing and Final Rates Provided by the TWDB on 10/5/22

**Sources & Uses**

Dated 11/16/2022 | Delivered 11/16/2022

**Sources Of Funds**

---

Par Amount of Bonds \$14,830,000.00

**Total Sources** **\$14,830,000.00**

---

**Uses Of Funds**

---

Costs of Issuance 272,473.00

Deposit to Project Construction Fund 14,557,527.00

**Total Uses** **\$14,830,000.00**

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FINAL

**Alliance Regional Water Authority**

\$14,830,000 Contract Revenue Bonds (Regional Water Supply Contract Project - Canyon Regional Water Authority), Series 2022A (30-Year Low Interest - Level)  
11/16/22 Closing and Final Rates Provided by the TWDB on 10/5/22

**Pricing Summary**

<b>Maturity</b>	<b>Type of Bond</b>	<b>Coupon</b>	<b>Yield</b>	<b>Maturity Value</b>	<b>Price</b>	<b>Dollar Price</b>
08/15/2024	Serial Coupon	2.780%	2.780%	340,000.00	100.000%	340,000.00
08/15/2025	Serial Coupon	2.820%	2.820%	345,000.00	100.000%	345,000.00
08/15/2026	Serial Coupon	2.850%	2.850%	350,000.00	100.000%	350,000.00
08/15/2027	Serial Coupon	2.890%	2.890%	360,000.00	100.000%	360,000.00
08/15/2028	Serial Coupon	2.920%	2.920%	370,000.00	100.000%	370,000.00
08/15/2029	Serial Coupon	2.950%	2.950%	375,000.00	100.000%	375,000.00
08/15/2030	Serial Coupon	3.010%	3.010%	385,000.00	100.000%	385,000.00
08/15/2031	Serial Coupon	3.070%	3.070%	395,000.00	100.000%	395,000.00
08/15/2032	Serial Coupon	3.110%	3.110%	405,000.00	100.000%	405,000.00
08/15/2033	Serial Coupon	3.270%	3.270%	410,000.00	100.000%	410,000.00
08/15/2034	Serial Coupon	3.450%	3.450%	425,000.00	100.000%	425,000.00
08/15/2035	Serial Coupon	3.550%	3.550%	435,000.00	100.000%	435,000.00
08/15/2036	Serial Coupon	3.870%	3.870%	450,000.00	100.000%	450,000.00
08/15/2037	Serial Coupon	3.910%	3.910%	465,000.00	100.000%	465,000.00
08/15/2038	Serial Coupon	3.950%	3.950%	480,000.00	100.000%	480,000.00
08/15/2039	Serial Coupon	4.000%	4.000%	495,000.00	100.000%	495,000.00
08/15/2040	Serial Coupon	4.040%	4.040%	515,000.00	100.000%	515,000.00
08/15/2041	Serial Coupon	4.080%	4.080%	530,000.00	100.000%	530,000.00
08/15/2042	Serial Coupon	4.130%	4.130%	550,000.00	100.000%	550,000.00
08/15/2043	Serial Coupon	4.080%	4.080%	570,000.00	100.000%	570,000.00
08/15/2044	Serial Coupon	4.080%	4.080%	590,000.00	100.000%	590,000.00
08/15/2045	Serial Coupon	4.080%	4.080%	615,000.00	100.000%	615,000.00
08/15/2046	Serial Coupon	4.080%	4.080%	635,000.00	100.000%	635,000.00
08/15/2047	Serial Coupon	4.080%	4.080%	660,000.00	100.000%	660,000.00
08/15/2048	Serial Coupon	4.170%	4.170%	685,000.00	100.000%	685,000.00
08/15/2049	Serial Coupon	4.170%	4.170%	710,000.00	100.000%	710,000.00
08/15/2050	Serial Coupon	4.170%	4.170%	735,000.00	100.000%	735,000.00
08/15/2051	Serial Coupon	4.170%	4.170%	760,000.00	100.000%	760,000.00
08/15/2052	Serial Coupon	4.170%	4.170%	790,000.00	100.000%	790,000.00
<b>Total</b>	-	-	-	<b>\$14,830,000.00</b>	-	<b>\$14,830,000.00</b>

**Bid Information**

Par Amount of Bonds	\$14,830,000.00
Gross Production	\$14,830,000.00
Bid (100.000%)	14,830,000.00
Total Purchase Price	\$14,830,000.00
Bond Year Dollars	\$265,806.31
Average Life	17.924 Years
Average Coupon	3.9828507%
Net Interest Cost (NIC)	3.9828507%
True Interest Cost (TIC)	3.9461800%

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## Alliance Regional Water Authority

\$14,830,000 Contract Revenue Bonds (Regional Water Supply Contract Project - Canyon Regional Water Authority), Series 2022A (30-Year Low Interest - Level)  
11/16/22 Closing and Final Rates Provided by the TWDB on 10/5/22

## Debt Service Schedule

Part 1 of 3

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
11/16/2022	-	-	-	-	-
08/15/2023	-	-	418,042.81	418,042.81	-
09/30/2023	-	-	-	-	418,042.81
02/15/2024	-	-	279,731.25	279,731.25	-
08/15/2024	340,000.00	2.780%	279,731.25	619,731.25	-
09/30/2024	-	-	-	-	899,462.50
02/15/2025	-	-	275,005.25	275,005.25	-
08/15/2025	345,000.00	2.820%	275,005.25	620,005.25	-
09/30/2025	-	-	-	-	895,010.50
02/15/2026	-	-	270,140.75	270,140.75	-
08/15/2026	350,000.00	2.850%	270,140.75	620,140.75	-
09/30/2026	-	-	-	-	890,281.50
02/15/2027	-	-	265,153.25	265,153.25	-
08/15/2027	360,000.00	2.890%	265,153.25	625,153.25	-
09/30/2027	-	-	-	-	890,306.50
02/15/2028	-	-	259,951.25	259,951.25	-
08/15/2028	370,000.00	2.920%	259,951.25	629,951.25	-
09/30/2028	-	-	-	-	889,902.50
02/15/2029	-	-	254,549.25	254,549.25	-
08/15/2029	375,000.00	2.950%	254,549.25	629,549.25	-
09/30/2029	-	-	-	-	884,098.50
02/15/2030	-	-	249,018.00	249,018.00	-
08/15/2030	385,000.00	3.010%	249,018.00	634,018.00	-
09/30/2030	-	-	-	-	883,036.00
02/15/2031	-	-	243,223.75	243,223.75	-
08/15/2031	395,000.00	3.070%	243,223.75	638,223.75	-
09/30/2031	-	-	-	-	881,447.50
02/15/2032	-	-	237,160.50	237,160.50	-
08/15/2032	405,000.00	3.110%	237,160.50	642,160.50	-
09/30/2032	-	-	-	-	879,321.00
02/15/2033	-	-	230,862.75	230,862.75	-
08/15/2033	410,000.00	3.270%	230,862.75	640,862.75	-
09/30/2033	-	-	-	-	871,725.50
02/15/2034	-	-	224,159.25	224,159.25	-
08/15/2034	425,000.00	3.450%	224,159.25	649,159.25	-
09/30/2034	-	-	-	-	873,318.50
02/15/2035	-	-	216,828.00	216,828.00	-
08/15/2035	435,000.00	3.550%	216,828.00	651,828.00	-
09/30/2035	-	-	-	-	868,656.00
02/15/2036	-	-	209,106.75	209,106.75	-

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**Alliance Regional Water Authority**

\$14,830,000 Contract Revenue Bonds (Regional Water Supply Contract Project - Canyon Regional Water Authority), Series 2022A (30-Year Low Interest - Level)  
11/16/22 Closing and Final Rates Provided by the TWDB on 10/5/22

**Debt Service Schedule**

Part 2 of 3

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Total P+I</b>	<b>Fiscal Total</b>
08/15/2036	450,000.00	3.870%	209,106.75	659,106.75	-
09/30/2036	-	-	-	-	868,213.50
02/15/2037	-	-	200,399.25	200,399.25	-
08/15/2037	465,000.00	3.910%	200,399.25	665,399.25	-
09/30/2037	-	-	-	-	865,798.50
02/15/2038	-	-	191,308.50	191,308.50	-
08/15/2038	480,000.00	3.950%	191,308.50	671,308.50	-
09/30/2038	-	-	-	-	862,617.00
02/15/2039	-	-	181,828.50	181,828.50	-
08/15/2039	495,000.00	4.000%	181,828.50	676,828.50	-
09/30/2039	-	-	-	-	858,657.00
02/15/2040	-	-	171,928.50	171,928.50	-
08/15/2040	515,000.00	4.040%	171,928.50	686,928.50	-
09/30/2040	-	-	-	-	858,857.00
02/15/2041	-	-	161,525.50	161,525.50	-
08/15/2041	530,000.00	4.080%	161,525.50	691,525.50	-
09/30/2041	-	-	-	-	853,051.00
02/15/2042	-	-	150,713.50	150,713.50	-
08/15/2042	550,000.00	4.130%	150,713.50	700,713.50	-
09/30/2042	-	-	-	-	851,427.00
02/15/2043	-	-	139,356.00	139,356.00	-
08/15/2043	570,000.00	4.080%	139,356.00	709,356.00	-
09/30/2043	-	-	-	-	848,712.00
02/15/2044	-	-	127,728.00	127,728.00	-
08/15/2044	590,000.00	4.080%	127,728.00	717,728.00	-
09/30/2044	-	-	-	-	845,456.00
02/15/2045	-	-	115,692.00	115,692.00	-
08/15/2045	615,000.00	4.080%	115,692.00	730,692.00	-
09/30/2045	-	-	-	-	846,384.00
02/15/2046	-	-	103,146.00	103,146.00	-
08/15/2046	635,000.00	4.080%	103,146.00	738,146.00	-
09/30/2046	-	-	-	-	841,292.00
02/15/2047	-	-	90,192.00	90,192.00	-
08/15/2047	660,000.00	4.080%	90,192.00	750,192.00	-
09/30/2047	-	-	-	-	840,384.00
02/15/2048	-	-	76,728.00	76,728.00	-
08/15/2048	685,000.00	4.170%	76,728.00	761,728.00	-
09/30/2048	-	-	-	-	838,456.00
02/15/2049	-	-	62,445.75	62,445.75	-
08/15/2049	710,000.00	4.170%	62,445.75	772,445.75	-

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## Alliance Regional Water Authority

\$14,830,000 Contract Revenue Bonds (Regional Water Supply Contract Project - Canyon Regional Water Authority), Series 2022A (30-Year Low Interest - Level)  
11/16/22 Closing and Final Rates Provided by the TWDB on 10/5/22

## Debt Service Schedule

Part 3 of 3

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
09/30/2049	-	-	-	-	834,891.50
02/15/2050	-	-	47,642.25	47,642.25	-
08/15/2050	735,000.00	4.170%	47,642.25	782,642.25	-
09/30/2050	-	-	-	-	830,284.50
02/15/2051	-	-	32,317.50	32,317.50	-
08/15/2051	760,000.00	4.170%	32,317.50	792,317.50	-
09/30/2051	-	-	-	-	824,635.00
02/15/2052	-	-	16,471.50	16,471.50	-
08/15/2052	790,000.00	4.170%	16,471.50	806,471.50	-
09/30/2052	-	-	-	-	822,943.00
<b>Total</b>	<b>\$14,830,000.00</b>	<b>-</b>	<b>\$10,586,668.31</b>	<b>\$25,416,668.31</b>	<b>-</b>

### Yield Statistics

Bond Year Dollars	\$265,806.31
Average Life	17.924 Years
Average Coupon	3.9828507%
DV01	18,479.60
Net Interest Cost (NIC)	3.9828507%
True Interest Cost (TIC)	3.9461800%
Bond Yield for Arbitrage Purposes	3.9461800%
All Inclusive Cost (AIC)	4.0991658%

### IRS Form 8038

Net Interest Cost	3.9828507%
Weighted Average Maturity	17.924 Years

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**Alliance Regional Water Authority**

\$14,830,000 Contract Revenue Bonds (Regional Water Supply Contract Project - Canyon Regional Water Authority), Series 2022A (30-Year Low Interest - Level)  
11/16/22 Closing and Final Rates Provided by the TWDB on 10/5/22

**Proof Of Bond Yield @ 3.9461800%**

Part 1 of 2

Date	Cashflow	PV Factor	Present Value	Cumulative PV
11/16/2022	-	1.000000x	-	-
08/15/2023	418,042.81	0.9712226x	406,012.62	406,012.62
02/15/2024	279,731.25	0.9524303x	266,424.51	672,437.13
08/15/2024	619,731.25	0.9340016x	578,829.97	1,251,267.10
02/15/2025	275,005.25	0.9159295x	251,885.41	1,503,152.51
08/15/2025	620,005.25	0.8982070x	556,893.08	2,060,045.60
02/15/2026	270,140.75	0.8808275x	237,947.41	2,297,993.00
08/15/2026	620,140.75	0.8637843x	535,667.83	2,833,660.83
02/15/2027	265,153.25	0.8470708x	224,603.58	3,058,264.41
08/15/2027	625,153.25	0.8306807x	519,302.76	3,577,567.17
02/15/2028	259,951.25	0.8146078x	211,758.31	3,789,325.48
08/15/2028	629,951.25	0.7988458x	503,233.93	4,292,559.42
02/15/2029	254,549.25	0.7833889x	199,411.05	4,491,970.47
08/15/2029	629,549.25	0.7682310x	483,639.24	4,975,609.71
02/15/2030	249,018.00	0.7533664x	187,601.79	5,163,211.50
08/15/2030	634,018.00	0.7387894x	468,405.78	5,631,617.28
02/15/2031	243,223.75	0.7244945x	176,214.26	5,807,831.54
08/15/2031	638,223.75	0.7104761x	453,442.75	6,261,274.29
02/15/2032	237,160.50	0.6967291x	165,236.61	6,426,510.90
08/15/2032	642,160.50	0.6832480x	438,754.85	6,865,265.75
02/15/2033	230,862.75	0.6700277x	154,684.44	7,019,950.19
08/15/2033	640,862.75	0.6570633x	421,087.37	7,441,037.55
02/15/2034	224,159.25	0.6443497x	144,436.94	7,585,474.49
08/15/2034	649,159.25	0.6318821x	410,192.08	7,995,666.57
02/15/2035	216,828.00	0.6196557x	134,358.70	8,130,025.28
08/15/2035	651,828.00	0.6076659x	396,093.65	8,526,118.92
02/15/2036	209,106.75	0.5959081x	124,608.40	8,650,727.33
08/15/2036	659,106.75	0.5843778x	385,167.35	9,035,894.68
02/15/2037	200,399.25	0.5730706x	114,842.92	9,150,737.59
08/15/2037	665,399.25	0.5619822x	373,942.52	9,524,680.11
02/15/2038	191,308.50	0.5511083x	105,431.71	9,630,111.82
08/15/2038	671,308.50	0.5404449x	362,805.22	9,992,917.05
02/15/2039	181,828.50	0.5299877x	96,366.87	10,089,283.92
08/15/2039	676,828.50	0.5197329x	351,770.05	10,441,053.97
02/15/2040	171,928.50	0.5096765x	87,627.92	10,528,681.89
08/15/2040	686,928.50	0.4998147x	343,337.00	10,872,018.89
02/15/2041	161,525.50	0.4901438x	79,170.72	10,951,189.61
08/15/2041	691,525.50	0.4806599x	332,388.59	11,283,578.20
02/15/2042	150,713.50	0.4713596x	71,040.25	11,354,618.45
08/15/2042	700,713.50	0.4622392x	323,897.23	11,678,515.68

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## Alliance Regional Water Authority

\$14,830,000 Contract Revenue Bonds (Regional Water Supply Contract Project - Canyon Regional Water Authority), Series 2022A (30-Year Low Interest - Level)  
11/16/22 Closing and Final Rates Provided by the TWDB on 10/5/22

## Proof Of Bond Yield @ 3.9461800%

Part 2 of 2

Date	Cashflow	PV Factor	Present Value	Cumulative PV
02/15/2043	139,356.00	0.4532953x	63,169.41	11,741,685.09
08/15/2043	709,356.00	0.4445244x	315,326.04	12,057,011.14
02/15/2044	127,728.00	0.4359232x	55,679.60	12,112,690.74
08/15/2044	717,728.00	0.4274885x	306,820.46	12,419,511.20
02/15/2045	115,692.00	0.4192170x	48,500.05	12,468,011.25
08/15/2045	730,692.00	0.4111055x	300,391.49	12,768,402.74
02/15/2046	103,146.00	0.4031510x	41,583.41	12,809,986.15
08/15/2046	738,146.00	0.3953503x	291,826.27	13,101,812.42
02/15/2047	90,192.00	0.3877007x	34,967.50	13,136,779.92
08/15/2047	750,192.00	0.3801990x	285,222.24	13,422,002.15
02/15/2048	76,728.00	0.3728425x	28,607.46	13,450,609.61
08/15/2048	761,728.00	0.3656283x	278,509.31	13,729,118.92
02/15/2049	62,445.75	0.3585537x	22,390.16	13,751,509.07
08/15/2049	772,445.75	0.3516160x	271,604.29	14,023,113.36
02/15/2050	47,642.25	0.3448125x	16,427.65	14,039,541.01
08/15/2050	782,642.25	0.3381407x	264,643.22	14,304,184.23
02/15/2051	32,317.50	0.3315980x	10,716.42	14,314,900.64
08/15/2051	792,317.50	0.3251819x	257,647.28	14,572,547.93
02/15/2052	16,471.50	0.3188899x	5,252.59	14,577,800.52
08/15/2052	806,471.50	0.3127196x	252,199.48	14,830,000.00
<b>Total</b>	<b>\$25,416,668.31</b>	<b>-</b>	<b>\$14,830,000.00</b>	<b>-</b>

### Derivation Of Target Amount

Par Amount of Bonds	\$14,830,000.00
Original Issue Proceeds	\$14,830,000.00

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**Alliance Regional Water Authority**

\$14,830,000 Contract Revenue Bonds (Regional Water Supply Contract Project - Canyon Regional Water Authority), Series 2022A (30-Year Low Interest - Level)

11/16/22 Closing and Final Rates Provided by the TWDB on 10/5/22

**Derivation Of Form 8038 Yield Statistics**

<b>Maturity</b>	<b>Issuance Value</b>	<b>Coupon</b>	<b>Price</b>	<b>Issuance Price</b>	<b>Exponent</b>	<b>Bond Years</b>
11/16/2022	-	-	-	-	-	-
08/15/2024	340,000.00	2.780%	100.000%	340,000.00	1.7472222x	594,055.56
08/15/2025	345,000.00	2.820%	100.000%	345,000.00	2.7472222x	947,791.67
08/15/2026	350,000.00	2.850%	100.000%	350,000.00	3.7472222x	1,311,527.78
08/15/2027	360,000.00	2.890%	100.000%	360,000.00	4.7472222x	1,709,000.00
08/15/2028	370,000.00	2.920%	100.000%	370,000.00	5.7472222x	2,126,472.22
08/15/2029	375,000.00	2.950%	100.000%	375,000.00	6.7472222x	2,530,208.33
08/15/2030	385,000.00	3.010%	100.000%	385,000.00	7.7472222x	2,982,680.56
08/15/2031	395,000.00	3.070%	100.000%	395,000.00	8.7472222x	3,455,152.78
08/15/2032	405,000.00	3.110%	100.000%	405,000.00	9.7472222x	3,947,625.00
08/15/2033	410,000.00	3.270%	100.000%	410,000.00	10.7472222x	4,406,361.11
08/15/2034	425,000.00	3.450%	100.000%	425,000.00	11.7472222x	4,992,569.44
08/15/2035	435,000.00	3.550%	100.000%	435,000.00	12.7472222x	5,545,041.67
08/15/2036	450,000.00	3.870%	100.000%	450,000.00	13.7472222x	6,186,250.00
08/15/2037	465,000.00	3.910%	100.000%	465,000.00	14.7472222x	6,857,458.33
08/15/2038	480,000.00	3.950%	100.000%	480,000.00	15.7472222x	7,558,666.67
08/15/2039	495,000.00	4.000%	100.000%	495,000.00	16.7472222x	8,289,875.00
08/15/2040	515,000.00	4.040%	100.000%	515,000.00	17.7472222x	9,139,819.44
08/15/2041	530,000.00	4.080%	100.000%	530,000.00	18.7472222x	9,936,027.78
08/15/2042	550,000.00	4.130%	100.000%	550,000.00	19.7472222x	10,860,972.22
08/15/2043	570,000.00	4.080%	100.000%	570,000.00	20.7472222x	11,825,916.67
08/15/2044	590,000.00	4.080%	100.000%	590,000.00	21.7472222x	12,830,861.11
08/15/2045	615,000.00	4.080%	100.000%	615,000.00	22.7472222x	13,989,541.67
08/15/2046	635,000.00	4.080%	100.000%	635,000.00	23.7472222x	15,079,486.11
08/15/2047	660,000.00	4.080%	100.000%	660,000.00	24.7472222x	16,333,166.67
08/15/2048	685,000.00	4.170%	100.000%	685,000.00	25.7472222x	17,636,847.22
08/15/2049	710,000.00	4.170%	100.000%	710,000.00	26.7472222x	18,990,527.78
08/15/2050	735,000.00	4.170%	100.000%	735,000.00	27.7472222x	20,394,208.33
08/15/2051	760,000.00	4.170%	100.000%	760,000.00	28.7472222x	21,847,888.89
08/15/2052	790,000.00	4.170%	100.000%	790,000.00	29.7472222x	23,500,305.56
<b>Total</b>	<b>\$14,830,000.00</b>	<b>-</b>	<b>-</b>	<b>\$14,830,000.00</b>	<b>-</b>	<b>\$265,806,305.56</b>

**Description of Bonds**

Final Maturity Date	8/15/2052
Issue price of entire issue	14,830,000.00
Stated Redemption at Maturity	14,830,000.00
Weighted Average Maturity = Bond Years/Issue Price	17.924 Years
Bond Yield for Arbitrage Purposes	3.9461800%

**Uses of Proceeds of Issue**

Proceeds used for accrued interest	-
Proceeds used for bond issuance costs (including underwriters' discount)	272,473.00
Proceeds used for credit enhancement	-
Proceeds allocated to reasonably required reserve or replacement fund	-

2022A \$14.83mm CRWA 30yr | SINGLE PURPOSE | 10/ 6/2022 | 9:02 AM

## ESCROW AGREEMENT

**THIS ESCROW AGREEMENT** (the "Agreement"), made by and between Alliance Regional Water Authority, a conservation and reclamation district of the State of Texas (the "Authority"), acting by and through its Executive Director and BOKF, NA, as Escrow Agent together with any successor in such capacity;

### W I T N E S S E T H:

**WHEREAS**, pursuant to four separate resolutions finally adopted by the Board of Directors of the Authority on October 31, 2022 (the "Resolutions"), the Authority authorized the issuance of four separate series of bonds, to wit: \$14,830,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – Canyon Regional Water Authority), Series 2022A dated November 16, 2022, \$13,520,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of Kyle, Texas), Series 2022B dated November 15, 2022, \$17,210,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of San Marcos, Texas), Series 2022C dated November 16, 2022 and \$2,440,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of Buda, Texas), Series 2022D dated November 16, 2022 (collectively, the "Obligations") to obtain financial assistance from the Texas Water Development Board (the "TWDB") for the purpose of funding water supply improvements, as set forth in the Resolutions (the "Project"); and

**WHEREAS**, the Escrow Agent is a state or national bank designated by the Texas Comptroller as a state depository institution in accordance with Texas Government Code, Chapter 404, Subchapter C, or is a designated custodian of collateral in accordance with Texas Government Code, Chapter 404, Subchapter D and is otherwise qualified and empowered to enter into this Agreement, and hereby acknowledges its acceptance of the terms and provisions hereof; and

**WHEREAS**, a condition of the Obligations is the deposit of the proceeds of the Obligations (the "Proceeds") in escrow subject to being withdrawn only with the approval of the Executive Administrator of the TWDB or another designated representative; provided, however, the Proceeds can be transferred to different investments so long as all parties hereto consent to such transfer;

**NOW, THEREFORE**, in consideration of the mutual agreements herein contained and in consideration of the amount of fees to be paid by the Authority to the Escrow Agent, as set forth on Exhibit "A", the receipt of which is hereby acknowledged, and in order to secure the delivery of the Obligations, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives and successors, as follows:

**SECTION 1: ESCROW ACCOUNT(S).** Upon the delivery of the Obligations described above, the Proceeds identified under TWDB Commitment Numbers L1001536, LM221443 (Canyon Regional Water Authority), L1001543, LM221444 (City of Kyle, Texas), L1001544, LM221445 (City of San Marcos, Texas) and L1001545, LM221446 (City of Buda, Texas) shall be deposited to the credit of special escrow accounts or escrow subaccounts (the "Escrow Accounts") maintained at the Escrow Agent on behalf of the Authority and the TWDB and shall not be commingled with any

other accounts or with any other proceeds or funds. The Proceeds received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the Authority, and the Escrow Agent shall have no right to title with respect thereto except as Escrow Agent under the terms of this Agreement.

The Escrow Accounts shall be entitled "Alliance Regional Water Authority, Contract Revenue Bonds, Texas Water Development Board L1001536 and LM221443 (Canyon Regional Water Authority) Escrow Account," "Alliance Regional Water Authority, Contract Revenue Bonds, Texas Water Development Board L1001543 and LM221444 (City of Kyle, Texas) Escrow Account," "Alliance Regional Water Authority, Contract Revenue Bonds, Texas Water Development Board L1001544 and LM221445 (City of San Marcos, Texas) Escrow Account" and "Alliance Regional Water Authority, Contract Revenue Bonds, Texas Water Development Board L1001545 and LM221446 (City of Buda, Texas) Escrow Account" with appropriate subaccount designation for each series of bonds and shall not be subject to warrants, drafts or checks drawn by the Authority but shall be disbursed or withdrawn to pay the costs of the Project for which the Obligations were issued or other purposes in accordance with the Resolution and solely upon written authorization from the Executive Administrator of the TWDB or his/her designated representative. The Escrow Agent shall provide to the Authority and to the TWDB the Escrow Account(s) bank statements upon request.

**SECTION 2: COLLATERAL.** All cash deposited to the credit of such Escrow Account(s) and any accrued interest in excess of the amounts insured by the Federal Deposit Insurance Corporation (the "FDIC") and remaining uninvested under the terms of this Agreement shall be continuously secured by a valid pledge of direct obligations of the United States of America or other collateral meeting the requirements of the Public Funds Collateral Act, Texas Government Code, Chapter 2257.

**SECTION 3: INVESTMENTS.** While the Proceeds are held in escrow, the Escrow Agent shall only invest escrowed Proceeds in investments that are authorized by the Public Funds Investment Act, Texas Government Code, Chapter 2256 (the "PFIA"). It is the Authority's responsibility to direct the Escrow Agent to invest all public funds in a manner that is consistent not only with the PFIA but also with its own written investment policy.

**SECTION 4: DISBURSEMENTS.** The Escrow Agent shall not honor any disbursement from the Escrow Accounts, or any portion thereof, unless and until it has been supplied with written approval and consent by the Executive Administrator of the TWDB or his/her designated representative. However, no written approval and consent by the Executive Administrator of the TWDB shall be required if the disbursement involves transferring Proceeds from one investment to another within the Escrow Accounts provided that all such investments are consistent with the PFIA requirements.

**SECTION 5: UNEXPENDED FUNDS.** Any Proceeds remaining unexpended in the Escrow Accounts after completion of the Project and after the final accounting has been submitted to and approved by the TWDB shall be disposed of pursuant to the provisions of the respective Resolutions. The Authority shall deliver a copy of such TWDB approval of the final accounting to the Escrow Agent together with instructions concerning the disbursement of unexpended Proceeds

hereunder. The Escrow Agent shall have no obligation to ensure that such unexpended Proceeds are used as required by the provisions of the Resolutions, that being the sole obligation of the Authority.

**SECTION 6: CERTIFICATIONS.** The Escrow Agent shall be authorized to accept and rely upon the certifications and documents furnished to the Escrow Agent by the Authority and shall not be liable for the payment of any funds made in reliance in good faith upon such certifications or other documents or approvals, as herein recited.

**SECTION 7: LIABILITY OF ESCROW AGENT.** To the extent permitted by law, the Escrow Agent shall not be liable for any act done or step taken or omitted by it or any mistake of fact or law, except for its negligence or willful misconduct. The Escrow Agent shall not be responsible in any manner for any proceedings in connection with the Obligations or any recitation contained in the Obligations. In the event of a question regarding any disbursement or a disagreement between the undersigned or TWDB or any other person resulting in adverse claims being made upon the amounts in the Escrow Account, the Escrow Agent shall be protected and shall not be liable to the Authority or any other person if it follows the written direction of the Executive Administrator or of a final order or judgment of a court of competent jurisdiction. To the extent permitted by law, the Authority agrees to indemnify and save Escrow Agent harmless from all losses, costs, liabilities, actual damages, fees and expenses (including, but not limited to, reasonable attorney's fees and expenses) suffered or incurred by Escrow Agent arising from the performance of its obligations under this Agreement ("Acts"), except such Acts as arise from or attributable to the negligence or willful misconduct of Escrow Agent. Escrow Agent may consult with legal counsel in the event of any dispute or question as to the construction of any of the provisions hereof or its duties hereunder, and, to the extent it acts in good faith without negligence or willful misconduct, it shall be fully protected in acting in accordance with the opinion and instructions of such counsel. The Escrow Agent may resign at any time by providing such termination notices in accordance with Section 11.

**SECTION 8: RECORDS.** The Escrow Agent will keep complete and correct books of record and account relating to the receipts, disbursements, allocations and application of the money deposited to the Escrow Account and investments of the Escrow Account and all Proceeds thereof. The records shall be available for inspection and copying at reasonable hours and under reasonable conditions by the Authority and the TWDB.

**SECTION 9: MERGER/CONSOLIDATION.** In the event that the Escrow Agent merges or consolidates with another bank or sells or transfers substantially all of its assets or corporate trust business, then the successor bank shall be the successor Escrow Agent without the necessity of further action as long as the successor bank is a state or national bank designated by the Texas Comptroller as a state depository institution in accordance with Texas Government Code, Chapter 404, Subchapter C, or is a designated custodian of collateral in accordance with Texas Government Code Chapter 404, Subchapter D. The Escrow Agent must provide the TWDB with written notification within 30 days of acceptance of the merger, consolidation, or transfer. If the merger, consolidation or other transfer has occurred between state banks, the newly-created entity shall forward the certificate of merger or exchange issued by the Texas Department of Banking as well as the statement filed with the pertinent chartering authority, if applicable, to the TWDB within five business days following such merger, consolidation or exchange.

**SECTION 10: AMENDMENTS.** This Agreement may be amended from time to time as necessary with the written consent of the Authority and the TWDB, but no such amendments shall increase the liabilities or responsibilities or diminish the rights of the Escrow Agent without its consent.

**SECTION 11: TERMINATION.** In the event that this Agreement is terminated by either the Authority or by the Escrow Agent, the Escrow Agent must report said termination in writing to the TWDB within five business days of such termination. The Authority is responsible for ensuring that the following criteria are satisfied in selecting the successor escrow agent and notifying the TWDB of the change in escrow agents: (a) the successor escrow agent must be an FDIC-insured state or national bank designated by the Texas Comptroller as a state depository; (b) the successor escrow agent must be retained prior to or at the time of the termination; (c) an escrow agreement must be executed by and between the Authority and the successor escrow agent and must contain the same or substantially similar terms and conditions as are present in this Agreement; and (d) the Authority must forward a copy of the executed escrow agreement with the successor escrow agent within five business days of said termination. No funds shall be released by the TWDB until it has received, reviewed and approved the escrow agreement with the successor escrow agent. If the Authority has not appointed a successor escrow agent within thirty (30) days of the notice of termination, the Escrow Agent may petition any court of competent jurisdiction in Texas for the appointment of a successor escrow agent or for other appropriate relief, and any such resulting appointment shall be binding upon the Authority. Whether appointed by the Authority or a court, the successor escrow agent and escrow agreement must be approved by the TWDB for the appointment to be effective. The Escrow Agent is responsible for performance under this Agreement until a successor has been approved by the TWDB and has signed an acceptable escrow agreement.

**SECTION 12: EXPIRATION.** This Agreement shall expire upon final transfer of the funds in the Escrow Account(s) to the Authority.

**SECTION 13: POINT OF CONTACT.** The points of contact for the Escrow Agent and the TWDB are as follows:

Tony Hongnoi  
BOKF, NA  
5956 Sherry Lane, Suite 1201  
Dallas, Texas 75225  
(972) 892-9968  
thongnoi@bokf.com

Jeff Walker  
Executive Administrator  
Texas Water Development Board  
1700 North Congress Avenue  
Austin, Texas 78701

**SECTION 14: CHOICE OF LAW.** This Agreement shall be governed exclusively by the applicable laws of the State of Texas. Venue for disputes shall be in the District Court of Travis County, Texas.

**SECTION 15: ASSIGNABILITY.** This Agreement shall not be assignable by the parties hereto, in whole or in part, and any attempted assignment shall be void and of no force and effect.



**SECTION 16: ENTIRE AGREEMENT.** This Agreement evidences the entire Escrow Agreement between the Escrow Agent and the Authority and supersedes any other agreements, whether oral or written, between the parties regarding the Proceeds or the Escrow Accounts. No modification or amendment of this Agreement shall be valid unless the same is in writing and is signed by the Authority and consented to by the Escrow Agent and the TWDB.

**SECTION 17: VALIDITY OF PROVISIONS.** If any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

**SECTION 18: COMPENSATION FOR ESCROW SERVICES.** The Escrow Agent shall be entitled to compensation for its services as stated in Exhibit "A," which compensation shall be paid by the Authority but may not be paid directly from the Escrow Accounts. This Agreement has a value of less than \$100,000 for purposes of Sections 2271.002 and 2274.002, Texas Government Code.

**SECTION 19: TERRORIST ORGANIZATIONS.** The Escrow Agent represents that, neither the Escrow Agent, nor any parent company, wholly- or majority-owned subsidiaries or affiliates of the same, if any, are companies 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/sudanlist.pdf>,  
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or  
<https://comptroller.texas.gov/purchasing/docs/ftolist.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 Escrow Agent and each parent company, wholly- or majority-owned subsidiaries, and other affiliates of the same, 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 Escrow Agent understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Escrow Agent and exists to make a profit.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement effective upon signature of both parties.

**ALLIANCE REGIONAL WATER AUTHORITY**

By: \_\_\_\_\_  
Executive Director and Authority Representative

Date: November 15, 2022

Address: 630 E. Hopkins Street  
San Marcos, Texas 78666

**BOKF, NA, as Escrow Agent**

By: \_\_\_\_\_  
Title: Vice President

Date: November 15, 2022

Address: 5956 Sherry Lane, Suite 1201  
Dallas, Texas 75225

[BOKF Signature Page]

**EXHIBIT A**

**Fee Schedule**

## **PAYING AGENT/REGISTRAR AGREEMENT**

**THIS AGREEMENT** entered into as of November 15, 2022 (this "Agreement"), by and between the Alliance Regional Water Authority (the "Authority"), and BOKF, NA, Dallas, Texas, a banking corporation duly organized and existing under the laws of the United States of America (the "Bank").

### **RECITALS**

**WHEREAS**, the Authority has duly authorized and provided for the issuance of its \$14,830,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – Canyon Regional Water Authority), Series 2022A, \$13,520,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of Kyle, Texas), Series 2022B, \$17,210,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of San Marcos, Texas), Series 2022C and \$2,440,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of Buda, Texas), Series 2022D (collectively, the "Securities"), such Securities to be issued in fully registered form only as to the payment of principal and interest thereon; and

**WHEREAS**, the Securities are scheduled to be delivered to the Texas Water Development Board thereof on or about November 15, 2022 and November 16, 2022, respectively; and

**WHEREAS**, the Authority has selected the Bank to serve as Paying Agent/Registrar in connection with the payment of the principal of, premium, if any, and interest on the Securities and with respect to the registration, transfer and exchange thereof by the registered owners thereof; and

**WHEREAS**, the Bank has agreed to serve in such capacities for and on behalf of the Authority and has full power and authority to perform and serve as Paying Agent/Registrar for the Securities;

**NOW, THEREFORE**, it is mutually agreed as follows:

### **ARTICLE ONE APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR**

#### **Section 1.01. Appointment.**

The Authority hereby appoints the Bank to serve as Paying Agent with respect to the Securities. As Paying Agent for the Securities, the Bank shall be responsible for paying on behalf of the Authority the principal, premium (if any), and interest on the Securities as the same become due and payable to the registered owners thereof, all in accordance with this Agreement and the "Resolutions" (hereinafter defined).

The Authority hereby appoints the Bank as Registrar with respect to the Securities. As Registrar for the Securities, the Bank shall keep and maintain for and on behalf of the Authority books and records as to the ownership of the Securities and with respect to the transfer and exchange thereof as provided herein and in the "Resolutions."

The Bank hereby accepts its appointment and agrees to serve as the Paying Agent and Registrar for the Securities.

**Section 1.02. Compensation.**

As compensation for the Bank's services as Paying Agent/Registrar, the Authority hereby agrees to pay the Bank the fees and amounts set forth in Schedule A attached hereto for the first year of this Agreement and thereafter the fees and amounts set forth in the Bank's current fee schedule then in effect for services as Paying Agent/Registrar for political subdivisions, which shall be supplied to the Authority on or before 90 days prior to the close of the Fiscal Year of the Authority, and shall be effective upon the first day of the following Fiscal Year.

In addition, the Authority agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements and advances incurred or made by the Bank in accordance with any of the provisions hereof (including the reasonable compensation and the expenses and disbursements of its agents and counsel). This Agreement has a value of less than \$100,000 for purposes of Sections 2271.002 and 2274.002, Texas Government Code.

**ARTICLE TWO  
DEFINITIONS**

**Section 2.01. Definitions.**

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

"Authority Request" and "Authority Resolution" means a written request or resolution signed in the name of the Authority by an authorized representative, delivered to the Bank.

"Bank Office" means the designated office for payment of the Bank as indicated on the signature page hereof. The Bank will notify the Authority in writing of any change in location of the Bank Office.

"Financial Advisor" means Specialized Public Finance, Inc.

"Fiscal Year" means the fiscal year of the Authority, ending September 30.

"Holder" and "Security Holder" each means the Person in whose name a Security is registered in the Security Register.

"Legal Holiday" means a day on which the Bank is required or authorized to be closed.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government.

"Predecessor Securities" of any particular Security means every previous Security evidencing all or a portion of the same obligation as that evidenced by such particular Security (and, for the purposes of this definition, any mutilated, lost, destroyed, or stolen Security for which a replacement Security has been registered and delivered in lieu thereof pursuant to Section 4.06 hereof and the Resolutions).

"Redemption Date" when used with respect to any Bond to be redeemed means the date fixed for such redemption pursuant to the terms of the Resolutions.

"Resolutions" means collectively, the Resolutions of the governing body of the Authority pursuant to which each series of the Securities are issued, certified by the Secretary or any other officer of the Authority and delivered to the Bank.

"Responsible Officer" when used with respect to the Bank means the Chairman or Vice-Chairman of the Board of Directors, the Chairman or Vice-chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Security Register" means a register maintained by the Bank on behalf of the Authority providing for the registration and transfer of the Securities.

"Stated Maturity" means the date specified in the Resolutions on which the principal of a Security is scheduled to be due and payable.

**Section 2.02. Other Definitions.**

The terms "Bank," "Authority," and "Securities (Security)" have the meanings assigned to them in the recital paragraphs of this Agreement.

The term "Paying Agent/Registrar" refers to the Bank in the performance of the duties and functions of this Agreement.

**ARTICLE THREE  
PAYING AGENT**

**Section 3.01. Duties of Paying Agent.**

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Authority, pay on behalf of the Authority the principal of each Security at its Stated Maturity or Redemption Date to the Holder upon surrender of the Security to the Bank at the Bank Office.

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Authority, pay on behalf of the Authority the interest on each Security when due, by computing the amount of interest to be paid each Holder and preparing and sending checks by United States Mail, first-class postage prepaid, on each payment date, to the Holders of the Securities (or their Predecessor Securities) on the respective Record Date, to the address appearing on the Security Register or by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder's risk and expense.

Principal and interest payments made pursuant to this Section 3.01 shall be made by wire transfer.

**Section 3.02. Payment Dates.**

The Authority hereby instructs the Bank to pay the principal of and interest on the Securities on the dates specified in the Resolutions.

**Section 3.03. Reporting Requirements.**

To the extent required by the Internal Revenue Code of 1986, as amended, or the Treasury Regulations, the Bank shall report to or cause to be reported to the Holders and the Internal Revenue Service (i) the amount of "reportable payments," if any, subject to back up withholding during each year and the amount of tax withheld, if any, with respect to the payments on the Securities and (ii) the amount of interest or amount treated as interest, such as original issue discount, on the Securities required to be included in the gross income of the owners thereof for federal income tax purposes.

**ARTICLE FOUR  
REGISTRAR**

**Section 4.01. Security Register - Transfers and Exchanges.**

The Bank agrees to keep and maintain for and on behalf of the Authority at the Bank Office books and records (herein sometimes referred to as the "Security Register"), and, if the Bank Office is located outside the State of Texas, a copy of such books and records shall be kept in the State of Texas, for recording the names and addresses of the Holders of the Securities, the transfer, exchange and replacement of the Securities and the payment of the principal of and interest on the Securities to the Holders and containing such other information as may be reasonably required by the Authority



and subject to such reasonable regulations as the Authority and the Bank may prescribe. The Bank also agrees to keep a copy of the Security Register within the State of Texas. All transfers, exchanges and replacement of Securities shall be noted in the Security Register.

Every Security surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a federal or state bank or a member of the National Association of Securities Dealers, in form satisfactory to the Bank, duly executed by the Holder thereof or his agent duly authorized in writing.

The Bank may request any supporting documentation it feels necessary to effect a re-registration, transfer or exchange of the Securities.

To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of Securities, the exchange or transfer by the Holders thereof will be completed and new Securities delivered to the Holder or the assignee of the Holder in not more than three (3) business days after the receipt of the Securities to be cancelled in an exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Holder, or his duly authorized agent, in form and manner satisfactory to the Paying Agent/Registrar.

**Section 4.02. Certificates.**

The Authority shall provide an adequate inventory of printed Securities certificates to facilitate transfers or exchanges thereof. The Bank covenants that the inventory of printed Securities certificates will be kept in safekeeping pending their use, and reasonable care will be exercised by the Bank in maintaining such Securities certificates in safekeeping, which shall be not less than the level of care maintained by the Bank for debt securities of other political subdivisions or corporations for which it serves as registrar, or that it maintains for its own securities.

**Section 4.03. Form of Security Register.**

The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer and exchange of the Securities in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Security Register in any form other than those which the Bank has currently available and currently utilizes at the time.

The Security Register may be maintained in written form or in any other form capable of being converted into written form within a reasonable time.

**Section 4.04. List of Security Holders.**

The Bank will provide the Authority at any time requested by the Authority, upon payment of the required fee, a copy of the information contained in the Security Register. The Authority may also inspect the information contained in the Security Register at any time the Bank is customarily

open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

The Bank will not release or disclose the contents of the Security Register to any person other than to, or at the written request of, an authorized officer or employee of the Authority, except upon receipt of a court order or as otherwise required by law. Upon receipt of a court order or other notice of a legal proceeding and prior to the release or disclosure of any of the contents of the Security Register, the Bank will notify the Authority so that the Authority may contest the same or such release or disclosure of the contents of the Security Register.

**Section 4.05. Return of Cancelled Certificates.**

The Bank will, at such reasonable intervals as it determines, surrender to the Authority, Securities in lieu of which or in exchange for which other Securities have been issued, or which have been paid.

**Section 4.06. Mutilated, Destroyed, Lost or Stolen Securities.**

The Authority hereby instructs the Bank, subject to the applicable provisions of the Resolutions, to deliver and issue Securities certificates in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities certificates as long as the same does not result in an overissuance.

In case any Security shall be mutilated, or destroyed, lost or stolen, the Bank, in its discretion, may execute and deliver a replacement Security of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Security, or in lieu of and in substitution for such destroyed lost or stolen Security, only after (i) the filing by the Holder thereof with the Bank of evidence satisfactory to the Bank of the destruction, loss or theft of such Security, and of the authenticity of the ownership thereof and (ii) the furnishing to the Bank of indemnification in an amount satisfactory to hold the Authority and the Bank harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Security shall be borne by the Holder of the Security mutilated, or destroyed, lost or stolen.

**Section 4.07. Transaction Information to Authority.**

The Bank will, within a reasonable time after receipt of written request from the Authority, furnish the Authority information as to the Securities certificates it has paid pursuant to Section 3.01, Securities certificates it has delivered upon the transfer or exchange of any Securities certificates pursuant to Section 4.01, and Securities certificates it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities certificates pursuant to Section 4.06.

**ARTICLE FIVE  
THE BANK**

**Section 5.01. Duties of Bank.**

The Bank undertakes to perform the duties set forth herein and agrees to use reasonable care in the performance thereof.

The Bank is authorized to transfer funds relating to the closing and initial delivery of the Securities in the manner disclosed in the closing memorandum as prepared by the Authority's Financial Advisor or other agent. The Bank may act on facsimile or e-mail transmission of the closing memorandum acknowledged by the Financial Advisor or the Authority as the final closing memorandum. The Bank shall not be liable for any losses, cost or expenses arising directly or indirectly from the Bank's reliance upon and compliance with such instructions.

**Section 5.02. Reliance on Documents, Etc.**

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank by the Authority.

(b) The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proven that the Bank was negligent in ascertaining the pertinent facts.

(c) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Securities, but is protected in acting upon receipt of Securities certificates containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Holder or an agent of the Holder. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document supplied by the Authority.

(e) The Bank may consult with legal counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon, provided that any such written advice or opinion is supplied to the Authority by the Bank.

(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of the Bank.

**Section 5.03. Recitals of Authority.**

The recitals contained herein with respect to the Authority and in the Securities shall be taken as the statements of the Authority, and the Bank assumes no responsibility for their correctness.

The Bank shall in no event be liable to the Authority, any Holder or Holders of any Security, or any other Person for any amount due on any Security from its own funds.

**Section 5.04. May Hold Securities.**

The Bank, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Authority with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

**Section 5.05. Moneys Held by Bank.**

The Bank shall deposit any moneys received from the Authority into trust account to be held in a paying agent capacity for the payment of the Securities, with such moneys in the account that exceed the deposit insurance available to the Authority by the Federal Deposit Insurance Corporation, to be fully collateralized with securities or obligations that are eligible under the laws of the State of Texas to secure and be pledged as collateral for such accounts until the principal and interest on such securities have been presented for payment and paid to the owner thereof. Payments made from such account shall be made by check drawn on such account unless the owner of such Securities shall, at its own expense and risk, request such other medium of payment.

Subject to the Unclaimed Property Law of the State of Texas, any money deposited with the Bank for the payment of the principal, premium (if any), or interest on any Security and remaining unclaimed for three years after the final maturity of the Security has become due and payable will be paid by the Bank to the Authority if the Authority so elects, and the Holder of such Security shall hereafter look only to the Authority for payment thereof, and all liability of the Bank with respect to such monies shall thereupon cease. If the Authority does not elect, the Bank is directed to report and dispose of the funds in compliance with Title Six of the Texas Property Code, as amended.

**Section 5.06. Indemnification.**

To the extent permitted by law, the Authority agrees to indemnify the Bank for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on the Bank's part, arising out of or in connection with the Bank's acceptance or administration of its duties hereunder, including the cost and expense incurred by the Bank in defending against any claim or from liability imposed on the Bank in connection with the Bank's exercise or performance of any of its powers or duties under this Agreement.

**Section 5.07. Interpleader.**

The Authority and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in Bexar, Caldwell, Comal, Guadalupe or Hays County, Texas, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The Authority and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction in Bexar, Caldwell, Comal, Guadalupe or Hays County, Texas to determine the rights of any Person claiming any interest herein.

**Section 5.08. Depository Trust Company Services.**

It is hereby represented and warranted that, in the event the Securities are otherwise qualified and accepted for "Depository Trust Company" services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the "Operational Arrangements," effective August 1, 1987, which establishes requirements for securities to be eligible for such type depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

Attached hereto is a copy of the Blanket Authority Letter of Representations between the Authority and The Depository Trust Company, New York, New York, providing for the Bonds to be issued in a Book-Entry Only System. The Bank and the Authority hereby confirm their obligations under such Letter of Representation.

**ARTICLE SIX  
MISCELLANEOUS PROVISIONS**

**Section 6.01. Amendment.**

This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

**Section 6.02. Assignment.**

This Agreement may not be assigned by either party without the prior written consent of the other.

**Section 6.03. Notices.**

Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Authority or the Bank shall be mailed or delivered to the Authority or the Bank, respectively, at the addresses shown on the signature page of this Agreement.

**Section 6.04. Effect of Headings.**

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

**Section 6.05. Successors and Assigns.**

All covenants and agreements herein by the Authority and the Bank shall bind their respective successors and assigns, whether so expressed or not.

**Section 6.06. Severability.**

In case any provision herein shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

**Section 6.07. Benefits of Agreement.**

Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

**Section 6.08. Entire Agreement.**

This Agreement and the Resolutions constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Resolutions, the Resolutions shall govern.

**Section 6.09. Counterparts.**

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

**Section 6.10. Termination.**

This Agreement will terminate (i) on the date of final payment of the principal of and interest on the Securities to the Holders thereof or (ii) may be earlier terminated by either party upon thirty (30) days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the Authority and such appointment accepted and (b) notice has been given to the Holders of the Securities of the appointment of a successor Paying Agent/Registrar. Furthermore, the Bank and Authority mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay or otherwise adversely affect the payment of the Securities.

Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Security Register (or a copy thereof), together with other pertinent books and records

relating to the Securities, to the successor Paying Agent/Registrar designated and appointed by the Authority.

The provisions of Section 1.02, 5.02, 5.03 and 5.06 of this Agreement shall survive and remain in full force and effect following the termination of this Agreement.

**Section 6.11. Governing Law.**

This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

**Section 6.12. Terrorist Organizations.** The Paying Agent represents that, neither the Paying Agent, nor any parent company, wholly- or majority-owned subsidiaries or affiliates of the same, if any, are companies 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/sudanlist.pdf>,  
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or  
<https://comptroller.texas.gov/purchasing/docs/ftolist.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 Paying Agent and each parent company, wholly- or majority-owned subsidiaries, and other affiliates of the same, 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 Paying Agent understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Paying Agent and exists to make a profit.

[The remainder of this page is intentionally left blank.]

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement as of the day and year first above written.

**BOKF, NA**

By: \_\_\_\_\_  
Title: Vice President  
5956 Sherry Lane, Suite 1201  
Dallas, Texas 75225



**ALLIANCE REGIONAL WATER AUTHORITY**

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

Name: Graham Moore

Title: Executive Director and Authority  
Representative

**SCHEDULE A**

**Paying Agent/Registrar Fee Schedule**

**REGULAR MEETING**  
**Alliance Regional Water Authority Board of Directors**

**BOARD MEMBER PACKETS**

Monday, October 31, 2022 at 1:00 PM  
 County Line SUD Offices, 8870 Camino Real, Kyle, TX 78640

**H.2** Consideration and action with respect to Resolution 2022-10-31-002 by the Board of Directors of the Alliance Regional Water Authority Authorizing the Issuance of Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of Kyle, Texas), Series 2022B; and Resolving Other Matters Incident and Relating to the Issuance, Payment, Security, Sale and Delivery of Such Bonds. ~ *Carol Polumbo, McCall, Parkhurst & Horton, LLP*

The final step in the SWIFT process is for the Authority to approve a resolution authorizing the issuance of the contract revenue bonds and related matters. The TWDB sold their bonds in late September and therefore the rates have been established. The table below shows the rates compared to the previous issuances and to the budgeted rate for 2022.

<b>SWIFT - Net Interest Cost</b>						
<i>Maturity Schedule</i>	<i>2015</i>	<i>2017</i>	<i>2019</i>	<i>2020</i>	<i>2022 - Budgeted</i>	<i>2022 - FINAL</i>
30-year	2.88%	2.76%	2.37%	2.03%	3.57%	3.95%

The Kyle City Council unanimously approved a resolution approving the bond resolution on October 18th.

The closing date for the Authority is set for November 15<sup>th</sup> or 16<sup>th</sup>. Representatives with the Authority’s bond counsel, McCall, Parkhurst and Horton and the Authority’s financial advisor, Specialized Public Finance will attend the Board meeting and will address any legal or financial questions pertaining to the issuance.

Attachment(s)

- Resolution 2022-10-31-002 – Authorizing the Issuance of Series 2022B Contract Revenue Bonds.
- 2022B Debt Service Schedule – Kyle
- Escrow Agreement
- Paying Agent/Registrar Agreement

**Board Decision(s) Needed:**

- Adoption of Resolution 2022-10-31-002 authorizing the issuance of contract revenue bonds Series 2022B and all related matters, as presented.

**RESOLUTION NO. 2022-10-31-002**

**A RESOLUTION BY THE BOARD OF DIRECTORS OF THE ALLIANCE REGIONAL WATER AUTHORITY AUTHORIZING THE ISSUANCE OF ALLIANCE REGIONAL WATER AUTHORITY CONTRACT REVENUE BONDS (REGIONAL WATER SUPPLY CONTRACT PROJECT – CITY OF KYLE, TEXAS), SERIES 2022B; AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE AND DELIVERY OF SUCH BONDS**

**ADOPTED OCTOBER 31, 2022**

**RESOLUTION NO. 2022-10-31-002**

**A RESOLUTION BY THE BOARD OF DIRECTORS OF THE ALLIANCE REGIONAL WATER AUTHORITY AUTHORIZING THE ISSUANCE OF ALLIANCE REGIONAL WATER AUTHORITY CONTRACT REVENUE BONDS (REGIONAL WATER SUPPLY CONTRACT PROJECT – CITY OF KYLE, TEXAS), SERIES 2022B; AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE, AND DELIVERY OF SUCH BONDS**

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**RESOLUTION NO. 2022-10-31-002**

**A RESOLUTION BY THE BOARD OF DIRECTORS OF THE ALLIANCE REGIONAL WATER AUTHORITY AUTHORIZING THE ISSUANCE OF ALLIANCE REGIONAL WATER AUTHORITY CONTRACT REVENUE BONDS (REGIONAL WATER SUPPLY CONTRACT PROJECT – CITY OF KYLE, TEXAS), SERIES 2022B; AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE, AND DELIVERY OF SUCH BONDS**

**WHEREAS**, pursuant to Chapter 572, as amended, Texas Local Government Code, the Hays Caldwell Public Utility Agency (the "Agency") as a constituted authority and instrumentality and political subdivision of the State of Texas (the "State"), was created by the Cities of Buda ("Buda"), Kyle ("Kyle") and San Marcos, Texas ("San Marcos"), each Texas home rule municipalities, and the Canyon Regional Water Authority ("Canyon Regional"), a conservation and reclamation district and political subdivision of the State created and existing pursuant to Article XVI, Section 59 of the Texas Constitution and Chapter 670, Acts of the 71<sup>st</sup> Legislature, Regular Session, 1989, as amended (collectively, the "Sponsors" or singularly, a "Sponsor"); and

**WHEREAS**, the Agency and the Sponsors have entered into a "Regional Water Supply Contract" dated as of January 9, 2008, as amended by Amendment No. 1 and as may be further amended (collectively, the "Contract") pursuant to which the Agency has agreed to design, finance, construct, own, acquire, maintain and operate a water supply project in a manner that will allow the Agency to deliver water to the Sponsors on a regional basis and under which each of the Sponsors agree to pay their share of the project costs and to make payments to or on behalf of the Agency in amounts sufficient to meet all of the Agency's obligations under the Contract including those relating to a Sponsor's bonds issued to finance and refinance a Sponsor's share of the Project Costs and to own, operate and maintain the Project; and

**WHEREAS**, at the request of Canyon Regional and Kyle, the Agency issued two series of bonds on November 19, 2015 for such Sponsors share of the Phase 1A Project entitled: \$3,960,000 Hays Caldwell Public Utility Agency Contract Revenue Bonds (Regional Water Supply Contract Project – Canyon Regional Water Authority), Series 2015A and \$3,530,000 Hays Caldwell Public Utility Agency Contract Revenue Bonds (Regional Water Supply Contract Project – City of Kyle, Texas), Series 2015B (collectively, the "Outstanding Bonds"); and

**WHEREAS**, on June 15, 2017, by special act of the 85<sup>th</sup> Legislature, SB 1198, codified as Chapter 11010, Special District Local Laws Code (the "Act"), the Agency was converted to the Alliance Regional Water Authority (the "Authority"), a conservation and reclamation district to accomplish the purposes set forth in the Act and of Article XVI, Section 59, Texas Constitution; and

**WHEREAS**, by operation of the law pursuant to the Act, the Authority assumed all assets, liabilities, bonds, notes and other obligations of the Agency including all obligations pursuant to the Outstanding Bonds and the Contract; and



**WHEREAS**, at the request of the Sponsors the Authority issued twelve series of bonds, one for each of the Sponsors' share of the Project Costs, to wit: \$9,865,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – Canyon Regional Water Authority), Series 2017A, \$8,995,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – City of Kyle, Texas), Series 2017B, \$11,450,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of San Marcos, Texas), Series 2017C, \$1,625,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – City of Buda, Texas), Series 2017D, \$26,530,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – Canyon Regional Water Authority), Series 2019A, \$24,200,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – City of Kyle, Texas), Series 2019B, \$30,800,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of San Marcos, Texas), Series 2019C and \$4,370,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – City of Buda, Texas), Series 2019D, \$37,865,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – Canyon Regional Water Authority), Series 2020A, \$34,530,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – City of Kyle, Texas), Series 2020B, \$43,955,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of San Marcos, Texas), Series 2020C and \$6,225,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – City of Buda, Texas), Series 2020D; and

**WHEREAS**, pursuant to the Act, the Authority is empowered to, among other powers, acquire, own, construct, operate, repair, improve, maintain or extend inside or outside its boundaries water improvements, facilities, plants, pipelines, equipment and appliances for the treatment and transportation of water and to deliver this water to the Sponsors; and

**WHEREAS**, the Act also authorizes the Authority acting through its Board of Directors (the "Board") to issue revenue bonds to finance such water projects, payable solely from the revenues derived from payments to be made to the Authority by one or more of the respective Sponsors for which a series of bonds are issued for the purpose of defraying such Sponsor's share of the cost of financing, acquiring, and constructing water supply facilities including the Phase 1B Improvements Water Supply Project (as hereinafter defined); and

**WHEREAS**, the Authority expects to issue four additional series of such revenue bonds in 2022 for Canyon Regional, Kyle, San Marcos and Buda, respectively, to finance their additional share of the Phase 1B Improvements Water Supply Project costs, with each series payable from and secured solely by payments made by Canyon Regional, Kyle, San Marcos and Buda, respectively, under the Contract; and

**WHEREAS**, Kyle has requested that the Authority issue a separate series of revenue bonds in the aggregate principal amount of \$13,520,000 pursuant to the Contract to finance their share of the Phase 1B Improvements Water Supply Project Costs (the "Bonds"); and

**WHEREAS**, this Resolution constitutes a Bond Resolution as that term is defined in the Contract; and

**WHEREAS**, the principal of the Bonds and the interest thereon are and shall be solely payable from and secured by a lien on and pledge of the portion of the Annual Payments designated as "Bond Payments" to be made by Kyle pursuant to the Contract in amounts sufficient to pay and redeem, and provide for the payment of the principal of, premium, if any, and interest on the Bonds, when due, and the fees and expenses of the Paying Agent/Registrar and Escrow Agent for the Bonds, all as required by this Resolution.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ALLIANCE REGIONAL WATER AUTHORITY THAT:**

**Section 1. DEFINITIONS.** In addition to the definitions set forth in the preamble of this Resolution, the terms used in this Resolution (except as may be otherwise indicated in the FORM OF BOND) and not otherwise defined herein shall have the meanings given in Exhibit "A" to this Resolution attached hereto and made a part hereof.

**Section 2. AMOUNT, PURPOSE AND DESIGNATION OF THE BONDS.** (a) *Amount and Designation.* The Authority's Bonds issued pursuant to this Resolution shall be entitled "ALLIANCE REGIONAL WATER AUTHORITY CONTRACT REVENUE BONDS (Regional Water Supply Contract Project – City of Kyle, Texas), Series 2022B" and are hereby authorized to be issued in the aggregate principal amount of \$13,520,000.

(b) *Purpose.* The Bonds are to be issued for the following purposes: (i) FOR DESIGNING, CONSTRUCTING, ACQUIRING, IMPROVING AND/OR EXPANDING THE PROJECT INCLUDING BUT NOT LIMITED TO THE PAYMENT OF PROJECT COSTS FOR THE PHASE 1B IMPROVEMENTS WATER SUPPLY PROJECT AND (ii) PAYING THE COSTS OF ISSUANCE OF THE BONDS.

**Section 3. DATE, DENOMINATIONS, NUMBERS, MATURITIES AND TERMS OF BONDS.** (a) *Terms of Bonds.* The Bonds shall initially be issued, sold, and delivered hereunder as fully registered bonds, without interest coupons, numbered consecutively from R-1 upward (except the initial Bond delivered to the Attorney General of the State which shall be numbered T-1), dated the date of delivery, payable to the respective initial Registered Owners thereof in an Authorized Denomination, serially on August 15, in the years and in the principal amounts set forth below:

[INTENTIONALLY LEFT BLANK]

<u>YEAR OF STATED MATURITY</u>	<u>PRINCIPAL AMOUNTS (\$)</u>	<u>YEAR OF STATED MATURITY</u>	<u>PRINCIPAL AMOUNTS (\$)</u>
2024	\$310,000	2039	\$455,000
2025	315,000	2040	470,000
2026	320,000	2041	485,000
2027	330,000	2042	500,000
2028	335,000	2043	520,000
2029	340,000	2044	540,000
2030	350,000	2045	560,000
2031	360,000	2046	580,000
2032	365,000	2047	600,000
2033	375,000	2048	625,000
2034	385,000	2049	645,000
2035	400,000	2050	670,000
2036	410,000	2051	695,000
2037	425,000	2052	720,000
2038	435,000		

(b) *In General.* The Bonds (i) may and shall be redeemed prior to the respective scheduled maturity dates, (ii) may be assigned and transferred, (iii) may be exchanged for other Bonds, (iv) shall have the characteristics, (v) shall be signed, and the principal of and interest on the Bonds shall be payable, all as provided, and in the manner required or indicated, in the FORM OF BOND set forth in Exhibit "B" to this Resolution.

**Section 4. INTEREST.** The Bonds shall bear interest, calculated on the basis of a 360-day year composed of twelve 30-day months, from their date of delivery at the rates set forth below:

<u>YEAR OF STATED MATURITY</u>	<u>INTEREST RATES (%)</u>	<u>YEAR OF STATED MATURITY</u>	<u>INTEREST RATES (%)</u>
2024	2.780%	2039	4.000%
2025	2.820	2040	4.040
2026	2.850	2041	4.080
2027	2.890	2042	4.130
2028	2.920	2043	4.080
2029	2.950	2044	4.080
2030	3.010	2045	4.080
2031	3.070	2046	4.080
2032	3.110	2047	4.080
2033	3.270	2048	4.170
2034	3.450	2049	4.170
2035	3.550	2050	4.170
2036	3.870	2051	4.170
2037	3.910	2052	4.170
2038	3.950		

Interest shall be payable to the Registered Owner of any such Bond in the manner provided and, on the dates, stated in the FORM OF BOND set forth in Exhibit "B" to this Resolution.

**Section 5. REGISTRATION, TRANSFER, AND EXCHANGE; AUTHENTICATION.** (a) *Paying Agent/Registrar.* BOKF, NA (the "Paying Agent/Registrar") is hereby appointed the Paying Agent/Registrar for the Bonds. The Authority Representative is authorized to enter into and carry out a Paying Agent/Registrar Agreement with the Paying Agent/Registrar with respect to the Bonds in substantially the form and substance presented to the Board in connection with the approval of this Resolution with such changes as are acceptable to the Authority Representative.

(b) *Registration Books.* The Board shall keep or cause to be kept at a designated corporate trust office of the Paying Agent/Registrar in Dallas, Texas (the "Designated Trust Office") the Registration Books and the Board hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, exchanges, and replacements under such reasonable regulations as the Board and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, exchanges, and replacements as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the Registered Owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each Registered Owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Board shall have the right to inspect the Registration Books at the Designated Trust Office of the Paying Agent/Registrar during regular business hours, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. A copy of the Registration Books shall be maintained in the State.

(c) *Ownership of Bonds.* The entity or person in whose name any Bond shall be registered in the Registration Books at any time shall be deemed and treated as the absolute owner thereof for all purposes of this Resolution, whether or not such Bond shall be overdue, and, to the extent permitted by law, the Board and the Paying Agent/Registrar shall not be affected by any notice to the contrary; and payment of, or on account of, the principal of, premium, if any, and interest on any such Bond shall be made only to such Registered Owner. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(d) *Payment of Bonds and Interest.* The Paying Agent/Registrar shall further act as the paying agent for paying the principal of, premium, if any, and interest on the Bonds, all as provided in this Resolution. The Paying Agent/ Registrar shall keep proper records of all payments made by the Board and the Paying Agent/Registrar with respect to the Bonds. So long as the Texas Water Development Board (the "Purchaser") owns the Bonds, the Paying Agent/Registrar shall provide a copy to the Purchaser and its designated trustee of all receipts documenting debt service payments.

(e) *Authentication.* The Bonds initially issued and delivered pursuant to this Resolution shall be authenticated by the Paying Agent/Registrar by execution of the Paying

Agent/Registrar's Authentication Certificate unless they have been approved by the Attorney General of the State and registered by the Comptroller of Public Accounts of the State, and on each substitute Bond issued in exchange for any Bond or Bonds issued under this Resolution the Paying Agent/Registrar shall execute the Paying Agent/Registrar's Authentication Certificate (the "Authentication Certificate"). The Authentication Certificate shall be in the form set forth in the FORM OF BOND in Exhibit "B" attached hereto.

(f) ***Transfer, Exchange, or Replacement.*** Each Bond issued and delivered pursuant to this Resolution, to the extent of the unpaid or unredeemed principal amount thereof, may, upon surrender of such Bond at the Designated Trust Office of the Paying Agent/Registrar, together with a written request therefor duly executed by the Registered Owner or the assignee or assignees thereof, or its or their duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the Paying Agent/Registrar, may, at the option of the Registered Owner or such assignee or assignees, as appropriate, be exchanged for fully registered Bonds, without interest coupons, in the appropriate form prescribed in the FORM OF BOND set forth in Exhibit "B" to this Resolution, in any Authorized Denomination (subject to the requirement hereinafter stated that each substitute Bond shall be of the same Series and have a single stated maturity date), as requested in writing by such Registered Owner or such assignee or assignees, in an aggregate principal amount equal to the unpaid or unredeemed principal amount of any Bond or Bonds so surrendered, and payable to the appropriate Registered Owner, assignee, or assignees, as the case may be. If a portion of any Bond shall be redeemed prior to its scheduled maturity as provided herein, a substitute Bond or Bonds having the same Series designation and maturity date, bearing interest at the same rate, and payable in the same manner, in Authorized Denominations at the request of the Registered Owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Registered Owner upon surrender thereof for cancellation. If any Bond or portion thereof is assigned and transferred, each Bond issued in exchange therefor shall have the same Series designation and maturity date and bear interest at the same rate and payable in the same manner as the Bond for which it is being exchanged. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond. The Paying Agent/Registrar shall exchange or replace Bonds as provided herein, and each fully registered Bond delivered in exchange for or replacement of any Bond or portion thereof as permitted or required by any provision of this Resolution shall constitute one of the Bonds for all purposes of this Resolution and may again be exchanged or replaced. On each substitute Bond issued in exchange for or replacement of any Bond or Bonds issued under this Resolution there shall be printed an Authentication Certificate, in the form set forth in Exhibit "B" to this Resolution. An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign the Authentication Certificate, and, except as provided in (e) above, no such Bond shall be deemed to be issued or outstanding unless the Authentication Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all Bonds surrendered for transfer, exchange, or replacement. No additional orders or resolutions need be passed or adopted by the Board or any other body or person so as to accomplish the foregoing transfer, exchange, or replacement of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein, and said Bonds shall be in typed or printed form as determined by the Authority Representative. Pursuant to Subtitle D, Texas Government Code and particularly Section 1201.063, thereof, the duty of transfer, exchange, or replacement of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of the Authentication

Certificate, the exchanged or replaced Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds which were originally issued pursuant to this Resolution. The Board shall pay the Paying Agent/Registrar's standard or customary fees and charges, if any, for transferring, and exchanging any Bond or any portion thereof, but the one requesting any such transfer and exchange shall pay any taxes or governmental charges required to be paid with respect thereto as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, exchange, or replacement of Bonds or any portion thereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following interest payment date, or (ii) with respect to any Bond or portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date. To the extent possible, any new Bond issued in an exchange, replacement, or transfer of a Bond will be delivered to the Registered Owner or assignee of the Registered Owner not more than three business days after the receipt of the Bonds to be canceled and the written request as described above.

(g) ***Substitute Paying Agent/Registrar.*** The Board covenants with the Registered Owners of the Bonds that at all times while the Bonds are outstanding the Board will provide a competent and legally qualified bank, trust company, financial institution, or other Authority to act as and perform the services of Paying Agent/Registrar for the Bonds under this Resolution, and that the Paying Agent/Registrar will be one entity. The Board reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than ninety (90) days written notice to the Paying Agent/Registrar, to be effective not later than sixty (60) days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Board covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other Authority to act as Paying Agent/Registrar under this Resolution. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the Board. Upon any change in the Paying Agent/Registrar, the Board promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each Registered Owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Resolution, and a certified copy of this Resolution shall be delivered to each Paying Agent/Registrar.

(h) ***Notice of Redemption.*** Each notice of redemption required in the FORM OF BOND shall contain a description of the Bonds to be redeemed including the complete name of the Bonds, the Series, the date of issue, the interest rate or rates, the maturity date, the CUSIP number, a reference to the certificate numbers and the amounts called of each certificate, the publication and mailing date for the notice, the date of redemption, the redemption price, the name of the Paying Agent/Registrar and the address at which the Bonds may be redeemed, including a contact person and telephone number. All redemption payments made by the Paying Agent/Registrar to the registered owners of the Bonds shall include a CUSIP number relating to each amount paid to such Registered Owner.

(i) ***Book-Entry-Only System.*** The Bonds issued in exchange for the Bonds initially issued as provided in Section 5(l) 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 (f) hereof, all of the Outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Authority and the Paying Agent/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 Authority and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC participant or any other person, other than a Registered Owner, as shown on the Registration Books, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any person, other than a Registered Owner, as shown on the Registration Books of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Resolution to the contrary, but to the extent permitted by law, the Authority and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Registration Books as the absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest, with respect to such Bond, for the purposes of registering transfers with respect to such Bonds, and for all other purposes of registering transfers with respect to such Bonds, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Registered Owners, as shown in the Registration Books as provided in this Resolution, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to payment of principal of, premium, if any, 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 Authority to make payments of principal, premium, if any, and interest pursuant to the Resolution. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Resolution with respect to interest checks being mailed to the registered owner at the close of business on the Record Date the word "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

(j) ***Successor Securities Depository; Transfer Outside Book-Entry-Only System.*** In the event the Purchaser no longer owns the Bonds or the Purchaser consents to such action, the Authority may determine 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 Authority 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 Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names the Registered Owner transferring or exchanging Bonds shall designate, in accordance with the provisions of this Resolution.

(k) **Payments to Cede & Co.** Notwithstanding any other provision of this Resolution to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Blanket Representation of the Authority to DTC.

(l) **Initial Bond.** The Bonds herein authorized shall be initially issued as fully registered bonds, being one bond for each maturity in the denomination of the applicable principal amount and the initial Bond shall be registered in the name of the Registered Owner. The initial Bond shall be the Bond submitted to the Office of the Attorney General of the State for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State and delivered to the Registered Owner. Immediately after the delivery of the initial Bond, the Paying Agent/Registrar shall cancel the initial Bond delivered hereunder and exchange therefor Bonds 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 Section 5(j), all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

**Section 6. FORM OF BOND.** The form of the Bond, including the form of the Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State, with respect to the Bonds initially issued and delivered pursuant to this Resolution, shall be, respectively, substantially as set forth in Exhibit "B", with such appropriate variations, omissions, or insertions as are permitted or required by this Resolution.

**Section 7. PLEDGE OF BOND PAYMENTS.** (a) **Pledge.** The Authority hereby covenants and agrees that the Bond Payments are hereby irrevocably pledged to the payment and security of the Bonds Similarly Secured including the establishment and maintenance of the special funds or accounts created and established on the books and records of the Authority for the payment and security thereof, all as hereinafter provided; and it is hereby resolved that the Bonds Similarly Secured, and the interest thereon, shall constitute a lien on and pledge of the Bond Payments and be valid and binding without any physical delivery thereof or further act by the Authority, and the lien created hereby on the Bond Payments for the payment and security of the Bonds Similarly Secured shall be prior in right and claim as to any other indebtedness, liability, or obligation of the Authority or the Project payable pursuant to the terms of the Contract. The Authority shall deposit the Bond Payments, as collected and received, into the Debt Service Fund (hereinafter defined), to be utilized pursuant to Section 9 hereof to pay the Bonds.



(b) *Perfection of Pledge.* Chapter 1208, as amended, Texas Government Code, applies to the issuance of the Bonds Similarly Secured and the lien on and pledge of Bond Payments granted by the Authority under subsection (a) of this Section, and such pledge is therefore valid, effective, and perfected. If State law is amended at any time while the Bonds Similarly Secured are outstanding and unpaid such that the pledge of the Bond Payments granted by the Authority 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 Bonds Similarly Secured the perfection of the security interest in this pledge, the Board agrees to take such measures as it determines are reasonable and necessary under State law to comply with the applicable provisions of Chapter 9, as amended, Texas Business & Commerce Code and enable a filing to perfect the security interest in this pledge to occur.

**Section 8. RATES AND CHARGES.** For the benefit of the Registered Owners of the Bonds Similarly Secured and in addition to all provisions and covenants in the laws of the State and in this Resolution, the Contract between the Authority and the City expressly stipulates and agrees, while any of the Bonds Similarly Secured are Outstanding, the City will fix and collect such rates and charges for services to be supplied by the City's respective systems that will produce gross revenues at all times during the term of the Contract in an amount equal to pay all of the expenses of operation and maintenance of the respective systems including Annual Payments and Bond Payments under the Contract and all other amounts required by the laws and the provisions of the ordinances or resolutions authorizing the City's Outstanding System Obligations now or hereafter outstanding payable, in whole or in part, from the net revenues of the City's Systems, including the amounts required to pay all principal of and interest on the City's outstanding System bonds and other obligations. The Authority hereby expressly stipulates and agrees that it will take all appropriate action to charge rates sufficient and enforce such terms of the Contract while any Bonds Similarly Secured are Outstanding.

The Registered Owner shall never have the right to demand payment for the Bonds out of any funds raised or to be raised from taxation by the City, other Participating Entities, the Sponsors or the Authority.

**Section 9. DEBT SERVICE FUND AND PROJECT FUND.** (a) *Debt Service Fund.* For purposes of providing funds to pay the principal of and interest on the Bonds Similarly Secured as the same become due and payable, the Authority agrees to maintain, at a Depository, a separate and special fund or account previously created and known as the "Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of Kyle, Texas), Debt Service Fund" (the "Debt Service Fund"). The Authority covenants that there shall be deposited into the Debt Service Fund prior to each principal and interest payment date solely from the available Bond Payments an amount equal to one hundred per cent (100%) of the amount required to fully pay the interest on and the principal of the Bonds Similarly Secured then falling due and payable.

Any accrued interest received from the Purchaser of the Bonds shall be deposited into the subaccount of the Debt Service Fund. In addition, any surplus proceeds from the sale of the Bonds, including investment income therefrom, not expended for authorized purposes shall be deposited into the Debt Service Fund, and such amounts (i.e., accrued and investment interest) so

deposited shall reduce the sum otherwise required to be deposited in the Debt Service Fund from Bond Payments.

(b) **Project Fund.** The Authority hereby creates and establishes and shall maintain on the books and records of the Authority a separate fund or account to be entitled the "Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of Kyle, Texas), Project Fund" for use by the Authority for payment of the City's share of the Project Costs. The Authority shall deposit the net proceeds from the sale of the Bonds into the Project Fund as provided in this Resolution. Funds in the Project Fund shall be requisitioned for payment of the City's share of Project Costs in accordance with a requisition in substantially the form set forth in Exhibit "C" attached hereto with such changes as approved by the Authority Representative. Upon payment of all Project Costs, any moneys remaining on deposit in the Project Fund shall be transferred to the Debt Service Fund.

In the event the Project is not completed for any reason contemplated in the Contract or otherwise or any proceeds from the Bonds are not used for completion of the Project for any reason, any Bond proceeds and earnings therein not used for completion of the Project shall be utilized to pay principal and/or interest on the Bonds so as to reduce the Bond Payment as set forth below.

Any surplus proceeds, including the investment earnings derived from the investment of monies on deposit in the Project Fund, from the Bonds remaining on deposit in the Project Fund after completing the Project and upon the completion of the final accounting as described in Section 37(c) hereof, shall be transferred to the Debt Service Fund to redeem, in inverse order of maturity, the Bonds owned by Purchaser, unless the Executive Administrator of Purchaser approves the use of such surplus proceeds to pay eligible Project Costs by funding projects that are a part of the State Water Plan.

**Section 10. DEFICIENCIES - EXCESS BOND PAYMENTS.** (a) **Deficiencies.** If on any occasion there shall not be sufficient Bond Payments to make the required deposits into the Debt Service Fund, then such deficiency shall be cured as soon as possible from the next available unallocated Bond Payments and such payments shall be in addition to the amounts required to be paid into these Funds or accounts during such month or months.

(b) **Excess Bond Payments** Subject to making the required deposits to the Debt Service Fund when and as required by this Resolution or any resolution authorizing the issuance of Additional Bonds, any excess Bond Payments may be used by the Authority for any lawful purpose including, but not limited to, the redemption of any Bonds Similarly Secured.

**Section 11. PAYMENT OF BONDS.** While any of the Bonds Similarly Secured are Outstanding, the Executive Director of the Authority or other authorized Authority official, shall cause to be transferred to the Paying Agent/Registrar therefor, from funds on deposit in the Debt Service Fund, amounts sufficient to fully pay and discharge promptly each installment of interest on and principal of the Bonds Similarly Secured as such installment accrues or matures; such transfer of funds must be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar for the Bonds at the close of the Business Day next preceding the date a debt service payment is due on the Bonds Similarly Secured.

**Section 12. INVESTMENTS.** Funds held in any fund or account created, established, or maintained pursuant to this Resolution shall, at the option of the Authority, be invested in time deposits, certificates of deposit, guaranteed investment contracts, or similar contracting arrangements and/or as permitted by the provisions of the Public Funds Investment Act, as amended, Chapter 2256, Texas Government Code, or any other law, and secured (to the extent not insured by the Federal Deposit Insurance Corporation) to the fullest extent required by the Public Funds Collateral Act, as amended, Chapter 2257, Texas Government Code. All interest and income derived from deposits and investments in any fund shall immediately be credited to, and any losses debited from, the fund from which such funds were derived. All such investments shall be sold promptly when necessary to prevent any default in connection with the Bonds.

**Section 13. ISSUANCE OF ADDITIONAL BONDS.** In addition to the right to issue bonds of inferior lien as authorized by the laws of this State, the Authority reserves the right hereafter to issue Additional Bonds. The Additional Bonds, when issued, shall be payable from and secured by a lien on and pledge of the Bond Payments in the same manner and to the same extent as the Bonds and the Bonds Similarly Secured, and shall in all respects be of equal dignity. The Additional Bonds may be issued in one or more Series provided, however, that no Additional Bonds, shall be issued unless and until the following conditions have been met:

(i) Except for a refunding to cure a default, the Authority is not then in default as to any covenant, condition or obligation prescribed in the resolutions authorizing the issuance of the Bonds Similarly Secured or the Contract (including any amendment or supplement thereto) and the funds under the resolution authorizing the same contains the amounts then required to be therein;

(ii) The City shall have approved the resolution(s) authorizing the issuance of the Additional Bonds as to form and content and acknowledged that the payment of principal of and interest on such Additional Bonds is payable, in whole or in part, from the Bond Payments to be made to the Authority under and pursuant to the Contract;

(iii) The resolution authorizing the issuance of the Additional Bonds provides for deposits to be made to the Debt Service Fund in amounts sufficient to pay the principal of and interest on such Additional Bonds as the same become due; and

(iv) The City confirms (and counsel to the Authority opines) that the Contract is a legal, valid and binding contract then in effect pursuant to which the City is obligated to make payments to the Authority during each fiscal year (including periods when services of the Project may not be available to such contracting parties and others) in such amounts as shall be necessary to provide to the Authority sufficient funds to pay when due all principal and interest on all Bonds and Additional Bonds to be outstanding after the issuance of the proposed Additional Bonds.

The Bonds Similarly Secured may be refunded (pursuant to any law then available) upon such terms and conditions as the Board of the Authority may deem to be in the best interest of the Authority.

**Section 14. SPECIAL PROJECT BONDS.** The Authority further reserves the right to issue bonds in one or more installments for the purchase, construction, improvement, extension, replacement, enlargement or repair of utility facilities necessary under a contract or contracts with persons, corporations, municipal corporations, political subdivisions, or entities including the City, such bonds to be payable from and secured by the proceeds of such contract or contracts (other than the Contract). The Authority further reserves the right to refund such bonds and secure the payment of the debt service requirements on the refunding bonds in the same manner or as otherwise permitted by the laws of the State.

**Section 15. MAINTENANCE OF PROJECT - INSURANCE.** The Authority covenants, agrees, and affirms its covenants that while the Bonds Similarly Secured remain outstanding it will maintain and operate the Project with all possible efficiency and maintain casualty and other insurance on the properties of the Project and its operations of a kind and in such amounts customarily carried by municipal corporations in the State engaged in a similar type of business (which may include an adequate program of self-insurance) which insurance shall also be sufficient to protect the Purchaser, as hereinafter defined; and that it will faithfully and punctually perform all duties with reference to the Project required by the laws of the State. All money received from losses under such insurance policies, other than public liability policies, shall be retained for the benefit of the Registered Owners of the Bonds Similarly Secured until and unless the proceeds are paid out in making good the loss or damage in respect of which such proceeds are received, either by replacing the property destroyed or repairing the property damaged, and adequate provision for making good such loss or damage must be made within ninety (90) days after the date of loss. The payment of premiums for all insurance policies required under the provisions hereof shall be considered Maintenance and Operating Expenses of the Project. Nothing in this Resolution shall be construed as: (i) requiring the Authority to expend any funds which are derived from sources other than the operation of the Project but nothing herein shall be construed as preventing the Authority from doing so or (ii) requiring the purchase of insurance until the Facilities are constructed.

**Section 16. RECORDS AND ACCOUNTS - ANNUAL AUDIT.** The Authority covenants, agrees, and affirms its covenants that so long as any of the Bonds Similarly Secured remain outstanding, it will keep and maintain separate and complete records and accounts pertaining to the operations of the Project in which complete and correct entries shall be made of all transactions relating thereto as provided by applicable law. The Registered Owners of any Bonds or any duly authorized agent or agents of such Registered Owners shall have the right to inspect the Project and all properties comprising the same. The Authority further agrees that following (and in no event later than six (6) months after) the close of each Fiscal Year, it will cause an audit of such books and accounts to be made by an independent firm of Certified Public Accountants. Expenses incurred in making the annual audit of the operations of the Project are to be regarded as Operation and Maintenance Expenses of the Project.

**Section 17. SALE OR ENCUMBRANCE OF SYSTEM.** While any Bonds remain Outstanding, the Authority will not sell, dispose of or further encumber the Project or any substantial part thereof; provided, however, that this provision shall not prevent the Authority from (i) pledging the Bond Payments and Funds to Additional Bonds or Special Project Bonds as set forth in Sections 13 and 14 of this Resolution or (ii) disposing of any part of the Project which is being replaced or is deemed by the Authority to be obsolete, worn out, surplus or no longer

needed for the proper operation of the Project. Any agreement pursuant to which the Authority contracts with a person, corporation, municipal corporation or political subdivision to operate the Project or to lease and/or operate all or part of the Project shall not be considered as an encumbrance of the Project; provided, however, no such agreement shall impair the pledge and lien on the Bond Payments and Funds.

**Section 18. SPECIAL COVENANTS.** The Authority further covenants and agrees that: (a) **Title.** The Authority lawfully owns or will own and is or will be lawfully possessed of the lands, easements or other property rights (including leasehold interests) upon which its Project is and will be located, and has or will purchase good and indefeasible estate in such lands in fee simple, or has or will lawfully obtain any necessary easements or has or will lawfully obtain property rights (including leasehold interests to operate the Project, and it warrants that it has or will obtain and will defend, the title to all the aforesaid lands, easements and property rights for the benefit of the Registered Owners of the Bonds against the claims and demands of all persons whomsoever, that it is lawfully qualified to pledge the Bond Payments to the payment of the Bonds Similarly Secured, in the manner prescribed herein, and that it has lawfully exercised such rights.

(b) **Liens.** The Authority will from time to time and before the same become delinquent pay and discharge all taxes, assessments, and governmental charges, if any, which shall be lawfully imposed upon it, or its Project, and it will pay all lawful claims for rents, royalties, labor, materials, and supplies which if unpaid might by law become a lien or charge upon its Project, provided, however, that no such tax, assessment, or charge, and that no such claims which might be or other lien or charge, shall be required to be paid while the validity of the same shall be contested in good faith by the Authority.

(c) **Performance.** The Authority will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in the resolutions authorizing the issuance of Bonds Similarly Secured, and in each and every Bond Similarly Secured and pay from the Bond Payments the principal of and interest on every Bond Similarly Secured on the dates and in the places and manner prescribed in such resolutions and Bonds Similarly Secured; and that it will, at the times and in the manner prescribed, deposit or cause to be deposited from the Bond Payments the amounts required to be deposited into the Debt Service Fund; and the Registered Owner of the Bonds Similarly Secured may require the Authority, its officials, agents, and employees to carry out, respect, or enforce the covenants and obligations of this Resolution or any resolution authorizing the issuance of Bonds Similarly Secured including, but without limitation, the use and filing of mandamus proceedings, in any court of competent jurisdiction, against the Authority, its officials, agents, and employees.

(d) **Legal Authority.** The Authority is duly authorized under the laws of the State, including the Act, to issue the Bonds Similarly Secured; that all action on its part for the authorization and issuance of the Bonds Similarly Secured has been duly and effectively taken, and the Bonds Similarly Secured in the hands of the Registered Owners thereof are and will be valid and enforceable special obligations of the Authority in accordance with their terms payable solely from the Bond Payments.

(e) **Budget.** The Authority will prepare, adopt, and place into effect an annual budget (the "Annual Budget") for Operation and Maintenance Expenses of the Project for each Fiscal Year, including in each Annual Budget such items as are customarily and reasonably contained in a utility project budget under generally accepted accounting procedures and shall deliver such budget at least 90 days prior to adoption for review and comment by the City.

(f) **Permits.** The Authority will comply with all of the terms and conditions of any and all franchises, permits, and authorizations applicable to or necessary with respect to the Project and which have been obtained from any governmental Authority; and the Authority has or will obtain and keep in full force and effect all franchises, permits, authorizations, and other requirements applicable to or necessary with respect to the acquisition, construction, equipment, operation, and maintenance of the Project.

**Section 19. LIMITED OBLIGATIONS OF THE AUTHORITY.** The Bonds Similarly Secured are limited, special obligations of the Authority payable from and equally and ratably secured solely by a lien on and pledge of the Bond Payments, and the Registered Owners thereof shall never have the right to demand payment of the principal or interest on the Bonds Similarly Secured from any funds raised or to be raised through taxation by the City or the Authority.

**Section 20. DEFAULT AND REMEDIES.** (a) **Events of Default.** Each of the following occurrences or events for the purpose of this Resolution is hereby declared to be an Event of Default:

(i) the failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable; or

(ii) default in the performance or observance of any other covenant, agreement or obligation of the Authority, the failure to perform which materially, adversely affects the rights of the Registered Owners of the Bonds, including, but not limited to, their prospect or ability to be repaid in accordance with this Resolution, and, if such default is capable of cure, the continuation thereof for a period of sixty (60) days after notice of such default is given by any Registered Owner to the Authority; or

(iii) a default by the City under the Contract.

(b) **Remedies for Event of Default.**

(i) Upon the happening of any Event of Default, then and in every case, any Registered Owner or an authorized representative thereof, including, but not limited to, a trustee or trustees therefor, may proceed against the Authority, or any official, officer or employee of the Authority in their official capacity, for the purpose of protecting and enforcing the rights of the Registered Owners under this 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. The Registered Owners are third party beneficiaries to the

Contract with the ability to enforce the provisions of the Contract for such period that a default exists under the Contract.

(ii) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Registered Owners of Bonds then Outstanding.

(iii) Notwithstanding anything in this Resolution to the contrary, so long as the Purchaser continue to hold the Bonds, the Purchaser may exercise all remedies available to it in law or equity and any provision in this Resolution or the Bonds that restricts or limits the Purchaser's full exercise of these remedies shall be of no force and effect.

(c) ***Remedies Not Exclusive.***

(i) 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 Bonds or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Resolution, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under this Resolution.

(ii) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

(iii) By accepting the delivery of a Bond authorized under this Resolution, such Registered Owner agrees that the certifications required to effectuate any covenants or representations contained in this Resolution do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers, employees or trustees of the Authority or the Board.

(iv) None of the members of the Board, nor any other official or officer, agent, or employee of the Authority, shall be charged personally by the Registered Owners with any liability, or be held personally liable to the Registered Owners under any term or provision of this Resolution, or because of any Event of Default or alleged Event of Default under this Resolution.

**Section 21. AMENDMENT OF RESOLUTION.** (a) ***Amendments Without Consent.*** This Resolution and the rights and obligations of the Board and of the Registered Owners of the Bonds may be modified or amended at any time without notice to or the consent of any Registered Owner of the Bonds or any Bond similarly secured, solely for any one or more of the following purposes:

(i) To add to the covenants and agreements of the Board contained in this Resolution, other covenants and agreements thereafter to be observed, or to surrender any right or power reserved to or conferred upon the Board in this Resolution;

(ii) To cure any ambiguity or inconsistency, or to cure or correct any defective provisions contained in this Resolution, upon receipt by the Board of an opinion of counsel, that the same is needed for such purpose, and will more clearly express the intent of this Resolution;

(iii) To supplement the security for the Bonds, replace or provide an additional Credit Agreement, or change the form of the Bonds or make such other changes in the provisions hereof as the Board may deem necessary or desirable and which shall not, in the judgment of the Board, materially adversely affect the interests of the owners of the Outstanding Bonds;

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

(v) To make such other changes in the provisions hereof as the Board may deem necessary or desirable and which shall not, in the judgment of the Board, materially adversely affect the interests of the owners of the Outstanding Bonds; or

(vi) To assign the Contract to a trustee.

(b) **Amendments With Consent.** Subject to the other provisions of this Resolution, the Registered Owners of Outstanding Bonds aggregating 51% in Outstanding Principal Amount shall have the right from time to time to approve any amendment, other than amendments described in Subsection (a) of this Section, to this Resolution which may be deemed necessary or desirable by the Board; provided, however, that nothing herein contained shall permit or be construed to permit, without the approval of the owners of all of the Outstanding Bonds, the amendment of the terms and conditions in this Resolution or in the Bonds so as to:

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

(c) **Notice.** (i) If at any time the Board shall desire to amend this Resolution other than pursuant to (a) above, the Board shall cause notice of the proposed amendment to be published in a financial newspaper or journal of general circulation in The City of New York, New York (including but not limited to, the Bond Buyer and The Wall Street Journal) or the State (including but not limited to the Texas Bond Reporter) once during each calendar week for at least two (2) successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of the Paying Agent/Registrar for inspection by all owners of the Bonds. Such publication is not required,



however, if the Board gives or causes to be given such notice in writing to each Registered Owner of Bonds.

(d) **Receipt of Consents.** Whenever at any time not less than thirty (30) days, and within one (1) year, from the date of the first publication of said notice or other service of written notice of the proposed amendment the Board shall receive an instrument or instruments executed by all of the owners or the owners of at least 51% in Outstanding Principal Amount of 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 amendatory resolution in substantially the same form.

(e) **Effect of Amendments.** Upon the adoption by the Board of any resolution to amend this Resolution pursuant to the provisions of this Section, this Resolution shall be deemed to be amended in accordance with the amendatory resolution, and the respective rights, duties, and obligations of the Board and all the owners of then Outstanding Bonds and all future Bonds shall thereafter be determined, exercised, and enforced under the resolution and this Resolution, as amended.

(f) **Consent Irrevocable.** Any consent given by any owner of Bonds pursuant to the provisions of this Section shall be irrevocable for a period of six (6) months from the date of the first publication or other service of the notice provided for in this Section and shall be conclusive and binding upon all future owners of the same Bonds during such period. Such consent may be revoked at any time after six (6) months from the date of the first publication of such notice by the owner who gave such consent, or by a successor in title, by filing notice thereof with the Registrar and the Board, but such revocation shall not be effective if the owners of 51% in Outstanding Principal Amount of Bonds, prior to the attempted revocation, consented to and approved the amendment.

(g) **Ownership.** For the purpose of this Section, the ownership and other matters relating to all Bonds registered as to ownership shall be determined from the Registration Books kept by the Paying Agent/Registrar therefor. The Paying Agent/Registrar may conclusively assume that such ownership continues until written notice to the contrary is served upon the Paying Agent/Registrar.

**Section 22. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE BONDS.** (a) **Covenants.** The Authority 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 Authority 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 Authority, with respect to such private

business use, do not, under the terms of this Resolution or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the "private business use" described in subsection (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 5 years or less or, in the case of a refunding bond, for a period of 90 days or less until such proceeds are needed for the purpose for which the bonds are issued,

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

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

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

(8) to refrain from using the proceeds of the Bonds or proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of

the Bonds in contravention of the requirements of section 149(d) of the Code (relating to advance refundings);

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

(10) to file or cause to be filed with the Secretary of the Treasury, not later than the 15<sup>th</sup> day of the second calendar month after the close of the calendar quarter in which the Bonds are issued, an information statement concerning the Bonds, all under and in accordance with section 149(e) of the Code and the applicable Treasury Regulations promulgated thereunder; and

(11) the Authority will not acquire any of the Purchaser source series bonds in an amount related to the amount of Bonds acquired by the Purchaser.

(b) **Rebate Fund.** In order to facilitate compliance with the above covenant (8), a "Rebate Fund" is hereby established by the Authority for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation the bondholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) **Proceeds.** The Authority understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations. It is the understanding of the Authority 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 Authority 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 Authority 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 Authority hereby authorizes and directs the Executive Director to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Authority, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

(d) **Allocation Of, and Limitation On, Expenditures for the Project.** The Authority covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 2 of this Resolution (the "Project") on its books and records in accordance with the requirements of the Internal Revenue Code. The Authority recognizes that

in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the Authority recognizes that in order for proceeds to be expended under the Internal Revenue Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired. The Authority agrees to obtain the advice of nationally recognized 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 Bonds. For purposes hereof, the Authority 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.

(e) **Disposition of Project.** The Authority covenants that the property constituting the Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the Authority of cash or other compensation, unless any action taken in connection with such disposition will not adversely affect the tax-exempt status of the Bonds. For purpose of the foregoing, the Authority may rely on an opinion of nationally recognized bond counsel that the action taken in connection with 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 Authority 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.

(f) **Reimbursement.** This Resolution is intended to satisfy the official intent requirements set forth in section 1.150-2 of the Treasury Regulations.

**Section 23. RESOLUTION TO CONSTITUTE A CONTRACT; EQUAL SECURITY.** In consideration of the acceptance of the Bonds, the issuance of which is authorized hereunder, by those who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Board and the Registered Owners from time to time of the Bonds and the pledge made in this Resolution by the Board and the covenants and agreements set forth in this Resolution to be performed by the Board shall be for the equal and proportionate benefit, security, and protection of all Registered Owners, without preference, priority, or distinction as to security or otherwise of any of the Bonds authorized hereunder 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 Resolution.

**Section 24. 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 Bonds issued hereunder.

**Section 25. PAYMENT AND PERFORMANCE ON BUSINESS DAYS.** Except as provided to the contrary in the FORM OF BOND, whenever under the terms of this Resolution or the Bonds, the performance date of any provision hereof or thereof, including the payment of principal of or interest on the 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 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.

**Section 26. LIMITATION OF BENEFITS WITH RESPECT TO THE RESOLUTION.** With the exception of the rights or benefits herein expressly conferred, nothing expressed or contained herein or implied from the provisions of this Resolution or the Bonds is intended or should be construed to confer upon or give to any person other than the Board, the Registered Owners, and the Paying Agent/Registrar, any legal or equitable right, remedy, or claim under or by reason of or in respect to this Resolution or any covenant, condition, stipulation, promise, agreement, or provision herein contained. This 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 Board, the Registered Owners, and the Paying Agent/Registrar as herein and therein provided.

**Section 27. CUSTODY, APPROVAL, BOND COUNSEL'S OPINION, CUSIP NUMBERS AND PREAMBLE.** The Authority Representative is hereby authorized to have control of the Bonds issued hereunder and all necessary records and proceedings pertaining to the Bonds pending their delivery and approval by the Attorney General of the State. The Authority Representative is hereby authorized, to the extent deemed necessary or advisable thereby, in the discretion thereof, to request that the Attorney General approve the Bonds as permitted by Chapter 1202, Texas Government Code, in which case the Authority Representative also is authorized to request the Comptroller of Public Accounts register the Bonds, and to cause an appropriate legend reflecting such approval and registration to appear on the Bonds and the substitute Bonds. The approving legal opinion of the Board's Bond Counsel and the assigned CUSIP numbers may, at the option of the Board, be printed on the Bonds and on any Bonds issued and delivered in exchange or replacement of any Bond, but neither shall have any legal effect, and shall be solely for the convenience and information of the Registered Owners of the Bonds. The preamble to this Resolution is hereby adopted and made a part of this Resolution for all purposes.

**Section 28. CONTINUING DISCLOSURE UNDERTAKING.** (a) *Annual Reports.* The Authority shall provide annually to the MSRB, (1) within six months after the end of each fiscal year of the Authority, financial and operating data of the general type, being the information of the type described in Exhibit "D" hereto including financial statements of the Authority if audited financial statements of the Authority are then available, and (2) if not provided as part such financial information and operating data, audited financial statements of the Authority, when and if available. Any financial statements to be provided shall be (i) prepared in accordance with the generally accepted accounting principles for governmental units, or such other accounting principles as the Authority may be required to employ from time to time

pursuant to state law or regulation, and in substantially the form included in the official statement, and (ii) audited, if the Authority commissions an audit of such financial 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 12 months after any such fiscal year end, then the Authority shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

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

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document 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 Section shall be accompanied by identifying information as prescribed by the MSRB.

(b) ***Event Notices.*** The Authority 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:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds
7. Modifications to rights of holders of the Bonds, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;

11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Authority;
13. The consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Authority, any of which affect security holders, if material; and
16. A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Authority, any of which reflect financial difficulties.

For these purposes, (a) any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Authority in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of the Authority in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority, and (b) the Authority intends the words used in the immediately preceding paragraphs (15) and (16) and the definition of Financial Obligation in this Section to have the same meanings as when they are used in the Rule, as prescribed by SEC Release No. 34-83885, dated August 20, 2018.

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

(c) ***Limitations, Disclaimers, and Amendments.*** The Board shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Board remains an "obligated person" with respect to the Bonds within the meaning of the

Rule, except that the Board in any event will give notice of any deposit made in accordance with Section 30 of this Resolution that causes the Bonds no longer to be outstanding.

The provisions of this Section are for the sole benefit of the holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Board undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Board's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The Board 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 AUTHORITY 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 AUTHORITY, 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 Authority in observing or performing its obligations under this Section shall comprise a breach of or default under this Resolution for purposes of any other provision of this Resolution.

Should the Rule be amended to obligate the Authority to make filings with or provide notices to entities other than the MSRB, the Board of the Authority 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 Authority under federal and state securities laws.

The provisions of this Section may be amended by the Authority 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 Authority, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Resolution that authorizes such an amendment) of the outstanding Bonds consents to such amendment or (b) a person that is unaffiliated with the Authority (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the Bonds. If the Authority so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with paragraph (a)



of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The Authority may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

**Section 29. APPLICATION OF BOND PROCEEDS.** (a) Proceeds from the sale of the Bonds shall, promptly upon receipt thereof, be applied by the Authority Representative as follows:

- (i) accrued interest, if any, for the Bonds shall be deposited as provided in Section 9(a);
- (ii) an amount sufficient to accomplish the purposes of Section 2(b) shall be deposited to the Project Fund; and
- (iii) any proceeds from the sale of the Bonds remaining after the deposits provided for in clauses (i) and (ii) above, shall be applied to pay expenses arising in connection with the issuance of the Bonds.

Any sale proceeds of the Bonds remaining after making all deposits and payments provided for above shall be applied to the payment of interest on the Bonds and deposited into the Debt Service Fund.

**Section 30. DEFEASANCE PROVISIONS.** (a) Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond") within the meaning of this Resolution, except to the extent provided in 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 the establishment of irrevocable provisions for the giving of such notice) 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 or an eligible trust company or commercial bank 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 Authority with the Paying Agent/Registrar or an eligible trust company or commercial bank 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 Bond Payments as provided in this Resolution, 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 or upon the establishment of irrevocable provisions for the giving of such notice, in accordance with this Resolution. Any money so deposited with the Paying Agent/Registrar or an eligible trust company or commercial bank as provided in this Section may at the discretion of the Authority 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 or an eligible trust company or commercial bank 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 remitted to the Authority.

(c) Notwithstanding any provision of any other Section of this Resolution 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 Authority shall make proper arrangements to provide and pay for such services as required by this Resolution.

(d) Notwithstanding anything elsewhere in this Resolution, if money or Defeasance Securities have been deposited or set aside with the Paying Agent/Registrar or an eligible trust company or commercial bank 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 Authority retains the right under State law to later call that Defeased Bond for redemption in accordance with the provisions of this Resolution, the Authority may call such Defeased Bond for redemption upon complying with the provisions of State 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.

**Section 31. SALE OF BONDS; USE OF PROCEEDS.** (a) *Sale to the Texas Water Development Board.* That the Bonds are hereby sold to the Purchaser for the price of par. The Bonds have been purchased by the Purchaser pursuant to TWDB Resolution No. 17-079 adopted on July 20, 2017, as amended by TWDB Resolution No. 19-077 adopted on July 22, 2019, as amended by TWDB Resolution No. 20-067 adopted on July 23, 2020, and as amended by TWDB Resolution No. 22-066 adopted on July 27, 2022 (collectively, the "Purchaser Resolution"). The Bonds initially delivered shall be registered in the name of the Purchaser. The Private Placement Memorandum prepared in connection with the sale of the Bonds to the Purchaser in substantially the form attached to this Resolution is approved. The Authority has determined, based upon the

advice provided by its financial advisors, that acceptance of the purchase price for the Bonds is on terms advantageous to, and in the best interests of, the Authority.

(b) **Notice from Purchaser of Sale of Bonds.** It is the intent of the parties to the sale of the Bonds that if the Purchaser ever determines to sell all or a part of the Bonds, it shall notify the Authority at least 60 days prior to the sale of the Bonds of the decision to so sell the Bonds.

(c) **Proceeds.** The proceeds from the sale of the Bonds shall be used in the manner described in the letter of instructions executed by the Authority, or on behalf of the Authority by its financial advisor.

(d) **Payment by Wire Transfer.** Payment of amounts due and owing on the Bonds to the Purchaser shall be made by wire transfer, at no expense to the Purchaser, as provided in the FORM OF BOND.

(e) **Escrow Fund.** By agreeing to purchase the Bonds, the Purchaser agrees that the Bond proceeds shall be deposited into the escrow fund established in the Escrow Agreement between the Authority and BOKF, NA, as escrow agent (the "Escrow Agent").

(f) **Investment of Bond Proceeds.** Proceeds from the sale of the Bonds shall be held at a depository or other properly chartered and authorized institution in accordance with Chapter 2256, Texas Government Code, and Chapter 2257, Texas Government Code.

**Section 32. FURTHER PROCEDURES.** The Authority Representative and all other officers, employees, and agents of the Board, and each of them, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and on behalf of the Board all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution, the Bonds, the sale and delivery of the Bonds and fixing all details in connection therewith. The Authority Representative is authorized to sign this Resolution.

**Section 33. REPEAL OF CONFLICTING RESOLUTIONS.** All resolutions and all parts of any resolutions which are in conflict or inconsistent with this Resolution are hereby repealed and shall be of no further force or effect to the extent of such conflict or inconsistency.

**Section 34. PUBLIC NOTICE.** It is hereby found and determined that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the Meeting at which this Resolution was adopted; that this Resolution would be introduced and considered for adoption at said meeting; 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.

**Section 35. NO PERSONAL LIABILITY.** No covenant or agreement contained in the Bonds, this Resolution or any corollary instrument shall be deemed to be the covenant or agreement of any member of the Board or the City or any officer, agent, employee or representative of the Board or the City in their individual capacity, and neither the directors,

officers, agents, employees or representatives of the Board or the City nor any person executing the Bonds shall be personally liable thereon or be subject to any personal liability for damages or otherwise or accountable by reason of the issuance thereof, or any actions taken or duties performed, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the issuance of the Bonds.

**Section 36. APPROVAL OF ESCROW AGREEMENT, PAYING AGENT/REGISTRAR AGREEMENT, BLANKET ISSUER LETTER OF REPRESENTATIONS WITH THE DEPOSITORY TRUST COMPANY AND CREDIT AGREEMENTS.** (a) The Escrow Agreement by and between the Authority and the Escrow Agent ("Escrow Agreement") in substantially the form and substance submitted to the Board is hereby approved, and the Authority Representative is hereby authorized to complete, amend, modify, and execute the Escrow Agreement, as necessary.

(b) The Paying Agent/Registrar Agreement by and between the Authority and the Paying Agent/Registrar ("Paying Agent Agreement"), in substantially the form and substance submitted to the Board is hereby approved and the Authority Representative is hereby authorized and directed to complete, amend, modify, and execute the Paying Agent Agreement, as necessary.

(c) The Blanket Issuer Letter of Representations with the Depository Trust Company has been previously executed by the Authority Representative and is hereby authorized to be utilized in connection with the Bonds.

(d) To the extent permitted by law, the Authority reserves the right to enter into Credit Agreements in connection with the Bonds, upon the written opinion of the Authority Representative that such Credit Agreements are in the best interest of the Authority given the market conditions at the time. The Credit Agreements will constitute a Credit Agreement as defined in this Resolution. The Credit Agreements and the obligations thereunder may, pursuant to their terms, constitute (i) debt secured by a pledge of the Bond Payments on parity with the Bonds Similarly Secured (ii) debt secured by an inferior lien secured by a pledge of the Bond Payments subordinate to the Bonds Similarly Secured or (iii) partially parity and partially inferior lien.

**Section 37. ADDITIONAL COVENANTS.** In connection with the sale of the Bonds to the Purchaser, the Authority covenants as follows:

(a) ***Compliance with the Texas Water Development Board's Rules and Regulations.*** The Authority covenants to comply with the rules and regulations of the Purchaser, and to maintain insurance on the Project in such amount as may be required by the Purchaser, as further addressed in subsection (h) of this Section.

(b) ***Audits.*** For so long as the State owns any of the Bonds, the Authority shall mail a copy of the audit required by this Resolution to the Purchaser. In addition, monthly operating statements for the Project shall be maintained by the Authority and made available, on request, to the Purchaser as long as the State owns any of the Bonds, and the monthly operating statement

shall be in such detail as requested by the Development Fund Manager of the Purchaser until this requirement is waived thereby. The Authority shall also provide, or cause to be provided, a copy of the City's audit within 180 days after the City's fiscal year end.

(c) ***Final Accounting.*** Within 60 days of Project completion, the Authority shall render a final accounting to the Purchaser in reference to the total cost incurred by the Authority for the Project which were financed by the issuance of the Bonds, together with a copy of "as built" plans of such Project.

(d) ***Defeasance.*** Should the Authority exercise its right under this Resolution to effect the defeasance of the Bonds, the Authority agrees that it will provide the Purchaser with 30 days written notice of any such defeasance.

(e) ***Segregation of Funds.*** The Authority covenants that proceeds of the Bonds shall remain separate and distinct from other sources of funding from the date of the Purchaser commitment through costing and final disbursement.

(f) ***Environmental Indemnity.*** Proceeds from the Bonds shall not be used by the Authority when sampling, testing, removing, or disposing of contaminated soils and/or media at the Project site. To the extent permitted by law, the Authority agrees to indemnify, hold harmless, and protect the Purchaser from any and all claims, causes of action, or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment, and disposition of any contaminated sewage sludge, contaminated sediments, and/or contaminated media that may be generated by the Authority, its contractors, consultants, agents, officials, and employees as a result of activities relating to the project funded with proceeds of the Bonds.

(g) ***Environmental Determination.*** In connection with the Project financed with the Bonds, the Authority agrees to implement any environmental determination issued by the Executive Administrator of the Purchaser to satisfy the environmental review requirements set forth in 31 Texas Administrative Code 371.

(h) ***Insurance.*** The Authority agrees that it will maintain insurance on the Project in an amount sufficient to protect the Purchaser's interest in the project financed with the proceeds of the Bonds. The Authority may self-insure in respect to satisfying this covenant.

(i) ***No Purchase of Purchaser Bonds.*** The Authority agrees that neither it, nor any related party to the Authority, will purchase, as an investment or otherwise, bonds issued by the Purchaser including, without limitation, bonds issued by the Purchaser, the proceeds of which were used by the Purchaser to purchase the Bonds.

(j) ***Compliance with Federal Contracting Laws.*** The Authority acknowledges that it has a legal obligation to comply with any applicable requirements of federal law relating to contracting with disadvantaged business enterprises.

(k) ***Compliance with State Contracting Laws.*** The Authority acknowledges that it has a legal obligation to comply with any applicable requirements of State law relating to contracting

with historically underutilized businesses and will report to the Purchaser the amounts of Project funds, if any, that are used to compensate historically underutilized businesses that work on the Project in accordance with 31 Texas Administrative Code § 363.1312.

(1) ***No Advance Refunding.*** The Authority will not use proceeds of the Bonds to advance refund any outstanding bonds.

**Section 38. APPROVAL CERTIFICATE.** Pursuant to Section 3.1 of the Contract, the City has authorized the execution of an approval certificate attached hereto as Exhibit "F" which evidences the approval of the terms and provisions of the Bonds as set forth herein by the City.

**PASSED AND ADOPTED** this October 31, 2022.

**ALLIANCE REGIONAL WATER  
AUTHORITY**

A handwritten signature in blue ink, consisting of a stylized 'A' followed by a series of loops and a long horizontal stroke.

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Authority Representative

**EXHIBIT A**  
**DEFINITIONS**

As used in this Resolution, the following terms and expressions shall have the meanings set forth below, unless the text in this Resolution specifically indicates otherwise.

The term *Additional Bonds* shall mean the obligations issued in accordance with the terms and conditions prescribed in Section 13 hereof.

The term *Annual Payments* shall have the meaning given in the Contract.

The term *Authorized Denominations* shall mean the denomination of \$5,000 or any integral multiple thereof.

The term *Authority* shall mean Alliance Regional Water Authority and any other public Authority succeeding to the powers, rights, privileges and functions of the Authority and, when appropriate, the Board of the Authority.

The term *Authority Representative* shall mean the Chair, Vice Chair or the Executive Director of the Authority or such other person authorized by the Board to act as an Authority Representative.

The term *Average Annual Debt Service Requirements* shall mean that average amount which, at the time of computation, will be required to pay the Debt Service Requirements on all outstanding Bonds Similarly Secured when due (either at Stated Maturity or mandatory redemption) and derived by dividing the total of such Debt Service Requirement by the number of Fiscal Years then remaining before Stated Maturity of such Bonds Similarly Secured. For purposes of this definition, a fractional period of a Fiscal Year shall be treated as an entire Fiscal Year. Capitalized interest payments provided from Bond proceeds shall be excluded in making the aforementioned computation.

The term *Board* shall mean the Board of Directors of the Authority.

The term *Bond Payments* shall mean the payments defined as "Bond Payments" within the Contract that the Authority expects to receive from the City of Kyle, Texas pursuant to the terms of the Contract.

The term *Bonds* shall mean and include collectively the Bonds issued and delivered 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.

The term *Bonds Similarly Secured* shall mean the Series 2015 Bonds, the Series 2017 Bonds, the Series 2019 Bonds, the Series 2020 Bonds and the Bonds issued pursuant to this Resolution and any Additional Bonds hereafter issued by the Authority or bonds issued to refund any of the foregoing if issued in a manner that provides that the refunding bonds are payable from and equally and ratably secured by a lien on and pledge of the Bond Payments.



The term *Business Day* shall mean any day which is not a Saturday, Sunday, legal holiday, or a day on which banking institutions in The City of New York, New York or in the city where the Designated Trust Office of the Paying Agent/Registrar is located are authorized by law or executive order to close.

The term *Certified Public Accountant* shall mean an independent certified public accountant or firm of independent certified public accountants.

The term *City* shall mean the City of Kyle, Texas.

The term *City System* shall mean and includes the existing combined waterworks and/or wastewater disposal system of the City, together with all future extensions, improvements, enlargements, and additions thereto, including, to the extent permitted by law, storm sewer and drainage and/or reclaimed water systems which are integrated with the waterworks or wastewater disposal system, and all replacements thereof. Provided that, notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the term *City System* shall not include any waterworks or wastewater facilities which are declared by the City not to be a part of the City System, and which are hereafter acquired or constructed by the City with the proceeds from the issuance of "Special Facilities Bonds," which are hereby defined as being special revenue obligations of the City which are not secured by or payable from the net revenues of the City System, but which are secured by and are payable solely from special contract revenues, or payments received from the City or any other legal entity, or any combination thereof, in connection with such facilities; and such revenues or payments shall not be considered as or constitute gross revenues of the City System, unless and to the extent otherwise provided in the ordinance or ordinances authorizing the issuance of such *Special Facilities Bonds*.

The term *Completion Date* shall mean when the Facilities have been substantially complete, the date specified in a certificate of the Authority and Project Engineer that the Project is substantially completed and ready to be placed in service.

The term *Contract* shall mean the Regional Water Supply Contract dated as of January 9, 2008, together with amendments and supplements thereto including Amendment No. 1 (which by the term of such instrument is designated as a supplement or amendment to such Contract) between the Authority and each Sponsor, conformed copies of the Contract being attached hereto as Exhibit "E" for the purposes of identification.

The term *Credit Agreement* shall mean an Insurance Policy, a surety bond (including any supporting Insurance Agreement), a letter or line of credit or other type of enhancement issued in support of any Bonds or Additional Bonds by a Credit Agreement Provider at the request of the Authority.

The term *Credit Agreement Provider* shall mean (i) with respect to any Credit Agreement consisting of a policy of municipal bond insurance or a surety bond, an issuer of policies of insurance insuring the timely payment of scheduled debt service on governmental obligations such as any Series of Bonds or Additional Bonds, provided that a Rating Authority having an outstanding rating on the Bonds or Additional Bonds would rate the Bonds or Additional Bonds

upon delivery of the Bonds or Additional Bonds fully insured by a standard policy issued by the issuer in its highest generic rating category for such obligations; and (ii) with respect to any Credit Agreement consisting of a letter or line of credit, any financial institution, provided that a Rating Authority having an outstanding rating on the Bonds or Additional Bonds would rate the Bonds or Additional Bonds in one of its two highest generic rating categories for such obligations if the letter or line of credit proposed to be issued by such financial institution secured the timely payment of the entire principal amount of a series of Bonds or Additional Bonds and the interest thereon.

The term *Debt Service Fund* shall mean the special fund or account created and established by the provisions of Section 9(a) of this Resolution.

The term *Debt Service Requirements* shall mean as of any particular date of computation, with respect to any obligations and with respect to any period, the aggregate of the amounts to be paid or set aside by the Authority as of such date or in such period for the payment of the principal of, premium, if any, and interest (to the extent not capitalized) on such obligations; assuming, in the case of obligations without a fixed numerical rate, that such obligations bear interest calculated by (a) either (i) an interest rate equal to the average rate borne by such Bonds (or by comparable debt in the event that such Bonds have not been outstanding during the preceding 24 months) for any 24 month period ending within 30 days prior to the date of calculation, (ii) if the Bonds bear interest at tax-exempt rates, an interest rate equal to the 24 month average of the Index (as most recently published in The Bond Buyer), unless such index is no longer published in The Bond Buyer, in which case the index to be used in its place shall be that index which the Authority Representative determines most closely replicates such index as set forth in a certificate of a Authority Representative, (iii) if the Bonds bear interest at taxable rates, the index which the Authority Representative determines is an accepted market index for taxable rates, (iv) that interest rate which, in the judgment of the Authority Representative, based, to the extent possible, upon an accepted market index which corresponds with the provisions of the subject Bonds, is the average rate anticipated to be in effect with respect to such Bonds or (v) that interest rate which, in the judgment of the Authority Representative, based upon the interest rate methodology in the applicable Credit Agreement if calculating payments under a Credit Agreement, is the average rate anticipated to be in effect; and (b) that the debt service of such bonds is amortized such that annual debt service is substantially level over the remaining stated life of such bonds, and further assuming in the case of obligations required to be redeemed or prepaid as to principal prior to Stated Maturity, the principal amounts thereof will be redeemed prior to Stated Maturity in accordance with the mandatory redemption provisions applicable thereto.

The term *Defeasance Securities* shall mean (i) Federal Securities, (ii) noncallable obligations of an Authority or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the Authority or instrumentality and that, on the date the Board adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provides 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, (iii) non-callable obligations of a state or an Authority or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date

the Board 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, or (iv) any additional securities and obligations hereafter authorized by the laws of the State as eligible for use to accomplish the discharge of obligations such as the Bonds.

The term *Depository* shall mean an official depository bank of the Authority.

The term *Designated Trust Office* shall have the meaning ascribed to said term in Section 5(b) of this Resolution.

The term *Engineering Report* shall mean the "Final Report of the Plumbing Plan," prepared by Lockwood, Andrews & Newnan, Inc., dated September 21, 2007, as such report may be amended, modified, changed or superseded with the approval of the Authority and Sponsors, at any time prior to the execution of construction contracts for the Project or as modified and changed by change orders issued after the execution of such construction contracts; provided, however, no such change orders shall adversely affect any of the Sponsors without the consent of the Sponsors.

The term *Facilities* shall mean the facilities, wells, diversion structures, treatment plants, storage tanks, capacity rights, lines, booster pumps, and other appurtenances sufficient to produce, divert, treat and deliver the water to which the Sponsors are entitled under the Contract and any improvements, additions, or extensions to such Facilities hereafter acquired or constructed to deliver water between such places.

The term *Federal Securities* shall mean direct, non-callable 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).

The term *Financial Obligation* shall mean (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities (as defined in the Securities and Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

The term *Fiscal Year* shall mean the twelve-month accounting period used by the Authority in connection with the operation of the Project, currently ending on September 30th of each year, which may be any twelve consecutive month period established by the Authority, but in no event may the Fiscal Year be changed more than one time in any three-calendar year period.

The term *Fitch* shall mean Fitch Ratings, Inc., its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating Authority, Fitch shall be deemed to refer to any other nationally recognized securities rating Authority designated by the Authority.

The term *Funds* shall mean the Debt Service Fund and Project Fund created and held pursuant to this Resolution.

The term *Government Securities* shall mean (i) direct non-callable obligations of the United States, including obligations that are unconditionally guaranteed by, the United States of America; (ii) non-callable obligations of an Authority or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the Authority or instrumentality and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; (iii) non-callable obligations of a state or an Authority 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 issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; or (iv) any additional securities and obligations hereafter authorized by the laws of the State as eligible for use to accomplish the discharge of obligations such as the Bonds.

The term *Interest Payment Date* shall mean the date semiannual interest is payable on the Bonds, while any of the Bonds remain Outstanding as set forth in the FORM OF BOND.

The term *IRS Code* shall mean the Internal Revenue Code of 1986, as amended.

The term *Land Interests* shall mean the easements, right-of-way, and other interests in real property necessary for the acquisition, construction, and operation of the Facilities and the Water Rights for the Project.

The term *MSRB* means the Municipal Securities Rulemaking Board.

The term *Maturity* shall mean the date on which the principal of a Bond becomes due and payable as therein and herein provided, whether at Stated Maturity, by redemption or otherwise.

The term *Moody's* shall mean Moody's Investors Service, Inc., its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating Authority, Moody's shall be deemed to refer to any other nationally recognized securities rating Authority designated by the Authority.

The term *Operation and Maintenance Expenses* shall mean all direct costs and expenses incurred by the Authority for its operation and maintenance, including but not limited to, the operation and maintenance of the Project, including (for greater certainty but without limiting the generality of the foregoing) amounts payable under any contract with any person, including, but not limited to any federal, state, or local Authority for the right to produce, withdraw or divert and use water, any contribution or payment in lieu of taxes or any fee or charge by any government authority relating to the Authority's production, withdrawal or diversion of or sale of treated water hereunder, the costs of utilities, supervision, engineering, accounting, auditing, legal services, insurance premiums, supplies, services, and administration of the Project, Overhead Expenses, any required costs of mitigation and land management incidental to Project

operation, and costs of operating, repairing, maintaining, and replacing equipment for proper operation and maintenance of the Project. The term "Operation and Maintenance Expenses" does not include depreciation charges or such portion of the above-described costs to the extent such costs are paid pursuant to an agreement other than the Contract.

The term *Outstanding* shall mean when used in this Resolution with respect to Bonds means, as of the date of determination, all Bonds of any series issued and delivered pursuant to this Resolution, except:

(1) those Bonds canceled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;

(2) those Bonds for which payment has been duly provided by the Authority in accordance with the provisions of Section 30 of this Resolution by the irrevocable deposit with the Paying Agent/Registrar, or an authorized escrow agent, of money or Government Securities, or both, in the amount necessary to fully pay the principal of, premium, if any, and interest thereon to maturity or redemption, as the case may be, provided that, if such Bonds are to be redeemed, notice of redemption thereof shall have been duly given pursuant to this Resolution or irrevocably provided to be given to the satisfaction of the Paying Agent/Registrar, or waived; and

(3) those Bonds that have been mutilated, destroyed, lost, or stolen and replacement Bonds have been registered and delivered in lieu thereof as provided in Section 5(f) of this Resolution.

The term *Overhead Expenses* shall mean the Authority's reasonable and necessary costs and expenses incurred at any time directly related to the issuance and servicing of the Bonds, the acquisition of Land Interests required for the Project, the design, permitting, financing, acquisition, construction, and ownership of the Project and any other activities required of or involving the Authority in connection with or attributable to the Project or the Bonds, including, but not limited to: (i) per diem and reimbursable expenses incurred by the Directors of the Authority for special meetings of the Authority's Board related to the Project; (ii) services of the professional, technical skilled and unskilled persons and firms engaged by or associated with the Authority, other than Authority staff personnel, together with their reimbursable expenses paid or required to be paid by the Authority; (iii) salaries of the Authority's staff attributable to the Project or the Bonds based on time expended, as documented or reasonably estimated by the President, Board of the Authority; (iv) the costs of preparing applications for and obtaining all approvals and authorizations required for the Project or the Bonds from the regulatory authorities having jurisdiction; (v) the cost of property casualty and public liability insurance incurred prior to the Completion Date; including any insurance deductible charged to or required to be paid by the Authority; provided that if the Authority is unable to obtain such insurance on an occurrence basis, then any expense incurred by the Authority from and after the Completion Date for casualty and public liability insurance, including any insurance deductible, shall be paid by the Sponsors; (vi) all costs incurred in litigation involving or relating to the Project; and (vii) any and all other costs and expenses, including out-of-pocket expenses, incurred by the Authority

attributable to the Project or the Bonds, whether enumerated above or not, and whether or not included in the definition or as a part of Project Costs.

The terms *Paying Agent/Registrar*, *Paying Agent* or *Registrar* shall mean the agent appointed pursuant to Section 5 of this Resolution or any successor to such agent.

The term *Participating Entities* shall mean with respect to the Contract, Cities of Buda, Kyle and San Marcos and Canyon Regional Water Authority.

The term *Phase 1A Project* shall mean the design and construction of facilities to interconnect the Cities of Kyle and Buda water systems. The Project will use the Phase 1A Project facilities to deliver Carrizo water into the Buda system. Facilities include a possible water pump section, pumps, ground storage tank, chlorine treatment system, yard piping necessary to receive and pump water, fee simple purchase of property for the pump station and new transmission pipeline.

The term *Phase 1B Improvements Project* shall include design, construction and equipment of multiple wells drilled and installed; the primary collection line from the well field to the treatment plant along with the individual collection lines; a sand filter water treatment plant including filters, disinfection equipment, high service pump station, and clearwell storage; plant construction in phases with Phase 1B expected to provide a treatment capacity of approximately 5 MGD, with an ultimate plant buildout of approximately 35 MGD; and transmission mains from the water treatment plant to the Project's Phase 1A infrastructure all as further set forth in the Authority's application to the Texas Water Development Board.

The term *Project* shall mean, collectively, the Land Interests and the Facilities as described in the recitals to the Contract and in the Engineering Report.

The term *Project Costs* shall mean and includes, without limitation, the following costs incurred for the Project by or on behalf of the Authority or the Sponsors: (i) the cost of acquisition of the Land Interests, including appraisals, closing costs and title insurance policies; (ii) the cost of acquisition, construction, repair, replacement, improvement or decommissioning of the Facilities, and any structure, item of equipment, or other item, used for, or in connection with, the Project; (iii) the cost of site preparation of the Land Interests, including demolition or removal of structures and improvements as necessary or incident to accomplishing the Project; (iv) the cost of engineering, legal, architectural or other related services; (v) the preparation cost of plans, specifications, studies, surveys, cost estimates, and other expenses necessary or incident to planning, providing, or financing the Project; (vi) the cost of machinery, equipment, furnishings, and facilities necessary or incident to placing the Project in operation; (vii) finance charges and interest before, during, and after construction as permitted by the laws of the State; (viii) costs incurred in connection with financing the project, including, without limitation: (1) financing, legal, accounting, financial advisory, rating Authority, and auditing fees, expenses and disbursements; (2) the cost of printing, engraving, and reproduction services; and (3) the cost of a trustee's or paying agent's initial or acceptance fee and subsequent fees; (ix) all costs, fees and expenses of litigation of all kinds; (x) the cost of property casualty and public liability insurance; (xi) the fees and costs of the anticipated Purchaser of the Bonds, including

underwriting services, if applicable; (xii) reimbursement of the costs previously incurred by the Sponsors with respect to the Project; and (xiii) other costs generally recognized as a part of Project construction costs.

The term *Project Engineer* shall mean such engineer or engineering firm selected by the Authority.

The term *Purchaser* shall mean the initial purchaser of the Bonds, the Texas Water Development Board.

The term *Record Date* shall mean the Business Day of each month as set forth in the FORM OF BOND.

The term *Registration Books* shall mean the books or records relating to the registration, payment and transfer or exchange of the Bonds maintained by the Paying Agent/Registrar pursuant to Section 5 of this Resolution.

The term *Registered Owner* shall mean the entity or person in whose names any of the Bonds are registered in the Registration Books.

The term *Resolution* shall mean this resolution adopted by the Board of the Authority on October 31, 2022.

The term *Rule* shall mean SEC Rule 15c2-12, as amended from time to time.

The term *SEC* means the United States Securities and Exchange Commission.

The term *Series* shall mean any designated Series of Bonds issued pursuant to this Resolution.

The term *Series 2015 Bonds* shall mean the Hays Caldwell Public Utility Agency Contract Revenue Bonds (Regional Water Supply Contract Project – City of Kyle, Texas), Series 2015B.

The term *Series 2017 Bonds* shall mean the Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of Kyle, Texas), Series 2017B.

The term *Series 2019 Bonds* shall mean the Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of Kyle, Texas), Series 2019B.

The term *Series 2020 Bonds* shall mean the Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of Kyle, Texas), Series 2020B.

The term *Special Project Bonds* shall mean obligations which the Authority expressly reserves the right to issue in Section 14 of this Resolution.

The term *State* shall mean the State of Texas.

The term *Stated Maturity* shall mean, when used with respect to the Bonds, the scheduled maturity or mandatory sinking fund redemption date of a series of the Bonds.

The term *Water Rights* shall mean the right to produce, withdraw or divert water, and transport the water from the location where it is produced, withdrawn, or diverted into Caldwell County, Guadalupe County, Hays County, and the surrounding counties. "Water Rights" are a component of "Land Interests."



**EXHIBIT B**  
**FORM OF BOND**

**REGISTERED**  
**NO.** \_\_\_\_\_

**REGISTERED**  
**PRINCIPAL AMOUNT**  
**\$13,520,000**

**UNITED STATES OF AMERICA**  
**STATE OF TEXAS**  
**ALLIANCE REGIONAL WATER AUTHORITY**  
**CONTRACT REVENUE BONDS**  
**(REGIONAL WATER SUPPLY CONTRACT PROJECT – CITY OF KYLE, TEXAS)**  
**SERIES 2022B**

<u><b>BOND</b></u> <u><b>DATE</b></u>	<u><b>STATED</b></u> <u><b>MATURITY</b></u>	<u><b>INTEREST</b></u> <u><b>RATE</b></u>	<u><b>CUSIP</b></u> <u><b>NO.</b></u>
November 15, 2022		%	

**REGISTERED OWNER:** \_\_\_\_\_

**PRINCIPAL AMOUNT: THIRTEEN MILLION FIVE HUNDRED TWENTY THOUSAND DOLLARS**

The Alliance Regional Water Authority (the "Authority"), a conservation and reclamation district of the State of Texas (the "State"), created by the cities of Buda, Kyle and San Marcos, Texas and the Canyon Regional Water Authority, a conservation and reclamation district and political subdivision of the State created and existing pursuant to Article XVI, Section 59 of the Texas Constitution and existing under the laws of the State, for value received, hereby promises to pay to the order of the Registered Owner specified above, or the registered assigns thereof, on the Stated Maturity date specified above, the Principal Amount specified above (or so much thereof as shall not have been paid upon prior redemption), and to pay interest on the unpaid principal amount hereof from the Bond Date, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, to the earlier of redemption or Stated Maturity, at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on August 15 and February 15 of each year commencing August 15, 2023.

Principal and premium, if any, of this Bond shall be payable to the Registered Owner hereof (the "Holder") upon presentation and surrender, at a corporate trust office of the Paying Agent/Registrar executing the registration certificate appearing hereon or a successor thereof. Interest shall be payable to the Holder of this Bond (or one or more Predecessor Bonds, as defined in the Resolution hereinafter referenced) whose name appears on the Security Register

maintained by the Paying Agent/Registrar at the close of business on the Record Date, which is the last Business Day of the month next preceding each interest payment date. All payments of principal of and interest on this Bond shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. The foregoing notwithstanding, so long as the Texas Water Development Board is the registered owner of 100% in aggregate principal amount of the Bonds then outstanding, payment of principal and interest on the Bonds shall be made thereto by wire transfer, at no expense to the Texas Water Development Board. 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, payments made to the securities depository, or its nominee, shall be made in accordance with arrangements between the Authority and the securities depository.

This Bond is one of the series specified in its title issued in the aggregate principal amount of \$13,520,000 (the "Bonds") pursuant to a resolution adopted by the governing body of the Authority (the "Resolution"), (i) FOR CONSTRUCTING, ACQUIRING, IMPROVING AND/OR EXPANDING THE PROJECT INCLUDING BUT NOT LIMITED TO THE PHASE 1B IMPROVEMENTS WATER SUPPLY PROJECT AND (ii) PAYING THE COSTS OF ISSUANCE OF THE BONDS.

The Bonds stated to mature on and after August 15, 2033 may be redeemed prior to their Stated Maturities, at the option of the Authority, in inverse order of maturity on February 15, 2033, or on any date thereafter, in whole or in part in an Authorized Denomination (and if within a Stated Maturity selected at random and by lot by the Paying Agent/Registrar) at the redemption price of par, together with accrued interest to the date of redemption, and upon thirty (30) days prior written notice being given by United States mail, first-class postage prepaid, to Holders of the Bonds to be redeemed, and subject to the terms and provisions relating thereto contained in the Resolution. If this Bond is subject to redemption prior to Stated Maturity and in an Authorized Denomination thereof may be redeemed, and, if less than all of the principal sum hereof is to be redeemed, there shall be issued, without charge therefor, to the Holder hereof, upon the surrender of this Bond to the Paying Agent/Registrar at its corporate trust office, a new Bond or Bonds of like Stated Maturity and interest rate in any authorized denominations provided in the Resolution for the then unredeemed balance of the principal sum hereof.

If this Bond (or any portion of the principal sum hereof) shall have been duly called for redemption and notice of such redemption duly given, then upon such redemption date this Bond (or the portion of the principal sum hereof to be redeemed) shall become due and payable, and, if money for the payment of the redemption price and the interest accrued on the principal amount to be redeemed to the date of redemption is held for the purpose of such payment by the Paying Agent/Registrar, interest shall cease to accrue and be payable hereon from and after the redemption date on the principal amount hereof to be redeemed. If this Bond is called for redemption, in whole or in part, the Authority or the Paying Agent/Registrar shall not be required to issue, transfer, or exchange this Bond within forty-five (45) days of the date fixed for

redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the Holder of the unredeemed balance hereof in the event of its redemption in part.

The Bonds of this series are special obligations of the Authority payable from and equally and ratably secured solely by a lien on and pledge of the Bond Payments received by the Authority from the City pursuant to the provisions of the Contract. In the Resolution, the Authority reserves and retains the right to issue Additional Bonds, without limitation as to principal amount but subject to any terms, conditions, or restrictions set forth in the Resolution or as may be applicable thereto under law or otherwise. The Bonds do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any property of the Authority or System, except with respect to the Bond Payments.

The Holder hereof shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

Reference is hereby made to the Resolution, copies of which are on file in the corporate trust office of the Paying Agent/Registrar, and to all of the provisions of which the Holder by his acceptance hereof hereby assents, for definitions of terms; the description and nature of the Special Payments pledged for the payment of the Bonds; the terms and conditions under which the Authority may issue Additional Bonds; the terms and conditions relating to the transfer or exchange of the Bonds; the conditions upon which the Resolution may be amended or supplemented with or without the consent of the Holders; the rights, duties, and obligations of the Authority and the Paying Agent/Registrar; the terms and provisions upon which this Bond may be redeemed or discharged at or prior to the Stated Maturity thereof, and deemed to be no longer Outstanding thereunder; and for the other terms and provisions specified in the Resolution. Capitalized terms used herein have the same meanings assigned in the Resolution.

This Bond, subject to certain limitations contained in the Resolution, may be transferred on the Registration Books upon presentation and surrender at a corporate trust office of the Paying Agent/Registrar, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by the Holder hereof, or his duly authorized agent, and thereupon one or more new fully registered Bonds of the same Stated Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued to the designated transferee or transferees.

The Authority and the Paying Agent/Registrar, and any agent of either, shall treat the Holder hereof whose name appears on the Security Register (i) on the Record Date as the owner hereof for purposes of receiving payment of interest hereon, (ii) on the date of surrender of this Bond as the owner hereof for purposes of receiving payment of principal hereof at its Stated Maturity, or its redemption, in whole or in part, and (iii) on any other date as the owner hereof for all other purposes, and neither the Authority nor the Paying Agent/Registrar, or any such agent of either, shall be affected by notice to the contrary. In the event of a non-payment of interest on a scheduled payment date, and for thirty (30) 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

Authority. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date" - which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

It is hereby certified, covenanted, and represented that all acts, conditions, and things required to be performed, exist, and be done precedent to the issuance of this Bond in order to render the same a legal, valid, and binding special obligation of the Authority have been performed, exist, and have been done, in regular and due time, form, and manner, as required by law, and that issuance of the Bonds does not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on the Bonds by a lien on and pledge of the Bond Payments and as otherwise provided in this Resolution. In case any provision in this Bond or any application thereof shall be deemed invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. The terms and provisions of this Bond and the Resolution shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the Board of the Authority has caused this Bond to be duly signed with the manual or facsimile signature of the Chair or Vice Chair of the Board of the Authority and countersigned with the manual or facsimile signature of the Secretary of the Board of the Authority.

ALLIANCE REGIONAL WATER  
AUTHORITY

\_\_\_\_\_  
Chair [Vice Chair], Board

ATTESTED:

\_\_\_\_\_  
Secretary, Board

C. Form of Registration Certificate of Comptroller of Public Accounts to Appear on Initial Bond Only.

**REGISTRATION CERTIFICATE OF  
COMPTROLLER OF PUBLIC ACCOUNTS**

**OFFICE OF THE COMPTROLLER OF  
PUBLIC ACCOUNTS  
THE STATE OF TEXAS**

§  
§  
§  
§

**REGISTER NO.** \_\_\_\_\_

I HEREBY CERTIFY that this Bond has been examined and approved by the Attorney General of the State of Texas, and duly registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS my signature and seal of office this \_\_\_\_\_.

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

D. Form of Certificate of Paying Agent/Registrar to Appear on Definitive Bonds Only.

This Bond has been duly issued under the provisions of the within-mentioned Resolution; the Bond or Bonds of the above-entitled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

Registered this date: \_\_\_\_\_

**BOKF, NA**  
as Paying Agent/Registrar

By: \_\_\_\_\_  
Authorized Signature

E. Form of Assignment.

**ASSIGNMENT**

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto (Print or typewrite name, address, and zip code of transferee): \_\_\_\_\_

(Social Security or other identifying number): \_\_\_\_\_

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

DATED: \_\_\_\_\_

\_\_\_\_\_

NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular.

Signature guaranteed:

\_\_\_\_\_

F. The Initial Bond of each series shall be in the form set forth in paragraph B of this Section, except that the form of a single fully registered Initial Bond shall be modified as follows:

- i) immediately under the name of the Bond(s) the headings "Interest Rate" and "Stated Maturity" shall both be completed "as shown below";
- ii) the first two paragraphs shall read as follows:

Registered Owner: \_\_\_\_\_

Principal Amount: \_\_\_\_\_

The Alliance Regional Water Authority (the "Authority"), a conservation and reclamation district of the State of Texas, with its principal office located in San Marcos, Texas, for value received, hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, the Principal Amount specified above on the 15th day of August in each of the years and in principal amounts and bearing interest at per annum rates in accordance with the following schedule:

Year of Stated Maturity ( <u>August 15</u> )	Principal <u>Amounts</u>	Interest <u>Rates</u>
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(Information to be inserted from Sections 3 and 4).

(or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid Principal Amount hereof from the Bond Date, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, to Stated Maturity or prior redemption, at the per annum rates of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15, commencing August 15, 2023 (the "Interest Payment Date").

Principal and premium, if any, of this Bond shall be payable to the Registered Owner hereof (the Holder), upon its presentation and surrender, at a corporate trust office of BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"). Interest shall be payable to the Holder of this Bond whose name appears on the Security Register maintained by the Paying Agent/Registrar at

the close of business on the Record Date, which is the last Business Day of the month next preceding each interest payment date. All payments of principal of and interest on this Bond shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Interest shall be paid by the Paying Agent/Registrar by check sent on or prior to the appropriate date of payment by United States mail, first-class postage prepaid, to the Holder hereof at the address appearing in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder hereof.

**EXHIBIT C**

**FORM OF PROJECT FUND REQUISITION**

**PROJECT FUND REQUISITION**

DATE: \_\_\_\_\_

Alliance Regional Water Authority hereby makes this requisition pursuant to "A Resolution by the Board of the Alliance Regional Water Authority Authorizing the Issuance of Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of Kyle, Texas), Series 2022B; and Resolving Other Matters Incident and Relating to the Issuance, Payment, Security, Sale, and Delivery of Such Bonds" adopted by the Board of the Authority on October 31, 2022. The undersigned hereby authorizes disbursement from the Project Fund to pay Project Costs for the purposes and in the amounts as follows:

<u>Name of Payee</u>	<u>Nature of Disbursement</u>	<u>Amount</u>
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## **EXHIBIT D**

### **CONTINUING DISCLOSURE**

#### **DESCRIPTION OF ANNUAL FINANCIAL INFORMATION**

The following information is referred to in Section 28 of this Resolution.

##### **Annual Financial Statements and Operating Data**

The financial information and operating data with respect to the City of Kyle, Texas to be provided annually in accordance with such Section 28 are audited financial statements of the City of Kyle, Texas.

##### **Accounting Principles**

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

**EXHIBIT E**

**REGIONAL WATER SUPPLY CONTRACT**

**EXHIBIT F**

**APPROVAL CERTIFICATE**

The undersigned Authorized Representative of the City of Kyle, Texas pursuant to the resolution (the "Resolution") authorizing the issuance of obligations designated as "Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of Kyle, Texas), Series 2022B" (the "Bonds") hereby approves the following terms of the Bonds:

- (i) the total principal amount of the Bonds of \$13,520,000;
- (ii) the purchase price for the Bonds is \$13,520,000 (representing the original principal amount of the Bonds);
- (iii) the interest rates and maturity schedule for the Bonds are as set forth below:

<u>YEAR OF STATED MATURITY</u> <u>(August 15)</u>	<u>PRINCIPAL AMOUNTS(\$)</u>	<u>INTEREST RATES(%)</u>	<u>YEAR OF STATED MATURITY</u> <u>(August 15)</u>	<u>PRINCIPAL AMOUNTS(\$)</u>	<u>INTEREST RATES(%)</u>
2024	\$310,000	2.780%	2039	\$455,000	4.000%
2025	315,000	2.820	2040	470,000	4.040
2026	320,000	2.850	2041	485,000	4.080
2027	330,000	2.890	2042	500,000	4.130
2028	335,000	2.920	2043	520,000	4.080
2029	340,000	2.950	2044	540,000	4.080
2030	350,000	3.010	2045	560,000	4.080
2031	360,000	3.070	2046	580,000	4.080
2032	365,000	3.110	2047	600,000	4.080
2033	375,000	3.270	2048	625,000	4.170
2034	385,000	3.450	2049	645,000	4.170
2035	400,000	3.550	2050	670,000	4.170
2036	410,000	3.870	2051	695,000	4.170
2037	425,000	3.910	2052	720,000	4.170
2038	435,000	3.950			

- (iv) the Bonds are subject to redemption as set forth below:

The Bonds stated to mature on and after August 15, 2033 may be redeemed prior to their Stated Maturities, at the option of the Authority, in inverse order of maturity on February 15, 2033, or on any date thereafter, in whole or in part in an Authorized Denomination (and if within a Stated Maturity selected at random and by lot by the Paying Agent/Registrar) at the redemption price of par, together with accrued interest to the date of redemption, and upon thirty (30) days prior written notice being given by United States mail, first-class postage prepaid, to Holders of the Bonds to be redeemed, and subject to the terms and provisions relating thereto contained in

the Resolution. If any Bond subject to redemption prior to Stated Maturity and in an Authorized Denomination thereof may be redeemed, and, if less than all of the principal sum is to be redeemed, there shall be issued, without charge therefor, to the Holder thereof, upon the surrender of such Bond to the Paying Agent/Registrar at its corporate trust office, a new Bond of like Stated Maturity and interest rate in any authorized denominations provided in the Resolution for the then unredeemed balance of the principal sum.

If the Bond (or any portion of the principal sum) shall have been duly called for redemption and notice of such redemption duly given, then upon such redemption date the Bond (or the portion of the principal sum to be redeemed) shall become due and payable, and, if money for the payment of the redemption price and the interest accrued on the principal amount to be redeemed to the date of redemption is held for the purpose of such payment by the Paying Agent/Registrar, interest shall cease to accrue and be payable from and after the redemption date on the principal amount to be redeemed. If the Bond is called for redemption, in whole or in part, the Authority or the Paying Agent/Registrar shall not be required to issue, transfer, or exchange the Bond within forty-five (45) days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the Holder of the unredeemed balance in the event of its redemption in part; and

(v) the Bonds have been approved for issuance by the Texas Water Development Board and will be approved by the Texas Attorney General.

**EXECUTED AND DELIVERED THIS** 18th day of October, 2022.

**CITY OF KYLE, TEXAS**

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

FINAL

**Alliance Regional Water Authority**

\$13,520,000 Contract Revenue Bonds (Regional Water Supply Contract Project -  
City of Kyle, Texas), Series 2022B (30-Year Low Interest - Level)  
11/15/22 Closing and Final Rates Provided by the TWDB on 10/5/22

**Sources & Uses**

Dated 11/15/2022 | Delivered 11/15/2022

**Sources Of Funds**

Par Amount of Bonds	\$13,520,000.00
<b>Total Sources</b>	<b>\$13,520,000.00</b>

**Uses Of Funds**

Costs of Issuance	254,243.00
Deposit to Project Construction Fund	13,265,757.00
<b>Total Uses</b>	<b>\$13,520,000.00</b>

2022B \$13.52mm Kyle 30yr | SINGLE PURPOSE | 10/ 6/2022 | 9:03 AM

FINAL

**Alliance Regional Water Authority**

\$13,520,000 Contract Revenue Bonds (Regional Water Supply Contract Project -  
 City of Kyle, Texas), Series 2022B (30-Year Low Interest - Level)  
 11/15/22 Closing and Final Rates Provided by the TWDB on 10/5/22

**Pricing Summary**

<b>Maturity</b>	<b>Type of Bond</b>	<b>Coupon</b>	<b>Yield</b>	<b>Maturity Value</b>	<b>Price</b>	<b>Dollar Price</b>
08/15/2024	Serial Coupon	2.780%	2.780%	310,000.00	100.000%	310,000.00
08/15/2025	Serial Coupon	2.820%	2.820%	315,000.00	100.000%	315,000.00
08/15/2026	Serial Coupon	2.850%	2.850%	320,000.00	100.000%	320,000.00
08/15/2027	Serial Coupon	2.890%	2.890%	330,000.00	100.000%	330,000.00
08/15/2028	Serial Coupon	2.920%	2.920%	335,000.00	100.000%	335,000.00
08/15/2029	Serial Coupon	2.950%	2.950%	340,000.00	100.000%	340,000.00
08/15/2030	Serial Coupon	3.010%	3.010%	350,000.00	100.000%	350,000.00
08/15/2031	Serial Coupon	3.070%	3.070%	360,000.00	100.000%	360,000.00
08/15/2032	Serial Coupon	3.110%	3.110%	365,000.00	100.000%	365,000.00
08/15/2033	Serial Coupon	3.270%	3.270%	375,000.00	100.000%	375,000.00
08/15/2034	Serial Coupon	3.450%	3.450%	385,000.00	100.000%	385,000.00
08/15/2035	Serial Coupon	3.550%	3.550%	400,000.00	100.000%	400,000.00
08/15/2036	Serial Coupon	3.870%	3.870%	410,000.00	100.000%	410,000.00
08/15/2037	Serial Coupon	3.910%	3.910%	425,000.00	100.000%	425,000.00
08/15/2038	Serial Coupon	3.950%	3.950%	435,000.00	100.000%	435,000.00
08/15/2039	Serial Coupon	4.000%	4.000%	455,000.00	100.000%	455,000.00
08/15/2040	Serial Coupon	4.040%	4.040%	470,000.00	100.000%	470,000.00
08/15/2041	Serial Coupon	4.080%	4.080%	485,000.00	100.000%	485,000.00
08/15/2042	Serial Coupon	4.130%	4.130%	500,000.00	100.000%	500,000.00
08/15/2043	Serial Coupon	4.080%	4.080%	520,000.00	100.000%	520,000.00
08/15/2044	Serial Coupon	4.080%	4.080%	540,000.00	100.000%	540,000.00
08/15/2045	Serial Coupon	4.080%	4.080%	560,000.00	100.000%	560,000.00
08/15/2046	Serial Coupon	4.080%	4.080%	580,000.00	100.000%	580,000.00
08/15/2047	Serial Coupon	4.080%	4.080%	600,000.00	100.000%	600,000.00
08/15/2048	Serial Coupon	4.170%	4.170%	625,000.00	100.000%	625,000.00
08/15/2049	Serial Coupon	4.170%	4.170%	645,000.00	100.000%	645,000.00
08/15/2050	Serial Coupon	4.170%	4.170%	670,000.00	100.000%	670,000.00
08/15/2051	Serial Coupon	4.170%	4.170%	695,000.00	100.000%	695,000.00
08/15/2052	Serial Coupon	4.170%	4.170%	720,000.00	100.000%	720,000.00
<b>Total</b>	-	-	-	<b>\$13,520,000.00</b>	-	<b>\$13,520,000.00</b>

**Bid Information**

Par Amount of Bonds	\$13,520,000.00
Gross Production	\$13,520,000.00
Bid (100.000%)	13,520,000.00
Total Purchase Price	\$13,520,000.00
Bond Year Dollars	\$242,405.00
Average Life	17.929 Years
Average Coupon	3.9830171%
Net Interest Cost (NIC)	3.9830171%
True Interest Cost (TIC)	3.9463723%

2022B \$13.52mm Kyle 30yr | SINGLE PURPOSE | 10/ 6/2022 | 9:03 AM

FINAL

## Alliance Regional Water Authority

\$13,520,000 Contract Revenue Bonds (Regional Water Supply Contract Project -  
City of Kyle, Texas), Series 2022B (30-Year Low Interest - Level)  
11/15/22 Closing and Final Rates Provided by the TWDB on 10/5/22

## Debt Service Schedule

Part 1 of 3

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
11/15/2022	-	-	-	-	-
08/15/2023	-	-	382,567.50	382,567.50	-
09/30/2023	-	-	-	-	382,567.50
02/15/2024	-	-	255,045.00	255,045.00	-
08/15/2024	310,000.00	2.780%	255,045.00	565,045.00	-
09/30/2024	-	-	-	-	820,090.00
02/15/2025	-	-	250,736.00	250,736.00	-
08/15/2025	315,000.00	2.820%	250,736.00	565,736.00	-
09/30/2025	-	-	-	-	816,472.00
02/15/2026	-	-	246,294.50	246,294.50	-
08/15/2026	320,000.00	2.850%	246,294.50	566,294.50	-
09/30/2026	-	-	-	-	812,589.00
02/15/2027	-	-	241,734.50	241,734.50	-
08/15/2027	330,000.00	2.890%	241,734.50	571,734.50	-
09/30/2027	-	-	-	-	813,469.00
02/15/2028	-	-	236,966.00	236,966.00	-
08/15/2028	335,000.00	2.920%	236,966.00	571,966.00	-
09/30/2028	-	-	-	-	808,932.00
02/15/2029	-	-	232,075.00	232,075.00	-
08/15/2029	340,000.00	2.950%	232,075.00	572,075.00	-
09/30/2029	-	-	-	-	804,150.00
02/15/2030	-	-	227,060.00	227,060.00	-
08/15/2030	350,000.00	3.010%	227,060.00	577,060.00	-
09/30/2030	-	-	-	-	804,120.00
02/15/2031	-	-	221,792.50	221,792.50	-
08/15/2031	360,000.00	3.070%	221,792.50	581,792.50	-
09/30/2031	-	-	-	-	803,585.00
02/15/2032	-	-	216,266.50	216,266.50	-
08/15/2032	365,000.00	3.110%	216,266.50	581,266.50	-
09/30/2032	-	-	-	-	797,533.00
02/15/2033	-	-	210,590.75	210,590.75	-
08/15/2033	375,000.00	3.270%	210,590.75	585,590.75	-
09/30/2033	-	-	-	-	796,181.50
02/15/2034	-	-	204,459.50	204,459.50	-
08/15/2034	385,000.00	3.450%	204,459.50	589,459.50	-
09/30/2034	-	-	-	-	793,919.00
02/15/2035	-	-	197,818.25	197,818.25	-
08/15/2035	400,000.00	3.550%	197,818.25	597,818.25	-
09/30/2035	-	-	-	-	795,636.50
02/15/2036	-	-	190,718.25	190,718.25	-

2022B \$13.52mm Kyle 30yr | SINGLE PURPOSE | 10/ 6/2022 | 9:03 AM

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## Alliance Regional Water Authority

\$13,520,000 Contract Revenue Bonds (Regional Water Supply Contract Project -  
City of Kyle, Texas), Series 2022B (30-Year Low Interest - Level)  
11/15/22 Closing and Final Rates Provided by the TWDB on 10/5/22

## Debt Service Schedule

Part 2 of 3

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
08/15/2036	410,000.00	3.870%	190,718.25	600,718.25	-
09/30/2036	-	-	-	-	791,436.50
02/15/2037	-	-	182,784.75	182,784.75	-
08/15/2037	425,000.00	3.910%	182,784.75	607,784.75	-
09/30/2037	-	-	-	-	790,569.50
02/15/2038	-	-	174,476.00	174,476.00	-
08/15/2038	435,000.00	3.950%	174,476.00	609,476.00	-
09/30/2038	-	-	-	-	783,952.00
02/15/2039	-	-	165,884.75	165,884.75	-
08/15/2039	455,000.00	4.000%	165,884.75	620,884.75	-
09/30/2039	-	-	-	-	786,769.50
02/15/2040	-	-	156,784.75	156,784.75	-
08/15/2040	470,000.00	4.040%	156,784.75	626,784.75	-
09/30/2040	-	-	-	-	783,569.50
02/15/2041	-	-	147,290.75	147,290.75	-
08/15/2041	485,000.00	4.080%	147,290.75	632,290.75	-
09/30/2041	-	-	-	-	779,581.50
02/15/2042	-	-	137,396.75	137,396.75	-
08/15/2042	500,000.00	4.130%	137,396.75	637,396.75	-
09/30/2042	-	-	-	-	774,793.50
02/15/2043	-	-	127,071.75	127,071.75	-
08/15/2043	520,000.00	4.080%	127,071.75	647,071.75	-
09/30/2043	-	-	-	-	774,143.50
02/15/2044	-	-	116,463.75	116,463.75	-
08/15/2044	540,000.00	4.080%	116,463.75	656,463.75	-
09/30/2044	-	-	-	-	772,927.50
02/15/2045	-	-	105,447.75	105,447.75	-
08/15/2045	560,000.00	4.080%	105,447.75	665,447.75	-
09/30/2045	-	-	-	-	770,895.50
02/15/2046	-	-	94,023.75	94,023.75	-
08/15/2046	580,000.00	4.080%	94,023.75	674,023.75	-
09/30/2046	-	-	-	-	768,047.50
02/15/2047	-	-	82,191.75	82,191.75	-
08/15/2047	600,000.00	4.080%	82,191.75	682,191.75	-
09/30/2047	-	-	-	-	764,383.50
02/15/2048	-	-	69,951.75	69,951.75	-
08/15/2048	625,000.00	4.170%	69,951.75	694,951.75	-
09/30/2048	-	-	-	-	764,903.50
02/15/2049	-	-	56,920.50	56,920.50	-
08/15/2049	645,000.00	4.170%	56,920.50	701,920.50	-

2022B \$13.52mm Kyle 30yr | SINGLE PURPOSE | 10/ 6/2022 | 9:03 AM



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## Alliance Regional Water Authority

\$13,520,000 Contract Revenue Bonds (Regional Water Supply Contract Project -  
City of Kyle, Texas), Series 2022B (30-Year Low Interest - Level)  
11/15/22 Closing and Final Rates Provided by the TWDB on 10/5/22

## Debt Service Schedule

Part 3 of 3

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
09/30/2049	-	-	-	-	758,841.00
02/15/2050	-	-	43,472.25	43,472.25	-
08/15/2050	670,000.00	4.170%	43,472.25	713,472.25	-
09/30/2050	-	-	-	-	756,944.50
02/15/2051	-	-	29,502.75	29,502.75	-
08/15/2051	695,000.00	4.170%	29,502.75	724,502.75	-
09/30/2051	-	-	-	-	754,005.50
02/15/2052	-	-	15,012.00	15,012.00	-
08/15/2052	720,000.00	4.170%	15,012.00	735,012.00	-
09/30/2052	-	-	-	-	750,024.00
<b>Total</b>	<b>\$13,520,000.00</b>	<b>-</b>	<b>\$9,655,032.50</b>	<b>\$23,175,032.50</b>	<b>-</b>

### Yield Statistics

Bond Year Dollars	\$242,405.00
Average Life	17.929 Years
Average Coupon	3.9830171%
DV01	16,849.40
Net Interest Cost (NIC)	3.9830171%
True Interest Cost (TIC)	3.9463723%
Bond Yield for Arbitrage Purposes	3.9463723%
All Inclusive Cost (AIC)	4.1029678%

### IRS Form 8038

Net Interest Cost	3.9830171%
Weighted Average Maturity	17.929 Years

2022B \$13.52mm Kyle 30yr | SINGLE PURPOSE | 10/ 6/2022 | 9:03 AM

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## Alliance Regional Water Authority

\$13,520,000 Contract Revenue Bonds (Regional Water Supply Contract Project -  
City of Kyle, Texas), Series 2022B (30-Year Low Interest - Level)  
11/15/22 Closing and Final Rates Provided by the TWDB on 10/5/22

### Proof Of Bond Yield @ 3.9463723%

Part 1 of 2

Date	Cashflow	PV Factor	Present Value	Cumulative PV
11/15/2022	-	1.000000x	-	-
08/15/2023	382,567.50	0.9711158x	371,517.34	371,517.34
02/15/2024	255,045.00	0.9523247x	242,885.64	614,402.98
08/15/2024	565,045.00	0.9338971x	527,693.90	1,142,096.88
02/15/2025	250,736.00	0.9158262x	229,630.59	1,371,727.47
08/15/2025	565,736.00	0.8981049x	508,090.27	1,879,817.74
02/15/2026	246,294.50	0.8807265x	216,918.10	2,096,735.84
08/15/2026	566,294.50	0.8636844x	489,099.73	2,585,835.57
02/15/2027	241,734.50	0.8469721x	204,742.37	2,790,577.94
08/15/2027	571,734.50	0.8305831x	474,873.03	3,265,450.97
02/15/2028	236,966.00	0.8145113x	193,011.48	3,458,462.45
08/15/2028	571,966.00	0.7987505x	456,858.11	3,915,320.56
02/15/2029	232,075.00	0.7832946x	181,783.10	4,097,103.66
08/15/2029	572,075.00	0.7681378x	439,432.44	4,536,536.10
02/15/2030	227,060.00	0.7532743x	171,038.47	4,707,574.56
08/15/2030	577,060.00	0.7386984x	426,273.31	5,133,847.87
02/15/2031	221,792.50	0.7244046x	160,667.50	5,294,515.37
08/15/2031	581,792.50	0.7103873x	413,298.00	5,707,813.38
02/15/2032	216,266.50	0.6966413x	150,660.17	5,858,473.55
08/15/2032	581,266.50	0.6831612x	397,098.74	6,255,572.28
02/15/2033	210,590.75	0.6699420x	141,083.59	6,396,655.88
08/15/2033	585,590.75	0.6569786x	384,720.60	6,781,376.48
02/15/2034	204,459.50	0.6442660x	131,726.31	6,913,102.79
08/15/2034	589,459.50	0.6317995x	372,420.20	7,285,522.99
02/15/2035	197,818.25	0.6195741x	122,563.07	7,408,086.06
08/15/2035	597,818.25	0.6075853x	363,225.60	7,771,311.66
02/15/2036	190,718.25	0.5958285x	113,635.37	7,884,947.03
08/15/2036	600,718.25	0.5842992x	350,999.20	8,235,946.23
02/15/2037	182,784.75	0.5729930x	104,734.38	8,340,680.61
08/15/2037	607,784.75	0.5619055x	341,517.62	8,682,198.23
02/15/2038	174,476.00	0.5510326x	96,141.97	8,778,340.20
08/15/2038	609,476.00	0.5403701x	329,342.63	9,107,682.84
02/15/2039	165,884.75	0.5299140x	87,904.64	9,195,587.48
08/15/2039	620,884.75	0.5196601x	322,649.03	9,518,236.50
02/15/2040	156,784.75	0.5096046x	79,898.24	9,598,134.74
08/15/2040	626,784.75	0.4997438x	313,231.77	9,911,366.51
02/15/2041	147,290.75	0.4900737x	72,183.32	9,983,549.84
08/15/2041	632,290.75	0.4805908x	303,873.09	10,287,422.92
02/15/2042	137,396.75	0.4712913x	64,753.89	10,352,176.81
08/15/2042	637,396.75	0.4621718x	294,586.79	10,646,763.61

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## Alliance Regional Water Authority

\$13,520,000 Contract Revenue Bonds (Regional Water Supply Contract Project -  
City of Kyle, Texas), Series 2022B (30-Year Low Interest - Level)  
11/15/22 Closing and Final Rates Provided by the TWDB on 10/5/22

## Proof Of Bond Yield @ 3.9463723%

Part 2 of 2

Date	Cashflow	PV Factor	Present Value	Cumulative PV
02/15/2043	127,071.75	0.4532287x	57,592.57	10,704,356.18
08/15/2043	647,071.75	0.4444587x	287,596.70	10,991,952.87
02/15/2044	116,463.75	0.4358584x	50,761.71	11,042,714.58
08/15/2044	656,463.75	0.4274246x	280,588.73	11,323,303.31
02/15/2045	105,447.75	0.4191539x	44,198.83	11,367,502.14
08/15/2045	665,447.75	0.4110432x	273,527.79	11,641,029.93
02/15/2046	94,023.75	0.4030895x	37,899.99	11,678,929.92
08/15/2046	674,023.75	0.3952897x	266,434.66	11,945,364.58
02/15/2047	82,191.75	0.3876408x	31,860.88	11,977,225.46
08/15/2047	682,191.75	0.3801400x	259,328.35	12,236,553.81
02/15/2048	69,951.75	0.3727842x	26,076.91	12,262,630.72
08/15/2048	694,951.75	0.3655709x	254,054.10	12,516,684.82
02/15/2049	56,920.50	0.3584970x	20,405.83	12,537,090.65
08/15/2049	701,920.50	0.3515601x	246,767.24	12,783,857.90
02/15/2050	43,472.25	0.3447574x	14,987.38	12,798,845.28
08/15/2050	713,472.25	0.3380863x	241,215.21	13,040,060.49
02/15/2051	29,502.75	0.3315443x	9,781.47	13,049,841.96
08/15/2051	724,502.75	0.3251289x	235,556.81	13,285,398.76
02/15/2052	15,012.00	0.3188377x	4,786.39	13,290,185.16
08/15/2052	735,012.00	0.3126682x	229,814.84	13,520,000.00
<b>Total</b>	<b>\$23,175,032.50</b>	<b>-</b>	<b>\$13,520,000.00</b>	<b>-</b>

### Derivation Of Target Amount

Par Amount of Bonds	\$13,520,000.00
Original Issue Proceeds	\$13,520,000.00

2022B \$13.52mm Kyle 30yr | SINGLE PURPOSE | 10/ 6/2022 | 9:03 AM

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**Alliance Regional Water Authority**

\$13,520,000 Contract Revenue Bonds (Regional Water Supply Contract Project - City of Kyle, Texas), Series 2022B (30-Year Low Interest - Level)

11/15/22 Closing and Final Rates Provided by the TWDB on 10/5/22

**Derivation Of Form 8038 Yield Statistics**

<b>Maturity</b>	<b>Issuance Value</b>	<b>Coupon</b>	<b>Price</b>	<b>Issuance Price</b>	<b>Exponent</b>	<b>Bond Years</b>
11/15/2022	-	-	-	-	-	-
08/15/2024	310,000.00	2.780%	100.000%	310,000.00	1.750000x	542,500.00
08/15/2025	315,000.00	2.820%	100.000%	315,000.00	2.750000x	866,250.00
08/15/2026	320,000.00	2.850%	100.000%	320,000.00	3.750000x	1,200,000.00
08/15/2027	330,000.00	2.890%	100.000%	330,000.00	4.750000x	1,567,500.00
08/15/2028	335,000.00	2.920%	100.000%	335,000.00	5.750000x	1,926,250.00
08/15/2029	340,000.00	2.950%	100.000%	340,000.00	6.750000x	2,295,000.00
08/15/2030	350,000.00	3.010%	100.000%	350,000.00	7.750000x	2,712,500.00
08/15/2031	360,000.00	3.070%	100.000%	360,000.00	8.750000x	3,150,000.00
08/15/2032	365,000.00	3.110%	100.000%	365,000.00	9.750000x	3,558,750.00
08/15/2033	375,000.00	3.270%	100.000%	375,000.00	10.750000x	4,031,250.00
08/15/2034	385,000.00	3.450%	100.000%	385,000.00	11.750000x	4,523,750.00
08/15/2035	400,000.00	3.550%	100.000%	400,000.00	12.750000x	5,100,000.00
08/15/2036	410,000.00	3.870%	100.000%	410,000.00	13.750000x	5,637,500.00
08/15/2037	425,000.00	3.910%	100.000%	425,000.00	14.750000x	6,268,750.00
08/15/2038	435,000.00	3.950%	100.000%	435,000.00	15.750000x	6,851,250.00
08/15/2039	455,000.00	4.000%	100.000%	455,000.00	16.750000x	7,621,250.00
08/15/2040	470,000.00	4.040%	100.000%	470,000.00	17.750000x	8,342,500.00
08/15/2041	485,000.00	4.080%	100.000%	485,000.00	18.750000x	9,093,750.00
08/15/2042	500,000.00	4.130%	100.000%	500,000.00	19.750000x	9,875,000.00
08/15/2043	520,000.00	4.080%	100.000%	520,000.00	20.750000x	10,790,000.00
08/15/2044	540,000.00	4.080%	100.000%	540,000.00	21.750000x	11,745,000.00
08/15/2045	560,000.00	4.080%	100.000%	560,000.00	22.750000x	12,740,000.00
08/15/2046	580,000.00	4.080%	100.000%	580,000.00	23.750000x	13,775,000.00
08/15/2047	600,000.00	4.080%	100.000%	600,000.00	24.750000x	14,850,000.00
08/15/2048	625,000.00	4.170%	100.000%	625,000.00	25.750000x	16,093,750.00
08/15/2049	645,000.00	4.170%	100.000%	645,000.00	26.750000x	17,253,750.00
08/15/2050	670,000.00	4.170%	100.000%	670,000.00	27.750000x	18,592,500.00
08/15/2051	695,000.00	4.170%	100.000%	695,000.00	28.750000x	19,981,250.00
08/15/2052	720,000.00	4.170%	100.000%	720,000.00	29.750000x	21,420,000.00
<b>Total</b>	<b>\$13,520,000.00</b>	<b>-</b>	<b>-</b>	<b>\$13,520,000.00</b>	<b>-</b>	<b>\$242,405,000.00</b>

**Description of Bonds**

Final Maturity Date	8/15/2052
Issue price of entire issue	13,520,000.00
Stated Redemption at Maturity	13,520,000.00
Weighted Average Maturity = Bond Years/Issue Price	17.929 Years
Bond Yield for Arbitrage Purposes	3.9463723%

**Uses of Proceeds of Issue**

Proceeds used for accrued interest	-
Proceeds used for bond issuance costs (including underwriters' discount)	254,243.00
Proceeds used for credit enhancement	-
Proceeds allocated to reasonably required reserve or replacement fund	-

2022B \$13.52mm Kyle 30yr | SINGLE PURPOSE | 10/ 6/2022 | 9:03 AM

## ESCROW AGREEMENT

**THIS ESCROW AGREEMENT** (the "Agreement"), made by and between Alliance Regional Water Authority, a conservation and reclamation district of the State of Texas (the "Authority"), acting by and through its Executive Director and BOKF, NA, as Escrow Agent together with any successor in such capacity;

### W I T N E S S E T H:

**WHEREAS**, pursuant to four separate resolutions finally adopted by the Board of Directors of the Authority on October 31, 2022 (the "Resolutions"), the Authority authorized the issuance of four separate series of bonds, to wit: \$14,830,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – Canyon Regional Water Authority), Series 2022A dated November 16, 2022, \$13,520,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of Kyle, Texas), Series 2022B dated November 15, 2022, \$17,210,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of San Marcos, Texas), Series 2022C dated November 16, 2022 and \$2,440,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of Buda, Texas), Series 2022D dated November 16, 2022 (collectively, the "Obligations") to obtain financial assistance from the Texas Water Development Board (the "TWDB") for the purpose of funding water supply improvements, as set forth in the Resolutions (the "Project"); and

**WHEREAS**, the Escrow Agent is a state or national bank designated by the Texas Comptroller as a state depository institution in accordance with Texas Government Code, Chapter 404, Subchapter C, or is a designated custodian of collateral in accordance with Texas Government Code, Chapter 404, Subchapter D and is otherwise qualified and empowered to enter into this Agreement, and hereby acknowledges its acceptance of the terms and provisions hereof; and

**WHEREAS**, a condition of the Obligations is the deposit of the proceeds of the Obligations (the "Proceeds") in escrow subject to being withdrawn only with the approval of the Executive Administrator of the TWDB or another designated representative; provided, however, the Proceeds can be transferred to different investments so long as all parties hereto consent to such transfer;

**NOW, THEREFORE**, in consideration of the mutual agreements herein contained and in consideration of the amount of fees to be paid by the Authority to the Escrow Agent, as set forth on Exhibit "A", the receipt of which is hereby acknowledged, and in order to secure the delivery of the Obligations, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives and successors, as follows:

**SECTION 1: ESCROW ACCOUNT(S)**. Upon the delivery of the Obligations described above, the Proceeds identified under TWDB Commitment Numbers L1001536, LM221443 (Canyon Regional Water Authority), L1001543, LM221444 (City of Kyle, Texas), L1001544, LM221445 (City of San Marcos, Texas) and L1001545, LM221446 (City of Buda, Texas) shall be deposited to the credit of special escrow accounts or escrow subaccounts (the "Escrow Accounts") maintained at the Escrow Agent on behalf of the Authority and the TWDB and shall not be commingled with any

other accounts or with any other proceeds or funds. The Proceeds received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the Authority, and the Escrow Agent shall have no right to title with respect thereto except as Escrow Agent under the terms of this Agreement.

The Escrow Accounts shall be entitled "Alliance Regional Water Authority, Contract Revenue Bonds, Texas Water Development Board L1001536 and LM221443 (Canyon Regional Water Authority) Escrow Account," "Alliance Regional Water Authority, Contract Revenue Bonds, Texas Water Development Board L1001543 and LM221444 (City of Kyle, Texas) Escrow Account," "Alliance Regional Water Authority, Contract Revenue Bonds, Texas Water Development Board L1001544 and LM221445 (City of San Marcos, Texas) Escrow Account" and "Alliance Regional Water Authority, Contract Revenue Bonds, Texas Water Development Board L1001545 and LM221446 (City of Buda, Texas) Escrow Account" with appropriate subaccount designation for each series of bonds and shall not be subject to warrants, drafts or checks drawn by the Authority but shall be disbursed or withdrawn to pay the costs of the Project for which the Obligations were issued or other purposes in accordance with the Resolution and solely upon written authorization from the Executive Administrator of the TWDB or his/her designated representative. The Escrow Agent shall provide to the Authority and to the TWDB the Escrow Account(s) bank statements upon request.

**SECTION 2: COLLATERAL.** All cash deposited to the credit of such Escrow Account(s) and any accrued interest in excess of the amounts insured by the Federal Deposit Insurance Corporation (the "FDIC") and remaining uninvested under the terms of this Agreement shall be continuously secured by a valid pledge of direct obligations of the United States of America or other collateral meeting the requirements of the Public Funds Collateral Act, Texas Government Code, Chapter 2257.

**SECTION 3: INVESTMENTS.** While the Proceeds are held in escrow, the Escrow Agent shall only invest escrowed Proceeds in investments that are authorized by the Public Funds Investment Act, Texas Government Code, Chapter 2256 (the "PFIA"). It is the Authority's responsibility to direct the Escrow Agent to invest all public funds in a manner that is consistent not only with the PFIA but also with its own written investment policy.

**SECTION 4: DISBURSEMENTS.** The Escrow Agent shall not honor any disbursement from the Escrow Accounts, or any portion thereof, unless and until it has been supplied with written approval and consent by the Executive Administrator of the TWDB or his/her designated representative. However, no written approval and consent by the Executive Administrator of the TWDB shall be required if the disbursement involves transferring Proceeds from one investment to another within the Escrow Accounts provided that all such investments are consistent with the PFIA requirements.

**SECTION 5: UNEXPENDED FUNDS.** Any Proceeds remaining unexpended in the Escrow Accounts after completion of the Project and after the final accounting has been submitted to and approved by the TWDB shall be disposed of pursuant to the provisions of the respective Resolutions. The Authority shall deliver a copy of such TWDB approval of the final accounting to the Escrow Agent together with instructions concerning the disbursement of unexpended Proceeds

hereunder. The Escrow Agent shall have no obligation to ensure that such unexpended Proceeds are used as required by the provisions of the Resolutions, that being the sole obligation of the Authority.

**SECTION 6: CERTIFICATIONS.** The Escrow Agent shall be authorized to accept and rely upon the certifications and documents furnished to the Escrow Agent by the Authority and shall not be liable for the payment of any funds made in reliance in good faith upon such certifications or other documents or approvals, as herein recited.

**SECTION 7: LIABILITY OF ESCROW AGENT.** To the extent permitted by law, the Escrow Agent shall not be liable for any act done or step taken or omitted by it or any mistake of fact or law, except for its negligence or willful misconduct. The Escrow Agent shall not be responsible in any manner for any proceedings in connection with the Obligations or any recitation contained in the Obligations. In the event of a question regarding any disbursement or a disagreement between the undersigned or TWDB or any other person resulting in adverse claims being made upon the amounts in the Escrow Account, the Escrow Agent shall be protected and shall not be liable to the Authority or any other person if it follows the written direction of the Executive Administrator or of a final order or judgment of a court of competent jurisdiction. To the extent permitted by law, the Authority agrees to indemnify and save Escrow Agent harmless from all losses, costs, liabilities, actual damages, fees and expenses (including, but not limited to, reasonable attorney's fees and expenses) suffered or incurred by Escrow Agent arising from the performance of its obligations under this Agreement ("Acts"), except such Acts as arise from or attributable to the negligence or willful misconduct of Escrow Agent. Escrow Agent may consult with legal counsel in the event of any dispute or question as to the construction of any of the provisions hereof or its duties hereunder, and, to the extent it acts in good faith without negligence or willful misconduct, it shall be fully protected in acting in accordance with the opinion and instructions of such counsel. The Escrow Agent may resign at any time by providing such termination notices in accordance with Section 11.

**SECTION 8: RECORDS.** The Escrow Agent will keep complete and correct books of record and account relating to the receipts, disbursements, allocations and application of the money deposited to the Escrow Account and investments of the Escrow Account and all Proceeds thereof. The records shall be available for inspection and copying at reasonable hours and under reasonable conditions by the Authority and the TWDB.

**SECTION 9: MERGER/CONSOLIDATION.** In the event that the Escrow Agent merges or consolidates with another bank or sells or transfers substantially all of its assets or corporate trust business, then the successor bank shall be the successor Escrow Agent without the necessity of further action as long as the successor bank is a state or national bank designated by the Texas Comptroller as a state depository institution in accordance with Texas Government Code, Chapter 404, Subchapter C, or is a designated custodian of collateral in accordance with Texas Government Code Chapter 404, Subchapter D. The Escrow Agent must provide the TWDB with written notification within 30 days of acceptance of the merger, consolidation, or transfer. If the merger, consolidation or other transfer has occurred between state banks, the newly-created entity shall forward the certificate of merger or exchange issued by the Texas Department of Banking as well as the statement filed with the pertinent chartering authority, if applicable, to the TWDB within five business days following such merger, consolidation or exchange.

**SECTION 10: AMENDMENTS.** This Agreement may be amended from time to time as necessary with the written consent of the Authority and the TWDB, but no such amendments shall increase the liabilities or responsibilities or diminish the rights of the Escrow Agent without its consent.

**SECTION 11: TERMINATION.** In the event that this Agreement is terminated by either the Authority or by the Escrow Agent, the Escrow Agent must report said termination in writing to the TWDB within five business days of such termination. The Authority is responsible for ensuring that the following criteria are satisfied in selecting the successor escrow agent and notifying the TWDB of the change in escrow agents: (a) the successor escrow agent must be an FDIC-insured state or national bank designated by the Texas Comptroller as a state depository; (b) the successor escrow agent must be retained prior to or at the time of the termination; (c) an escrow agreement must be executed by and between the Authority and the successor escrow agent and must contain the same or substantially similar terms and conditions as are present in this Agreement; and (d) the Authority must forward a copy of the executed escrow agreement with the successor escrow agent within five business days of said termination. No funds shall be released by the TWDB until it has received, reviewed and approved the escrow agreement with the successor escrow agent. If the Authority has not appointed a successor escrow agent within thirty (30) days of the notice of termination, the Escrow Agent may petition any court of competent jurisdiction in Texas for the appointment of a successor escrow agent or for other appropriate relief, and any such resulting appointment shall be binding upon the Authority. Whether appointed by the Authority or a court, the successor escrow agent and escrow agreement must be approved by the TWDB for the appointment to be effective. The Escrow Agent is responsible for performance under this Agreement until a successor has been approved by the TWDB and has signed an acceptable escrow agreement.

**SECTION 12: EXPIRATION.** This Agreement shall expire upon final transfer of the funds in the Escrow Account(s) to the Authority.

**SECTION 13: POINT OF CONTACT.** The points of contact for the Escrow Agent and the TWDB are as follows:

Tony Hongnoi  
BOKF, NA  
5956 Sherry Lane, Suite 1201  
Dallas, Texas 75225  
(972) 892-9968  
thongnoi@bokf.com

Jeff Walker  
Executive Administrator  
Texas Water Development Board  
1700 North Congress Avenue  
Austin, Texas 78701

**SECTION 14: CHOICE OF LAW.** This Agreement shall be governed exclusively by the applicable laws of the State of Texas. Venue for disputes shall be in the District Court of Travis County, Texas.

**SECTION 15: ASSIGNABILITY.** This Agreement shall not be assignable by the parties hereto, in whole or in part, and any attempted assignment shall be void and of no force and effect.



**SECTION 16: ENTIRE AGREEMENT.** This Agreement evidences the entire Escrow Agreement between the Escrow Agent and the Authority and supersedes any other agreements, whether oral or written, between the parties regarding the Proceeds or the Escrow Accounts. No modification or amendment of this Agreement shall be valid unless the same is in writing and is signed by the Authority and consented to by the Escrow Agent and the TWDB.

**SECTION 17: VALIDITY OF PROVISIONS.** If any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

**SECTION 18: COMPENSATION FOR ESCROW SERVICES.** The Escrow Agent shall be entitled to compensation for its services as stated in Exhibit "A," which compensation shall be paid by the Authority but may not be paid directly from the Escrow Accounts. This Agreement has a value of less than \$100,000 for purposes of Sections 2271.002 and 2274.002, Texas Government Code.

**SECTION 19: TERRORIST ORGANIZATIONS.** The Escrow Agent represents that, neither the Escrow Agent, nor any parent company, wholly- or majority-owned subsidiaries or affiliates of the same, if any, are companies 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/sudanlist.pdf>,  
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or  
<https://comptroller.texas.gov/purchasing/docs/ftolist.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 Escrow Agent and each parent company, wholly- or majority-owned subsidiaries, and other affiliates of the same, 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 Escrow Agent understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Escrow Agent and exists to make a profit.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement effective upon signature of both parties.

**ALLIANCE REGIONAL WATER AUTHORITY**

By: \_\_\_\_\_  
Executive Director and Authority Representative

Date: November 15, 2022

Address: 630 E. Hopkins Street  
San Marcos, Texas 78666

**BOKF, NA**, as Escrow Agent

By: \_\_\_\_\_  
Title: Vice President

Date: November 15, 2022

Address: 5956 Sherry Lane, Suite 1201  
Dallas, Texas 75225

**EXHIBIT A**

**Fee Schedule**

## **PAYING AGENT/REGISTRAR AGREEMENT**

**THIS AGREEMENT** entered into as of November 15, 2022 (this "Agreement"), by and between the Alliance Regional Water Authority (the "Authority"), and BOKF, NA, Dallas, Texas, a banking corporation duly organized and existing under the laws of the United States of America (the "Bank").

### **RECITALS**

**WHEREAS**, the Authority has duly authorized and provided for the issuance of its \$14,830,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – Canyon Regional Water Authority), Series 2022A, \$13,520,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of Kyle, Texas), Series 2022B, \$17,210,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of San Marcos, Texas), Series 2022C and \$2,440,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of Buda, Texas), Series 2022D (collectively, the "Securities"), such Securities to be issued in fully registered form only as to the payment of principal and interest thereon; and

**WHEREAS**, the Securities are scheduled to be delivered to the Texas Water Development Board thereof on or about November 15, 2022 and November 16, 2022, respectively; and

**WHEREAS**, the Authority has selected the Bank to serve as Paying Agent/Registrar in connection with the payment of the principal of, premium, if any, and interest on the Securities and with respect to the registration, transfer and exchange thereof by the registered owners thereof; and

**WHEREAS**, the Bank has agreed to serve in such capacities for and on behalf of the Authority and has full power and authority to perform and serve as Paying Agent/Registrar for the Securities;

**NOW, THEREFORE**, it is mutually agreed as follows:

### **ARTICLE ONE APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR**

#### **Section 1.01. Appointment.**

The Authority hereby appoints the Bank to serve as Paying Agent with respect to the Securities. As Paying Agent for the Securities, the Bank shall be responsible for paying on behalf of the Authority the principal, premium (if any), and interest on the Securities as the same become due and payable to the registered owners thereof, all in accordance with this Agreement and the "Resolutions" (hereinafter defined).

The Authority hereby appoints the Bank as Registrar with respect to the Securities. As Registrar for the Securities, the Bank shall keep and maintain for and on behalf of the Authority books and records as to the ownership of the Securities and with respect to the transfer and exchange thereof as provided herein and in the "Resolutions."

The Bank hereby accepts its appointment and agrees to serve as the Paying Agent and Registrar for the Securities.

**Section 1.02. Compensation.**

As compensation for the Bank's services as Paying Agent/Registrar, the Authority hereby agrees to pay the Bank the fees and amounts set forth in Schedule A attached hereto for the first year of this Agreement and thereafter the fees and amounts set forth in the Bank's current fee schedule then in effect for services as Paying Agent/Registrar for political subdivisions, which shall be supplied to the Authority on or before 90 days prior to the close of the Fiscal Year of the Authority, and shall be effective upon the first day of the following Fiscal Year.

In addition, the Authority agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements and advances incurred or made by the Bank in accordance with any of the provisions hereof (including the reasonable compensation and the expenses and disbursements of its agents and counsel). This Agreement has a value of less than \$100,000 for purposes of Sections 2271.002 and 2274.002, Texas Government Code.

**ARTICLE TWO  
DEFINITIONS**

**Section 2.01. Definitions.**

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

"Authority Request" and "Authority Resolution" means a written request or resolution signed in the name of the Authority by an authorized representative, delivered to the Bank.

"Bank Office" means the designated office for payment of the Bank as indicated on the signature page hereof. The Bank will notify the Authority in writing of any change in location of the Bank Office.

"Financial Advisor" means Specialized Public Finance, Inc.

"Fiscal Year" means the fiscal year of the Authority, ending September 30.

"Holder" and "Security Holder" each means the Person in whose name a Security is registered in the Security Register.

"Legal Holiday" means a day on which the Bank is required or authorized to be closed.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government.

"Predecessor Securities" of any particular Security means every previous Security evidencing all or a portion of the same obligation as that evidenced by such particular Security (and, for the purposes of this definition, any mutilated, lost, destroyed, or stolen Security for which a replacement Security has been registered and delivered in lieu thereof pursuant to Section 4.06 hereof and the Resolutions).

"Redemption Date" when used with respect to any Bond to be redeemed means the date fixed for such redemption pursuant to the terms of the Resolutions.

"Resolutions" means collectively, the Resolutions of the governing body of the Authority pursuant to which each series of the Securities are issued, certified by the Secretary or any other officer of the Authority and delivered to the Bank.

"Responsible Officer" when used with respect to the Bank means the Chairman or Vice-Chairman of the Board of Directors, the Chairman or Vice-chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Security Register" means a register maintained by the Bank on behalf of the Authority providing for the registration and transfer of the Securities.

"Stated Maturity" means the date specified in the Resolutions on which the principal of a Security is scheduled to be due and payable.

**Section 2.02. Other Definitions.**

The terms "Bank," "Authority," and "Securities (Security)" have the meanings assigned to them in the recital paragraphs of this Agreement.

The term "Paying Agent/Registrar" refers to the Bank in the performance of the duties and functions of this Agreement.

**ARTICLE THREE  
PAYING AGENT**

**Section 3.01. Duties of Paying Agent.**

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Authority, pay on behalf of the Authority the principal of each Security at its Stated Maturity or Redemption Date to the Holder upon surrender of the Security to the Bank at the Bank Office.

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Authority, pay on behalf of the Authority the interest on each Security when due, by computing the amount of interest to be paid each Holder and preparing and sending checks by United States Mail, first-class postage prepaid, on each payment date, to the Holders of the Securities (or their Predecessor Securities) on the respective Record Date, to the address appearing on the Security Register or by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder's risk and expense.

Principal and interest payments made pursuant to this Section 3.01 shall be made by wire transfer.

**Section 3.02. Payment Dates.**

The Authority hereby instructs the Bank to pay the principal of and interest on the Securities on the dates specified in the Resolutions.

**Section 3.03. Reporting Requirements.**

To the extent required by the Internal Revenue Code of 1986, as amended, or the Treasury Regulations, the Bank shall report to or cause to be reported to the Holders and the Internal Revenue Service (i) the amount of "reportable payments," if any, subject to back up withholding during each year and the amount of tax withheld, if any, with respect to the payments on the Securities and (ii) the amount of interest or amount treated as interest, such as original issue discount, on the Securities required to be included in the gross income of the owners thereof for federal income tax purposes.

**ARTICLE FOUR  
REGISTRAR**

**Section 4.01. Security Register - Transfers and Exchanges.**

The Bank agrees to keep and maintain for and on behalf of the Authority at the Bank Office books and records (herein sometimes referred to as the "Security Register"), and, if the Bank Office is located outside the State of Texas, a copy of such books and records shall be kept in the State of Texas, for recording the names and addresses of the Holders of the Securities, the transfer, exchange and replacement of the Securities and the payment of the principal of and interest on the Securities to the Holders and containing such other information as may be reasonably required by the Authority



and subject to such reasonable regulations as the Authority and the Bank may prescribe. The Bank also agrees to keep a copy of the Security Register within the State of Texas. All transfers, exchanges and replacement of Securities shall be noted in the Security Register.

Every Security surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a federal or state bank or a member of the National Association of Securities Dealers, in form satisfactory to the Bank, duly executed by the Holder thereof or his agent duly authorized in writing.

The Bank may request any supporting documentation it feels necessary to effect a re-registration, transfer or exchange of the Securities.

To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of Securities, the exchange or transfer by the Holders thereof will be completed and new Securities delivered to the Holder or the assignee of the Holder in not more than three (3) business days after the receipt of the Securities to be cancelled in an exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Holder, or his duly authorized agent, in form and manner satisfactory to the Paying Agent/Registrar.

**Section 4.02. Certificates.**

The Authority shall provide an adequate inventory of printed Securities certificates to facilitate transfers or exchanges thereof. The Bank covenants that the inventory of printed Securities certificates will be kept in safekeeping pending their use, and reasonable care will be exercised by the Bank in maintaining such Securities certificates in safekeeping, which shall be not less than the level of care maintained by the Bank for debt securities of other political subdivisions or corporations for which it serves as registrar, or that it maintains for its own securities.

**Section 4.03. Form of Security Register.**

The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer and exchange of the Securities in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Security Register in any form other than those which the Bank has currently available and currently utilizes at the time.

The Security Register may be maintained in written form or in any other form capable of being converted into written form within a reasonable time.

**Section 4.04. List of Security Holders.**

The Bank will provide the Authority at any time requested by the Authority, upon payment of the required fee, a copy of the information contained in the Security Register. The Authority may also inspect the information contained in the Security Register at any time the Bank is customarily

open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

The Bank will not release or disclose the contents of the Security Register to any person other than to, or at the written request of, an authorized officer or employee of the Authority, except upon receipt of a court order or as otherwise required by law. Upon receipt of a court order or other notice of a legal proceeding and prior to the release or disclosure of any of the contents of the Security Register, the Bank will notify the Authority so that the Authority may contest the same or such release or disclosure of the contents of the Security Register.

**Section 4.05. Return of Cancelled Certificates.**

The Bank will, at such reasonable intervals as it determines, surrender to the Authority, Securities in lieu of which or in exchange for which other Securities have been issued, or which have been paid.

**Section 4.06. Mutilated, Destroyed, Lost or Stolen Securities.**

The Authority hereby instructs the Bank, subject to the applicable provisions of the Resolutions, to deliver and issue Securities certificates in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities certificates as long as the same does not result in an overissuance.

In case any Security shall be mutilated, or destroyed, lost or stolen, the Bank, in its discretion, may execute and deliver a replacement Security of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Security, or in lieu of and in substitution for such destroyed lost or stolen Security, only after (i) the filing by the Holder thereof with the Bank of evidence satisfactory to the Bank of the destruction, loss or theft of such Security, and of the authenticity of the ownership thereof and (ii) the furnishing to the Bank of indemnification in an amount satisfactory to hold the Authority and the Bank harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Security shall be borne by the Holder of the Security mutilated, or destroyed, lost or stolen.

**Section 4.07. Transaction Information to Authority.**

The Bank will, within a reasonable time after receipt of written request from the Authority, furnish the Authority information as to the Securities certificates it has paid pursuant to Section 3.01, Securities certificates it has delivered upon the transfer or exchange of any Securities certificates pursuant to Section 4.01, and Securities certificates it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities certificates pursuant to Section 4.06.

**ARTICLE FIVE  
THE BANK**

**Section 5.01. Duties of Bank.**

The Bank undertakes to perform the duties set forth herein and agrees to use reasonable care in the performance thereof.

The Bank is authorized to transfer funds relating to the closing and initial delivery of the Securities in the manner disclosed in the closing memorandum as prepared by the Authority's Financial Advisor or other agent. The Bank may act on facsimile or e-mail transmission of the closing memorandum acknowledged by the Financial Advisor or the Authority as the final closing memorandum. The Bank shall not be liable for any losses, cost or expenses arising directly or indirectly from the Bank's reliance upon and compliance with such instructions.

**Section 5.02. Reliance on Documents, Etc.**

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank by the Authority.

(b) The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proven that the Bank was negligent in ascertaining the pertinent facts.

(c) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Securities, but is protected in acting upon receipt of Securities certificates containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Holder or an agent of the Holder. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document supplied by the Authority.

(e) The Bank may consult with legal counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon, provided that any such written advice or opinion is supplied to the Authority by the Bank.

(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of the Bank.

**Section 5.03. Recitals of Authority.**

The recitals contained herein with respect to the Authority and in the Securities shall be taken as the statements of the Authority, and the Bank assumes no responsibility for their correctness.

The Bank shall in no event be liable to the Authority, any Holder or Holders of any Security, or any other Person for any amount due on any Security from its own funds.

**Section 5.04. May Hold Securities.**

The Bank, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Authority with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

**Section 5.05. Moneys Held by Bank.**

The Bank shall deposit any moneys received from the Authority into trust account to be held in a paying agent capacity for the payment of the Securities, with such moneys in the account that exceed the deposit insurance available to the Authority by the Federal Deposit Insurance Corporation, to be fully collateralized with securities or obligations that are eligible under the laws of the State of Texas to secure and be pledged as collateral for such accounts until the principal and interest on such securities have been presented for payment and paid to the owner thereof. Payments made from such account shall be made by check drawn on such account unless the owner of such Securities shall, at its own expense and risk, request such other medium of payment.

Subject to the Unclaimed Property Law of the State of Texas, any money deposited with the Bank for the payment of the principal, premium (if any), or interest on any Security and remaining unclaimed for three years after the final maturity of the Security has become due and payable will be paid by the Bank to the Authority if the Authority so elects, and the Holder of such Security shall hereafter look only to the Authority for payment thereof, and all liability of the Bank with respect to such monies shall thereupon cease. If the Authority does not elect, the Bank is directed to report and dispose of the funds in compliance with Title Six of the Texas Property Code, as amended.

**Section 5.06. Indemnification.**

To the extent permitted by law, the Authority agrees to indemnify the Bank for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on the Bank's part, arising out of or in connection with the Bank's acceptance or administration of its duties hereunder, including the cost and expense incurred by the Bank in defending against any claim or from liability imposed on the Bank in connection with the Bank's exercise or performance of any of its powers or duties under this Agreement.

**Section 5.07. Interpleader.**

The Authority and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in Bexar, Caldwell, Comal, Guadalupe or Hays County, Texas, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The Authority and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction in Bexar, Caldwell, Comal, Guadalupe or Hays County, Texas to determine the rights of any Person claiming any interest herein.

**Section 5.08. Depository Trust Company Services.**

It is hereby represented and warranted that, in the event the Securities are otherwise qualified and accepted for "Depository Trust Company" services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the "Operational Arrangements," effective August 1, 1987, which establishes requirements for securities to be eligible for such type depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

Attached hereto is a copy of the Blanket Authority Letter of Representations between the Authority and The Depository Trust Company, New York, New York, providing for the Bonds to be issued in a Book-Entry Only System. The Bank and the Authority hereby confirm their obligations under such Letter of Representation.

**ARTICLE SIX  
MISCELLANEOUS PROVISIONS**

**Section 6.01. Amendment.**

This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

**Section 6.02. Assignment.**

This Agreement may not be assigned by either party without the prior written consent of the other.

**Section 6.03. Notices.**

Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Authority or the Bank shall be mailed or delivered to the Authority or the Bank, respectively, at the addresses shown on the signature page of this Agreement.

**Section 6.04. Effect of Headings.**

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

**Section 6.05. Successors and Assigns.**

All covenants and agreements herein by the Authority and the Bank shall bind their respective successors and assigns, whether so expressed or not.

**Section 6.06. Severability.**

In case any provision herein shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

**Section 6.07. Benefits of Agreement.**

Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

**Section 6.08. Entire Agreement.**

This Agreement and the Resolutions constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Resolutions, the Resolutions shall govern.

**Section 6.09. Counterparts.**

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

**Section 6.10. Termination.**

This Agreement will terminate (i) on the date of final payment of the principal of and interest on the Securities to the Holders thereof or (ii) may be earlier terminated by either party upon thirty (30) days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the Authority and such appointment accepted and (b) notice has been given to the Holders of the Securities of the appointment of a successor Paying Agent/Registrar. Furthermore, the Bank and Authority mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay or otherwise adversely affect the payment of the Securities.

Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Security Register (or a copy thereof), together with other pertinent books and records

relating to the Securities, to the successor Paying Agent/Registrar designated and appointed by the Authority.

The provisions of Section 1.02, 5.02, 5.03 and 5.06 of this Agreement shall survive and remain in full force and effect following the termination of this Agreement.

**Section 6.11. Governing Law.**

This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

**Section 6.12. Terrorist Organizations.** The Paying Agent represents that, neither the Paying Agent, nor any parent company, wholly- or majority-owned subsidiaries or affiliates of the same, if any, are companies 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/sudanlist.pdf>,  
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or  
<https://comptroller.texas.gov/purchasing/docs/ftolist.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 Paying Agent and each parent company, wholly- or majority-owned subsidiaries, and other affiliates of the same, 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 Paying Agent understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Paying Agent and exists to make a profit.

[The remainder of this page is intentionally left blank.]

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement as of the day and year first above written.

**BOKF, NA**

By: \_\_\_\_\_  
Title: Vice President  
5956 Sherry Lane, Suite 1201  
Dallas, Texas 75225



**ALLIANCE REGIONAL WATER AUTHORITY**

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

Name: Graham Moore

Title: Executive Director and Authority  
Representative

**SCHEDULE A**

**Paying Agent/Registrar Fee Schedule**

**REGULAR MEETING**  
**Alliance Regional Water Authority Board of Directors**

**BOARD MEMBER PACKETS**

Monday, October 31, 2022 at 1:00 PM  
 County Line SUD Offices, 8870 Camino Real, Kyle, TX 78640

**H.3** Consideration and action with respect to Resolution 2022-10-31-003 by the Board of Directors of the Alliance Regional Water Authority Authorizing the Issuance of Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of San Marcos, Texas), Series 2022C; and Resolving Other Matters Incident and Relating to the Issuance, Payment, Security, Sale and Delivery of Such Bonds. ~ *Carol Polumbo, McCall, Parkhurst & Horton, LLP*

Background/Information

The final step in the SWIFT process is for the Authority to approve a resolution authorizing the issuance of the contract revenue bonds and related matters. The TWDB sold their bonds in late September and therefore the rates have been established. The table below shows the rates compared to the previous issuances and to the budgeted rate for 2020.

<b>SWIFT - Net Interest Cost</b>						
<i>Maturity Schedule</i>	<i>2015</i>	<i>2017</i>	<i>2019</i>	<i>2020</i>	<i>2022 - Budgeted</i>	<i>2022 - FINAL</i>
<i>20-year</i>	1.97%	1.85%	1.54%	1.15%	2.79%	3.23%

The San Marcos City Council unanimously approved a resolution approving the bond resolution on October 18th.

The closing date for the Authority is set for November 15<sup>th</sup> or 16<sup>th</sup>. Representatives with the Authority’s bond counsel, McCall, Parkhurst and Horton and the Authority’s financial advisor, Specialized Public Finance will attend the Board meeting and will address any legal or financial questions pertaining to the issuance.

Attachment(s)

- Resolution 2022-10-31-003 – Authorizing the Issuance of Series 2022C Contract Revenue Bonds.
- 2022C Debt Service Schedule – San Marcos
- Escrow Agreement
- Paying Agent/Registrar Agreement

**Board Decision(s) Needed:**

- Adoption of Resolution 2022-10-31-003 authorizing the issuance of contract revenue bonds Series 2022C and all related matters, as presented.

**RESOLUTION NO. 2022-10-31-003**

**A RESOLUTION BY THE BOARD OF DIRECTORS OF THE ALLIANCE REGIONAL WATER AUTHORITY AUTHORIZING THE ISSUANCE OF ALLIANCE REGIONAL WATER AUTHORITY CONTRACT REVENUE BONDS (REGIONAL WATER SUPPLY CONTRACT PROJECT – CITY OF SAN MARCOS, TEXAS), SERIES 2022C; AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE AND DELIVERY OF SUCH BONDS**

**ADOPTED OCTOBER 31, 2022**

**RESOLUTION NO. RESOLUTION NO. 2022-10-31-003**

**A RESOLUTION BY THE BOARD OF DIRECTORS OF THE ALLIANCE REGIONAL WATER AUTHORITY AUTHORIZING THE ISSUANCE OF ALLIANCE REGIONAL WATER AUTHORITY CONTRACT REVENUE BONDS (REGIONAL WATER SUPPLY CONTRACT PROJECT – CITY OF SAN MARCOS, TEXAS), SERIES 2022C; AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE, AND DELIVERY OF SUCH BONDS**

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**EXHIBIT A DEFINITIONS**

**EXHIBIT B FORM OF BOND**

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**EXHIBIT D CONTINUING DISCLOSURE**

**EXHIBIT E REGIONAL WATER SUPPLY CONTRACT**

**EXHIBIT F APPROVAL CERTIFICATE**

**RESOLUTION NO. RESOLUTION NO. 2022-10-31-003**

**A RESOLUTION BY THE BOARD OF DIRECTORS OF THE ALLIANCE REGIONAL WATER AUTHORITY AUTHORIZING THE ISSUANCE OF ALLIANCE REGIONAL WATER AUTHORITY CONTRACT REVENUE BONDS (REGIONAL WATER SUPPLY CONTRACT PROJECT – CITY OF SAN MARCOS, TEXAS), SERIES 2022C; AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE, AND DELIVERY OF SUCH BONDS**

**WHEREAS**, pursuant to Chapter 572, as amended, Texas Local Government Code, the Hays Caldwell Public Utility Agency (the "Agency") as a constituted authority and instrumentality and political subdivision of the State of Texas (the "State"), was created by the Cities of Buda ("Buda"), San Marcos ("San Marcos") and Kyle, Texas ("Kyle"), each Texas home rule municipalities, and the Canyon Regional Water Authority ("Canyon Regional"), a conservation and reclamation district and political subdivision of the State created and existing pursuant to Article XVI, Section 59 of the Texas Constitution and Chapter 670, Acts of the 71<sup>st</sup> Legislature, Regular Session, 1989, as amended (collectively, the "Sponsors" or singularly, a "Sponsor"); and

**WHEREAS**, the Agency and the Sponsors have entered into a "Regional Water Supply Contract" dated as of January 9, 2008, as amended by Amendment No. 1 and as may be further amended (collectively, the "Contract") pursuant to which the Agency has agreed to design, finance, construct, own, acquire, maintain and operate a water supply project in a manner that will allow the Agency to deliver water to the Sponsors on a regional basis and under which each of the Sponsors agree to pay their share of the project costs and to make payments to or on behalf of the Agency in amounts sufficient to meet all of the Agency's obligations under the Contract including those relating to a Sponsor's bonds issued to finance and refinance a Sponsor's share of the Project Costs and to own, operate and maintain the Project; and

**WHEREAS**, at the request of Canyon Regional and Kyle, the Agency issued two series of bonds on November 19, 2015 for such Sponsors share of the Phase 1A Project entitled: \$3,960,000 Hays Caldwell Public Utility Agency Contract Revenue Bonds (Regional Water Supply Contract Project – Canyon Regional Water Authority), Series 2015A and \$3,530,000 Hays Caldwell Public Utility Agency Contract Revenue Bonds (Regional Water Supply Contract Project – City of Kyle, Texas), Series 2015B (collectively, the "Outstanding Bonds"); and

**WHEREAS**, on June 15, 2017, by special act of the 85<sup>th</sup> Legislature, SB 1198, codified as Chapter 11010, Special District Local Laws Code (the "Act"), the Agency was converted to the Alliance Regional Water Authority (the "Authority"), a conservation and reclamation district to accomplish the purposes set forth in the Act and of Article XVI, Section 59, Texas Constitution; and

**WHEREAS**, by operation of the law pursuant to the Act, the Authority assumed all assets, liabilities, bonds, notes and other obligations of the Agency including all obligations pursuant to the Outstanding Bonds and the Contract; and



**WHEREAS**, at the request of the Sponsors the Authority issued twelve series of bonds, one for each of the Sponsors' share of the Project Costs, to wit: \$9,865,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – Canyon Regional Water Authority), Series 2017A, \$8,995,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – City of Kyle, Texas), Series 2017B, \$11,450,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of San Marcos, Texas), Series 2017C, \$1,625,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – City of Buda, Texas), Series 2017D, \$26,530,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – Canyon Regional Water Authority), Series 2019A, \$24,200,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – City of Kyle, Texas), Series 2019B, \$30,800,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of San Marcos, Texas), Series 2019C and \$4,370,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – City of Buda, Texas), Series 2019D, \$37,865,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – Canyon Regional Water Authority), Series 2020A, \$34,530,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – City of Kyle, Texas), Series 2020B, \$43,955,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of San Marcos, Texas), Series 2020C and \$6,225,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – City of Buda, Texas), Series 2020D; and

**WHEREAS**, pursuant to the Act, the Authority is empowered to, among other powers, acquire, own, construct, operate, repair, improve, maintain or extend inside or outside its boundaries water improvements, facilities, plants, pipelines, equipment and appliances for the treatment and transportation of water and to deliver this water to the Sponsors; and

**WHEREAS**, the Act also authorizes the Authority acting through its Board of Directors (the "Board") to issue revenue bonds to finance such water projects, payable solely from the revenues derived from payments to be made to the Authority by one or more of the respective Sponsors for which a series of bonds are issued for the purpose of defraying such Sponsor's share of the cost of financing, acquiring, and constructing water supply facilities including the Phase 1B Improvements Water Supply Project (as hereinafter defined); and

**WHEREAS**, the Authority expects to issue four additional series of such revenue bonds in 2022 for Canyon Regional, Kyle, San Marcos and Buda, respectively, to finance their additional share of the Phase 1B Improvements Water Supply Project costs, with each series payable from and secured solely by payments made by Canyon Regional, Kyle, San Marcos and Buda, respectively, under the Contract; and

**WHEREAS**, San Marcos has requested that the Authority issue a separate series of revenue bonds in the aggregate principal amount of \$17,210,000 pursuant to the Contract to finance their share of the Phase 1B Improvements Water Supply Project Costs (the "Bonds"); and

**WHEREAS**, this Resolution constitutes a Bond Resolution as that term is defined in the Contract; and

**WHEREAS**, the principal of the Bonds and the interest thereon are and shall be solely payable from and secured by a lien on and pledge of the portion of the Annual Payments designated as "Bond Payments" to be made by San Marcos pursuant to the Contract in amounts sufficient to pay and redeem, and provide for the payment of the principal of, premium, if any, and interest on the Bonds, when due, and the fees and expenses of the Paying Agent/Registrar and Escrow Agent for the Bonds, all as required by this Resolution.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ALLIANCE REGIONAL WATER AUTHORITY THAT:**

**Section 1. DEFINITIONS.** In addition to the definitions set forth in the preamble of this Resolution, the terms used in this Resolution (except as may be otherwise indicated in the FORM OF BOND) and not otherwise defined herein shall have the meanings given in Exhibit "A" to this Resolution attached hereto and made a part hereof.

**Section 2. AMOUNT, PURPOSE AND DESIGNATION OF THE BONDS.** (a) *Amount and Designation.* The Authority's Bonds issued pursuant to this Resolution shall be entitled "ALLIANCE REGIONAL WATER AUTHORITY CONTRACT REVENUE BONDS (Regional Water Supply Contract Project – City of San Marcos, Texas), Series 2022C" and are hereby authorized to be issued in the aggregate principal amount of \$17,210,000.

(b) *Purpose.* The Bonds are to be issued for the following purposes: (i) FOR DESIGNING, CONSTRUCTING, ACQUIRING, IMPROVING AND/OR EXPANDING THE PROJECT INCLUDING BUT NOT LIMITED TO THE PAYMENT OF PROJECT COSTS FOR THE PHASE 1B IMPROVEMENTS WATER SUPPLY PROJECT AND (ii) PAYING THE COSTS OF ISSUANCE OF THE BONDS.

**Section 3. DATE, DENOMINATIONS, NUMBERS, MATURITIES AND TERMS OF BONDS.** (a) *Terms of Bonds.* The Bonds shall initially be issued, sold, and delivered hereunder as fully registered bonds, without interest coupons, numbered consecutively from R-1 upward (except the initial Bond delivered to the Attorney General of the State which shall be numbered T-1), dated the date of delivery, payable to the respective initial Registered Owners thereof in an Authorized Denomination, serially on August 15, in the years and in the principal amounts set forth below:

[INTENTIONALLY LEFT BLANK]

<u>YEAR OF STATED MATURITY</u>	<u>PRINCIPAL AMOUNTS (\$)</u>	<u>YEAR OF STATED MATURITY</u>	<u>PRINCIPAL AMOUNTS (\$)</u>
2024	\$740,000	2034	\$905,000
2025	755,000	2035	925,000
2026	770,000	2036	955,000
2027	785,000	2037	980,000
2028	800,000	2038	1,010,000
2029	815,000	2039	1,040,000
2030	830,000	2040	1,070,000
2031	845,000	2041	1,105,000
2032	865,000	2042	1,135,000
2033	880,000		

(b) *In General.* The Bonds (i) may and shall be redeemed prior to the respective scheduled maturity dates, (ii) may be assigned and transferred, (iii) may be exchanged for other Bonds, (iv) shall have the characteristics, (v) shall be signed, and the principal of and interest on the Bonds shall be payable, all as provided, and in the manner required or indicated, in the FORM OF BOND set forth in Exhibit "B" to this Resolution.

**Section 4. INTEREST.** The Bonds shall bear interest, calculated on the basis of a 360- day year composed of twelve 30-day months, from their date of delivery at the rates set forth below:

<u>YEAR OF STATED MATURITY</u>	<u>INTEREST RATES (%)</u>	<u>YEAR OF STATED MATURITY</u>	<u>INTEREST RATES (%)</u>
2024	2.430%	2034	3.010%
2025	2.460	2035	3.100
2026	2.490	2036	3.380
2027	2.520	2037	3.420
2028	2.550	2038	3.450
2029	2.580	2039	3.490
2030	2.630	2040	3.530
2031	2.680	2041	3.570
2032	2.720	2042	3.600
2033	2.860		

Interest shall be payable to the Registered Owner of any such Bond in the manner provided and, on the dates, stated in the FORM OF BOND set forth in Exhibit "B" to this Resolution.

**Section 5. REGISTRATION, TRANSFER, AND EXCHANGE; AUTHENTICATION.**

(a) *Paying Agent/Registrar.* BOKF, NA (the "Paying Agent/Registrar") is hereby appointed the Paying Agent/Registrar for the Bonds. The Authority Representative is authorized to enter into and carry out a Paying Agent/Registrar Agreement with the Paying Agent/Registrar with respect to the Bonds in substantially the form and substance presented to the Board in connection with the approval of this Resolution with such changes as are acceptable to the Authority Representative.

(b) **Registration Books.** The Board shall keep or cause to be kept at a designated corporate trust office of the Paying Agent/Registrar in Dallas, Texas (the "Designated Trust Office") the Registration Books and the Board hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, exchanges, and replacements under such reasonable regulations as the Board and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, exchanges, and replacements as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the Registered Owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each Registered Owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Board shall have the right to inspect the Registration Books at the Designated Trust Office of the Paying Agent/Registrar during regular business hours, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. A copy of the Registration Books shall be maintained in the State.

(c) **Ownership of Bonds.** The entity or person in whose name any Bond shall be registered in the Registration Books at any time shall be deemed and treated as the absolute owner thereof for all purposes of this Resolution, whether or not such Bond shall be overdue, and, to the extent permitted by law, the Board and the Paying Agent/Registrar shall not be affected by any notice to the contrary; and payment of, or on account of, the principal of, premium, if any, and interest on any such Bond shall be made only to such Registered Owner. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(d) **Payment of Bonds and Interest.** The Paying Agent/Registrar shall further act as the paying agent for paying the principal of, premium, if any, and interest on the Bonds, all as provided in this Resolution. The Paying Agent/ Registrar shall keep proper records of all payments made by the Board and the Paying Agent/Registrar with respect to the Bonds. So long as the Texas Water Development Board (the "Purchaser") owns the Bonds, the Paying Agent/Registrar shall provide a copy to the Purchaser and its designated trustee of all receipts documenting debt service payments.

(e) **Authentication.** The Bonds initially issued and delivered pursuant to this Resolution shall be authenticated by the Paying Agent/Registrar by execution of the Paying Agent/Registrar's Authentication Certificate unless they have been approved by the Attorney General of the State and registered by the Comptroller of Public Accounts of the State, and on each substitute Bond issued in exchange for any Bond or Bonds issued under this Resolution the Paying Agent/Registrar shall execute the Paying Agent/Registrar's Authentication Certificate (the "Authentication Certificate"). The Authentication Certificate shall be in the form set forth in the FORM OF BOND in Exhibit "B" attached hereto.

(f) **Transfer, Exchange, or Replacement.** Each Bond issued and delivered pursuant to this Resolution, to the extent of the unpaid or unredeemed principal amount thereof, may, upon surrender of such Bond at the Designated Trust Office of the Paying Agent/Registrar, together with a written request therefor duly executed by the Registered Owner or the assignee or assignees

thereof, or its or their duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the Paying Agent/Registrar, may, at the option of the Registered Owner or such assignee or assignees, as appropriate, be exchanged for fully registered Bonds, without interest coupons, in the appropriate form prescribed in the FORM OF BOND set forth in Exhibit "B" to this Resolution, in any Authorized Denomination (subject to the requirement hereinafter stated that each substitute Bond shall be of the same Series and have a single stated maturity date), as requested in writing by such Registered Owner or such assignee or assignees, in an aggregate principal amount equal to the unpaid or unredeemed principal amount of any Bond or Bonds so surrendered, and payable to the appropriate Registered Owner, assignee, or assignees, as the case may be. If a portion of any Bond shall be redeemed prior to its scheduled maturity as provided herein, a substitute Bond or Bonds having the same Series designation and maturity date, bearing interest at the same rate, and payable in the same manner, in Authorized Denominations at the request of the Registered Owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Registered Owner upon surrender thereof for cancellation. If any Bond or portion thereof is assigned and transferred, each Bond issued in exchange therefor shall have the same Series designation and maturity date and bear interest at the same rate and payable in the same manner as the Bond for which it is being exchanged. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond. The Paying Agent/Registrar shall exchange or replace Bonds as provided herein, and each fully registered Bond delivered in exchange for or replacement of any Bond or portion thereof as permitted or required by any provision of this Resolution shall constitute one of the Bonds for all purposes of this Resolution and may again be exchanged or replaced. On each substitute Bond issued in exchange for or replacement of any Bond or Bonds issued under this Resolution there shall be printed an Authentication Certificate, in the form set forth in Exhibit "B" to this Resolution. An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign the Authentication Certificate, and, except as provided in (e) above, no such Bond shall be deemed to be issued or outstanding unless the Authentication Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all Bonds surrendered for transfer, exchange, or replacement. No additional orders or resolutions need be passed or adopted by the Board or any other body or person so as to accomplish the foregoing transfer, exchange, or replacement of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein, and said Bonds shall be in typed or printed form as determined by the Authority Representative. Pursuant to Subtitle D, Texas Government Code and particularly Section 1201.063, thereof, the duty of transfer, exchange, or replacement of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of the Authentication Certificate, the exchanged or replaced Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds which were originally issued pursuant to this Resolution. The Board shall pay the Paying Agent/Registrar's standard or customary fees and charges, if any, for transferring, and exchanging any Bond or any portion thereof, but the one requesting any such transfer and exchange shall pay any taxes or governmental charges required to be paid with respect thereto as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, exchange, or replacement of Bonds or any portion thereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following interest payment date, or (ii) with respect to any Bond or portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date. To the extent possible, any new Bond issued in an exchange, replacement, or transfer of a Bond will

be delivered to the Registered Owner or assignee of the Registered Owner not more than three business days after the receipt of the Bonds to be canceled and the written request as described above.

(g) ***Substitute Paying Agent/Registrar.*** The Board covenants with the Registered Owners of the Bonds that at all times while the Bonds are outstanding the Board will provide a competent and legally qualified bank, trust company, financial institution, or other Authority to act as and perform the services of Paying Agent/Registrar for the Bonds under this Resolution, and that the Paying Agent/Registrar will be one entity. The Board reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than ninety (90) days written notice to the Paying Agent/Registrar, to be effective not later than sixty (60) days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Board covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other Authority to act as Paying Agent/Registrar under this Resolution. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the Board. Upon any change in the Paying Agent/Registrar, the Board promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each Registered Owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Resolution, and a certified copy of this Resolution shall be delivered to each Paying Agent/Registrar.

(h) ***Notice of Redemption.*** Each notice of redemption required in the FORM OF BOND shall contain a description of the Bonds to be redeemed including the complete name of the Bonds, the Series, the date of issue, the interest rate or rates, the maturity date, the CUSIP number, a reference to the certificate numbers and the amounts called of each certificate, the publication and mailing date for the notice, the date of redemption, the redemption price, the name of the Paying Agent/Registrar and the address at which the Bonds may be redeemed, including a contact person and telephone number. All redemption payments made by the Paying Agent/Registrar to the registered owners of the Bonds shall include a CUSIP number relating to each amount paid to such Registered Owner.

(i) ***Book-Entry-Only System.*** The Bonds issued in exchange for the Bonds initially issued as provided in Section 5(l) 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 (f) hereof, all of the Outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Authority and the Paying Agent/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 Authority and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC participant or any other person, other than a Registered Owner, as shown on the Registration Books, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any person, other than a Registered Owner, as shown on the Registration Books of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Resolution to the contrary, but to the extent permitted by law, the Authority and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Registration Books as the absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest, with respect to such Bond, for the purposes of registering transfers with respect to such Bonds, and for all other purposes of registering transfers with respect to such Bonds, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Registered Owners, as shown in the Registration Books as provided in this Resolution, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to payment of principal of, premium, if any, 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 Authority to make payments of principal, premium, if any, and interest pursuant to the Resolution. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Resolution with respect to interest checks being mailed to the registered owner at the close of business on the Record Date the word "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

(j) ***Successor Securities Depository; Transfer Outside Book-Entry-Only System.*** In the event the Purchaser no longer owns the Bonds or the Purchaser consents to such action, the Authority may determine 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 Authority 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 Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names the Registered Owner transferring or exchanging Bonds shall designate, in accordance with the provisions of this Resolution.

(k) ***Payments to Cede & Co.*** Notwithstanding any other provision of this Resolution to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Blanket Representation of the Authority to DTC.

(1) **Initial Bond.** The Bonds herein authorized shall be initially issued as fully registered bonds, being one bond for each maturity in the denomination of the applicable principal amount and the initial Bond shall be registered in the name of the Registered Owner. The initial Bond shall be the Bond submitted to the Office of the Attorney General of the State for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State and delivered to the Registered Owner. Immediately after the delivery of the initial Bond, the Paying Agent/Registrar shall cancel the initial Bond delivered hereunder and exchange therefor Bonds 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 Section 5(j), all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

**Section 6. FORM OF BOND.** The form of the Bond, including the form of the Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State, with respect to the Bonds initially issued and delivered pursuant to this Resolution, shall be, respectively, substantially as set forth in Exhibit "B", with such appropriate variations, omissions, or insertions as are permitted or required by this Resolution.

**Section 7. PLEDGE OF BOND PAYMENTS.** (a) **Pledge.** The Authority hereby covenants and agrees that the Bond Payments are hereby irrevocably pledged to the payment and security of the Bonds Similarly Secured including the establishment and maintenance of the special funds or accounts created and established on the books and records of the Authority for the payment and security thereof, all as hereinafter provided; and it is hereby resolved that the Bonds Similarly Secured, and the interest thereon, shall constitute a lien on and pledge of the Bond Payments and be valid and binding without any physical delivery thereof or further act by the Authority, and the lien created hereby on the Bond Payments for the payment and security of the Bonds Similarly Secured shall be prior in right and claim as to any other indebtedness, liability, or obligation of the Authority or the Project payable pursuant to the terms of the Contract. The Authority shall deposit the Bond Payments, as collected and received, into the Debt Service Fund (hereinafter defined), to be utilized pursuant to Section 9 hereof to pay the Bonds.

(b) **Perfection of Pledge.** Chapter 1208, as amended, Texas Government Code, applies to the issuance of the Bonds Similarly Secured and the lien on and pledge of Bond Payments granted by the Authority under subsection (a) of this Section, and such pledge is therefore valid, effective, and perfected. If State law is amended at any time while the Bonds Similarly Secured are outstanding and unpaid such that the pledge of the Bond Payments granted by the Authority 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 Bonds Similarly Secured the perfection of the security interest in this pledge, the Board agrees to take such measures as it determines are reasonable and necessary under State law to comply with the applicable provisions of Chapter 9, as amended, Texas Business & Commerce Code and enable a filing to perfect the security interest in this pledge to occur.

**Section 8. RATES AND CHARGES.** For the benefit of the Registered Owners of the Bonds Similarly Secured and in addition to all provisions and covenants in the laws of the State and in this Resolution, the Contract between the Authority and the City expressly stipulates and agrees, while any of the Bonds Similarly Secured are Outstanding, the City will fix and collect such rates



and charges for services to be supplied by the City's respective systems that will produce gross revenues at all times during the term of the Contract in an amount equal to pay all of the expenses of operation and maintenance of the respective systems including Annual Payments and Bond Payments under the Contract and all other amounts required by the laws and the provisions of the ordinances or resolutions authorizing the City's Outstanding System Obligations now or hereafter outstanding payable, in whole or in part, from the net revenues of the City's Systems, including the amounts required to pay all principal of and interest on the City's outstanding System bonds and other obligations. The Authority hereby expressly stipulates and agrees that it will take all appropriate action to charge rates sufficient and enforce such terms of the Contract while any Bonds Similarly Secured are Outstanding.

The Registered Owner shall never have the right to demand payment for the Bonds out of any funds raised or to be raised from taxation by the City, other Participating Entities, the Sponsors or the Authority.

**Section 9. DEBT SERVICE FUND AND PROJECT FUND.** (a) *Debt Service Fund.*

For purposes of providing funds to pay the principal of and interest on the Bonds Similarly Secured as the same become due and payable, the Authority agrees to maintain, at a Depository, a separate and special fund or account to be created and known as the "Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of San Marcos, Texas), Debt Service Fund" (the "Debt Service Fund"). The Authority covenants that there shall be deposited into the Debt Service Fund prior to each principal and interest payment date solely from the available Bond Payments an amount equal to one hundred per cent (100%) of the amount required to fully pay the interest on and the principal of the Bonds Similarly Secured then falling due and payable.

Any accrued interest received from the Purchaser of the Bonds shall be deposited into the subaccount of the Debt Service Fund. In addition, any surplus proceeds from the sale of the Bonds, including investment income therefrom, not expended for authorized purposes shall be deposited into the Debt Service Fund, and such amounts (i.e., accrued and investment interest) so deposited shall reduce the sum otherwise required to be deposited in the Debt Service Fund from Bond Payments.

(b) *Project Fund.* The Authority hereby creates and establishes and shall maintain on the books and records of the Authority a separate fund or account to be entitled the "Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of San Marcos, Texas), Project Fund" for use by the Authority for payment of the City's share of the Project Costs. The Authority shall deposit the net proceeds from the sale of the Bonds into the Project Fund as provided in this Resolution. Funds in the Project Fund shall be requisitioned for payment of the City's share of Project Costs in accordance with a requisition in substantially the form set forth in Exhibit "C" attached hereto with such changes as approved by the Authority Representative. Upon payment of all Project Costs, any moneys remaining on deposit in the Project Fund shall be transferred to the Debt Service Fund.

In the event the Project is not completed for any reason contemplated in the Contract or otherwise or any proceeds from the Bonds are not used for completion of the Project for any reason, any Bond proceeds and earnings therein not used for completion of the Project shall be

utilized to pay principal and/or interest on the Bonds so as to reduce the Bond Payment as set forth below.

Any surplus proceeds, including the investment earnings derived from the investment of monies on deposit in the Project Fund, from the Bonds remaining on deposit in the Project Fund after completing the Project and upon the completion of the final accounting as described in Section 37(c) hereof, shall be transferred to the Debt Service Fund to redeem, in inverse order of maturity, the Bonds owned by Purchaser, unless the Executive Administrator of Purchaser approves the use of such surplus proceeds to pay eligible Project Costs by funding projects that are a part of the State Water Plan.

**Section 10. DEFICIENCIES - EXCESS BOND PAYMENTS.** (a) *Deficiencies.* If on any occasion there shall not be sufficient Bond Payments to make the required deposits into the Debt Service Fund, then such deficiency shall be cured as soon as possible from the next available unallocated Bond Payments and such payments shall be in addition to the amounts required to be paid into these Funds or accounts during such month or months.

(b) *Excess Bond Payments* Subject to making the required deposits to the Debt Service Fund when and as required by this Resolution or any resolution authorizing the issuance of Additional Bonds, any excess Bond Payments may be used by the Authority for any lawful purpose including, but not limited to, the redemption of any Bonds Similarly Secured.

**Section 11. PAYMENT OF BONDS.** While any of the Bonds Similarly Secured are Outstanding, the Executive Director of the Authority or other authorized Authority official, shall cause to be transferred to the Paying Agent/Registrar therefor, from funds on deposit in the Debt Service Fund, amounts sufficient to fully pay and discharge promptly each installment of interest on and principal of the Bonds Similarly Secured as such installment accrues or matures; such transfer of funds must be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar for the Bonds at the close of the Business Day next preceding the date a debt service payment is due on the Bonds Similarly Secured.

**Section 12. INVESTMENTS.** Funds held in any fund or account created, established, or maintained pursuant to this Resolution shall, at the option of the Authority, be invested in time deposits, certificates of deposit, guaranteed investment contracts, or similar contracting arrangements and/or as permitted by the provisions of the Public Funds Investment Act, as amended, Chapter 2256, Texas Government Code, or any other law, and secured (to the extent not insured by the Federal Deposit Insurance Corporation) to the fullest extent required by the Public Funds Collateral Act, as amended, Chapter 2257, Texas Government Code. All interest and income derived from deposits and investments in any fund shall immediately be credited to, and any losses debited from, the fund from which such funds were derived. All such investments shall be sold promptly when necessary to prevent any default in connection with the Bonds.

**Section 13. ISSUANCE OF ADDITIONAL BONDS.** In addition to the right to issue bonds of inferior lien as authorized by the laws of this State, the Authority reserves the right hereafter to issue Additional Bonds. The Additional Bonds, when issued, shall be payable from and secured by a lien on and pledge of the Bond Payments in the same manner and to the same extent as the Bonds and the Bonds Similarly Secured, and shall in all respects be of equal dignity. The

Additional Bonds may be issued in one or more Series provided, however, that no Additional Bonds, shall be issued unless and until the following conditions have been met:

(i) Except for a refunding to cure a default, the Authority is not then in default as to any covenant, condition or obligation prescribed in the resolutions authorizing the issuance of the Bonds Similarly Secured or the Contract (including any amendment or supplement thereto) and the funds under the resolution authorizing the same contains the amounts then required to be therein;

(ii) The City shall have approved the resolution(s) authorizing the issuance of the Additional Bonds as to form and content and acknowledged that the payment of principal of and interest on such Additional Bonds is payable, in whole or in part, from the Bond Payments to be made to the Authority under and pursuant to the Contract;

(iii) The resolution authorizing the issuance of the Additional Bonds provides for deposits to be made to the Debt Service Fund in amounts sufficient to pay the principal of and interest on such Additional Bonds as the same become due; and

(iv) The City confirms (and counsel to the Authority opines) that the Contract is a legal, valid and binding contract then in effect pursuant to which the City is obligated to make payments to the Authority during each fiscal year (including periods when services of the Project may not be available to such contracting parties and others) in such amounts as shall be necessary to provide to the Authority sufficient funds to pay when due all principal and interest on all Bonds and Additional Bonds to be outstanding after the issuance of the proposed Additional Bonds.

The Bonds Similarly Secured may be refunded (pursuant to any law then available) upon such terms and conditions as the Board of the Authority may deem to be in the best interest of the Authority.

**Section 14. SPECIAL PROJECT BONDS.** The Authority further reserves the right to issue bonds in one or more installments for the purchase, construction, improvement, extension, replacement, enlargement or repair of utility facilities necessary under a contract or contracts with persons, corporations, municipal corporations, political subdivisions, or entities including the City, such bonds to be payable from and secured by the proceeds of such contract or contracts (other than the Contract). The Authority further reserves the right to refund such bonds and secure the payment of the debt service requirements on the refunding bonds in the same manner or as otherwise permitted by the laws of the State.

**Section 15. MAINTENANCE OF PROJECT - INSURANCE.** The Authority covenants, agrees, and affirms its covenants that while the Bonds Similarly Secured remain outstanding it will maintain and operate the Project with all possible efficiency and maintain casualty and other insurance on the properties of the Project and its operations of a kind and in such amounts customarily carried by municipal corporations in the State engaged in a similar type of business (which may include an adequate program of self-insurance) which insurance shall also be sufficient to protect the Purchaser; and that it will faithfully and punctually perform all duties with reference to the Project required by the laws of the State. All money received from losses under such insurance policies, other than public liability policies, shall be retained for the benefit of the Registered Owners of the Bonds Similarly Secured until and unless the proceeds are paid out in

making good the loss or damage in respect of which such proceeds are received, either by replacing the property destroyed or repairing the property damaged, and adequate provision for making good such loss or damage must be made within ninety (90) days after the date of loss. The payment of premiums for all insurance policies required under the provisions hereof shall be considered Maintenance and Operating Expenses of the Project. Nothing in this Resolution shall be construed as: (i) requiring the Authority to expend any funds which are derived from sources other than the operation of the Project but nothing herein shall be construed as preventing the Authority from doing so or (ii) requiring the purchase of insurance until the Facilities are constructed.

**Section 16. RECORDS AND ACCOUNTS - ANNUAL AUDIT.** The Authority covenants, agrees, and affirms its covenants that so long as any of the Bonds Similarly Secured remain outstanding, it will keep and maintain separate and complete records and accounts pertaining to the operations of the Project in which complete and correct entries shall be made of all transactions relating thereto as provided by applicable law. The Registered Owners of any Bonds or any duly authorized agent or agents of such Registered Owners shall have the right to inspect the Project and all properties comprising the same. The Authority further agrees that following (and in no event later than six (6) months after) the close of each Fiscal Year, it will cause an audit of such books and accounts to be made by an independent firm of Certified Public Accountants. Expenses incurred in making the annual audit of the operations of the Project are to be regarded as Operation and Maintenance Expenses of the Project.

**Section 17. SALE OR ENCUMBRANCE OF SYSTEM.** While any Bonds remain Outstanding, the Authority will not sell, dispose of or further encumber the Project or any substantial part thereof; provided, however, that this provision shall not prevent the Authority from (i) pledging the Bond Payments and Funds to Additional Bonds or Special Project Bonds as set forth in Sections 13 and 14 of this Resolution or (ii) disposing of any part of the Project which is being replaced or is deemed by the Authority to be obsolete, worn out, surplus or no longer needed for the proper operation of the Project. Any agreement pursuant to which the Authority contracts with a person, corporation, municipal corporation or political subdivision to operate the Project or to lease and/or operate all or part of the Project shall not be considered as an encumbrance of the Project; provided, however, no such agreement shall impair the pledge and lien on the Bond Payments and Funds.

**Section 18. SPECIAL COVENANTS.** The Authority further covenants and agrees that:

(a) **Title.** The Authority lawfully owns or will own and is or will be lawfully possessed of the lands, easements or other property rights (including leasehold interests) upon which its Project is and will be located, and has or will purchase good and indefeasible estate in such lands in fee simple, or has or will lawfully obtain any necessary easements or has or will lawfully obtain property rights (including leasehold interests) to operate the Project, and it warrants that it has or will obtain and will defend, the title to all the aforesaid lands, easements and property rights for the benefit of the Registered Owners of the Bonds against the claims and demands of all persons whomsoever, that it is lawfully qualified to pledge the Bond Payments to the payment of the Bonds Similarly Secured, in the manner prescribed herein, and that it has lawfully exercised such rights.

(b) **Liens.** The Authority will from time to time and before the same become delinquent pay and discharge all taxes, assessments, and governmental charges, if any, which shall be lawfully imposed upon it, or its Project, and it will pay all lawful claims for rents, royalties,

labor, materials, and supplies which if unpaid might by law become a lien or charge upon its Project, provided, however, that no such tax, assessment, or charge, and that no such claims which might be or other lien or charge, shall be required to be paid while the validity of the same shall be contested in good faith by the Authority.

(c) **Performance.** The Authority will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in the resolutions authorizing the issuance of Bonds Similarly Secured, and in each and every Bond Similarly Secured and pay from the Bond Payments the principal of and interest on every Bond Similarly Secured on the dates and in the places and manner prescribed in such resolutions and Bonds Similarly Secured; and that it will, at the times and in the manner prescribed, deposit or cause to be deposited from the Bond Payments the amounts required to be deposited into the Debt Service Fund; and the Registered Owner of the Bonds Similarly Secured may require the Authority, its officials, agents, and employees to carry out, respect, or enforce the covenants and obligations of this Resolution or any resolution authorizing the issuance of Bonds Similarly Secured including, but without limitation, the use and filing of mandamus proceedings, in any court of competent jurisdiction, against the Authority, its officials, agents, and employees.

(d) **Legal Authority.** The Authority is duly authorized under the laws of the State, including the Act, to issue the Bonds Similarly Secured; that all action on its part for the authorization and issuance of the Bonds Similarly Secured has been duly and effectively taken, and the Bonds Similarly Secured in the hands of the Registered Owners thereof are and will be valid and enforceable special obligations of the Authority in accordance with their terms payable solely from the Bond Payments.

(e) **Budget.** The Authority will prepare, adopt, and place into effect an annual budget (the "Annual Budget") for Operation and Maintenance Expenses of the Project for each Fiscal Year, including in each Annual Budget such items as are customarily and reasonably contained in a utility project budget under generally accepted accounting procedures and shall deliver such budget at least 90 days prior to adoption for review and comment by the City.

(f) **Permits.** The Authority will comply with all of the terms and conditions of any and all franchises, permits, and authorizations applicable to or necessary with respect to the Project and which have been obtained from any governmental Authority; and the Authority has or will obtain and keep in full force and effect all franchises, permits, authorizations, and other requirements applicable to or necessary with respect to the acquisition, construction, equipment, operation, and maintenance of the Project.

**Section 19. LIMITED OBLIGATIONS OF THE AUTHORITY.** The Bonds similarly Secured are limited, special obligations of the Authority payable from and equally and ratably secured solely by a lien on and pledge of the Bond Payments, and the Registered Owners thereof shall never have the right to demand payment of the principal or interest on the Bonds Similarly Secured from any funds raised or to be raised through taxation by the City or the Authority.

**Section 20. DEFAULT AND REMEDIES.** (a) *Events of Default.* Each of the following occurrences or events for the purpose of this Resolution is hereby declared to be an Event of Default:

(i) the failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable; or

(ii) default in the performance or observance of any other covenant, agreement or obligation of the Authority, the failure to perform which materially, adversely affects the rights of the Registered Owners of the Bonds, including, but not limited to, their prospect or ability to be repaid in accordance with this Resolution, and, if such default is capable of cure, the continuation thereof for a period of sixty (60) days after notice of such default is given by any Registered Owner to the Authority; or

(iii) a default by the City under the Contract.

(b) *Remedies for Event of Default.*

(i) Upon the happening of any Event of Default, then and in every case, any Registered Owner or an authorized representative thereof, including, but not limited to, a trustee or trustees therefor, may proceed against the Authority, or any official, officer or employee of the Authority in their official capacity, for the purpose of protecting and enforcing the rights of the Registered Owners under this 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. The Registered Owners are third party beneficiaries to the Contract with the ability to enforce the provisions of the Contract for such period that a default exists under the Contract.

(ii) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Registered Owners of Bonds then Outstanding.

(iii) Notwithstanding anything in this Resolution to the contrary, so long as the Purchaser continue to hold the Bonds, the Purchaser may exercise all remedies available to it in law or equity and any provision in this Resolution or the Bonds that restricts or limits the Purchaser's full exercise of these remedies shall be of no force and effect.

(c) *Remedies Not Exclusive.*

(i) 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 Bonds or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Resolution, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under this Resolution.

(ii) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

(iii) By accepting the delivery of a Bond authorized under this Resolution, such Registered Owner agrees that the certifications required to effectuate any covenants or representations contained in this Resolution do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers, employees or trustees of the Authority or the Board.

(iv) None of the members of the Board, nor any other official or officer, agent, or employee of the Authority, shall be charged personally by the Registered Owners with any liability, or be held personally liable to the Registered Owners under any term or provision of this Resolution, or because of any Event of Default or alleged Event of Default under this Resolution.

**Section 21. AMENDMENT OF RESOLUTION.** (a) *Amendments Without Consent.* This Resolution and the rights and obligations of the Board and of the Registered Owners of the Bonds may be modified or amended at any time without notice to or the consent of any Registered Owner of the Bonds or any Bond similarly secured, solely for any one or more of the following purposes:

(i) To add to the covenants and agreements of the Board contained in this Resolution, other covenants and agreements thereafter to be observed, or to surrender any right or power reserved to or conferred upon the Board in this Resolution;

(ii) To cure any ambiguity or inconsistency, or to cure or correct any defective provisions contained in this Resolution, upon receipt by the Board of an opinion of counsel, that the same is needed for such purpose, and will more clearly express the intent of this Resolution;

(iii) To supplement the security for the Bonds, replace or provide an additional Credit Agreement, or change the form of the Bonds or make such other changes in the provisions hereof as the Board may deem necessary or desirable and which shall not, in the judgment of the Board, materially adversely affect the interests of the owners of the Outstanding Bonds;

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

(v) To make such other changes in the provisions hereof as the Board may deem necessary or desirable and which shall not, in the judgment of the Board, materially adversely affect the interests of the owners of the Outstanding Bonds; or

(vi) To assign the Contract to a trustee.

(b) **Amendments With Consent.** Subject to the other provisions of this Resolution, the Registered Owners of Outstanding Bonds aggregating 51% in Outstanding Principal Amount shall have the right from time to time to approve any amendment, other than amendments described in Subsection (a) of this Section, to this Resolution which may be deemed necessary or desirable by the Board; provided, however, that nothing herein contained shall permit or be construed to permit, without the approval of the owners of all of the Outstanding Bonds, the amendment of the terms and conditions in this Resolution or in the Bonds so as to:

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

(c) **Notice.** (i) If at any time the Board shall desire to amend this Resolution other than pursuant to (a) above, the Board shall cause notice of the proposed amendment to be published in a financial newspaper or journal of general circulation in The City of New York, New York (including but not limited to, the Bond Buyer and The Wall Street Journal) or the State (including but not limited to the Texas Bond Reporter) once during each calendar week for at least two (2) successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of the Paying Agent/Registrar for inspection by all owners of the Bonds. Such publication is not required, however, if the Board gives or causes to be given such notice in writing to each Registered Owner of Bonds.

(d) **Receipt of Consents.** Whenever at any time not less than thirty (30) days, and within one (1) year, from the date of the first publication of said notice or other service of written notice of the proposed amendment the Board shall receive an instrument or instruments executed by all of the owners or the owners of at least 51% in Outstanding Principal Amount of 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 amendatory resolution in substantially the same form.

(e) **Effect of Amendments.** Upon the adoption by the Board of any resolution to amend this Resolution pursuant to the provisions of this Section, this Resolution shall be deemed to be amended in accordance with the amendatory resolution, and the respective rights, duties, and obligations of the Board and all the owners of then Outstanding Bonds and all future Bonds shall



thereafter be determined, exercised, and enforced under the resolution and this Resolution, as amended.

(f) **Consent Irrevocable.** Any consent given by any owner of Bonds pursuant to the provisions of this Section shall be irrevocable for a period of six (6) months from the date of the first publication or other service of the notice provided for in this Section, and shall be conclusive and binding upon all future owners of the same Bonds during such period. Such consent may be revoked at any time after six (6) months from the date of the first publication of such notice by the owner who gave such consent, or by a successor in title, by filing notice thereof with the Registrar and the Board, but such revocation shall not be effective if the owners of 51% in Outstanding Principal Amount of Bonds, prior to the attempted revocation, consented to and approved the amendment.

(g) **Ownership.** For the purpose of this Section, the ownership and other matters relating to all Bonds registered as to ownership shall be determined from the Registration Books kept by the Paying Agent/Registrar therefor. The Paying Agent/Registrar may conclusively assume that such ownership continues until written notice to the contrary is served upon the Paying Agent/Registrar.

**Section 22. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE BONDS.** (a) **Covenants.** The Authority 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 Authority 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 Authority, with respect to such private business use, do not, under the terms of this Resolution or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;
- (2) to take any action to assure that in the event that the "private business use" described in subsection (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 5 years or less or, in the case of a refunding bond, for a period of 90 days or less until such proceeds are needed for the purpose for which the bonds are issued,
  - (B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and
  - (C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Bonds;
- (7) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage);
- (8) to refrain from using the proceeds of the Bonds or proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Bonds in contravention of the requirements of section 149(d) of the Code (relating to advance refundings);
- (9) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Bonds) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code;
- (10) to file or cause to be filed with the Secretary of the Treasury, not later than the 15<sup>th</sup> day of the second calendar month after the close of the calendar quarter in which the Bonds are issued, an information statement concerning the Bonds, all under and in accordance with section 149(e) of the Code and the applicable Treasury Regulations promulgated thereunder; and

- (11) the Authority will not acquire any of the Purchaser source series bonds in an amount related to the amount of Bonds acquired by the Purchaser.

(b) **Rebate Fund.** In order to facilitate compliance with the above covenant (8), a "Rebate Fund" is hereby established by the Authority for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation the bondholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) **Proceeds.** The Authority understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations. It is the understanding of the Authority 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 Authority 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 Authority 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 Authority hereby authorizes and directs the Executive Director to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Authority, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

(d) **Allocation Of, and Limitation On, Expenditures for the Project.** The Authority covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 2 of this Resolution (the "Project") on its books and records in accordance with the requirements of the Internal Revenue Code. The Authority recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the Authority recognizes that in order for proceeds to be expended under the Internal Revenue Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired. The Authority agrees to obtain the advice of nationally recognized 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 Bonds. For purposes hereof, the Authority 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.

(e) **Disposition of Project.** The Authority covenants that the property constituting the Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the Authority of cash or other compensation, unless any action taken in connection with such disposition will not adversely affect the tax-exempt status of the Bonds. For purpose of the foregoing, the

Authority may rely on an opinion of nationally recognized bond counsel that the action taken in connection with 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 Authority 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.

(f) **Reimbursement.** This Resolution is intended to satisfy the official intent requirements set forth in section 1.150-2 of the Treasury Regulations.

**Section 23. RESOLUTION TO CONSTITUTE A CONTRACT; EQUAL SECURITY.** In consideration of the acceptance of the Bonds, the issuance of which is authorized hereunder, by those who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Board and the Registered Owners from time to time of the Bonds and the pledge made in this Resolution by the Board and the covenants and agreements set forth in this Resolution to be performed by the Board shall be for the equal and proportionate benefit, security, and protection of all Registered Owners, without preference, priority, or distinction as to security or otherwise of any of the Bonds authorized hereunder 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 Resolution.

**Section 24. 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 Bonds issued hereunder.

**Section 25. PAYMENT AND PERFORMANCE ON BUSINESS DAYS.** Except as provided to the contrary in the FORM OF BOND, whenever under the terms of this Resolution or the Bonds, the performance date of any provision hereof or thereof, including the payment of principal of or interest on the 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 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.

**Section 26. LIMITATION OF BENEFITS WITH RESPECT TO THE RESOLUTION.** With the exception of the rights or benefits herein expressly conferred, nothing expressed or contained herein or implied from the provisions of this Resolution or the Bonds is intended or should be construed to confer upon or give to any person other than the Board, the Registered Owners, and the Paying Agent/Registrar, any legal or equitable right, remedy, or claim under or by reason of or in respect to this Resolution or any covenant, condition, stipulation, promise, agreement, or provision herein contained. This 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 Board, the Registered Owners, and the Paying Agent/Registrar as herein and therein provided.

**Section 27. CUSTODY, APPROVAL, BOND COUNSEL'S OPINION, CUSIP NUMBERS AND PREAMBLE.** The Authority Representative is hereby authorized to have control of the Bonds issued hereunder and all necessary records and proceedings pertaining to the Bonds pending their delivery and approval by the Attorney General of the State. The Authority Representative is hereby authorized, to the extent deemed necessary or advisable thereby, in the discretion thereof, to request that the Attorney General approve the Bonds as permitted by Chapter 1202, Texas Government Code, in which case the Authority Representative also is authorized to request the Comptroller of Public Accounts register the Bonds, and to cause an appropriate legend reflecting such approval and registration to appear on the Bonds and the substitute Bonds. The approving legal opinion of the Board's Bond Counsel and the assigned CUSIP numbers may, at the option of the Board, be printed on the Bonds and on any Bonds issued and delivered in exchange or replacement of any Bond, but neither shall have any legal effect, and shall be solely for the convenience and information of the Registered Owners of the Bonds. The preamble to this Resolution is hereby adopted and made a part of this Resolution for all purposes.

**Section 28. CONTINUING DISCLOSURE UNDERTAKING.** (a) *Annual Reports.* The Authority shall provide annually to the MSRB, (1) within six months after the end of each fiscal year of the Authority, financial and operating data of the general type, being the information of the type described in Exhibit "D" hereto including financial statements of the Authority if audited financial statements of the Authority are then available, and (2) if not provided as part such financial information and operating data, audited financial statements of the Authority, when and if available. Any financial statements to be provided shall be (i) prepared in accordance with the generally accepted accounting principles for governmental units, or such other accounting principles as the Authority may be required to employ from time to time pursuant to state law or regulation, and in substantially the form included in the official statement, and (ii) audited, if the Authority commissions an audit of such financial 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 12 months after any such fiscal year end, then the Authority shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

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

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document 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 Section shall be accompanied by identifying information as prescribed by the MSRB.

(b) **Event Notices.** The Authority shall file notice to notify the MSRB of any of the following events with respect to the Bonds in a timely manner and not more than ten business days after the occurrence of the event:

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

16. A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Authority, any of which reflect financial difficulties.

For these purposes, (a) any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Authority in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of the Authority in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority, and (b) the Authority intends the words used in the immediately preceding paragraphs (15) and (16) and the definition of Financial Obligation in this Section to have the same meanings as when they are used in the Rule, as prescribed by SEC Release No. 34-83885, dated August 20, 2018.

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

(b) ***Limitations, Disclaimers, and Amendments.*** The Board shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Board remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the Board in any event will give notice of any deposit made in accordance with Section 30 of this Resolution that causes the Bonds no longer to be outstanding.

The provisions of this Section are for the sole benefit of the holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Board undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Board's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The Board 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 AUTHORITY 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 AUTHORITY, 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 Authority in observing or performing its obligations under this Section shall comprise a breach of or default under this Resolution for purposes of any other provision of this Resolution.

Should the Rule be amended to obligate the Authority to make filings with or provide notices to entities other than the MSRB, the Board of the Authority 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 Board under federal and state securities laws.

The provisions of this Section may be amended by the Board of the Authority 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 Board, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Resolution that authorizes such an amendment) of the outstanding Bonds consents to such amendment or (b) a person that is unaffiliated with the Board (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the Bonds. If the Board of the Authority so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with paragraph (a) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The Board may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

**Section 29. APPLICATION OF BOND PROCEEDS.** (a) Proceeds from the sale of the Bonds shall, promptly upon receipt thereof, be applied by the Authority Representative as follows:

- (i) accrued interest, if any, for the Bonds shall be deposited as provided in Section 9(a);
- (ii) an amount sufficient to accomplish the purposes of Section 2(b) shall be deposited to the Project Fund; and
- (iii) any proceeds from the sale of the Bonds remaining after the deposits provided for in clauses (i) and (ii) above, shall be applied to pay expenses arising in connection with the issuance of the Bonds.



Any sale proceeds of the Bonds remaining after making all deposits and payments provided for above shall be applied to the payment of interest on the Bonds and deposited into the Debt Service Fund.

**Section 30. DEFEASANCE PROVISIONS.** (a) Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond") within the meaning of this Resolution, except to the extent provided in 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 the establishment of irrevocable provisions for the giving of such notice) 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 or an eligible trust company or commercial bank 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 Authority with the Paying Agent/Registrar or an eligible trust company or commercial bank 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 Bond Payments as provided in this Resolution, 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 or upon the establishment of irrevocable provisions for the giving of such notice, in accordance with this Resolution. Any money so deposited with the Paying Agent/Registrar or an eligible trust company or commercial bank as provided in this Section may at the discretion of the Authority 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 or an eligible trust company or commercial bank 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 remitted to the Authority.

c) Notwithstanding any provision of any other Section of this Resolution 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 Authority shall make proper arrangements to provide and pay for such services as required by this Resolution.

d) Notwithstanding anything elsewhere in this Resolution, if money or Defeasance Securities have been deposited or set aside with the Paying Agent/Registrar or an eligible trust company or commercial bank 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 Authority retains the right under State law to later call that Defeased Bond for redemption in accordance with the provisions of this Resolution, the Authority may call such Defeased Bond for redemption upon complying with the provisions of State 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.

**Section 31. SALE OF BONDS; USE OF PROCEEDS.** (a) *Sale to the Texas Water Development Board.* That the Bonds are hereby sold to the Purchaser for the price of par. The Bonds have been purchased by the Purchaser pursuant to TWDB Resolution No. 17-079, adopted on July 20, 2017, as amended by TWDB Resolution No. 19-077 adopted on July 22, 2019, as amended by TWDB Resolution No. 20-067 adopted on July 23, 2020, as amended by TWDB Resolution No. 22-066 adopted on July 27, 2022 (collectively, the "Purchaser Resolution"). The Bonds initially delivered shall be registered in the name of the Purchaser. The Private Placement Memorandum prepared in connection with the sale of the Bonds to the Purchaser in substantially the form attached to this Resolution is approved. The Authority has determined, based upon the advice provided by its financial advisors, that acceptance of the purchase price for the Bonds is on terms advantageous to, and in the best interests of, the Authority.

(b) *Notice from Purchaser of Sale of Bonds.* It is the intent of the parties to the sale of the Bonds that if the Purchaser ever determines to sell all or a part of the Bonds, it shall notify the Authority at least 60 days prior to the sale of the Bonds of the decision to so sell the Bonds.

(c) *Proceeds.* The proceeds from the sale of the Bonds shall be used in the manner described in the letter of instructions executed by the Authority, or on behalf of the Authority by its financial advisor.

(d) *Payment by Wire Transfer.* Payment of amounts due and owing on the Bonds to the Purchaser shall be made by wire transfer, at no expense to the Purchaser, as provided in the FORM OF BOND.

(e) *Escrow Fund.* By agreeing to purchase the Bonds, the Purchaser agrees that the Bond proceeds shall be deposited into the escrow fund established in the Escrow Agreement between the Authority and BOKF, NA, as escrow agent (the "Escrow Agent").

(f) *Investment of Bond Proceeds.* Proceeds from the sale of the Bonds shall be held at a depository or other properly chartered and authorized institution in accordance with Chapter 2256, Texas Government Code, and Chapter 2257, Texas Government Code.

**Section 32. FURTHER PROCEDURES.** The Authority Representative and all other officers, employees, and agents of the Board, and each of them, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and on behalf of the Board all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution, the Bonds, the sale and delivery of the Bonds and fixing all details in connection therewith. The Authority Representative is authorized to sign this Resolution.

**Section 33. REPEAL OF CONFLICTING RESOLUTIONS.** All resolutions and all parts of any resolutions which are in conflict or inconsistent with this Resolution are hereby repealed and shall be of no further force or effect to the extent of such conflict or inconsistency.

**Section 34. PUBLIC NOTICE.** It is hereby found and determined that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the Meeting at which this Resolution was adopted; that this Resolution would be introduced and considered for adoption at said meeting; 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.

**Section 35. NO PERSONAL LIABILITY.** No covenant or agreement contained in the Bonds, this Resolution or any corollary instrument shall be deemed to be the covenant or agreement of any member of the Board or the City or any officer, agent, employee or representative of the Board or the City in their individual capacity, and neither the directors, officers, agents, employees or representatives of the Board or the City nor any person executing the Bonds shall be personally liable thereon or be subject to any personal liability for damages or otherwise or accountable by reason of the issuance thereof, or any actions taken or duties performed, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the issuance of the Bonds.

**Section 36. APPROVAL OF ESCROW AGREEMENT, PAYING AGENT/REGISTRAR AGREEMENT, BLANKET ISSUER LETTER OF REPRESENTATIONS WITH THE DEPOSITORY TRUST COMPANY AND CREDIT AGREEMENTS.** (a) The Escrow Agreement by and between the Authority and the Escrow Agent ("Escrow Agreement") in substantially the form and substance submitted to the Board is hereby approved, and the Authority Representative is hereby authorized to complete, amend, modify, and execute the Escrow Agreement, as necessary.

(b) The Paying Agent/Registrar Agreement by and between the Authority and the Paying Agent/Registrar ("Paying Agent Agreement"), in substantially the form and substance submitted to the Board is hereby approved and the Authority Representative is hereby authorized and directed to complete, amend, modify, and execute the Paying Agent Agreement, as necessary.

(c) The Blanket Issuer Letter of Representations with the Depository Trust Company has been previously executed by the Authority Representative and is hereby authorized to be utilized in connection with the Bonds.

(d) To the extent permitted by law, the Authority reserves the right to enter into Credit Agreements in connection with the Bonds, upon the written opinion of the Authority Representative that such Credit Agreements are in the best interest of the Authority given the market conditions at the time. The Credit Agreements will constitute a Credit Agreement as defined in this Resolution. The Credit Agreements and the obligations thereunder may, pursuant to their terms, constitute (i) debt secured by a pledge of the Bond Payments on parity with the Bonds Similarly Secured (ii) debt secured by an inferior lien secured by a pledge of the Bond Payments subordinate to the Bonds Similarly Secured or (iii) partially parity and partially inferior lien.

**Section 37. ADDITIONAL COVENANTS.** In connection with the sale of the Bonds to the Purchaser, the Authority covenants as follows:

(a) ***Compliance with the Texas Water Development Board's Rules and Regulations.*** The Authority covenants to comply with the rules and regulations of the Purchaser, and to maintain insurance on the Project in such amount as may be required by the Purchaser, as further addressed in subsection (h) of this Section.

(b) ***Audits.*** For so long as the State owns any of the Bonds, the Authority shall mail a copy of the audit required by this Resolution to the Purchaser. In addition, monthly operating statements for the Project shall be maintained by the Authority and made available, on request, to the Purchaser as long as the State owns any of the Bonds, and the monthly operating statement shall be in such detail as requested by the Development Fund Manager of the Purchaser until this requirement is waived thereby. The Authority shall also provide, or cause to be provided, a copy of the City's audit within 180 days after the City's fiscal year end.

(c) ***Final Accounting.*** Within 60 days of Project completion, the Authority shall render a final accounting to the Purchaser in reference to the total cost incurred by the Authority for the Project which were financed by the issuance of the Bonds, together with a copy of "as built" plans of such Project.

(d) ***Defeasance.*** Should the Authority exercise its right under this Resolution to effect the defeasance of the Bonds, the Authority agrees that it will provide the Purchaser with 30 days written notice of any such defeasance.

(e) ***Segregation of Funds.*** The Authority covenants that proceeds of the Bonds shall remain separate and distinct from other sources of funding from the date of the Purchaser commitment through costing and final disbursement.

(f) ***Environmental Indemnity.*** Proceeds from the Bonds shall not be used by the Authority when sampling, testing, removing, or disposing of contaminated soils and/or media at the Project site. To the extent permitted by law, the Authority agrees to indemnify, hold harmless, and protect the Purchaser from any and all claims, causes of action, or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment, and disposition of any contaminated sewage sludge, contaminated sediments, and/or contaminated media that may be generated by the Authority, its contractors, consultants, agents, officials, and employees as a result of activities relating to the project funded with proceeds of the Bonds.

(g) ***Environmental Determination.*** In connection with the Project financed with the Bonds, the Authority agrees to implement any environmental determination issued by the Executive Administrator of the Purchaser to satisfy the environmental review requirements set forth in 31 Texas Administrative Code 371.

(h) ***Insurance.*** The Authority agrees that it will maintain insurance on the Project in an amount sufficient to protect the Purchaser's interest in the project financed with the proceeds of the Bonds. The Authority may self-insure in respect to satisfying this covenant.

(i) ***No Purchase of Purchaser Bonds.*** The Authority agrees that neither it, nor any related party to the Authority, will purchase, as an investment or otherwise, bonds issued by the Purchaser including, without limitation, bonds issued by the Purchaser, the proceeds of which were used by the Purchaser to purchase the Bonds.

(j) ***Compliance with Federal Contracting Laws.*** The Authority acknowledges that it has a legal obligation to comply with any applicable requirements of federal law relating to contracting with disadvantaged business enterprises.

(k) ***Compliance with State Contracting Laws.*** The Authority acknowledges that it has a legal obligation to comply with any applicable requirements of State law relating to contracting with historically underutilized businesses and will report to the Purchaser the amounts of Project funds, if any, that are used to compensate historically underutilized businesses that work on the Project in accordance with 31 Texas Administrative Code § 363.1312.

(l) ***No Advance Refunding.*** The Authority will not use proceeds of the Bonds to advance refund any outstanding bonds.

**Section 38. APPROVAL CERTIFICATE.** Pursuant to Section 3.1 of the Contract, the City has authorized the execution of an approval certificate attached hereto as Exhibit "F" which evidences the approval of the terms and provisions of the Bonds as set forth herein by the City.

**PASSED AND ADOPTED** this October 31, 2022

**ALLIANCE REGIONAL WATER  
AUTHORITY**

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Authority Representative

## EXHIBIT A

### DEFINITIONS

As used in this Resolution, the following terms and expressions shall have the meanings set forth below, unless the text in this Resolution specifically indicates otherwise.

The term *Additional Bonds* shall mean the obligations issued in accordance with the terms and conditions prescribed in Section 13 hereof.

The term *Annual Payments* shall have the meaning given in the Contract.

The term *Authorized Denominations* shall mean the denomination of \$5,000 or any integral multiple thereof.

The term *Authority* shall mean Alliance Regional Water Authority and any other public Authority succeeding to the powers, rights, privileges and functions of the Authority and, when appropriate, the Board of the Authority.

The term *Authority Representative* shall mean the Chair, Vice Chair or the Executive Director of the Authority or such other person authorized by the Board to act as an Authority Representative.

The term *Average Annual Debt Service Requirements* shall mean that average amount which, at the time of computation, will be required to pay the Debt Service Requirements on all outstanding Bonds Similarly Secured when due (either at Stated Maturity or mandatory redemption) and derived by dividing the total of such Debt Service Requirement by the number of Fiscal Years then remaining before Stated Maturity of such Bonds Similarly Secured. For purposes of this definition, a fractional period of a Fiscal Year shall be treated as an entire Fiscal Year. Capitalized interest payments provided from Bond proceeds shall be excluded in making the aforementioned computation.

The term *Board* shall mean the Board of Directors of the Authority.

The term *Bond Payments* shall mean the payments defined as "Bond Payments" within the Contract that the Authority expects to receive from the City of San Marcos, Texas pursuant to the terms of the Contract.

The term *Bonds* shall mean and include collectively the Bonds issued and delivered 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.

The term *Bonds Similarly Secured* shall mean Series 2017 Bonds, the Series 2019 Bonds, the Series 2020 Bonds and the Bonds issued pursuant to this Resolution and any Additional Bonds hereafter issued by the Authority or bonds issued to refund any of the foregoing if issued in a

manner that provides that the refunding bonds are payable from and equally and ratably secured by a lien on and pledge of the Bond Payments.

The term *Business Day* shall mean any day which is not a Saturday, Sunday, legal holiday, or a day on which banking institutions in The Authority of New York, New York or in the city where the Designated Trust Office of the Paying Agent/Registrar is located are authorized by law or executive order to close.

The term *Certified Public Accountant* shall mean an independent certified public accountant or firm of independent certified public accountants.

The term *City* shall mean the City of San Marcos, Texas.

The term *City System* shall mean and includes the existing combined waterworks and/or wastewater disposal system of the City, together with all future extensions, improvements, enlargements, and additions thereto, including, to the extent permitted by law, storm sewer and drainage and/or reclaimed water systems which are integrated with the waterworks or wastewater disposal system, and all replacements thereof. Provided that, notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the term *City System* shall not include any waterworks or wastewater facilities which are declared by the Authority not to be a part of the City System, and which are hereafter acquired or constructed by the Authority with the proceeds from the issuance of "Special Facilities Bonds," which are hereby defined as being special revenue obligations of the City which are not secured by or payable from the net revenues of the City System, but which are secured by and are payable solely from special contract revenues, or payments received from the City or any other legal entity, or any combination thereof, in connection with such facilities; and such revenues or payments shall not be considered as or constitute gross revenues of the City System, unless and to the extent otherwise provided in the ordinance or ordinances authorizing the issuance of such *Special Facilities Bonds*.

The term *Completion Date* shall mean when the Facilities have been substantially complete, the date specified in a certificate of the Authority and Project Engineer that the Project is substantially completed and ready to be placed in service.

The term *Contract* shall mean the Regional Water Supply Contract dated as of January 9, 2008, together with amendments and supplements thereto including Amendment No. 1 (which by the term of such instrument is designated as a supplement or amendment to such Contract) between the Authority and each Sponsor, conformed copies of the Contract being attached hereto as Exhibit "E" for the purposes of identification.

The term *Credit Agreement* shall mean an Insurance Policy, a surety bond (including any supporting Insurance Agreement), a letter or line of credit or other type of enhancement issued in support of any Bonds or Additional Bonds by a Credit Agreement Provider at the request of the Authority.

The term *Credit Agreement Provider* shall mean (i) with respect to any Credit Agreement consisting of a policy of municipal bond insurance or a surety bond, an issuer of policies of



insurance insuring the timely payment of scheduled debt service on governmental obligations such as any Series of Bonds or Additional Bonds, provided that a Rating Authority having an outstanding rating on the Bonds or Additional Bonds would rate the Bonds or Additional Bonds upon delivery of the Bonds or Additional Bonds fully insured by a standard policy issued by the issuer in its highest generic rating category for such obligations; and (ii) with respect to any Credit Agreement consisting of a letter or line of credit, any financial institution, provided that a Rating Authority having an outstanding rating on the Bonds or Additional Bonds would rate the Bonds or Additional Bonds in one of its two highest generic rating categories for such obligations if the letter or line of credit proposed to be issued by such financial institution secured the timely payment of the entire principal amount of a series of Bonds or Additional Bonds and the interest thereon.

The term *Debt Service Fund* shall mean the special fund or account created and established by the provisions of Section 9(a) of this Resolution.

The term *Debt Service Requirements* shall mean as of any particular date of computation, with respect to any obligations and with respect to any period, the aggregate of the amounts to be paid or set aside by the Authority as of such date or in such period for the payment of the principal of, premium, if any, and interest (to the extent not capitalized) on such obligations; assuming, in the case of obligations without a fixed numerical rate, that such obligations bear interest calculated by (a) either (i) an interest rate equal to the average rate borne by such Bonds (or by comparable debt in the event that such Bonds have not been outstanding during the preceding 24 months) for any 24 month period ending within 30 days prior to the date of calculation, (ii) if the Bonds bear interest at tax-exempt rates, an interest rate equal to the 24 month average of the Index (as most recently published in The Bond Buyer), unless such index is no longer published in The Bond Buyer, in which case the index to be used in its place shall be that index which the Authority Representative determines most closely replicates such index as set forth in a certificate of the Authority Representative, (iii) if the Bonds bear interest at taxable rates, the index which the Authority Representative determines is an accepted market index for taxable rates, (iv) that interest rate which, in the judgment of the Authority Representative, based, to the extent possible, upon an accepted market index which corresponds with the provisions of the subject Bonds, is the average rate anticipated to be in effect with respect to such Bonds or (v) that interest rate which, in the judgment of the Authority Representative, based upon the interest rate methodology in the applicable Credit Agreement if calculating payments under a Credit Agreement, is the average rate anticipated to be in effect; and (b) that the debt service of such bonds is amortized such that annual debt service is substantially level over the remaining stated life of such bonds, and further assuming in the case of obligations required to be redeemed or prepaid as to principal prior to Stated Maturity, the principal amounts thereof will be redeemed prior to Stated Maturity in accordance with the mandatory redemption provisions applicable thereto.

The term *Defeasance Securities* shall mean (i) Federal Securities, (ii) noncallable obligations of an Authority or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the Authority or instrumentality and that, on the date the Board adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provides 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, (iii) non-callable obligations of a state or an Authority or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Board 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, or (iv) any additional securities and obligations hereafter authorized by the laws of the State as eligible for use to accomplish the discharge of obligations such as the Bonds.

The term *Depository* shall mean an official depository bank of the Authority.

The term *Designated Trust Office* shall have the meaning ascribed to said term in Section 5(b) of this Resolution.

The term *Engineering Report* shall mean the "Final Report of the Plumbing Plan," prepared by Lockwood, Andrews & Newnan, Inc., dated September 21, 2007, as such report may be amended, modified, changed or superseded with the approval of the Authority and Sponsors, at any time prior to the execution of construction contracts for the Project or as modified and changed by change orders issued after the execution of such construction contracts; provided, however, no such change orders shall adversely affect any of the Sponsors without the consent of the Sponsors.

The term *Facilities* shall mean the facilities, wells, diversion structures, treatment plants, storage tanks, capacity rights, lines, booster pumps, and other appurtenances sufficient to produce, divert, treat and deliver the water to which the Sponsors are entitled under the Contract and any improvements, additions, or extensions to such Facilities hereafter acquired or constructed to deliver water between such places.

The term *Federal Securities* shall mean direct, non-callable 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).

The term *Financial Obligation* shall mean (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

The term *Fiscal Year* shall mean the twelve-month accounting period used by the Authority in connection with the operation of the Project, currently ending on September 30th of each year, which may be any twelve consecutive month period established by the Authority, but in no event may the Fiscal Year be changed more than one time in any three-calendar year period.

The term *Fitch* shall mean Fitch Ratings, Inc., its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a

securities rating Authority, Fitch shall be deemed to refer to any other nationally recognized securities rating Authority designated by the Authority.

The term *Funds* shall mean the Debt Service Fund and Project Fund created and held pursuant to this Resolution.

The term *Government Securities* shall mean (i) direct non-callable obligations of the United States, including obligations that are unconditionally guaranteed by, the United States of America; (ii) non-callable obligations of an Authority or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the Authority or instrumentality and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; (iii) non-callable obligations of a state or an Authority 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 issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; or (iv) any additional securities and obligations hereafter authorized by the laws of the State as eligible for use to accomplish the discharge of obligations such as the Bonds.

The term *Interest Payment Date* shall mean the date semiannual interest is payable on the Bonds, while any of the Bonds remain Outstanding as set forth in the FORM OF BOND.

The term *IRS Code* shall mean the Internal Revenue Code of 1986, as amended.

The term *Land Interests* shall mean the easements, right-of-way, and other interests in real property necessary for the acquisition, construction, and operation of the Facilities and the Water Rights for the Project.

The term *MSRB* means the Municipal Securities Rulemaking Board.

The term *Maturity* shall mean the date on which the principal of a Bond becomes due and payable as therein and herein provided, whether at Stated Maturity, by redemption or otherwise.

The term *Moody's* shall mean Moody's Investors Service, Inc., its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating Authority, Moody's shall be deemed to refer to any other nationally recognized securities rating Authority designated by the Authority.

The term *Operation and Maintenance Expenses* shall mean all direct costs and expenses incurred by the Authority for its operation and maintenance, including but not limited to, the operation and maintenance of the Project, including (for greater certainty but without limiting the generality of the foregoing) amounts payable under any contract with any person, including, but not limited to any federal, state, or local Authority for the right to produce, withdraw or divert and use water, any contribution or payment in lieu of taxes or any fee or charge by any government authority relating to the Authority's production, withdrawal or diversion of or sale of treated water

hereunder, the costs of utilities, supervision, engineering, accounting, auditing, legal services, insurance premiums, supplies, services, and administration of the Project, Overhead Expenses, any required costs of mitigation and land management incidental to Project operation, and costs of operating, repairing, maintaining, and replacing equipment for proper operation and maintenance of the Project. The term "Operation and Maintenance Expenses" does not include depreciation charges or such portion of the above-described costs to the extent such costs are paid pursuant to an agreement other than the Contract.

The term *Outstanding* shall mean when used in this Resolution with respect to Bonds means, as of the date of determination, all Bonds of any series issued and delivered pursuant to this Resolution, except:

(1) those Bonds canceled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;

(2) those Bonds for which payment has been duly provided by the Authority in accordance with the provisions of Section 30 of this Resolution by the irrevocable deposit with the Paying Agent/Registrar, or an authorized escrow agent, of money or Government Securities, or both, in the amount necessary to fully pay the principal of, premium, if any, and interest thereon to maturity or redemption, as the case may be, provided that, if such Bonds are to be redeemed, notice of redemption thereof shall have been duly given pursuant to this Resolution or irrevocably provided to be given to the satisfaction of the Paying Agent/Registrar, or waived; and

(3) those Bonds that have been mutilated, destroyed, lost, or stolen and replacement Bonds have been registered and delivered in lieu thereof as provided in Section 5(f) of this Resolution.

The term *Overhead Expenses* shall mean the Authority's reasonable and necessary costs and expenses incurred at any time directly related to the issuance and servicing of the Bonds, the acquisition of Land Interests required for the Project, the design, permitting, financing, acquisition, construction, and ownership of the Project and any other activities required of or involving the Authority in connection with or attributable to the Project or the Bonds, including, but not limited to: (i) per diem and reimbursable expenses incurred by the Directors of the Authority for special meetings of the Authority's Board related to the Project; (ii) services of the professional, technical skilled and unskilled persons and firms engaged by or associated with the Authority, other than Authority staff personnel, together with their reimbursable expenses paid or required to be paid by the Authority; (iii) salaries of the Authority's staff attributable to the Project or the Bonds based on time expended, as documented or reasonably estimated by the President, Board of the Authority; (iv) the costs of preparing applications for and obtaining all approvals and authorizations required for the Project or the Bonds from the regulatory authorities having jurisdiction; (v) the cost of property casualty and public liability insurance incurred prior to the Completion Date; including any insurance deductible charged to or required to be paid by the Authority; provided that if the Authority is unable to obtain such insurance on an occurrence basis, then any expense incurred by the Authority from and after the Completion Date for casualty and public liability insurance, including any insurance deductible, shall be paid by the Sponsors; (vi) all costs incurred in litigation

involving or relating to the Project; and (vii) any and all other costs and expenses, including out-of-pocket expenses, incurred by the Authority attributable to the Project or the Bonds, whether enumerated above or not, and whether or not included in the definition or as a part of Project Costs.

The terms *Paying Agent/Registrar*, *Paying Agent* or *Registrar* shall mean the agent appointed pursuant to Section 5 of this Resolution or any successor to such agent.

The term *Participating Entities* shall mean with respect to the Contract, Cities of Buda, Kyle and San Marcos and Canyon Regional Water Authority.

The term *Phase 1A Project* shall mean the design and construction of facilities to interconnect the Cities of Kyle and Buda water systems. The Project will use the Phase 1A Project facilities to deliver Carrizo water into the Buda system. Facilities include a possible water pump section, pumps, ground storage tank, chlorine treatment system, yard piping necessary to receive and pump water, fee simple purchase of property for the pump station and new transmission pipeline.

The term *Phase 1B Improvements Project* shall include design, construction and equipment of multiple wells drilled and installed; the primary collection line from the well field to the treatment plant along with the individual collection lines; a sand filter water treatment plant including filters, disinfection equipment, high service pump station, and clearwell storage; plant construction in phases with Phase 1B expected to provide a treatment capacity of approximately 5 MGD, with an ultimate plant buildout of approximately 35 MGD; and transmission mains from the water treatment plant to the Project's Phase 1A infrastructure all as further set forth in the Authority's application to the Texas Water Development Board.

The term *Project* shall mean, collectively, the Land Interests and the Facilities as described in the recitals to the Contract and in the Engineering Report.

The term *Project Costs* shall mean and includes, without limitation, the following costs incurred for the Project by or on behalf of the Authority or the Sponsors: (i) the cost of acquisition of the Land Interests, including appraisals, closing costs and title insurance policies; (ii) the cost of acquisition, construction, repair, replacement, improvement or decommissioning of the Facilities, and any structure, item of equipment, or other item, used for, or in connection with, the Project; (iii) the cost of site preparation of the Land Interests, including demolition or removal of structures and improvements as necessary or incident to accomplishing the Project; (iv) the cost of engineering, legal, architectural or other related services; (v) the preparation cost of plans, specifications, studies, surveys, cost estimates, and other expenses necessary or incident to planning, providing, or financing the Project; (vi) the cost of machinery, equipment, furnishings, and facilities necessary or incident to placing the Project in operation; (vii) finance charges and interest before, during, and after construction as permitted by the laws of the State; (viii) costs incurred in connection with financing the project, including, without limitation: (1) financing, legal, accounting, financial advisory, rating Authority, and auditing fees, expenses and disbursements; (2) the cost of printing, engraving, and reproduction services; and (3) the cost of a trustee's or paying agent's initial or acceptance fee and subsequent fees; (ix) all costs, fees and expenses of litigation of all kinds; (x) the cost of property casualty and public liability insurance; (xi) the fees and costs of the anticipated Purchaser of the Bonds, including underwriting services, if applicable;

reimbursement of the costs previously incurred by the Sponsors with respect to the Project; and (xiii) other costs generally recognized as a part of Project construction costs.

The term *Project Engineer* shall mean such engineer or engineering firm selected by the Authority.

The term *Purchaser* shall mean the initial purchaser of the Bonds, the Texas Water Development Board.

The term *Record Date* shall mean the Business Day of each month as set forth in the FORM OF BOND.

The term *Registration Books* shall mean the books or records relating to the registration, payment and transfer or exchange of the Bonds maintained by the Paying Agent/Registrar pursuant to Section 5 of this Resolution.

The term *Registered Owner* shall mean the entity or person in whose names any of the Bonds are registered in the Registration Books.

The term *Resolution* shall mean this resolution adopted by the Board of Authority on October 31, 2022.

The term *Rule* shall mean SEC Rule 15c2-12, as amended from time to time.

The term *SEC* means the United States Securities and Exchange Commission.

The term *Series* shall mean any designated Series of Bonds issued pursuant to this Resolution.

The term *Series 2017 Bonds* shall mean the Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of San Marcos, Texas), Series 2017C.

The term *Series 2019 Bonds* shall mean the Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of San Marcos, Texas), Series 2019C.

The term *Series 2020 Bonds* shall mean the Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of San Marcos, Texas), Series 2020C.

The term *Special Project Bonds* shall mean obligations which the Authority expressly reserves the right to issue in Section 14 of this Resolution.

The term *State* shall mean the State of Texas.

The term *Stated Maturity* shall mean, when used with respect to the Bonds, the scheduled maturity or mandatory sinking fund redemption date of a series of the Bonds.

The term *Water Rights* shall mean the right to produce, withdraw or divert water, and transport the water from the location where it is produced, withdrawn, or diverted into Caldwell

County, Guadalupe County, Hays County, and the surrounding counties. "Water Rights" are a component of "Land Interests."

**EXHIBIT B**  
**FORM OF BOND**

**REGISTERED  
NO.** \_\_\_\_\_

**REGISTERED  
PRINCIPAL AMOUNT**  
**\$17,210,000**

**UNITED STATES OF AMERICA STATE OF TEXAS  
ALLIANCE REGIONAL WATER AUTHORITY  
CONTRACT REVENUE BONDS  
(REGIONAL WATER SUPPLY CONTRACT PROJECT –  
CITY OF SAN MARCOS, TEXAS)  
SERIES 2022C**

<u><b>BOND DATE</b></u>	<u><b>STATED MATURITY</b></u>	<u><b>INTEREST RATE</b></u>	<u><b>CUSIP NO.</b></u>
November 16, 2022		%	

**REGISTERED OWNER:** \_\_\_\_\_

**PRINCIPAL AMOUNT:** **SEVENTEEN MILLION TWO HUNDRED TEN THOUSAND DOLLARS**

The Alliance Regional Water Authority (the "Authority"), a conservation and reclamation district of the State of Texas (the "State"), created by the Cities of Buda, Kyle and San Marcos, Texas and the Canyon Regional Water Authority a conservation and reclamation district and political subdivision of the State created and existing pursuant to Article XVI, Section 59 of the Texas Constitution and existing under the laws of the State, for value received, hereby promises to pay to the order of the Registered Owner specified above, or the registered assigns thereof, on the Stated Maturity date specified above, the Principal Amount specified above (or so much thereof as shall not have been paid upon prior redemption), and to pay interest on the unpaid principal amount hereof from the Bond Date, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, to the earlier of redemption or Stated Maturity, at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 of each year commencing August 15, 2023.

Principal and premium, if any, of this Bond shall be payable to the Registered Owner hereof (the "Holder") upon presentation and surrender, at a corporate trust office of the Paying Agent/Registrar executing the registration certificate appearing hereon or a successor thereof. Interest shall be payable to the Holder of this Bond (or one or more Predecessor Bonds, as defined in the Resolution hereinafter referenced) whose name appears on the Security Register maintained by the Paying Agent/Registrar at the close of business on the Record Date, which is the



last Business Day of the month next preceding each interest payment date. All payments of principal of and interest on this Bond shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. The foregoing notwithstanding, so long as the Texas Water Development Board is the registered owner of 100% in aggregate principal amount of the Bonds then outstanding, payment of principal and interest on the Bonds shall be made thereto by wire transfer, at no expense to the Texas Water Development Board. 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, payments made to the securities depository, or its nominee, shall be made in accordance with arrangements between the Authority and the securities depository.

This Bond is one of the series specified in its title issued in the aggregate principal amount of \$17,210,000 (the "Bonds") pursuant to a resolution adopted by the governing body of the Authority (the "Resolution"), (i) FOR CONSTRUCTING, ACQUIRING, IMPROVING AND/OR EXPANDING THE PROJECT INCLUDING BUT NOT LIMITED TO THE PHASE 1B IMPROVEMENTS WATER SUPPLY PROJECT AND (ii) PAYING THE COSTS OF ISSUANCE OF THE BONDS.

The Bonds stated to mature on and after August 15, 2033 may be redeemed prior to their Stated Maturities, at the option of the Authority, in inverse order of maturity on February 15, 2033, or on any date thereafter, in whole or in part in an Authorized Denomination (and if within a Stated Maturity selected at random and by lot by the Paying Agent/Registrar) at the redemption price of par, together with accrued interest to the date of redemption, and upon thirty (30) days prior written notice being given by United States mail, first-class postage prepaid, to Holders of the Bonds to be redeemed, and subject to the terms and provisions relating thereto contained in the Resolution. If this Bond is subject to redemption prior to Stated Maturity and in an Authorized Denomination thereof may be redeemed, and, if less than all of the principal sum hereof is to be redeemed, there shall be issued, without charge therefor, to the Holder hereof, upon the surrender of this Bond to the Paying Agent/Registrar at its corporate trust office, a new Bond or Bonds of like Stated Maturity and interest rate in any authorized denominations provided in the Resolution for the then unredeemed balance of the principal sum hereof.

If this Bond (or any portion of the principal sum hereof) shall have been duly called for redemption and notice of such redemption duly given, then upon such redemption date this Bond (or the portion of the principal sum hereof to be redeemed) shall become due and payable, and, if money for the payment of the redemption price and the interest accrued on the principal amount to be redeemed to the date of redemption is held for the purpose of such payment by the Paying Agent/Registrar, interest shall cease to accrue and be payable hereon from and after the redemption date on the principal amount hereof to be redeemed. If this Bond is called for redemption, in whole or in part, the Authority or the Paying Agent/Registrar shall not be required to issue, transfer, or exchange this Bond within forty-five (45) days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the Holder of the unredeemed balance hereof in the event of its redemption in part.

The Bonds of this series are special obligations of the Authority payable from and equally and ratably secured solely by a lien on and pledge of the Bond Payments received by the Authority from the Authority pursuant to the provisions of the Contract. In the Resolution, the Authority reserves and retains the right to issue Additional Bonds, without limitation as to principal amount but subject to any terms, conditions, or restrictions set forth in the Resolution or as may be applicable thereto under law or otherwise. The Bonds do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any property of the Authority or System, except with respect to the Bond Payments.

The Holder hereof shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

Reference is hereby made to the Resolution, copies of which are on file in the corporate trust office of the Paying Agent/Registrar, and to all of the provisions of which the Holder by his acceptance hereof hereby assents, for definitions of terms; the description and nature of the Special Payments pledged for the payment of the Bonds; the terms and conditions under which the Authority may issue Additional Bonds; the terms and conditions relating to the transfer or exchange of the Bonds; the conditions upon which the Resolution may be amended or supplemented with or without the consent of the Holders; the rights, duties, and obligations of the Authority and the Paying Agent/Registrar; the terms and provisions upon which this Bond may be redeemed or discharged at or prior to the Stated Maturity thereof, and deemed to be no longer Outstanding thereunder; and for the other terms and provisions specified in the Resolution. Capitalized terms used herein have the same meanings assigned in the Resolution.

This Bond, subject to certain limitations contained in the Resolution, may be transferred on the Registration Books upon presentation and surrender at a corporate trust office of the Paying Agent/Registrar, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by the Holder hereof, or his duly authorized agent, and thereupon one or more new fully registered Bonds of the same Stated Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued to the designated transferee or transferees.

The Authority and the Paying Agent/Registrar, and any agent of either, shall treat the Holder hereof whose name appears on the Security Register (i) on the Record Date as the owner hereof for purposes of receiving payment of interest hereon, (ii) on the date of surrender of this Bond as the owner hereof for purposes of receiving payment of principal hereof at its Stated Maturity, or its redemption, in whole or in part, and (iii) on any other date as the owner hereof for all other purposes, and neither the Authority nor the Paying Agent/Registrar, or any such agent of either, shall be affected by notice to the contrary. In the event of a non-payment of interest on a scheduled payment date, and for thirty (30) 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 Authority. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date" - which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class

postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

It is hereby certified, covenanted, and represented that all acts, conditions, and things required to be performed, exist, and be done precedent to the issuance of this Bond in order to render the same a legal, valid, and binding special obligation of the Authority have been performed, exist, and have been done, in regular and due time, form, and manner, as required by law, and that issuance of the Bonds does not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on the Bonds by a lien on and pledge of the Bond Payments and as otherwise provided in this Resolution. In case any provision in this Bond or any application thereof shall be deemed invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. The terms and provisions of this Bond and the Resolution shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the Board of the Authority has caused this Bond to be duly signed with the manual or facsimile signature of the Chair or Vice Chair of the Board of the Authority and countersigned with the manual or facsimile signature of the Secretary of the Board of the Authority.

ALLIANCE REGIONAL WATER  
AUTHORITY

\_\_\_\_\_  
Chair, Board

ATTESTED:

\_\_\_\_\_  
Secretary, Board

- A. Form of Registration Certificate of Comptroller of Public Accounts to Appear on Initial Bond Only.

**REGISTRATION CERTIFICATE OF  
COMPTROLLER OF PUBLIC ACCOUNTS**

**OFFICE OF THE COMPTROLLER OF  
PUBLIC ACCOUNTS  
THE STATE OF TEXAS**

§  
§  
§  
§

**REGISTER NO.** \_\_\_\_\_

I HEREBY CERTIFY that this Bond has been examined and approved by the Attorney General of the State of Texas, and duly registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS my signature and seal of office this \_\_\_\_\_.

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

B. Form of Certificate of Paying Agent/Registrar to Appear on Definitive Bonds Only:

This Bond has been duly issued under the provisions of the within-mentioned Resolution; the Bond or Bonds of the above-entitled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

Registered this date: \_\_\_\_\_

**BOKF, NA**  
as Paying Agent/Registrar

By: \_\_\_\_\_  
Authorized Signature

C. Form of Assignment:

**ASSIGNMENT**

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto (Print or typewrite name, address, and zip code of transferee): \_\_\_\_\_

(Social Security or other identifying number): \_\_\_\_\_

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

DATED: \_\_\_\_\_

\_\_\_\_\_  
NOTICE: The signature on this assignment must correspond

with the name of the registered owner as it appears on the face of the within Bond in every particular.

Signature guaranteed:

\_\_\_\_\_

D. The Initial Bond of each series shall be in the form set forth in paragraph B of this Section, except that the form of a single fully registered Initial Bond shall be modified as follows:

- i) immediately under the name of the Bond(s) the headings "Interest Rate" and "Stated Maturity" shall both be completed "as shown below";
- ii) the first two paragraphs shall read as follows:

Registered Owner: \_\_\_\_\_

Principal Amount: \_\_\_\_\_

The Alliance Regional Water Authority (the "Authority"), a conservation and reclamation district of the State of Texas, with its principal office located in San Marcos, Texas, for value received, hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, the Principal Amount specified above on the 15th day of August in each of the years and in principal amounts and bearing interest at per annum rates in accordance with the following schedule:

Year of Stated Maturity (August 15)	Principal Amounts	Interest Rates
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(Information to be inserted from Sections 3 and 4).

(or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid Principal Amount hereof from the Bond Date, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, to Stated Maturity or prior redemption, at the per annum rates of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15, commencing August 15, 2023 (the "Interest Payment Date").

Principal and premium, if any, of this Bond shall be payable to the Registered Owner hereof (the Holder), upon its presentation and surrender, at a corporate trust office of BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"). Interest shall be payable to the Holder of this Bond whose name appears on the Security Register maintained by the Paying Agent/Registrar at the close of business on the Record Date, which is the last Business Day of the month next preceding each interest payment date. All payments of principal of and interest on this Bond

shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Interest shall be paid by the Paying Agent/Registrar by check sent on or prior to the appropriate date of payment by United States mail, first-class postage prepaid, to the Holder hereof at the address appearing in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder hereof.

**EXHIBIT C**

**FORM OF PROJECT FUND REQUISITION**

**PROJECT FUND REQUISITION**

DATE: \_\_\_\_\_

Alliance Regional Water Authority hereby makes this requisition pursuant to "A Resolution by the Board of the Alliance Regional Water Authority Authorizing the Issuance of Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of San Marcos, Texas), Series 2022C; and Resolving Other Matters Incident and Relating to the Issuance, Payment, Security, Sale, and Delivery of Such Bonds" adopted by the Board of the Authority on October 31, 2022. The undersigned hereby authorizes disbursement from the Project Fund to pay Project Costs for the purposes and in the amounts as follows:

<u>Name of Payee</u>	<u>Nature of Disbursement</u>	<u>Amount</u>
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## **EXHIBIT D**

### **CONTINUING DISCLOSURE**

#### **DESCRIPTION OF ANNUAL FINANCIAL INFORMATION**

The following information is referred to in Section 28 of this Resolution.

#### **Annual Financial Statements and Operating Data**

The financial information and operating data with respect to the City of San Marcos, Texas to be provided annually in accordance with such Section 28 are audited financial statements of the City of San Marcos, Texas.

#### **Accounting Principles**

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



**EXHIBIT E**

**REGIONAL WATER SUPPLY CONTRACT**

**EXHIBIT F**

**APPROVAL CERTIFICATE**

The undersigned Authorized Representative of the City of San Marcos, Texas pursuant to the resolution (the "Resolution") authorizing the issuance of obligations designated as "Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of San Marcos, Texas), Series 2022C" (the "Bonds") hereby approves the following terms of the Bonds:

- (i) the total principal amount of the Bonds of \$17,210,000;
- (ii) the purchase price for the Bonds is \$17,210,000 (representing the original principal amount of the Bonds);
- (iii) the interest rates and maturity schedule for the Bonds are as set forth below:

<u>YEAR OF STATED MATURITY</u> <u>(August 15)</u>	<u>PRINCIPAL AMOUNTS(\$)</u>	<u>INTEREST RATES(%)</u>	<u>YEAR OF STATED MATURITY</u> <u>(August 15)</u>	<u>PRINCIPAL AMOUNTS(\$)</u>	<u>INTEREST RATES(%)</u>
2024	\$740,000	2.430%	2034	\$905,000	3.010%
2025	755,000	2.460	2035	925,000	3.100
2026	770,000	2.490	2036	955,000	3.380
2027	785,000	2.520	2037	980,000	3.420
2028	800,000	2.550	2038	1,010,000	3.450
2029	815,000	2.580	2039	1,040,000	3.490
2030	830,000	2.630	2040	1,070,000	3.530
2031	845,000	2.680	2041	1,105,000	3.570
2032	865,000	2.720	2042	1,135,000	3.600
2033	880,000	2.860			

- (iv) the Bonds are subject to redemption as set forth below:

The Bonds stated to mature on and after August 15, 2033 may be redeemed prior to their Stated Maturities, at the option of the Authority, in inverse order of maturity on February 15, 2033, or on any date thereafter, in whole or in part in an Authorized Denomination (and if within a Stated Maturity selected at random and by lot by the Paying Agent/Registrar) at the redemption price of par, together with accrued interest to the date of redemption, and upon thirty (30) days prior written notice being given by United States mail, first-class postage prepaid, to Holders of the Bonds to be redeemed, and subject to the terms and provisions relating thereto contained in the Resolution. If any Bond subject to redemption prior to Stated Maturity and in an Authorized Denomination thereof may be redeemed, and, if less than all of the principal sum is to be redeemed, there shall be issued, without charge therefor, to the Holder thereof, upon the surrender of such Bond to the Paying Agent/Registrar at its corporate trust office, a new Bond of like Stated Maturity and interest rate in any authorized denominations provided in the Resolution for the then unredeemed balance of the principal sum.

If the Bond (or any portion of the principal sum) shall have been duly called for redemption and notice of such redemption duly given, then upon such redemption date the Bond (or the portion of the principal sum to be redeemed) shall become due and payable, and, if money for the payment of the redemption price and the interest accrued on the principal amount to be redeemed to the date of redemption is held for the purpose of such payment by the Paying Agent/Registrar, interest shall cease to accrue and be payable from and after the redemption date on the principal amount to be redeemed. If the Bond is called for redemption, in whole or in part, the Authority or the Paying Agent/Registrar shall not be required to issue, transfer, or exchange the Bond within forty-five (45) days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the Holder of the unredeemed balance in the event of its redemption in part; and

(v) the Bonds have been approved for issuance by the Texas Water Development Board and will be approved by the Texas Attorney General.

**EXECUTED AND DELIVERED THIS** 18th day of October, 2022.

**CITY OF SAN MARCOS, TEXAS**

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

FINAL

**Alliance Regional Water Authority**

\$17,210,000 Contract Revenue Bonds (Regional Water Supply Contract Project -  
City of San Marcos, Texas), Series 2022C (20-Year Low Interest - Level)  
11/16/22 Closing and Final Rates Provided by the TWDB on 10/5/22

**Sources & Uses**

Dated 11/16/2022 | Delivered 11/16/2022

**Sources Of Funds**

Par Amount of Bonds	\$17,210,000.00
<b>Total Sources</b>	<b>\$17,210,000.00</b>

**Uses Of Funds**

Costs of Issuance	283,493.00
Deposit to Project Construction Fund	16,926,507.00
<b>Total Uses</b>	<b>\$17,210,000.00</b>

FINAL

## Alliance Regional Water Authority

\$17,210,000 Contract Revenue Bonds (Regional Water Supply Contract Project -  
City of San Marcos, Texas), Series 2022C (20-Year Low Interest - Level)  
11/16/22 Closing and Final Rates Provided by the TWDB on 10/5/22

## Pricing Summary

<b>Maturity</b>	<b>Type of Bond</b>	<b>Coupon</b>	<b>Yield</b>	<b>Maturity Value</b>	<b>Price</b>	<b>Dollar Price</b>
08/15/2024	Serial Coupon	2.430%	2.430%	740,000.00	100.000%	740,000.00
08/15/2025	Serial Coupon	2.460%	2.460%	755,000.00	100.000%	755,000.00
08/15/2026	Serial Coupon	2.490%	2.490%	770,000.00	100.000%	770,000.00
08/15/2027	Serial Coupon	2.520%	2.520%	785,000.00	100.000%	785,000.00
08/15/2028	Serial Coupon	2.550%	2.550%	800,000.00	100.000%	800,000.00
08/15/2029	Serial Coupon	2.580%	2.580%	815,000.00	100.000%	815,000.00
08/15/2030	Serial Coupon	2.630%	2.630%	830,000.00	100.000%	830,000.00
08/15/2031	Serial Coupon	2.680%	2.680%	845,000.00	100.000%	845,000.00
08/15/2032	Serial Coupon	2.720%	2.720%	865,000.00	100.000%	865,000.00
08/15/2033	Serial Coupon	2.860%	2.860%	880,000.00	100.000%	880,000.00
08/15/2034	Serial Coupon	3.010%	3.010%	905,000.00	100.000%	905,000.00
08/15/2035	Serial Coupon	3.100%	3.100%	925,000.00	100.000%	925,000.00
08/15/2036	Serial Coupon	3.380%	3.380%	955,000.00	100.000%	955,000.00
08/15/2037	Serial Coupon	3.420%	3.420%	980,000.00	100.000%	980,000.00
08/15/2038	Serial Coupon	3.450%	3.450%	1,010,000.00	100.000%	1,010,000.00
08/15/2039	Serial Coupon	3.490%	3.490%	1,040,000.00	100.000%	1,040,000.00
08/15/2040	Serial Coupon	3.530%	3.530%	1,070,000.00	100.000%	1,070,000.00
08/15/2041	Serial Coupon	3.570%	3.570%	1,105,000.00	100.000%	1,105,000.00
08/15/2042	Serial Coupon	3.600%	3.600%	1,135,000.00	100.000%	1,135,000.00
<b>Total</b>	-	-	-	<b>\$17,210,000.00</b>	-	<b>\$17,210,000.00</b>

## Bid Information

Par Amount of Bonds	\$17,210,000.00
Gross Production	\$17,210,000.00
Bid (100.000%)	17,210,000.00
Total Purchase Price	\$17,210,000.00
Bond Year Dollars	\$197,229.69
Average Life	11.460 Years
Average Coupon	3.2303449%
Net Interest Cost (NIC)	3.2303449%
True Interest Cost (TIC)	3.2036585%

2022C \$17.21mm San Marcos | SINGLE PURPOSE | 10/ 6/2022 | 9:04 AM

FINAL

**Alliance Regional Water Authority**

\$17,210,000 Contract Revenue Bonds (Regional Water Supply Contract Project - City of San Marcos, Texas), Series 2022C (20-Year Low Interest - Level)  
 11/16/22 Closing and Final Rates Provided by the TWDB on 10/5/22

**Debt Service Schedule**

Part 1 of 2

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Total P+I</u>	<u>Fiscal Total</u>
11/16/2022	-	-	-	-	-
08/15/2023	-	-	389,331.92	389,331.92	-
09/30/2023	-	-	-	-	389,331.92
02/15/2024	-	-	260,519.50	260,519.50	-
08/15/2024	740,000.00	2.430%	260,519.50	1,000,519.50	-
09/30/2024	-	-	-	-	1,261,039.00
02/15/2025	-	-	251,528.50	251,528.50	-
08/15/2025	755,000.00	2.460%	251,528.50	1,006,528.50	-
09/30/2025	-	-	-	-	1,258,057.00
02/15/2026	-	-	242,242.00	242,242.00	-
08/15/2026	770,000.00	2.490%	242,242.00	1,012,242.00	-
09/30/2026	-	-	-	-	1,254,484.00
02/15/2027	-	-	232,655.50	232,655.50	-
08/15/2027	785,000.00	2.520%	232,655.50	1,017,655.50	-
09/30/2027	-	-	-	-	1,250,311.00
02/15/2028	-	-	222,764.50	222,764.50	-
08/15/2028	800,000.00	2.550%	222,764.50	1,022,764.50	-
09/30/2028	-	-	-	-	1,245,529.00
02/15/2029	-	-	212,564.50	212,564.50	-
08/15/2029	815,000.00	2.580%	212,564.50	1,027,564.50	-
09/30/2029	-	-	-	-	1,240,129.00
02/15/2030	-	-	202,051.00	202,051.00	-
08/15/2030	830,000.00	2.630%	202,051.00	1,032,051.00	-
09/30/2030	-	-	-	-	1,234,102.00
02/15/2031	-	-	191,136.50	191,136.50	-
08/15/2031	845,000.00	2.680%	191,136.50	1,036,136.50	-
09/30/2031	-	-	-	-	1,227,273.00
02/15/2032	-	-	179,813.50	179,813.50	-
08/15/2032	865,000.00	2.720%	179,813.50	1,044,813.50	-
09/30/2032	-	-	-	-	1,224,627.00
02/15/2033	-	-	168,049.50	168,049.50	-
08/15/2033	880,000.00	2.860%	168,049.50	1,048,049.50	-
09/30/2033	-	-	-	-	1,216,099.00
02/15/2034	-	-	155,465.50	155,465.50	-
08/15/2034	905,000.00	3.010%	155,465.50	1,060,465.50	-
09/30/2034	-	-	-	-	1,215,931.00
02/15/2035	-	-	141,845.25	141,845.25	-
08/15/2035	925,000.00	3.100%	141,845.25	1,066,845.25	-
09/30/2035	-	-	-	-	1,208,690.50
02/15/2036	-	-	127,507.75	127,507.75	-
08/15/2036	955,000.00	3.380%	127,507.75	1,082,507.75	-

2022C \$17.21mm San Marcos | SINGLE PURPOSE | 10/ 6/2022 | 9:04 AM

FINAL

**Alliance Regional Water Authority**

\$17,210,000 Contract Revenue Bonds (Regional Water Supply Contract Project -  
City of San Marcos, Texas), Series 2022C (20-Year Low Interest - Level)  
11/16/22 Closing and Final Rates Provided by the TWDB on 10/5/22

**Debt Service Schedule**

Part 2 of 2

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Total P+I</b>	<b>Fiscal Total</b>
09/30/2036	-	-	-	-	1,210,015.50
02/15/2037	-	-	111,368.25	111,368.25	-
08/15/2037	980,000.00	3.420%	111,368.25	1,091,368.25	-
09/30/2037	-	-	-	-	1,202,736.50
02/15/2038	-	-	94,610.25	94,610.25	-
08/15/2038	1,010,000.00	3.450%	94,610.25	1,104,610.25	-
09/30/2038	-	-	-	-	1,199,220.50
02/15/2039	-	-	77,187.75	77,187.75	-
08/15/2039	1,040,000.00	3.490%	77,187.75	1,117,187.75	-
09/30/2039	-	-	-	-	1,194,375.50
02/15/2040	-	-	59,039.75	59,039.75	-
08/15/2040	1,070,000.00	3.530%	59,039.75	1,129,039.75	-
09/30/2040	-	-	-	-	1,188,079.50
02/15/2041	-	-	40,154.25	40,154.25	-
08/15/2041	1,105,000.00	3.570%	40,154.25	1,145,154.25	-
09/30/2041	-	-	-	-	1,185,308.50
02/15/2042	-	-	20,430.00	20,430.00	-
08/15/2042	1,135,000.00	3.600%	20,430.00	1,155,430.00	-
09/30/2042	-	-	-	-	1,175,860.00
<b>Total</b>	<b>\$17,210,000.00</b>	<b>-</b>	<b>\$6,371,199.42</b>	<b>\$23,581,199.42</b>	<b>-</b>

**Yield Statistics**

Bond Year Dollars	\$197,229.69
Average Life	11.460 Years
Average Coupon	3.2303449%
DV01	16,280.70

Net Interest Cost (NIC)	3.2303449%
True Interest Cost (TIC)	3.2036585%
Bond Yield for Arbitrage Purposes	3.2036585%
All Inclusive Cost (AIC)	3.3834635%

**IRS Form 8038**

Net Interest Cost	3.2303449%
Weighted Average Maturity	11.460 Years

2022C \$17.21mm San Marcos | SINGLE PURPOSE | 10/ 6/2022 | 9:04 AM

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**Alliance Regional Water Authority**

\$17,210,000 Contract Revenue Bonds (Regional Water Supply Contract Project -  
 City of San Marcos, Texas), Series 2022C (20-Year Low Interest - Level)  
 11/16/22 Closing and Final Rates Provided by the TWDB on 10/5/22

**Proof Of Bond Yield @ 3.2036585%**

Date	Cashflow	PV Factor	Present Value	Cumulative PV
11/16/2022	-	1.0000000x	-	-
08/15/2023	389,331.92	0.9765310x	380,194.70	380,194.70
02/15/2024	260,519.50	0.9611353x	250,394.49	630,589.19
08/15/2024	1,000,519.50	0.9459823x	946,473.71	1,577,062.90
02/15/2025	251,528.50	0.9310681x	234,190.17	1,811,253.07
08/15/2025	1,006,528.50	0.9163892x	922,371.81	2,733,624.88
02/15/2026	242,242.00	0.9019416x	218,488.14	2,952,113.01
08/15/2026	1,012,242.00	0.8877218x	898,589.30	3,850,702.31
02/15/2027	232,655.50	0.8737262x	203,277.21	4,053,979.52
08/15/2027	1,017,655.50	0.8599513x	875,134.12	4,929,113.65
02/15/2028	222,764.50	0.8463935x	188,546.42	5,117,660.06
08/15/2028	1,022,764.50	0.8330494x	852,013.40	5,969,673.47
02/15/2029	212,564.50	0.8199158x	174,284.99	6,143,958.46
08/15/2029	1,027,564.50	0.8069892x	829,233.46	6,973,191.92
02/15/2030	202,051.00	0.7942664x	160,482.32	7,133,674.24
08/15/2030	1,032,051.00	0.7817442x	806,799.89	7,940,474.14
02/15/2031	191,136.50	0.7694194x	147,064.14	8,087,538.27
08/15/2031	1,036,136.50	0.7572889x	784,654.72	8,872,192.99
02/15/2032	179,813.50	0.7453497x	134,023.94	9,006,216.93
08/15/2032	1,044,813.50	0.7335987x	766,473.85	9,772,690.78
02/15/2033	168,049.50	0.7220330x	121,337.28	9,894,028.06
08/15/2033	1,048,049.50	0.7106496x	744,795.95	10,638,824.01
02/15/2034	155,465.50	0.6994457x	108,739.67	10,747,563.68
08/15/2034	1,060,465.50	0.6884184x	730,043.94	11,477,607.62
02/15/2035	141,845.25	0.6775649x	96,109.37	11,573,716.99
08/15/2035	1,066,845.25	0.6668826x	711,460.56	12,285,177.55
02/15/2036	127,507.75	0.6563687x	83,692.10	12,368,869.64
08/15/2036	1,082,507.75	0.6460206x	699,322.28	13,068,191.92
02/15/2037	111,368.25	0.6358356x	70,811.89	13,139,003.81
08/15/2037	1,091,368.25	0.6258111x	682,990.42	13,821,994.23
02/15/2038	94,610.25	0.6159448x	58,274.69	13,880,268.92
08/15/2038	1,104,610.25	0.6062339x	669,652.21	14,549,921.13
02/15/2039	77,187.75	0.5966762x	46,056.09	14,595,977.22
08/15/2039	1,117,187.75	0.5872691x	656,089.90	15,252,067.12
02/15/2040	59,039.75	0.5780104x	34,125.59	15,286,192.71
08/15/2040	1,129,039.75	0.5688976x	642,308.05	15,928,500.76
02/15/2041	40,154.25	0.5599285x	22,483.51	15,950,984.27
08/15/2041	1,145,154.25	0.5511008x	631,095.48	16,582,079.75
02/15/2042	20,430.00	0.5424123x	11,081.48	16,593,161.23
08/15/2042	1,155,430.00	0.5338608x	616,838.77	17,210,000.00
<b>Total</b>	<b>\$23,581,199.42</b>	<b>-</b>	<b>\$17,210,000.00</b>	<b>-</b>

**Derivation Of Target Amount**

Par Amount of Bonds	\$17,210,000.00
Original Issue Proceeds	\$17,210,000.00

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## Alliance Regional Water Authority

\$17,210,000 Contract Revenue Bonds (Regional Water Supply Contract Project -  
City of San Marcos, Texas), Series 2022C (20-Year Low Interest - Level)  
11/16/22 Closing and Final Rates Provided by the TWDB on 10/5/22

## Derivation Of Form 8038 Yield Statistics

<b>Maturity</b>	<b>Issuance Value</b>	<b>Coupon</b>	<b>Price</b>	<b>Issuance Price</b>	<b>Exponent</b>	<b>Bond Years</b>
11/16/2022	-	-	-	-	-	-
08/15/2024	740,000.00	2.430%	100.000%	740,000.00	1.7472222x	1,292,944.44
08/15/2025	755,000.00	2.460%	100.000%	755,000.00	2.7472222x	2,074,152.78
08/15/2026	770,000.00	2.490%	100.000%	770,000.00	3.7472222x	2,885,361.11
08/15/2027	785,000.00	2.520%	100.000%	785,000.00	4.7472222x	3,726,569.44
08/15/2028	800,000.00	2.550%	100.000%	800,000.00	5.7472222x	4,597,777.78
08/15/2029	815,000.00	2.580%	100.000%	815,000.00	6.7472222x	5,498,986.11
08/15/2030	830,000.00	2.630%	100.000%	830,000.00	7.7472222x	6,430,194.44
08/15/2031	845,000.00	2.680%	100.000%	845,000.00	8.7472222x	7,391,402.78
08/15/2032	865,000.00	2.720%	100.000%	865,000.00	9.7472222x	8,431,347.22
08/15/2033	880,000.00	2.860%	100.000%	880,000.00	10.7472222x	9,457,555.56
08/15/2034	905,000.00	3.010%	100.000%	905,000.00	11.7472222x	10,631,236.11
08/15/2035	925,000.00	3.100%	100.000%	925,000.00	12.7472222x	11,791,180.56
08/15/2036	955,000.00	3.380%	100.000%	955,000.00	13.7472222x	13,128,597.22
08/15/2037	980,000.00	3.420%	100.000%	980,000.00	14.7472222x	14,452,277.78
08/15/2038	1,010,000.00	3.450%	100.000%	1,010,000.00	15.7472222x	15,904,694.44
08/15/2039	1,040,000.00	3.490%	100.000%	1,040,000.00	16.7472222x	17,417,111.11
08/15/2040	1,070,000.00	3.530%	100.000%	1,070,000.00	17.7472222x	18,989,527.78
08/15/2041	1,105,000.00	3.570%	100.000%	1,105,000.00	18.7472222x	20,715,680.56
08/15/2042	1,135,000.00	3.600%	100.000%	1,135,000.00	19.7472222x	22,413,097.22
<b>Total</b>	<b>\$17,210,000.00</b>	<b>-</b>	<b>-</b>	<b>\$17,210,000.00</b>	<b>-</b>	<b>\$197,229,694.44</b>

### Description of Bonds

Final Maturity Date	8/15/2042
Issue price of entire issue	17,210,000.00
Stated Redemption at Maturity	17,210,000.00
Weighted Average Maturity = Bond Years/Issue Price	11.460 Years
Bond Yield for Arbitrage Purposes	3.2036585%

### Uses of Proceeds of Issue

Proceeds used for accrued interest	-
Proceeds used for bond issuance costs (including underwriters' discount)	283,493.00
Proceeds used for credit enhancement	-
Proceeds allocated to reasonably required reserve or replacement fund	-

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## ESCROW AGREEMENT

**THIS ESCROW AGREEMENT** (the "Agreement"), made by and between Alliance Regional Water Authority, a conservation and reclamation district of the State of Texas (the "Authority"), acting by and through its Executive Director and BOKF, NA, as Escrow Agent together with any successor in such capacity;

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

**WHEREAS**, pursuant to four separate resolutions finally adopted by the Board of Directors of the Authority on October 31, 2022 (the "Resolutions"), the Authority authorized the issuance of four separate series of bonds, to wit: \$14,830,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – Canyon Regional Water Authority), Series 2022A dated November 16, 2022, \$13,520,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of Kyle, Texas), Series 2022B dated November 15, 2022, \$17,210,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of San Marcos, Texas), Series 2022C dated November 16, 2022 and \$2,440,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of Buda, Texas), Series 2022D dated November 16, 2022 (collectively, the "Obligations") to obtain financial assistance from the Texas Water Development Board (the "TWDB") for the purpose of funding water supply improvements, as set forth in the Resolutions (the "Project"); and

**WHEREAS**, the Escrow Agent is a state or national bank designated by the Texas Comptroller as a state depository institution in accordance with Texas Government Code, Chapter 404, Subchapter C, or is a designated custodian of collateral in accordance with Texas Government Code, Chapter 404, Subchapter D and is otherwise qualified and empowered to enter into this Agreement, and hereby acknowledges its acceptance of the terms and provisions hereof; and

**WHEREAS**, a condition of the Obligations is the deposit of the proceeds of the Obligations (the "Proceeds") in escrow subject to being withdrawn only with the approval of the Executive Administrator of the TWDB or another designated representative; provided, however, the Proceeds can be transferred to different investments so long as all parties hereto consent to such transfer;

**NOW, THEREFORE**, in consideration of the mutual agreements herein contained and in consideration of the amount of fees to be paid by the Authority to the Escrow Agent, as set forth on Exhibit "A", the receipt of which is hereby acknowledged, and in order to secure the delivery of the Obligations, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives and successors, as follows:

**SECTION 1: ESCROW ACCOUNT(S).** Upon the delivery of the Obligations described above, the Proceeds identified under TWDB Commitment Numbers L1001536, LM221443 (Canyon Regional Water Authority), L1001543, LM221444 (City of Kyle, Texas), L1001544, LM221445 (City of San Marcos, Texas) and L1001545, LM221446 (City of Buda, Texas) shall be deposited to the credit of special escrow accounts or escrow subaccounts (the "Escrow Accounts") maintained at the Escrow Agent on behalf of the Authority and the TWDB and shall not be commingled with any

other accounts or with any other proceeds or funds. The Proceeds received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the Authority, and the Escrow Agent shall have no right to title with respect thereto except as Escrow Agent under the terms of this Agreement.

The Escrow Accounts shall be entitled "Alliance Regional Water Authority, Contract Revenue Bonds, Texas Water Development Board L1001536 and LM221443 (Canyon Regional Water Authority) Escrow Account," "Alliance Regional Water Authority, Contract Revenue Bonds, Texas Water Development Board L1001543 and LM221444 (City of Kyle, Texas) Escrow Account," "Alliance Regional Water Authority, Contract Revenue Bonds, Texas Water Development Board L1001544 and LM221445 (City of San Marcos, Texas) Escrow Account" and "Alliance Regional Water Authority, Contract Revenue Bonds, Texas Water Development Board L1001545 and LM221446 (City of Buda, Texas) Escrow Account" with appropriate subaccount designation for each series of bonds and shall not be subject to warrants, drafts or checks drawn by the Authority but shall be disbursed or withdrawn to pay the costs of the Project for which the Obligations were issued or other purposes in accordance with the Resolution and solely upon written authorization from the Executive Administrator of the TWDB or his/her designated representative. The Escrow Agent shall provide to the Authority and to the TWDB the Escrow Account(s) bank statements upon request.

**SECTION 2: COLLATERAL.** All cash deposited to the credit of such Escrow Account(s) and any accrued interest in excess of the amounts insured by the Federal Deposit Insurance Corporation (the "FDIC") and remaining uninvested under the terms of this Agreement shall be continuously secured by a valid pledge of direct obligations of the United States of America or other collateral meeting the requirements of the Public Funds Collateral Act, Texas Government Code, Chapter 2257.

**SECTION 3: INVESTMENTS.** While the Proceeds are held in escrow, the Escrow Agent shall only invest escrowed Proceeds in investments that are authorized by the Public Funds Investment Act, Texas Government Code, Chapter 2256 (the "PFIA"). It is the Authority's responsibility to direct the Escrow Agent to invest all public funds in a manner that is consistent not only with the PFIA but also with its own written investment policy.

**SECTION 4: DISBURSEMENTS.** The Escrow Agent shall not honor any disbursement from the Escrow Accounts, or any portion thereof, unless and until it has been supplied with written approval and consent by the Executive Administrator of the TWDB or his/her designated representative. However, no written approval and consent by the Executive Administrator of the TWDB shall be required if the disbursement involves transferring Proceeds from one investment to another within the Escrow Accounts provided that all such investments are consistent with the PFIA requirements.

**SECTION 5: UNEXPENDED FUNDS.** Any Proceeds remaining unexpended in the Escrow Accounts after completion of the Project and after the final accounting has been submitted to and approved by the TWDB shall be disposed of pursuant to the provisions of the respective Resolutions. The Authority shall deliver a copy of such TWDB approval of the final accounting to the Escrow Agent together with instructions concerning the disbursement of unexpended Proceeds

hereunder. The Escrow Agent shall have no obligation to ensure that such unexpended Proceeds are used as required by the provisions of the Resolutions, that being the sole obligation of the Authority.

**SECTION 6: CERTIFICATIONS.** The Escrow Agent shall be authorized to accept and rely upon the certifications and documents furnished to the Escrow Agent by the Authority and shall not be liable for the payment of any funds made in reliance in good faith upon such certifications or other documents or approvals, as herein recited.

**SECTION 7: LIABILITY OF ESCROW AGENT.** To the extent permitted by law, the Escrow Agent shall not be liable for any act done or step taken or omitted by it or any mistake of fact or law, except for its negligence or willful misconduct. The Escrow Agent shall not be responsible in any manner for any proceedings in connection with the Obligations or any recitation contained in the Obligations. In the event of a question regarding any disbursement or a disagreement between the undersigned or TWDB or any other person resulting in adverse claims being made upon the amounts in the Escrow Account, the Escrow Agent shall be protected and shall not be liable to the Authority or any other person if it follows the written direction of the Executive Administrator or of a final order or judgment of a court of competent jurisdiction. To the extent permitted by law, the Authority agrees to indemnify and save Escrow Agent harmless from all losses, costs, liabilities, actual damages, fees and expenses (including, but not limited to, reasonable attorney's fees and expenses) suffered or incurred by Escrow Agent arising from the performance of its obligations under this Agreement ("Acts"), except such Acts as arise from or attributable to the negligence or willful misconduct of Escrow Agent. Escrow Agent may consult with legal counsel in the event of any dispute or question as to the construction of any of the provisions hereof or its duties hereunder, and, to the extent it acts in good faith without negligence or willful misconduct, it shall be fully protected in acting in accordance with the opinion and instructions of such counsel. The Escrow Agent may resign at any time by providing such termination notices in accordance with Section 11.

**SECTION 8: RECORDS.** The Escrow Agent will keep complete and correct books of record and account relating to the receipts, disbursements, allocations and application of the money deposited to the Escrow Account and investments of the Escrow Account and all Proceeds thereof. The records shall be available for inspection and copying at reasonable hours and under reasonable conditions by the Authority and the TWDB.

**SECTION 9: MERGER/CONSOLIDATION.** In the event that the Escrow Agent merges or consolidates with another bank or sells or transfers substantially all of its assets or corporate trust business, then the successor bank shall be the successor Escrow Agent without the necessity of further action as long as the successor bank is a state or national bank designated by the Texas Comptroller as a state depository institution in accordance with Texas Government Code, Chapter 404, Subchapter C, or is a designated custodian of collateral in accordance with Texas Government Code Chapter 404, Subchapter D. The Escrow Agent must provide the TWDB with written notification within 30 days of acceptance of the merger, consolidation, or transfer. If the merger, consolidation or other transfer has occurred between state banks, the newly-created entity shall forward the certificate of merger or exchange issued by the Texas Department of Banking as well as the statement filed with the pertinent chartering authority, if applicable, to the TWDB within five business days following such merger, consolidation or exchange.

**SECTION 10: AMENDMENTS.** This Agreement may be amended from time to time as necessary with the written consent of the Authority and the TWDB, but no such amendments shall increase the liabilities or responsibilities or diminish the rights of the Escrow Agent without its consent.

**SECTION 11: TERMINATION.** In the event that this Agreement is terminated by either the Authority or by the Escrow Agent, the Escrow Agent must report said termination in writing to the TWDB within five business days of such termination. The Authority is responsible for ensuring that the following criteria are satisfied in selecting the successor escrow agent and notifying the TWDB of the change in escrow agents: (a) the successor escrow agent must be an FDIC-insured state or national bank designated by the Texas Comptroller as a state depository; (b) the successor escrow agent must be retained prior to or at the time of the termination; (c) an escrow agreement must be executed by and between the Authority and the successor escrow agent and must contain the same or substantially similar terms and conditions as are present in this Agreement; and (d) the Authority must forward a copy of the executed escrow agreement with the successor escrow agent within five business days of said termination. No funds shall be released by the TWDB until it has received, reviewed and approved the escrow agreement with the successor escrow agent. If the Authority has not appointed a successor escrow agent within thirty (30) days of the notice of termination, the Escrow Agent may petition any court of competent jurisdiction in Texas for the appointment of a successor escrow agent or for other appropriate relief, and any such resulting appointment shall be binding upon the Authority. Whether appointed by the Authority or a court, the successor escrow agent and escrow agreement must be approved by the TWDB for the appointment to be effective. The Escrow Agent is responsible for performance under this Agreement until a successor has been approved by the TWDB and has signed an acceptable escrow agreement.

**SECTION 12: EXPIRATION.** This Agreement shall expire upon final transfer of the funds in the Escrow Account(s) to the Authority.

**SECTION 13: POINT OF CONTACT.** The points of contact for the Escrow Agent and the TWDB are as follows:

Tony Hongnoi  
BOKF, NA  
5956 Sherry Lane, Suite 1201  
Dallas, Texas 75225  
(972) 892-9968  
thongnoi@bokf.com

Jeff Walker  
Executive Administrator  
Texas Water Development Board  
1700 North Congress Avenue  
Austin, Texas 78701

**SECTION 14: CHOICE OF LAW.** This Agreement shall be governed exclusively by the applicable laws of the State of Texas. Venue for disputes shall be in the District Court of Travis County, Texas.

**SECTION 15: ASSIGNABILITY.** This Agreement shall not be assignable by the parties hereto, in whole or in part, and any attempted assignment shall be void and of no force and effect.

**SECTION 16: ENTIRE AGREEMENT.** This Agreement evidences the entire Escrow Agreement between the Escrow Agent and the Authority and supersedes any other agreements, whether oral or written, between the parties regarding the Proceeds or the Escrow Accounts. No modification or amendment of this Agreement shall be valid unless the same is in writing and is signed by the Authority and consented to by the Escrow Agent and the TWDB.

**SECTION 17: VALIDITY OF PROVISIONS.** If any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

**SECTION 18: COMPENSATION FOR ESCROW SERVICES.** The Escrow Agent shall be entitled to compensation for its services as stated in Exhibit "A," which compensation shall be paid by the Authority but may not be paid directly from the Escrow Accounts. This Agreement has a value of less than \$100,000 for purposes of Sections 2271.002 and 2274.002, Texas Government Code.

**SECTION 19: TERRORIST ORGANIZATIONS.** The Escrow Agent represents that, neither the Escrow Agent, nor any parent company, wholly- or majority-owned subsidiaries or affiliates of the same, if any, are companies 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/sudanlist.pdf>,  
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or  
<https://comptroller.texas.gov/purchasing/docs/ftolist.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 Escrow Agent and each parent company, wholly- or majority-owned subsidiaries, and other affiliates of the same, 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 Escrow Agent understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Escrow Agent and exists to make a profit.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement effective upon signature of both parties.

**ALLIANCE REGIONAL WATER AUTHORITY**

By: \_\_\_\_\_  
Executive Director and Authority Representative

Date: November 15, 2022

Address: 630 E. Hopkins Street  
San Marcos, Texas 78666

**BOKF, NA**, as Escrow Agent

By: \_\_\_\_\_  
Title: Vice President

Date: November 15, 2022

Address: 5956 Sherry Lane, Suite 1201  
Dallas, Texas 75225



**EXHIBIT A**

**Fee Schedule**

## **PAYING AGENT/REGISTRAR AGREEMENT**

**THIS AGREEMENT** entered into as of November 15, 2022 (this "Agreement"), by and between the Alliance Regional Water Authority (the "Authority"), and BOKF, NA, Dallas, Texas, a banking corporation duly organized and existing under the laws of the United States of America (the "Bank").

### **RECITALS**

**WHEREAS**, the Authority has duly authorized and provided for the issuance of its \$14,830,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – Canyon Regional Water Authority), Series 2022A, \$13,520,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of Kyle, Texas), Series 2022B, \$17,210,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of San Marcos, Texas), Series 2022C and \$2,440,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of Buda, Texas), Series 2022D (collectively, the "Securities"), such Securities to be issued in fully registered form only as to the payment of principal and interest thereon; and

**WHEREAS**, the Securities are scheduled to be delivered to the Texas Water Development Board thereof on or about November 15, 2022 and November 16, 2022, respectively; and

**WHEREAS**, the Authority has selected the Bank to serve as Paying Agent/Registrar in connection with the payment of the principal of, premium, if any, and interest on the Securities and with respect to the registration, transfer and exchange thereof by the registered owners thereof; and

**WHEREAS**, the Bank has agreed to serve in such capacities for and on behalf of the Authority and has full power and authority to perform and serve as Paying Agent/Registrar for the Securities;

**NOW, THEREFORE**, it is mutually agreed as follows:

### **ARTICLE ONE APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR**

#### **Section 1.01. Appointment.**

The Authority hereby appoints the Bank to serve as Paying Agent with respect to the Securities. As Paying Agent for the Securities, the Bank shall be responsible for paying on behalf of the Authority the principal, premium (if any), and interest on the Securities as the same become due and payable to the registered owners thereof, all in accordance with this Agreement and the "Resolutions" (hereinafter defined).

The Authority hereby appoints the Bank as Registrar with respect to the Securities. As Registrar for the Securities, the Bank shall keep and maintain for and on behalf of the Authority books and records as to the ownership of the Securities and with respect to the transfer and exchange thereof as provided herein and in the "Resolutions."

The Bank hereby accepts its appointment and agrees to serve as the Paying Agent and Registrar for the Securities.

**Section 1.02. Compensation.**

As compensation for the Bank's services as Paying Agent/Registrar, the Authority hereby agrees to pay the Bank the fees and amounts set forth in Schedule A attached hereto for the first year of this Agreement and thereafter the fees and amounts set forth in the Bank's current fee schedule then in effect for services as Paying Agent/Registrar for political subdivisions, which shall be supplied to the Authority on or before 90 days prior to the close of the Fiscal Year of the Authority, and shall be effective upon the first day of the following Fiscal Year.

In addition, the Authority agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements and advances incurred or made by the Bank in accordance with any of the provisions hereof (including the reasonable compensation and the expenses and disbursements of its agents and counsel). This Agreement has a value of less than \$100,000 for purposes of Sections 2271.002 and 2274.002, Texas Government Code.

**ARTICLE TWO  
DEFINITIONS**

**Section 2.01. Definitions.**

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

"Authority Request" and "Authority Resolution" means a written request or resolution signed in the name of the Authority by an authorized representative, delivered to the Bank.

"Bank Office" means the designated office for payment of the Bank as indicated on the signature page hereof. The Bank will notify the Authority in writing of any change in location of the Bank Office.

"Financial Advisor" means Specialized Public Finance, Inc.

"Fiscal Year" means the fiscal year of the Authority, ending September 30.

"Holder" and "Security Holder" each means the Person in whose name a Security is registered in the Security Register.

"Legal Holiday" means a day on which the Bank is required or authorized to be closed.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government.

"Predecessor Securities" of any particular Security means every previous Security evidencing all or a portion of the same obligation as that evidenced by such particular Security (and, for the purposes of this definition, any mutilated, lost, destroyed, or stolen Security for which a replacement Security has been registered and delivered in lieu thereof pursuant to Section 4.06 hereof and the Resolutions).

"Redemption Date" when used with respect to any Bond to be redeemed means the date fixed for such redemption pursuant to the terms of the Resolutions.

"Resolutions" means collectively, the Resolutions of the governing body of the Authority pursuant to which each series of the Securities are issued, certified by the Secretary or any other officer of the Authority and delivered to the Bank.

"Responsible Officer" when used with respect to the Bank means the Chairman or Vice-Chairman of the Board of Directors, the Chairman or Vice-chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Security Register" means a register maintained by the Bank on behalf of the Authority providing for the registration and transfer of the Securities.

"Stated Maturity" means the date specified in the Resolutions on which the principal of a Security is scheduled to be due and payable.

**Section 2.02. Other Definitions.**

The terms "Bank," "Authority," and "Securities (Security)" have the meanings assigned to them in the recital paragraphs of this Agreement.

The term "Paying Agent/Registrar" refers to the Bank in the performance of the duties and functions of this Agreement.

**ARTICLE THREE  
PAYING AGENT**

**Section 3.01. Duties of Paying Agent.**

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Authority, pay on behalf of the Authority the principal of each Security at its Stated Maturity or Redemption Date to the Holder upon surrender of the Security to the Bank at the Bank Office.

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Authority, pay on behalf of the Authority the interest on each Security when due, by computing the amount of interest to be paid each Holder and preparing and sending checks by United States Mail, first-class postage prepaid, on each payment date, to the Holders of the Securities (or their Predecessor Securities) on the respective Record Date, to the address appearing on the Security Register or by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder's risk and expense.

Principal and interest payments made pursuant to this Section 3.01 shall be made by wire transfer.

**Section 3.02. Payment Dates.**

The Authority hereby instructs the Bank to pay the principal of and interest on the Securities on the dates specified in the Resolutions.

**Section 3.03. Reporting Requirements.**

To the extent required by the Internal Revenue Code of 1986, as amended, or the Treasury Regulations, the Bank shall report to or cause to be reported to the Holders and the Internal Revenue Service (i) the amount of "reportable payments," if any, subject to back up withholding during each year and the amount of tax withheld, if any, with respect to the payments on the Securities and (ii) the amount of interest or amount treated as interest, such as original issue discount, on the Securities required to be included in the gross income of the owners thereof for federal income tax purposes.

**ARTICLE FOUR  
REGISTRAR**

**Section 4.01. Security Register - Transfers and Exchanges.**

The Bank agrees to keep and maintain for and on behalf of the Authority at the Bank Office books and records (herein sometimes referred to as the "Security Register"), and, if the Bank Office is located outside the State of Texas, a copy of such books and records shall be kept in the State of Texas, for recording the names and addresses of the Holders of the Securities, the transfer, exchange and replacement of the Securities and the payment of the principal of and interest on the Securities to the Holders and containing such other information as may be reasonably required by the Authority

and subject to such reasonable regulations as the Authority and the Bank may prescribe. The Bank also agrees to keep a copy of the Security Register within the State of Texas. All transfers, exchanges and replacement of Securities shall be noted in the Security Register.

Every Security surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a federal or state bank or a member of the National Association of Securities Dealers, in form satisfactory to the Bank, duly executed by the Holder thereof or his agent duly authorized in writing.

The Bank may request any supporting documentation it feels necessary to effect a re-registration, transfer or exchange of the Securities.

To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of Securities, the exchange or transfer by the Holders thereof will be completed and new Securities delivered to the Holder or the assignee of the Holder in not more than three (3) business days after the receipt of the Securities to be cancelled in an exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Holder, or his duly authorized agent, in form and manner satisfactory to the Paying Agent/Registrar.

**Section 4.02. Certificates.**

The Authority shall provide an adequate inventory of printed Securities certificates to facilitate transfers or exchanges thereof. The Bank covenants that the inventory of printed Securities certificates will be kept in safekeeping pending their use, and reasonable care will be exercised by the Bank in maintaining such Securities certificates in safekeeping, which shall be not less than the level of care maintained by the Bank for debt securities of other political subdivisions or corporations for which it serves as registrar, or that it maintains for its own securities.

**Section 4.03. Form of Security Register.**

The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer and exchange of the Securities in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Security Register in any form other than those which the Bank has currently available and currently utilizes at the time.

The Security Register may be maintained in written form or in any other form capable of being converted into written form within a reasonable time.

**Section 4.04. List of Security Holders.**

The Bank will provide the Authority at any time requested by the Authority, upon payment of the required fee, a copy of the information contained in the Security Register. The Authority may also inspect the information contained in the Security Register at any time the Bank is customarily

open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

The Bank will not release or disclose the contents of the Security Register to any person other than to, or at the written request of, an authorized officer or employee of the Authority, except upon receipt of a court order or as otherwise required by law. Upon receipt of a court order or other notice of a legal proceeding and prior to the release or disclosure of any of the contents of the Security Register, the Bank will notify the Authority so that the Authority may contest the same or such release or disclosure of the contents of the Security Register.

**Section 4.05. Return of Cancelled Certificates.**

The Bank will, at such reasonable intervals as it determines, surrender to the Authority, Securities in lieu of which or in exchange for which other Securities have been issued, or which have been paid.

**Section 4.06. Mutilated, Destroyed, Lost or Stolen Securities.**

The Authority hereby instructs the Bank, subject to the applicable provisions of the Resolutions, to deliver and issue Securities certificates in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities certificates as long as the same does not result in an overissuance.

In case any Security shall be mutilated, or destroyed, lost or stolen, the Bank, in its discretion, may execute and deliver a replacement Security of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Security, or in lieu of and in substitution for such destroyed lost or stolen Security, only after (i) the filing by the Holder thereof with the Bank of evidence satisfactory to the Bank of the destruction, loss or theft of such Security, and of the authenticity of the ownership thereof and (ii) the furnishing to the Bank of indemnification in an amount satisfactory to hold the Authority and the Bank harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Security shall be borne by the Holder of the Security mutilated, or destroyed, lost or stolen.

**Section 4.07. Transaction Information to Authority.**

The Bank will, within a reasonable time after receipt of written request from the Authority, furnish the Authority information as to the Securities certificates it has paid pursuant to Section 3.01, Securities certificates it has delivered upon the transfer or exchange of any Securities certificates pursuant to Section 4.01, and Securities certificates it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities certificates pursuant to Section 4.06.

**ARTICLE FIVE  
THE BANK**

**Section 5.01. Duties of Bank.**

The Bank undertakes to perform the duties set forth herein and agrees to use reasonable care in the performance thereof.

The Bank is authorized to transfer funds relating to the closing and initial delivery of the Securities in the manner disclosed in the closing memorandum as prepared by the Authority's Financial Advisor or other agent. The Bank may act on facsimile or e-mail transmission of the closing memorandum acknowledged by the Financial Advisor or the Authority as the final closing memorandum. The Bank shall not be liable for any losses, cost or expenses arising directly or indirectly from the Bank's reliance upon and compliance with such instructions.

**Section 5.02. Reliance on Documents, Etc.**

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank by the Authority.

(b) The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proven that the Bank was negligent in ascertaining the pertinent facts.

(c) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Securities, but is protected in acting upon receipt of Securities certificates containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Holder or an agent of the Holder. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document supplied by the Authority.

(e) The Bank may consult with legal counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon, provided that any such written advice or opinion is supplied to the Authority by the Bank.



(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of the Bank.

**Section 5.03. Recitals of Authority.**

The recitals contained herein with respect to the Authority and in the Securities shall be taken as the statements of the Authority, and the Bank assumes no responsibility for their correctness.

The Bank shall in no event be liable to the Authority, any Holder or Holders of any Security, or any other Person for any amount due on any Security from its own funds.

**Section 5.04. May Hold Securities.**

The Bank, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Authority with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

**Section 5.05. Moneys Held by Bank.**

The Bank shall deposit any moneys received from the Authority into trust account to be held in a paying agent capacity for the payment of the Securities, with such moneys in the account that exceed the deposit insurance available to the Authority by the Federal Deposit Insurance Corporation, to be fully collateralized with securities or obligations that are eligible under the laws of the State of Texas to secure and be pledged as collateral for such accounts until the principal and interest on such securities have been presented for payment and paid to the owner thereof. Payments made from such account shall be made by check drawn on such account unless the owner of such Securities shall, at its own expense and risk, request such other medium of payment.

Subject to the Unclaimed Property Law of the State of Texas, any money deposited with the Bank for the payment of the principal, premium (if any), or interest on any Security and remaining unclaimed for three years after the final maturity of the Security has become due and payable will be paid by the Bank to the Authority if the Authority so elects, and the Holder of such Security shall hereafter look only to the Authority for payment thereof, and all liability of the Bank with respect to such monies shall thereupon cease. If the Authority does not elect, the Bank is directed to report and dispose of the funds in compliance with Title Six of the Texas Property Code, as amended.

**Section 5.06. Indemnification.**

To the extent permitted by law, the Authority agrees to indemnify the Bank for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on the Bank's part, arising out of or in connection with the Bank's acceptance or administration of its duties hereunder, including the cost and expense incurred by the Bank in defending against any claim or from liability imposed on the Bank in connection with the Bank's exercise or performance of any of its powers or duties under this Agreement.

**Section 5.07. Interpleader.**

The Authority and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in Bexar, Caldwell, Comal, Guadalupe or Hays County, Texas, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The Authority and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction in Bexar, Caldwell, Comal, Guadalupe or Hays County, Texas to determine the rights of any Person claiming any interest herein.

**Section 5.08. Depository Trust Company Services.**

It is hereby represented and warranted that, in the event the Securities are otherwise qualified and accepted for "Depository Trust Company" services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the "Operational Arrangements," effective August 1, 1987, which establishes requirements for securities to be eligible for such type depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

Attached hereto is a copy of the Blanket Authority Letter of Representations between the Authority and The Depository Trust Company, New York, New York, providing for the Bonds to be issued in a Book-Entry Only System. The Bank and the Authority hereby confirm their obligations under such Letter of Representation.

**ARTICLE SIX  
MISCELLANEOUS PROVISIONS**

**Section 6.01. Amendment.**

This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

**Section 6.02. Assignment.**

This Agreement may not be assigned by either party without the prior written consent of the other.

**Section 6.03. Notices.**

Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Authority or the Bank shall be mailed or delivered to the Authority or the Bank, respectively, at the addresses shown on the signature page of this Agreement.

**Section 6.04. Effect of Headings.**

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

**Section 6.05. Successors and Assigns.**

All covenants and agreements herein by the Authority and the Bank shall bind their respective successors and assigns, whether so expressed or not.

**Section 6.06. Severability.**

In case any provision herein shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

**Section 6.07. Benefits of Agreement.**

Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

**Section 6.08. Entire Agreement.**

This Agreement and the Resolutions constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Resolutions, the Resolutions shall govern.

**Section 6.09. Counterparts.**

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

**Section 6.10. Termination.**

This Agreement will terminate (i) on the date of final payment of the principal of and interest on the Securities to the Holders thereof or (ii) may be earlier terminated by either party upon thirty (30) days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the Authority and such appointment accepted and (b) notice has been given to the Holders of the Securities of the appointment of a successor Paying Agent/Registrar. Furthermore, the Bank and Authority mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay or otherwise adversely affect the payment of the Securities.

Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Security Register (or a copy thereof), together with other pertinent books and records

relating to the Securities, to the successor Paying Agent/Registrar designated and appointed by the Authority.

The provisions of Section 1.02, 5.02, 5.03 and 5.06 of this Agreement shall survive and remain in full force and effect following the termination of this Agreement.

**Section 6.11. Governing Law.**

This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

**Section 6.12. Terrorist Organizations.** The Paying Agent represents that, neither the Paying Agent, nor any parent company, wholly- or majority-owned subsidiaries or affiliates of the same, if any, are companies 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/sudanlist.pdf>,  
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or  
<https://comptroller.texas.gov/purchasing/docs/ftolist.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 Paying Agent and each parent company, wholly- or majority-owned subsidiaries, and other affiliates of the same, 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 Paying Agent understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Paying Agent and exists to make a profit.

[The remainder of this page is intentionally left blank.]

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement as of the day and year first above written.

**BOKF, NA**

By: \_\_\_\_\_  
Title: Vice President  
5956 Sherry Lane, Suite 1201  
Dallas, Texas 75225

**ALLIANCE REGIONAL WATER AUTHORITY**

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

Name: Graham Moore

Title: Executive Director and Authority  
Representative

**SCHEDULE A**

**Paying Agent/Registrar Fee Schedule**

**REGULAR MEETING**  
**Alliance Regional Water Authority Board of Directors**

**BOARD MEMBER PACKETS**

Monday, October 31, 2022 at 1:00 PM  
 County Line SUD Offices, 8870 Camino Real, Kyle, TX 78640

**H.4** Consideration and action with respect to Resolution 2022-10-31-004 by the Board of Directors of the Alliance Regional Water Authority Authorizing the Issuance of Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of Buda, Texas), Series 2022D; and Resolving Other Matters Incident and Relating to the Issuance, Payment, Security, Sale and Delivery of Such Bonds. ~ *Carol Polumbo, McCall, Parkhurst & Horton, LLP*

Background/Information

The final step in the SWIFT process is for the Authority to approve a resolution authorizing the issuance of the contract revenue bonds and related matters. The TWDB sold their bonds in late September and therefore the rates have been established. The table below shows the rates compared to the previous issuances and to the budgeted rate for 2020.

<b>SWIFT - Net Interest Cost</b>						
<i>Maturity Schedule</i>	<i>2015</i>	<i>2017</i>	<i>2019</i>	<i>2020</i>	<i>2022 - Budgeted</i>	<i>2022 - FINAL</i>
<i>20-year</i>	<i>1.97%</i>	<i>1.85%</i>	<i>1.54%</i>	<i>1.15%</i>	<i>2.79%</i>	<i>3.23%</i>

The Buda City Council unanimously approved a resolution approving the bond resolution on October 18th.

The closing date for the Authority is set for November 15<sup>th</sup> or 16<sup>th</sup>. Representatives with the Authority’s bond counsel, McCall, Parkhurst and Horton and the Authority’s financial advisor, Specialized Public Finance will attend the Board meeting and will address any legal or financial questions pertaining to the issuance.

Attachment(s)

- Resolution 2022-10-31-004 – Authorizing the Issuance of Series 2022D Contract Revenue Bonds.
- 2022D Debt Service Schedule – Buda
- Escrow Agreement
- Paying Agent/Registrar Agreement

**Board Decision(s) Needed:**

- Adoption of Resolution 2022-10-31-004 authorizing the issuance of contract revenue bonds Series 2022D and all related matters, as presented.



**RESOLUTION NO. 2022-10-31-004**

**A RESOLUTION BY THE BOARD OF DIRECTORS OF THE ALLIANCE REGIONAL WATER AUTHORITY AUTHORIZING THE ISSUANCE OF ALLIANCE REGIONAL WATER AUTHORITY CONTRACT REVENUE BONDS (REGIONAL WATER SUPPLY CONTRACT PROJECT – CITY OF BUDA, TEXAS), SERIES 2022D; AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE AND DELIVERY OF SUCH BONDS**

**ADOPTED OCTOBER 31, 2022**

**RESOLUTION NO. 2022-10-31-004**

**A RESOLUTION BY THE BOARD OF DIRECTORS OF THE ALLIANCE REGIONAL WATER AUTHORITY AUTHORIZING THE ISSUANCE OF ALLIANCE REGIONAL WATER AUTHORITY CONTRACT REVENUE BONDS (REGIONAL WATER SUPPLY CONTRACT PROJECT – CITY OF BUDA, TEXAS), SERIES 2022D; AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE, AND DELIVERY OF SUCH BONDS**

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**RESOLUTION NO. 2022-10-31-004**

**A RESOLUTION BY THE BOARD OF DIRECTORS OF THE ALLIANCE REGIONAL WATER AUTHORITY AUTHORIZING THE ISSUANCE OF ALLIANCE REGIONAL WATER AUTHORITY CONTRACT REVENUE BONDS (REGIONAL WATER SUPPLY CONTRACT PROJECT – CITY OF BUDA, TEXAS), SERIES 2022D; AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE, AND DELIVERY OF SUCH BONDS**

**WHEREAS**, pursuant to Chapter 572, as amended, Texas Local Government Code, the Hays Caldwell Public Utility Agency (the "Agency") as a constituted authority and instrumentality and political subdivision of the State of Texas (the "State," was created by the Cities of Buda ("Buda"), Kyle ("Kyle") and San Marcos, Texas ("San Marcos"), each Texas home rule municipalities, and the Canyon Regional Water Authority ("Canyon Regional"), a conservation and reclamation district and political subdivision of the State created and existing pursuant to Article XVI, Section 59 of the Texas Constitution and Chapter 670, Acts of the 71<sup>st</sup> Legislature, Regular Session, 1989, as amended (collectively, the "Sponsors" or singularly, a "Sponsor"); and

**WHEREAS**, the Agency and the Sponsors have entered into a "Regional Water Supply Contract" dated as of January 9, 2008, as amended by Amendment No. 1 and as may be further amended (collectively, the "Contract") pursuant to which the Agency has agreed to design, finance, construct, own, acquire, maintain and operate a water supply project in a manner that will allow the Agency to deliver water to the Sponsors on a regional basis and under which each of the Sponsors agree to pay their share of the project costs and to make payments to or on behalf of the Agency in amounts sufficient to meet all of the Agency's obligations under the Contract including those relating to a Sponsor's bonds issued to finance and refinance a Sponsor's share of the Project Costs and to own, operate and maintain the Project; and

**WHEREAS**, on June 15, 2017, by special act of the 85<sup>th</sup> Legislature, SB 1198, codified as Chapter 11010, Special District Local Laws Code (the "Act"), the Agency was converted to the Alliance Regional Water Authority (the "Authority"), a conservation and reclamation district to accomplish the purposes set forth in the Act and of Article XVI, Section 59, Texas Constitution; and

**WHEREAS**, by operation of the law pursuant to the Act, the Authority assumed all assets, liabilities, bonds, notes and other obligations of the Agency including all obligations pursuant to the Outstanding Bonds and the Contract; and

**WHEREAS**, at the request of Canyon Regional and Kyle, the Agency issued two series of bonds on November 19, 2015 for such Sponsors share of the Phase 1A Project entitled: \$3,960,000 Hays Caldwell Public Utility Agency Contract Revenue Bonds (Regional Water Supply Contract Project – Canyon Regional Water Authority), Series 2015A and \$3,530,000 Hays Caldwell Public Utility Agency Contract Revenue Bonds (Regional Water Supply Contract Project – City of Kyle, Texas), Series 2015B (collectively, the "Outstanding Bonds"); and

**WHEREAS**, at the request of the Sponsors the Authority issued Twelve series of bonds, one for each of the Sponsors' share of the Project Costs, to wit: \$9,865,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – Canyon Regional Water Authority), Series 2017A, \$8,995,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – City of Kyle, Texas), Series 2017B, \$11,450,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of San Marcos, Texas), Series 2017C, \$1,625,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – City of Buda, Texas), Series 2017D, \$26,530,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – Canyon Regional Water Authority), Series 2019A, \$24,200,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – City of Kyle, Texas), Series 2019B, \$30,800,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of San Marcos, Texas), Series 2019C and \$4,370,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – City of Buda, Texas), Series 2019D, \$37,865,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – Canyon Regional Water Authority), Series 2020A, \$34,530,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – City of Kyle, Texas), Series 2020B, \$43,955,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of San Marcos, Texas), Series 2020C and \$6,225,000 Alliance Regional Water Authority Contract Revenue Bonds, (Regional Water Supply Contract Project – City of Buda, Texas), Series 2020D; and

**WHEREAS**, pursuant to the Act, the Authority is empowered to, among other powers, acquire, own, construct, operate, repair, improve, maintain or extend inside or outside its boundaries water improvements, facilities, plants, pipelines, equipment and appliances for the treatment and transportation of water and to deliver this water to the Sponsors; and

**WHEREAS**, the Act also authorizes the Authority acting through its Board of Directors (the "Board") to issue revenue bonds to finance such water projects, payable solely from the revenues derived from payments to be made to the Authority by one or more of the respective Sponsors for which a series of bonds are issued for the purpose of defraying such Sponsor's share of the cost of financing, acquiring, and constructing water supply facilities including the Phase 1B Improvements Water Supply Project (as hereinafter defined); and

**WHEREAS**, the Authority expects to issue four additional series of such revenue bonds in 2022 for Canyon Regional, Kyle, San Marcos and Buda, respectively, to finance their additional share of the Phase 1B Improvements Water Supply Project costs, with each series payable from and secured solely by payments made by Canyon Regional, Buda, San Marcos and Kyle, respectively, under the Contract; and

**WHEREAS**, Buda has requested that the Authority issue a separate series of revenue bonds in the aggregate principal amount of \$2,440,000 pursuant to the Contract to finance their share of the Phase 1B Improvements Water Supply Project Costs (the "Bonds"); and

**WHEREAS**, this Resolution constitutes a Bond Resolution as that term is defined in the Contract; and

**WHEREAS**, the principal of the Bonds and the interest thereon are and shall be solely payable from and secured by a lien on and pledge of the portion of the Annual Payments designated as "Bond Payments" to be made by Buda pursuant to the Contract in amounts sufficient to pay and redeem, and provide for the payment of the principal of, premium, if any, and interest on the Bonds, when due, and the fees and expenses of the Paying Agent/Registrar and Escrow Agent for the Bonds, all as required by this Resolution.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ALLIANCE REGIONAL WATER AUTHORITY THAT:**

**Section 1. DEFINITIONS.** In addition to the definitions set forth in the preamble of this Resolution, the terms used in this Resolution (except as may be otherwise indicated in the FORM OF BOND) and not otherwise defined herein shall have the meanings given in Exhibit "A" to this Resolution attached hereto and made a part hereof.

**Section 2. AMOUNT, PURPOSE AND DESIGNATION OF THE BONDS.** (a) *Amount and Designation.* The Authority's Bonds issued pursuant to this Resolution shall be entitled "ALLIANCE REGIONAL WATER AUTHORITY CONTRACT REVENUE BONDS (Regional Water Supply Contract Project – City of Buda, Texas), Series 2022D" and are hereby authorized to be issued in the aggregate principal amount of \$2,440,000.

(b) *Purpose.* The Bonds are to be issued for the following purposes: (i) FOR DESIGNING, CONSTRUCTING, ACQUIRING, IMPROVING AND/OR EXPANDING THE PROJECT INCLUDING BUT NOT LIMITED TO THE PAYMENT OF PROJECT COSTS FOR THE PHASE 1B IMPROVEMENTS WATER SUPPLY PROJECT AND (ii) PAYING THE COSTS OF ISSUANCE OF THE BONDS.

**Section 3. DATE, DENOMINATIONS, NUMBERS, MATURITIES AND TERMS OF BONDS.** (a) *Terms of Bonds.* The Bonds shall initially be issued, sold, and delivered hereunder as fully registered bonds, without interest coupons, numbered consecutively from R-1 upward (except the initial Bond delivered to the Attorney General of the State which shall be numbered T-1), dated the date of delivery, payable to the respective initial Registered Owners thereof in an Authorized Denomination, serially on August 15, in the years and in the principal amounts set forth below:

[INTENTIONALLY LEFT BLANK]

<u>YEAR OF STATED MATURITY</u>	<u>PRINCIPAL AMOUNTS (\$)</u>	<u>YEAR OF STATED MATURITY</u>	<u>PRINCIPAL AMOUNTS (\$)</u>
2024	\$105,000	2034	\$130,000
2025	105,000	2035	130,000
2026	110,000	2036	135,000
2027	110,000	2037	140,000
2028	115,000	2038	145,000
2029	115,000	2039	145,000
2030	120,000	2040	150,000
2031	120,000	2041	155,000
2032	125,000	2042	160,000
2033	125,000		

b) *In General.* The Bonds (i) may and shall be redeemed prior to the respective scheduled maturity dates, (ii) may be assigned and transferred, (iii) may be exchanged for other Bonds, (iv) shall have the characteristics, (v) shall be signed, and the principal of and interest on the Bonds shall be payable, all as provided, and in the manner required or indicated, in the FORM OF BOND set forth in Exhibit "B" to this Resolution.

**Section 4. INTEREST.** The Bonds shall bear interest, calculated on the basis of a 360-day year composed of twelve 30-day months, from their date of delivery at the rates set forth below:

<u>YEAR OF STATED MATURITY</u>	<u>INTEREST RATES (%)</u>	<u>YEAR OF STATED MATURITY</u>	<u>INTEREST RATES (%)</u>
2024	2.430%	2034	3.010%
2025	2.460	2035	3.100
2026	2.490	2036	3.380
2027	2.520	2037	3.420
2028	2.550	2038	3.450
2029	2.580	2039	3.490
2030	2.630	2040	3.530
2031	2.680	2041	3.570
2032	2.720	2042	3.600
2033	2.860		

Interest shall be payable to the Registered Owner of any such Bond in the manner provided and, on the dates, stated in the FORM OF BOND set forth in Exhibit "B" to this Resolution.

**Section 5. REGISTRATION, TRANSFER, AND EXCHANGE; AUTHENTICATION.** (a) *Paying Agent/Registrar.* BOKF, NA (the "Paying Agent/Registrar") is hereby appointed the Paying Agent/Registrar for the Bonds. The Authority Representative is authorized to enter into and carry out a Paying Agent/Registrar Agreement with the Paying Agent/Registrar with respect to the Bonds in substantially the form and substance presented to the Board in connection with the approval of this Resolution with such changes as are acceptable to the Authority Representative.



(b) **Registration Books.** The Board shall keep or cause to be kept at a designated corporate trust office of the Paying Agent/Registrar in Dallas, Texas (the "Designated Trust Office") the Registration Books and the Board hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, exchanges, and replacements under such reasonable regulations as the Board and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, exchanges, and replacements as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the Registered Owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each Registered Owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Board shall have the right to inspect the Registration Books at the Designated Trust Office of the Paying Agent/Registrar during regular business hours, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. A copy of the Registration Books shall be maintained in the State.

(c) **Ownership of Bonds.** The entity or person in whose name any Bond shall be registered in the Registration Books at any time shall be deemed and treated as the absolute owner thereof for all purposes of this Resolution, whether or not such Bond shall be overdue, and, to the extent permitted by law, the Board and the Paying Agent/Registrar shall not be affected by any notice to the contrary; and payment of, or on account of, the principal of, premium, if any, and interest on any such Bond shall be made only to such Registered Owner. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(d) **Payment of Bonds and Interest.** The Paying Agent/Registrar shall further act as the paying agent for paying the principal of, premium, if any, and interest on the Bonds, all as provided in this Resolution. The Paying Agent/ Registrar shall keep proper records of all payments made by the Board and the Paying Agent/Registrar with respect to the Bonds. So long as the Texas Water Development Board (the "Purchaser") owns the Bonds, the Paying Agent/Registrar shall provide a copy to the Purchaser and its designated trustee of all receipts documenting debt service payments.

(e) **Authentication.** The Bonds initially issued and delivered pursuant to this Resolution shall be authenticated by the Paying Agent/Registrar by execution of the Paying Agent/Registrar's Authentication Certificate unless they have been approved by the Attorney General of the State and registered by the Comptroller of Public Accounts of the State, and on each substitute Bond issued in exchange for any Bond or Bonds issued under this Resolution the Paying Agent/Registrar shall execute the Paying Agent/Registrar's Authentication Certificate (the "Authentication Certificate"). The Authentication Certificate shall be in the form set forth in the FORM OF BOND in Exhibit "B" attached hereto.

(f) **Transfer, Exchange, or Replacement.** Each Bond issued and delivered pursuant to this Resolution, to the extent of the unpaid or unredeemed principal amount thereof, may, upon surrender of such Bond at the Designated Trust Office of the Paying Agent/Registrar, together with a written request therefor duly executed by the Registered Owner or the assignee or

assignees thereof, or its or their duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the Paying Agent/Registrar, may, at the option of the Registered Owner or such assignee or assignees, as appropriate, be exchanged for fully registered Bonds, without interest coupons, in the appropriate form prescribed in the FORM OF BOND set forth in Exhibit "B" to this Resolution, in any Authorized Denomination (subject to the requirement hereinafter stated that each substitute Bond shall be of the same Series and have a single stated maturity date), as requested in writing by such Registered Owner or such assignee or assignees, in an aggregate principal amount equal to the unpaid or unredeemed principal amount of any Bond or Bonds so surrendered, and payable to the appropriate Registered Owner, assignee, or assignees, as the case may be. If a portion of any Bond shall be redeemed prior to its scheduled maturity as provided herein, a substitute Bond or Bonds having the same Series designation and maturity date, bearing interest at the same rate, and payable in the same manner, in Authorized Denominations at the request of the Registered Owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Registered Owner upon surrender thereof for cancellation. If any Bond or portion thereof is assigned and transferred, each Bond issued in exchange therefor shall have the same Series designation and maturity date and bear interest at the same rate and payable in the same manner as the Bond for which it is being exchanged. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond. The Paying Agent/Registrar shall exchange or replace Bonds as provided herein, and each fully registered Bond delivered in exchange for or replacement of any Bond or portion thereof as permitted or required by any provision of this Resolution shall constitute one of the Bonds for all purposes of this Resolution and may again be exchanged or replaced. On each substitute Bond issued in exchange for or replacement of any Bond or Bonds issued under this Resolution there shall be printed an Authentication Certificate, in the form set forth in Exhibit "B" to this Resolution. An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign the Authentication Certificate, and, except as provided in (e) above, no such Bond shall be deemed to be issued or outstanding unless the Authentication Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all Bonds surrendered for transfer, exchange, or replacement. No additional orders or resolutions need be passed or adopted by the Board or any other body or person so as to accomplish the foregoing transfer, exchange, or replacement of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein, and said Bonds shall be in typed or printed form as determined by the Authority Representative. Pursuant to Subtitle D, Texas Government Code and particularly Section 1201.063, thereof, the duty of transfer, exchange, or replacement of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of the Authentication Certificate, the exchanged or replaced Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds which were originally issued pursuant to this Resolution. The Board shall pay the Paying Agent/Registrar's standard or customary fees and charges, if any, for transferring, and exchanging any Bond or any portion thereof, but the one requesting any such transfer and exchange shall pay any taxes or governmental charges required to be paid with respect thereto as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, exchange, or replacement of Bonds or any portion thereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following interest payment date, or (ii) with respect to any Bond or portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date. To the extent possible, any new

Bond issued in an exchange, replacement, or transfer of a Bond will be delivered to the Registered Owner or assignee of the Registered Owner not more than three business days after the receipt of the Bonds to be canceled and the written request as described above.

(g) ***Substitute Paying Agent/Registrar.*** The Board covenants with the Registered Owners of the Bonds that at all times while the Bonds are outstanding the Board will provide a competent and legally qualified bank, trust company, financial institution, or other Authority to act as and perform the services of Paying Agent/Registrar for the Bonds under this Resolution, and that the Paying Agent/Registrar will be one entity. The Board reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than ninety (90) days written notice to the Paying Agent/Registrar, to be effective not later than sixty (60) days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Board covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other Authority to act as Paying Agent/Registrar under this Resolution. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the Board. Upon any change in the Paying Agent/Registrar, the Board promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each Registered Owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Resolution, and a certified copy of this Resolution shall be delivered to each Paying Agent/Registrar.

(h) ***Notice of Redemption.*** Each notice of redemption required in the FORM OF BOND shall contain a description of the Bonds to be redeemed including the complete name of the Bonds, the Series, the date of issue, the interest rate or rates, the maturity date, the CUSIP number, a reference to the certificate numbers and the amounts called of each certificate, the publication and mailing date for the notice, the date of redemption, the redemption price, the name of the Paying Agent/Registrar and the address at which the Bonds may be redeemed, including a contact person and telephone number. All redemption payments made by the Paying Agent/Registrar to the registered owners of the Bonds shall include a CUSIP number relating to each amount paid to such Registered Owner.

(i) ***Book-Entry-Only System.*** The Bonds issued in exchange for the Bonds initially issued as provided in Section 5(l) 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 (f) hereof, all of the Outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Authority and the Paying Agent/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 Authority and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC participant or any other person, other than a Registered Owner, as shown on the Registration Books, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any person, other than a Registered Owner, as shown on the Registration Books of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Resolution to the contrary, but to the extent permitted by law, the Authority and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Registration Books as the absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest, with respect to such Bond, for the purposes of registering transfers with respect to such Bonds, and for all other purposes of registering transfers with respect to such Bonds, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Registered Owners, as shown in the Registration Books as provided in this Resolution, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to payment of principal of, premium, if any, 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 Authority to make payments of principal, premium, if any, and interest pursuant to the Resolution. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Resolution with respect to interest checks being mailed to the registered owner at the close of business on the Record Date the word "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

(j) ***Successor Securities Depository; Transfer Outside Book-Entry-Only System.*** In the event the Purchaser no longer owns the Bonds or the Purchaser consents to such action, the Authority may determine 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 Authority 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 Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names the Registered Owner transferring or exchanging Bonds shall designate, in accordance with the provisions of this Resolution.

(k) ***Payments to Cede & Co.*** Notwithstanding any other provision of this Resolution to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bond and

all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Blanket Representation of the Authority to DTC.

(1) **Initial Bond.** The Bonds herein authorized shall be initially issued as fully registered bonds, being one bond for each maturity in the denomination of the applicable principal amount and the initial Bond shall be registered in the name of the Registered Owner. The initial Bond shall be the Bond submitted to the Office of the Attorney General of the State for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State and delivered to the Registered Owner. Immediately after the delivery of the initial Bond, the Paying Agent/Registrar shall cancel the initial Bond delivered hereunder and exchange therefor Bonds 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 Section 5(j), all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

**Section 6. FORM OF BOND.** The form of the Bond, including the form of the Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State, with respect to the Bonds initially issued and delivered pursuant to this Resolution, shall be, respectively, substantially as set forth in Exhibit "B", with such appropriate variations, omissions, or insertions as are permitted or required by this Resolution.

**Section 7. PLEDGE OF BOND PAYMENTS.** (a) **Pledge.** The Authority hereby covenants and agrees that the Bond Payments are hereby irrevocably pledged to the payment and security of the Bonds Similarly Secured including the establishment and maintenance of the special funds or accounts created and established on the books and records of the Authority for the payment and security thereof, all as hereinafter provided; and it is hereby resolved that the Bonds Similarly Secured, and the interest thereon, shall constitute a lien on and pledge of the Bond Payments and be valid and binding without any physical delivery thereof or further act by the Authority, and the lien created hereby on the Bond Payments for the payment and security of the Bonds Similarly Secured shall be prior in right and claim as to any other indebtedness, liability, or obligation of the Authority or the Project payable pursuant to the terms of the Contract. The Authority shall deposit the Bond Payments, as collected and received, into the Debt Service Fund (hereinafter defined), to be utilized pursuant to Section 9 hereof to pay the Bonds.

(b) **Perfection of Pledge.** Chapter 1208, as amended, Texas Government Code, applies to the issuance of the Bonds Similarly Secured and the lien on and pledge of Bond Payments granted by the Authority under subsection (a) of this Section, and such pledge is therefore valid, effective, and perfected. If State law is amended at any time while the Bonds Similarly Secured are outstanding and unpaid such that the pledge of the Bond Payments granted by the Authority 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 Bonds Similarly Secured the perfection of the security interest in this pledge, the Board agrees to take such measures as it determines are reasonable and necessary under State law to comply with the applicable provisions of Chapter 9, as amended, Texas Business & Commerce Code and enable a filing to perfect the security interest in this pledge to occur.

**Section 8. RATES AND CHARGES.** For the benefit of the Registered Owners of the Bonds Similarly Secured and in addition to all provisions and covenants in the laws of the State and in this Resolution, the Contract between the Authority and the City expressly stipulates and agrees, while any of the Bonds Similarly Secured are Outstanding, the City will fix and collect such rates and charges for services to be supplied by the City's respective systems that will produce gross revenues at all times during the term of the Contract in an amount equal to pay all of the expenses of operation and maintenance of the respective systems including Annual Payments and Bond Payments under the Contract and all other amounts required by the laws and the provisions of the ordinances or resolutions authorizing the City's Outstanding System Obligations now or hereafter outstanding payable, in whole or in part, from the net revenues of the City's Systems, including the amounts required to pay all principal of and interest on the City's outstanding System bonds and other obligations. The Authority hereby expressly stipulates and agrees that it will take all appropriate action to charge rates sufficient and enforce such terms of the Contract while any of the Bonds Similarly Secured are Outstanding.

The Registered Owner shall never have the right to demand payment for the Bonds out of any funds raised or to be raised from taxation by the City, other Participating Entities, the Sponsors or the Authority.

**Section 9. DEBT SERVICE FUND AND PROJECT FUND.** (a) *Debt Service Fund.* For purposes of providing funds to pay the principal of and interest on the Bonds Similarly Secured as the same become due and payable, the Authority agrees to maintain, at a Depository, a separate and special fund or account to be created and known as the "Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of Buda, Texas), Debt Service Fund" (the "Debt Service Fund"). The Authority covenants that there shall be deposited into the Debt Service Fund prior to each principal and interest payment date solely from the available Bond Payments an amount equal to one hundred per cent (100%) of the amount required to fully pay the interest on and the principal of the Bonds Similarly Secured then falling due and payable.

Any accrued interest received from the Purchaser of the Bonds shall be deposited into the subaccount of the Debt Service Fund. In addition, any surplus proceeds from the sale of the Bonds, including investment income therefrom, not expended for authorized purposes shall be deposited into the Debt Service Fund, and such amounts (i.e., accrued and investment interest) so deposited shall reduce the sum otherwise required to be deposited in the Debt Service Fund from Bond Payments.

(b) *Project Fund.* The Authority hereby creates and establishes and shall maintain on the books and records of the Authority a separate fund or account to be entitled the "Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of Buda, Texas), Project Fund" for use by the Authority for payment of the City's share of the Project Costs. The Authority shall deposit the net proceeds from the sale of the Bonds into the Project Fund as provided in this Resolution. Funds in the Project Fund shall be requisitioned for payment of the City's share of Project Costs in accordance with a requisition in substantially the form set forth in Exhibit "C" attached hereto with such changes as approved by the Authority Representative. Upon payment of all Project Costs, any moneys remaining on deposit in the Project Fund shall be transferred to the Debt Service Fund.

In the event the Project is not completed for any reason contemplated in the Contract or otherwise or any proceeds from the Bonds are not used for completion of the Project for any reason, any Bond proceeds and earnings therein not used for completion of the Project shall be utilized to pay principal and/or interest on the Bonds so as to reduce the Bond Payment as set forth below.

Any surplus proceeds, including the investment earnings derived from the investment of monies on deposit in the Project Fund, from the Bonds remaining on deposit in the Project Fund after completing the Project and upon the completion of the final accounting as described in Section 37(c) hereof, shall be transferred to the Debt Service Fund to redeem, in inverse order of maturity, the Bonds owned by Purchaser, unless the Executive Administrator of Purchaser approves the use of such surplus proceeds to pay eligible Project Costs by funding projects that are a part of the State Water Plan.

**Section 10. DEFICIENCIES - EXCESS BOND PAYMENTS.** (a) *Deficiencies.* If on any occasion there shall not be sufficient Bond Payments to make the required deposits into the Debt Service Fund, then such deficiency shall be cured as soon as possible from the next available unallocated Bond Payments and such payments shall be in addition to the amounts required to be paid into these Funds or accounts during such month or months.

(b) *Excess Bond Payments* Subject to making the required deposits to the Debt Service Fund when and as required by this Resolution or any resolution authorizing the issuance of Additional Bonds, any excess Bond Payments may be used by the Authority for any lawful purpose including, but not limited to, the redemption of any Bonds Similarly Secured.

**Section 11. PAYMENT OF BONDS.** While any of the Bonds Similarly Secured are Outstanding, the Executive Director of the Authority or other authorized Authority official, shall cause to be transferred to the Paying Agent/Registrar therefor, from funds on deposit in the Debt Service Fund, amounts sufficient to fully pay and discharge promptly each installment of interest on and principal of the Bonds Similarly Secured as such installment accrues or matures; such transfer of funds must be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar for the Bonds at the close of the Business Day next preceding the date a debt service payment is due on the Bonds Similarly Secured.

**Section 12. INVESTMENTS.** Funds held in any fund or account created, established, or maintained pursuant to this Resolution shall, at the option of the Authority, be invested in time deposits, certificates of deposit, guaranteed investment contracts, or similar contracting arrangements and/or as permitted by the provisions of the Public Funds Investment Act, as amended, Chapter 2256, Texas Government Code, or any other law, and secured (to the extent not insured by the Federal Deposit Insurance Corporation) to the fullest extent required by the Public Funds Collateral Act, as amended, Chapter 2257, Texas Government Code. All interest and income derived from deposits and investments in any fund shall immediately be credited to, and any losses debited from, the fund from which such funds were derived. All such investments shall be sold promptly when necessary to prevent any default in connection with the Bonds.

**Section 13. ISSUANCE OF ADDITIONAL BONDS.** In addition to the right to issue bonds of inferior lien as authorized by the laws of this State, the Authority reserves the right

hereafter to issue Additional Bonds. The Additional Bonds, when issued, shall be payable from and secured by a lien on and pledge of the Bond Payments in the same manner and to the same extent as the Bonds and the Bonds Similarly Secured, and shall in all respects be of equal dignity. The Additional Bonds may be issued in one or more Series provided, however, that no Additional Bonds, shall be issued unless and until the following conditions have been met:

(i) Except for a refunding to cure a default, the Authority is not then in default as to any covenant, condition or obligation prescribed in the resolutions authorizing the issuance of the Bonds Similarly Secured or the Contract (including any amendment or supplement thereto) and the funds under the resolution authorizing the same contains the amounts then required to be therein;

(ii) The City shall have approved the resolution(s) authorizing the issuance of the Additional Bonds as to form and content and acknowledged that the payment of principal of and interest on such Additional Bonds is payable, in whole or in part, from the Bond Payments to be made to the Authority under and pursuant to the Contract;

(iii) The resolution authorizing the issuance of the Additional Bonds provides for deposits to be made to the Debt Service Fund in amounts sufficient to pay the principal of and interest on such Additional Bonds as the same become due; and

(iv) The City confirms (and counsel to the Authority opines) that the Contract is a legal, valid and binding contract then in effect pursuant to which the City is obligated to make payments to the Authority during each fiscal year (including periods when services of the Project may not be available to such contracting parties and others) in such amounts as shall be necessary to provide to the Authority sufficient funds to pay when due all principal and interest on all Bonds and Additional Bonds to be outstanding after the issuance of the proposed Additional Bonds.

The Bonds Similarly Secured may be refunded (pursuant to any law then available) upon such terms and conditions as the Board of the Authority may deem to be in the best interest of the Authority.

**Section 14. SPECIAL PROJECT BONDS.** The Authority further reserves the right to issue bonds in one or more installments for the purchase, construction, improvement, extension, replacement, enlargement or repair of utility facilities necessary under a contract or contracts with persons, corporations, municipal corporations, political subdivisions, or entities including the City, such bonds to be payable from and secured by the proceeds of such contract or contracts (other than the Contract). The Authority further reserves the right to refund such bonds and secure the payment of the debt service requirements on the refunding bonds in the same manner or as otherwise permitted by the laws of the State.

**Section 15. MAINTENANCE OF PROJECT - INSURANCE.** The Authority covenants, agrees, and affirms its covenants that while the Bonds Similarly Secured remain outstanding it will maintain and operate the Project with all possible efficiency and maintain casualty and other insurance on the properties of the Project and its operations of a kind and in such amounts customarily carried by municipal corporations in the State engaged in a similar



type of business (which may include an adequate program of self- insurance) which insurance shall also be sufficient to protect the Purchaser; and that it will faithfully and punctually perform all duties with reference to the Project required by the laws of the State. All money received from losses under such insurance policies, other than public liability policies, shall be retained for the benefit of the Registered Owners of the Bonds Similarly Secured until and unless the proceeds are paid out in making good the loss or damage in respect of which such proceeds are received, either by replacing the property destroyed or repairing the property damaged, and adequate provision for making good such loss or damage must be made within ninety (90) days after the date of loss. The payment of premiums for all insurance policies required under the provisions hereof shall be considered Maintenance and Operating Expenses of the Project. Nothing in this Resolution shall be construed as: (i) requiring the Authority to expend any funds which are derived from sources other than the operation of the Project but nothing herein shall be construed as preventing the Authority from doing so or (ii) requiring the purchase of insurance until the Facilities are constructed.

**Section 16. RECORDS AND ACCOUNTS - ANNUAL AUDIT.** The Authority covenants, agrees, and affirms its covenants that so long as any of the Bonds Similarly Secured remain outstanding, it will keep and maintain separate and complete records and accounts pertaining to the operations of the Project in which complete and correct entries shall be made of all transactions relating thereto as provided by applicable law. The Registered Owners of any Bonds or any duly authorized agent or agents of such Registered Owners shall have the right to inspect the Project and all properties comprising the same. The Authority further agrees that following (and in no event later than six (6) months after) the close of each Fiscal Year, it will cause an audit of such books and accounts to be made by an independent firm of Certified Public Accountants. Expenses incurred in making the annual audit of the operations of the Project are to be regarded as Operation and Maintenance Expenses of the Project.

**Section 17. SALE OR ENCUMBRANCE OF SYSTEM.** While any Bonds remain Outstanding, the Authority will not sell, dispose of or further encumber the Project or any substantial part thereof; provided, however, that this provision shall not prevent the Authority from (i) pledging the Bond Payments and Funds to Additional Bonds or Special Project Bonds as set forth in Sections 13 and 14 of this Resolution or (ii) disposing of any part of the Project which is being replaced or is deemed by the Authority to be obsolete, worn out, surplus or no longer needed for the proper operation of the Project. Any agreement pursuant to which the Authority contracts with a person, corporation, municipal corporation or political subdivision to operate the Project or to lease and/or operate all or part of the Project shall not be considered as an encumbrance of the Project; provided, however, no such agreement shall impair the pledge and lien on the Bond Payments and Funds.

**Section 18. SPECIAL COVENANTS.** The Authority further covenants and agrees that: (a) **Title.** The Authority lawfully owns or will own and is or will be lawfully possessed of the lands, easements or other property rights (including leasehold interests) upon which its Project is and will be located, and has or will purchase good and indefeasible estate in such lands in fee simple, or has or will lawfully obtain any necessary easements or has or will lawfully obtain property rights (including leasehold interests) to operate the Project, and it warrants that it has or will obtain and will defend, the title to all the aforesaid lands, easements and property rights for the benefit of the Registered Owners of the Bonds against the claims and demands of

all persons whomsoever, that it is lawfully qualified to pledge the Bond Payments to the payment of the Bonds Similarly Secured, in the manner prescribed herein, and that it has lawfully exercised such rights.

(b) **Liens.** The Authority will from time to time and before the same become delinquent pay and discharge all taxes, assessments, and governmental charges, if any, which shall be lawfully imposed upon it, or its Project, and it will pay all lawful claims for rents, royalties, labor, materials, and supplies which if unpaid might by law become a lien or charge upon its Project, provided, however, that no such tax, assessment, or charge, and that no such claims which might be or other lien or charge, shall be required to be paid while the validity of the same shall be contested in good faith by the Authority.

(c) **Performance.** The Authority will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in the resolutions authorizing the issuance of Bonds Similarly Secured, and in each and every Bond Similarly Secured and pay from the Bond Payments the principal of and interest on every Bond Similarly Secured on the dates and in the places and manner prescribed in such resolutions and Bonds Similarly Secured; and that it will, at the times and in the manner prescribed, deposit or cause to be deposited from the Bond Payments the amounts required to be deposited into the Debt Service Fund; and the Registered Owner of the Bonds Similarly Secured may require the Authority, its officials, agents, and employees to carry out, respect, or enforce the covenants and obligations of this Resolution or any resolution authorizing the issuance of Bonds Similarly Secured including, but without limitation, the use and filing of mandamus proceedings, in any court of competent jurisdiction, against the Authority, its officials, agents, and employees.

(d) **Legal Authority.** The Authority is duly authorized under the laws of the State, including the Act, to issue the Bonds Similarly Secured; that all action on its part for the authorization and issuance of the Bonds Similarly Secured has been duly and effectively taken, and the Bonds Similarly Secured in the hands of the Registered Owners thereof are and will be valid and enforceable special obligations of the Authority in accordance with their terms payable solely from the Bond Payments.

(e) **Budget.** The Authority will prepare, adopt, and place into effect an annual budget (the "Annual Budget") for Operation and Maintenance Expenses of the Project for each Fiscal Year, including in each Annual Budget such items as are customarily and reasonably contained in a utility project budget under generally accepted accounting procedures and shall deliver such budget at least 90 days prior to adoption for review and comment by the City.

(f) **Permits.** The Authority will comply with all of the terms and conditions of any and all franchises, permits, and authorizations applicable to or necessary with respect to the Project and which have been obtained from any governmental Authority; and the Authority has or will obtain and keep in full force and effect all franchises, permits, authorizations, and other requirements applicable to or necessary with respect to the acquisition, construction, equipment, operation, and maintenance of the Project.

**Section 19. LIMITED OBLIGATIONS OF THE AUTHORITY.** The Bonds Similarly Secured are limited, special obligations of the Authority payable from and equally and

ratably secured solely by a lien on and pledge of the Bond Payments, and the Registered Owners thereof shall never have the right to demand payment of the principal or interest on the Bonds Similarly Secured from any funds raised or to be raised through taxation by the City or the Authority.

**Section 20. DEFAULT AND REMEDIES.** (a) *Events of Default.* Each of the following occurrences or events for the purpose of this Resolution is hereby declared to be an Event of Default:

(i) the failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable; or

(ii) default in the performance or observance of any other covenant, agreement or obligation of the Authority, the failure to perform which materially, adversely affects the rights of the Registered Owners of the Bonds, including, but not limited to, their prospect or ability to be repaid in accordance with this Resolution, and, if such default is capable of cure, the continuation thereof for a period of sixty (60) days after notice of such default is given by any Registered Owner to the Authority; or

(iii) a default by the City under the Contract.

(b) *Remedies for Event of Default.*

(i) Upon the happening of any Event of Default, then and in every case, any Registered Owner or an authorized representative thereof, including, but not limited to, a trustee or trustees therefor, may proceed against the Authority, or any official, officer or employee of the Authority in their official capacity, for the purpose of protecting and enforcing the rights of the Registered Owners under this 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. The Registered Owners are third party beneficiaries to the Contract with the ability to enforce the provisions of the Contract for such period that a default exists under the Contract.

(ii) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Registered Owners of Bonds then Outstanding.

(iii) Notwithstanding anything in this Resolution to the contrary, so long as the Purchaser continue to hold the Bonds, the Purchaser may exercise all remedies available to it in law or equity and any provision in this Resolution or the Bonds that restricts or limits the Purchaser's full exercise of these remedies shall be of no force and effect.

(c) *Remedies Not Exclusive.*

(i) 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 Bonds or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Resolution, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under this Resolution.

(ii) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

(iii) By accepting the delivery of a Bond authorized under this Resolution, such Registered Owner agrees that the certifications required to effectuate any covenants or representations contained in this Resolution do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers, employees or trustees of the Authority or the Board.

(iv) None of the members of the Board, nor any other official or officer, agent, or employee of the Authority, shall be charged personally by the Registered Owners with any liability, or be held personally liable to the Registered Owners under any term or provision of this Resolution, or because of any Event of Default or alleged Event of Default under this Resolution.

**Section 21. AMENDMENT OF RESOLUTION.** (a) *Amendments Without Consent.* This Resolution and the rights and obligations of the Board and of the Registered Owners of the Bonds may be modified or amended at any time without notice to or the consent of any Registered Owner of the Bonds or any Bond similarly secured, solely for any one or more of the following purposes:

(i) To add to the covenants and agreements of the Board contained in this Resolution, other covenants and agreements thereafter to be observed, or to surrender any right or power reserved to or conferred upon the Board in this Resolution;

(ii) To cure any ambiguity or inconsistency, or to cure or correct any defective provisions contained in this Resolution, upon receipt by the Board of an opinion of counsel, that the same is needed for such purpose, and will more clearly express the intent of this Resolution;

(iii) To supplement the security for the Bonds, replace or provide an additional Credit Agreement, or change the form of the Bonds or make such other changes in the provisions hereof as the Board may deem necessary or desirable and which shall not, in the judgment of the Board, materially adversely affect the interests of the owners of the Outstanding Bonds;

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

(v) To make such other changes in the provisions hereof as the Board may deem necessary or desirable and which shall not, in the judgment of the Board, materially adversely affect the interests of the owners of the Outstanding Bonds; or

(vi) To assign the Contract to a trustee.

(b) **Amendments With Consent.** Subject to the other provisions of this Resolution, the Registered Owners of Outstanding Bonds aggregating 51% in Outstanding Principal Amount shall have the right from time to time to approve any amendment, other than amendments described in Subsection (a) of this Section, to this Resolution which may be deemed necessary or desirable by the Board; provided, however, that nothing herein contained shall permit or be construed to permit, without the approval of the owners of all of the Outstanding Bonds, the amendment of the terms and conditions in this Resolution or in the Bonds so as to:

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

(c) **Notice.** (i) If at any time the Board shall desire to amend this Resolution other than pursuant to (a) above, the Board shall cause notice of the proposed amendment to be published in a financial newspaper or journal of general circulation in The City of New York, New York (including but not limited to, the Bond Buyer and The Wall Street Journal) or the State (including but not limited to the Texas Bond Reporter) once during each calendar week for at least two (2) successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of the Paying Agent/Registrar for inspection by all owners of the Bonds. Such publication is not required, however, if the Board gives or causes to be given such notice in writing to each Registered Owner of Bonds.

(d) **Receipt of Consents.** Whenever at any time not less than thirty (30) days, and within one (1) year, from the date of the first publication of said notice or other service of written notice of the proposed amendment the Board shall receive an instrument or instruments executed by all of the owners or the owners of at least 51% in Outstanding Principal Amount of 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 amendatory resolution in substantially the same form.

(e) **Effect of Amendments.** Upon the adoption by the Board of any resolution to amend this Resolution pursuant to the provisions of this Section, this Resolution shall be deemed to be amended in accordance with the amendatory resolution, and the respective rights, duties, and

obligations of the Board and all the owners of then Outstanding Bonds and all future Bonds shall thereafter be determined, exercised, and enforced under the resolution and this Resolution, as amended.

(f) **Consent Irrevocable.** Any consent given by any owner of Bonds pursuant to the provisions of this Section shall be irrevocable for a period of six (6) months from the date of the first publication or other service of the notice provided for in this Section and shall be conclusive and binding upon all future owners of the same Bonds during such period. Such consent may be revoked at any time after six (6) months from the date of the first publication of such notice by the owner who gave such consent, or by a successor in title, by filing notice thereof with the Registrar and the Board, but such revocation shall not be effective if the owners of 51% in Outstanding Principal Amount of Bonds, prior to the attempted revocation, consented to and approved the amendment.

(g) **Ownership.** For the purpose of this Section, the ownership and other matters relating to all Bonds registered as to ownership shall be determined from the Registration Books kept by the Paying Agent/Registrar therefor. The Paying Agent/Registrar may conclusively assume that such ownership continues until written notice to the contrary is served upon the Paying Agent/Registrar.

**Section 22. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE BONDS.** (a) **Covenants.** The Authority 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 Authority 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 Authority, with respect to such private business use, do not, under the terms of this Resolution or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the "private business use" described in subsection (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 5 years or less or, in the case of a refunding bond, for a period of 90 days or less until such proceeds are needed for the purpose for which the bonds are issued,

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

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

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

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

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

(10) to file or cause to be filed with the Secretary of the Treasury, not later than the 15<sup>th</sup> day of the second calendar month after the close of the calendar quarter in which the Bonds are issued, an information statement concerning the Bonds, all under and in accordance with section 149(e) of the Code and the applicable Treasury Regulations promulgated thereunder; and

(11) the Authority will not acquire any of the Purchaser source series bonds in an amount related to the amount of Bonds acquired by the Purchaser.

(b) **Rebate Fund.** In order to facilitate compliance with the above covenant (8), a "Rebate Fund" is hereby established by the Authority for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation the bondholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) **Proceeds.** The Authority understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations. It is the understanding of the Authority 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 Authority 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 Authority 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 Authority hereby authorizes and directs the Executive Director to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Authority, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

(d) **Allocation Of, and Limitation On, Expenditures for the Project.** The Authority covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 2 of this Resolution (the "Project") on its books and records in accordance with the requirements of the Internal Revenue Code. The Authority recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the Authority recognizes that in order for proceeds to be expended under the Internal Revenue Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired. The Authority agrees to obtain the advice of nationally recognized 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 Bonds. For purposes hereof, the Authority 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.

(e) **Disposition of Project.** The Authority covenants that the property constituting the Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the Authority of cash or other compensation, unless any action taken in connection with such



disposition will not adversely affect the tax-exempt status of the Bonds. For purpose of the foregoing, the Authority may rely on an opinion of nationally recognized bond counsel that the action taken in connection with 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 Authority 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.

(f) **Reimbursement.** This Resolution is intended to satisfy the official intent requirements set forth in section 1.150-2 of the Treasury Regulations.

**Section 23. RESOLUTION TO CONSTITUTE A CONTRACT; EQUAL SECURITY.** In consideration of the acceptance of the Bonds, the issuance of which is authorized hereunder, by those who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Board and the Registered Owners from time to time of the Bonds and the pledge made in this Resolution by the Board and the covenants and agreements set forth in this Resolution to be performed by the Board shall be for the equal and proportionate benefit, security, and protection of all Registered Owners, without preference, priority, or distinction as to security or otherwise of any of the Bonds authorized hereunder 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 Resolution.

**Section 24. 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 Bonds issued hereunder.

**Section 25. PAYMENT AND PERFORMANCE ON BUSINESS DAYS.** Except as provided to the contrary in the FORM OF BOND, whenever under the terms of this Resolution or the Bonds, the performance date of any provision hereof or thereof, including the payment of principal of or interest on the 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 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.

**Section 26. LIMITATION OF BENEFITS WITH RESPECT TO THE RESOLUTION.** With the exception of the rights or benefits herein expressly conferred, nothing expressed or contained herein or implied from the provisions of this Resolution or the Bonds is intended or should be construed to confer upon or give to any person other than the Board, the Registered Owners, and the Paying Agent/Registrar, any legal or equitable right, remedy, or claim under or by reason of or in respect to this Resolution or any covenant, condition,

stipulation, promise, agreement, or provision herein contained. This 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 Board, the Registered Owners, and the Paying Agent/Registrar as herein and therein provided.

**Section 27. CUSTODY, APPROVAL, BOND COUNSEL'S OPINION, CUSIP NUMBERS AND PREAMBLE.** The Authority Representative is hereby authorized to have control of the Bonds issued hereunder and all necessary records and proceedings pertaining to the Bonds pending their delivery and approval by the Attorney General of the State. The Authority Representative is hereby authorized, to the extent deemed necessary or advisable thereby, in the discretion thereof, to request that the Attorney General approve the Bonds as permitted by Chapter 1202, Texas Government Code, in which case the Authority Representative also is authorized to request the Comptroller of Public Accounts register the Bonds, and to cause an appropriate legend reflecting such approval and registration to appear on the Bonds and the substitute Bonds. The approving legal opinion of the Board's Bond Counsel and the assigned CUSIP numbers may, at the option of the Board, be printed on the Bonds and on any Bonds issued and delivered in exchange or replacement of any Bond, but neither shall have any legal effect, and shall be solely for the convenience and information of the Registered Owners of the Bonds. The preamble to this Resolution is hereby adopted and made a part of this Resolution for all purposes.

**Section 28. CONTINUING DISCLOSURE UNDERTAKING.** (a) *Annual Reports.* The Authority shall provide annually to the MSRB, (1) within six months after the end of each fiscal year of the Authority, financial and operating data of the general type, being the information of the type described in Exhibit "D" hereto including financial statements of the Authority if audited financial statements of the Authority are then available, and (2) if not provided as part such financial information and operating data, audited financial statements of the Authority, when and if available. Any financial statements to be provided shall be (i) prepared in accordance with the generally accepted accounting principles for governmental units, or such other accounting principles as the Authority may be required to employ from time to time pursuant to state law or regulation, and in substantially the form included in the official statement, and (ii) audited, if the Authority commissions an audit of such financial 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 12 months after any such fiscal year end, then the Authority shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

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

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document 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 Section shall be accompanied by identifying information as prescribed by the MSRB.

(b) **Event Notices.** The Authority 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:

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

16. A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Authority, any of which reflect financial difficulties.

For these purposes, (a) any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Authority in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of the Authority in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority, and (b) the Authority intends the words used in the immediately preceding paragraphs (15) and (16) and the definition of Financial Obligation in this Section to have the same meanings as when they are used in the Rule, as prescribed by SEC Release No. 34-83885, dated August 20, 2018.

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

(c) ***Limitations, Disclaimers, and Amendments.*** The Authority shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Authority remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the Board in any event will give notice of any deposit made in accordance with Section 30 of this Resolution that causes the Bonds no longer to be outstanding.

The provisions of this Section are for the sole benefit of the holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Authority undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Authority's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The Authority 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 AUTHORITY 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 AUTHORITY, 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 Authority in observing or performing its obligations under this Section shall comprise a breach of or default under this Resolution for purposes of any other provision of this Resolution.

Should the Rule be amended to obligate the Authority to make filings with or provide notices to entities other than the MSRB, the Board of the Authority 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 Authority under federal and state securities laws.

The provisions of this Section may be amended by the Authority 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 Authority, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Resolution that authorizes such an amendment) of the outstanding Bonds consents to such amendment or (b) a person that is unaffiliated with the Authority (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the Bonds. If the Authority so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with paragraph (a) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The Authority may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

**Section 29. APPLICATION OF BOND PROCEEDS.** (a) Proceeds from the sale of the Bonds shall, promptly upon receipt thereof, be applied by the Authority Representative as follows:

- (i) accrued interest, if any, for the Bonds shall be deposited as provided in Section 9(a);
- (ii) an amount sufficient to accomplish the purposes of Section 2(b) shall be deposited to the Project Fund; and
- (iii) any proceeds from the sale of the Bonds remaining after the deposits provided for in clauses (i) and (ii) above, shall be applied to pay expenses arising in connection with the issuance of the Bonds.

Any sale proceeds of the Bonds remaining after making all deposits and payments provided for above shall be applied to the payment of interest on the Bonds and deposited into the Debt Service Fund.

**Section 30. DEFEASANCE PROVISIONS.** (a) Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond") within the meaning of this Resolution, except to the extent provided in 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 the establishment of irrevocable provisions for the giving of such notice) 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 or an eligible trust company or commercial bank 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 Authority with the Paying Agent/Registrar or an eligible trust company or commercial bank 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 Bond Payments as provided in this Resolution, 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 or upon the establishment of irrevocable provisions for the giving of such notice, in accordance with this Resolution. Any money so deposited with the Paying Agent/Registrar or an eligible trust company or commercial bank as provided in this Section may at the discretion of the Authority 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 or an eligible trust company or commercial bank 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 remitted to the Authority.

(c) Notwithstanding any provision of any other Section of this Resolution 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 Authority shall make proper arrangements to provide and pay for such services as required by this Resolution.

(d) Notwithstanding anything elsewhere in this Resolution, if money or Defeasance Securities have been deposited or set aside with the Paying Agent/Registrar or an eligible trust company or commercial bank 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 Authority retains the right under State law to later call that Defeased Bond for redemption in accordance with the provisions of this Resolution, the Authority may call such Defeased Bond for redemption upon complying with the provisions of State 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.

**Section 31. SALE OF BONDS; USE OF PROCEEDS.** (a) *Sale to the Texas Water Development Board.* That the Bonds are hereby sold to the Purchaser for the price of par. The Bonds have been purchased by the Purchaser pursuant to TWDB Resolution No. 17-079, adopted on July 20, 2017, as amended by TWDB Resolution No. 19-077 adopted on July 22, 2019 and TWDB Resolution No. 20-067, adopted on July 23, 2020, as amended by TWDB Resolution No. 22-066 adopted on July 27, 2022 (collectively, the "Purchaser Resolution"). The Bonds initially delivered shall be registered in the name of the Purchaser. The Private Placement Memorandum prepared in connection with the sale of the Bonds to the Purchaser in substantially the form attached to this Resolution is approved. The Authority has determined, based upon the advice provided by its financial advisors, that acceptance of the purchase price for the Bonds is on terms advantageous to, and in the best interests of, the Authority.

(b) *Notice from Purchaser of Sale of Bonds.* It is the intent of the parties to the sale of the Bonds that if the Purchaser ever determines to sell all or a part of the Bonds, it shall notify the Authority at least 60 days prior to the sale of the Bonds of the decision to so sell the Bonds.

(c) *Proceeds.* The proceeds from the sale of the Bonds shall be used in the manner described in the letter of instructions executed by the Authority, or on behalf of the Authority by its financial advisor.

(d) *Payment by Wire Transfer.* Payment of amounts due and owing on the Bonds to the Purchaser shall be made by wire transfer, at no expense to the Purchaser, as provided in the FORM OF BOND.

(e) *Escrow Fund.* By agreeing to purchase the Bonds, the Purchaser agrees that the Bond proceeds shall be deposited into the escrow fund established in the Escrow Agreement between the Authority and BOKF, NA, as escrow agent (the "Escrow Agent").

(f) *Investment of Bond Proceeds.* Proceeds from the sale of the Bonds shall be held at a depository or other properly chartered and authorized institution in accordance with Chapter 2256, Texas Government Code, and Chapter 2257, Texas Government Code.

**Section 32. FURTHER PROCEDURES.** The Authority Representative and all other officers, employees, and agents of the Board, and each of them, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and on behalf of the Board all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution, the Bonds, the sale and delivery of the Bonds and fixing all details in connection therewith. The Authority Representative is authorized to sign this Resolution.

**Section 33. REPEAL OF CONFLICTING RESOLUTIONS.** All resolutions and all parts of any resolutions which are in conflict or inconsistent with this Resolution are hereby repealed and shall be of no further force or effect to the extent of such conflict or inconsistency.

**Section 34. PUBLIC NOTICE.** It is hereby found and determined that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the Meeting at which this Resolution was adopted; that this Resolution would be introduced and considered for adoption at said meeting; 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.

**Section 35. NO PERSONAL LIABILITY.** No covenant or agreement contained in the Bonds, this Resolution or any corollary instrument shall be deemed to be the covenant or agreement of any member of the Board or the City or any officer, agent, employee or representative of the Board or the City in their individual capacity, and neither the directors, officers, agents, employees or representatives of the Board or the City nor any person executing the Bonds shall be personally liable thereon or be subject to any personal liability for damages or otherwise or accountable by reason of the issuance thereof, or any actions taken or duties performed, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the issuance of the Bonds.

**Section 36. APPROVAL OF ESCROW AGREEMENT, PAYING AGENT/REGISTRAR AGREEMENT, BLANKET ISSUER LETTER OF REPRESENTATIONS WITH THE DEPOSITORY TRUST COMPANY AND CREDIT AGREEMENTS.** (a) The Escrow Agreement by and between the Authority and the Escrow Agent ("Escrow Agreement") in substantially the form and substance submitted to the Board is hereby approved, and the Authority Representative is hereby authorized to complete, amend, modify, and execute the Escrow Agreement, as necessary.

(b) The Paying Agent/Registrar Agreement by and between the Authority and the Paying Agent/Registrar ("Paying Agent Agreement"), in substantially the form and substance submitted to the Board is hereby approved and the Authority Representative is hereby authorized and directed to complete, amend, modify, and execute the Paying Agent Agreement, as necessary.



(c) The Blanket Issuer Letter of Representations with the Depository Trust Company has been previously executed by the Authority Representative and is hereby authorized to be utilized in connection with the Bonds.

(d) To the extent permitted by law, the Authority reserves the right to enter into Credit Agreements in connection with the Bonds, upon the written opinion of the Authority Representative that such Credit Agreements are in the best interest of the Authority given the market conditions at the time. The Credit Agreements will constitute a Credit Agreement as defined in this Resolution. The Credit Agreements and the obligations thereunder may, pursuant to their terms, constitute (i) debt secured by a pledge of the Bond Payments on parity with the Bonds Similarly Secured (ii) debt secured by an inferior lien secured by a pledge of the Bond Payments subordinate to the Bonds Similarly Secured or (iii) partially parity and partially inferior lien.

**Section 37. ADDITIONAL COVENANTS.** In connection with the sale of the Bonds to the Purchaser, the Authority covenants as follows:

(a) ***Compliance with the Texas Water Development Board's Rules and Regulations.*** The Authority covenants to comply with the rules and regulations of the Purchaser, and to maintain insurance on the Project in such amount as may be required by the Purchaser, as further addressed in subsection (h) of this Section.

(b) ***Audits.*** For so long as the State owns any of the Bonds, the Authority shall mail a copy of the audit required by this Resolution to the Purchaser. In addition, monthly operating statements for the Project shall be maintained by the Authority and made available, on request, to the Purchaser as long as the State owns any of the Bonds, and the monthly operating statement shall be in such detail as requested by the Development Fund Manager of the Purchaser until this requirement is waived thereby. The Authority shall also provide, or cause to be provided, a copy of the City's audit within 180 days after the City's fiscal year end.

(c) ***Final Accounting.*** Within 60 days of Project completion, the Authority shall render a final accounting to the Purchaser in reference to the total cost incurred by the Authority for the Project which were financed by the issuance of the Bonds, together with a copy of "as built" plans of such Project.

(d) ***Defeasance.*** Should the Authority exercise its right under this Resolution to effect the defeasance of the Bonds, the Authority agrees that it will provide the Purchaser with 30 days written notice of any such defeasance.

(e) ***Segregation of Funds.*** The Authority covenants that proceeds of the Bonds shall remain separate and distinct from other sources of funding from the date of the Purchaser commitment through costing and final disbursement.

(f) ***Environmental Indemnity.*** Proceeds from the Bonds shall not be used by the Authority when sampling, testing, removing, or disposing of contaminated soils and/or media at the Project site. To the extent permitted by law, the Authority agrees to indemnify, hold harmless, and protect the Purchaser from any and all claims, causes of action, or damages to the

person or property of third parties arising from the sampling, analysis, transport, storage, treatment, and disposition of any contaminated sewage sludge, contaminated sediments, and/or contaminated media that may be generated by the Authority, its contractors, consultants, agents, officials, and employees as a result of activities relating to the project funded with proceeds of the Bonds.

(g) ***Environmental Determination.*** In connection with the Project financed with the Bonds, the Authority agrees to implement any environmental determination issued by the Executive Administrator of the Purchaser to satisfy the environmental review requirements set forth in 31 Texas Administrative Code 371.

(h) ***Insurance.*** The Authority agrees that it will maintain insurance on the Project in an amount sufficient to protect the Purchaser's interest in the project financed with the proceeds of the Bonds. The Authority may self-insure in respect to satisfying this covenant.

(i) ***No Purchase of Purchaser Bonds.*** The Authority agrees that neither it, nor any related party to the Authority, will purchase, as an investment or otherwise, bonds issued by the Purchaser including, without limitation, bonds issued by the Purchaser, the proceeds of which were used by the Purchaser to purchase the Bonds.

(j) ***Compliance with Federal Contracting Laws.*** The Authority acknowledges that it has a legal obligation to comply with any applicable requirements of federal law relating to contracting with disadvantaged business enterprises.

(k) ***Compliance with State Contracting Laws.*** The Authority acknowledges that it has a legal obligation to comply with any applicable requirements of State law relating to contracting with historically underutilized businesses and will report to the Purchaser the amounts of Project funds, if any that are used to compensate historically underutilized businesses that work on the Project in accordance with 31 Texas Administrative Code § 363.1312.

(l) ***No Advance Refunding.*** The Authority will not use proceeds of the Bonds to advance refund any outstanding bonds.

**Section 38. APPROVAL CERTIFICATE.** Pursuant to Section 3.1 of the Contract, the City has authorized the execution of an approval certificate attached hereto as Exhibit "F" which evidences the approval of the terms and provisions of the Bonds as set forth herein by the City.

**PASSED AND ADOPTED** this October 31, 2022.

**ALLIANCE REGIONAL WATER  
AUTHORITY**



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Authority Representative

[Signature Page]

## EXHIBIT A

### DEFINITIONS

As used in this Resolution, the following terms and expressions shall have the meanings set forth below, unless the text in this Resolution specifically indicates otherwise.

The term *Additional Bonds* shall mean the obligations issued in accordance with the terms and conditions prescribed in Section 13 hereof.

The term *Annual Payments* shall have the meaning given in the Contract.

The term *Authorized Denominations* shall mean the denomination of \$5,000 or any integral multiple thereof.

The term *Authority* shall mean Alliance Regional Water Authority and any other public Authority succeeding to the powers, rights, privileges and functions of the Authority and, when appropriate, the Board of the Authority.

The term *Authority Representative* shall mean the Chair, Vice Chair or the Executive Director of the Authority or such other person authorized by the Board to act as an Authority Representative.

The term *Average Annual Debt Service Requirements* shall mean that average amount which, at the time of computation, will be required to pay the Debt Service Requirements on all outstanding Bonds Similarly Secured when due (either at Stated Maturity or mandatory redemption) and derived by dividing the total of such Debt Service Requirement by the number of Fiscal Years then remaining before Stated Maturity of such Bonds Similarly Secured. For purposes of this definition, a fractional period of a Fiscal Year shall be treated as an entire Fiscal Year. Capitalized interest payments provided from Bond proceeds shall be excluded in making the aforementioned computation.

The term *Board* shall mean the Board of Directors of the Authority.

The term *Bond Payments* shall mean the payments defined as "Bond Payments" within the Contract that the Authority expects to receive from the City of Buda, Texas pursuant to the terms of the Contract.

The term *Bonds* shall mean and include collectively the Bonds issued and delivered 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.

The term *Bonds Similarly Secured* shall mean the Series 2015 Bonds, the Series 2017 Bonds, the Series 2019 Bonds, the Series 2020 Bonds and the Bonds issued pursuant to this Resolution and any Additional Bonds hereafter issued by the Authority or bonds issued to refund

any of the foregoing if issued in a manner that provides that the refunding bonds are payable from and equally and ratably secured by a lien on and pledge of the Bond Payments.

The term *Business Day* shall mean any day which is not a Saturday, Sunday, legal holiday, or a day on which banking institutions in The City of New York, New York or in the city where the Designated Trust Office of the Paying Agent/Registrar is located are authorized by law or executive order to close.

The term *Certified Public Accountant* shall mean an independent certified public accountant or firm of independent certified public accountants.

The term *City* shall mean the City of Buda, Texas.

The term *City System* shall mean and includes the existing combined waterworks and/or wastewater disposal system of the City, together with all future extensions, improvements, enlargements, and additions thereto, including, to the extent permitted by law, storm sewer and drainage and/or reclaimed water systems which are integrated with the waterworks or wastewater disposal system, and all replacements thereof. Provided that, notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the term *City System* shall not include any waterworks or wastewater facilities which are declared by the City not to be a part of the City System, and which are hereafter acquired or constructed by the City with the proceeds from the issuance of "Special Facilities Bonds," which are hereby defined as being special revenue obligations of the City which are not secured by or payable from the net revenues of the City System, but which are secured by and are payable solely from special contract revenues, or payments received from the City or any other legal entity, or any combination thereof, in connection with such facilities; and such revenues or payments shall not be considered as or constitute gross revenues of the City System, unless and to the extent otherwise provided in the ordinance or ordinances authorizing the issuance of such *Special Facilities Bonds*.

The term *Completion Date* shall mean when the Facilities have been substantially complete, the date specified in a certificate of the Authority and Project Engineer that the Project is substantially completed and ready to be placed in service.

The term *Contract* shall mean the Regional Water Supply Contract dated as of January 9, 2008, together with amendments and supplements thereto including Amendment No. 1 (which by the term of such instrument is designated as a supplement or amendment to such Contract) between the Authority and each Sponsor, conformed copies of the Contract being attached hereto as Exhibit "E" for the purposes of identification.

The term *Credit Agreement* shall mean an Insurance Policy, a surety bond (including any supporting Insurance Agreement), a letter or line of credit or other type of enhancement issued in support of any Bonds or Additional Bonds by a Credit Agreement Provider at the request of the Authority.

The term *Credit Agreement Provider* shall mean (i) with respect to any Credit Agreement consisting of a policy of municipal bond insurance or a surety bond, an issuer of policies of insurance insuring the timely payment of scheduled debt service on governmental obligations such as any Series of Bonds or Additional Bonds, provided that a Rating Authority having an outstanding rating on the Bonds or Additional Bonds would rate the Bonds or Additional Bonds upon delivery of the Bonds or Additional Bonds fully insured by a standard policy issued by the issuer in its highest generic rating category for such obligations; and (ii) with respect to any Credit Agreement consisting of a letter or line of credit, any financial institution, provided that a Rating Authority having an outstanding rating on the Bonds or Additional Bonds would rate the Bonds or Additional Bonds in one of its two highest generic rating categories for such obligations if the letter or line of credit proposed to be issued by such financial institution secured the timely payment of the entire principal amount of a series of Bonds or Additional Bonds and the interest thereon.

The term *Debt Service Fund* shall mean the special fund or account created and established by the provisions of Section 9(a) of this Resolution.

The term *Debt Service Requirements* shall mean as of any particular date of computation, with respect to any obligations and with respect to any period, the aggregate of the amounts to be paid or set aside by the Authority as of such date or in such period for the payment of the principal of, premium, if any, and interest (to the extent not capitalized) on such obligations; assuming, in the case of obligations without a fixed numerical rate, that such obligations bear interest calculated by (a) either (i) an interest rate equal to the average rate borne by such Bonds (or by comparable debt in the event that such Bonds have not been outstanding during the preceding 24 months) for any 24 month period ending within 30 days prior to the date of calculation, (ii) if the Bonds bear interest at tax-exempt rates, an interest rate equal to the 24 month average of the Index (as most recently published in The Bond Buyer), unless such index is no longer published in The Bond Buyer, in which case the index to be used in its place shall be that index which the Authority Representative determines most closely replicates such index as set forth in a certificate of a Authority Representative, (iii) if the Bonds bear interest at taxable rates, the index which the Authority Representative determines is an accepted market index for taxable rates, (iv) that interest rate which, in the judgment of the Authority Representative, based, to the extent possible, upon an accepted market index which corresponds with the provisions of the subject Bonds, is the average rate anticipated to be in effect with respect to such Bonds or (v) that interest rate which, in the judgment of the Authority Representative, based upon the interest rate methodology in the applicable Credit Agreement if calculating payments under a Credit Agreement, is the average rate anticipated to be in effect; and (b) that the debt service of such bonds is amortized such that annual debt service is substantially level over the remaining stated life of such bonds, and further assuming in the case of obligations required to be redeemed or prepaid as to principal prior to Stated Maturity, the principal amounts thereof will be redeemed prior to Stated Maturity in accordance with the mandatory redemption provisions applicable thereto.

The term *Defeasance Securities* shall mean (i) Federal Securities, (ii) noncallable obligations of an Authority or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the Authority or instrumentality and

that, on the date the Board adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provides 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, (iii) non-callable obligations of a state or an Authority or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Board 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, or (iv) any additional securities and obligations hereafter authorized by the laws of the State as eligible for use to accomplish the discharge of obligations such as the Bonds.

The term *Depository* shall mean an official depository bank of the Authority.

The term *Designated Trust Office* shall have the meaning ascribed to said term in Section 5(b) of this Resolution.

The term *Engineering Report* shall mean the "Final Report of the Plumbing Plan," prepared by Lockwood, Andrews & Newnan, Inc., dated September 21, 2007, as such report may be amended, modified, changed or superseded with the approval of the Authority and Sponsors, at any time prior to the execution of construction contracts for the Project or as modified and changed by change orders issued after the execution of such construction contracts; provided, however, no such change orders shall adversely affect any of the Sponsors without the consent of the Sponsors.

The term *Facilities* shall mean the facilities, wells, diversion structures, treatment plants, storage tanks, capacity rights, lines, booster pumps, and other appurtenances sufficient to produce, divert, treat and deliver the water to which the Sponsors are entitled under the Contract and any improvements, additions, or extensions to such Facilities hereafter acquired or constructed to deliver water between such places.

The term *Federal Securities* shall mean direct, non-callable 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).

The term *Financial Obligation* shall mean (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities (as defined in the Securities and Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

The term *Fiscal Year* shall mean the twelve-month accounting period used by the Authority in connection with the operation of the Project, currently ending on September 30th of each year, which may be any twelve consecutive month period established by the Authority, but in no event may the Fiscal Year be changed more than one time in any three-calendar year period.

The term *Fitch* shall mean Fitch Ratings, Inc., its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating Authority, Fitch shall be deemed to refer to any other nationally recognized securities rating Authority designated by the Authority.

The term *Funds* shall mean the Debt Service Fund and Project Fund created and held pursuant to this Resolution.

The term *Government Securities* shall mean (i) direct non-callable obligations of the United States, including obligations that are unconditionally guaranteed by, the United States of America; (ii) non-callable obligations of an Authority or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the Authority or instrumentality and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; (iii) non-callable obligations of a state or an Authority 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 issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; or (iv) any additional securities and obligations hereafter authorized by the laws of the State as eligible for use to accomplish the discharge of obligations such as the Bonds.

The term *Interest Payment Date* shall mean the date semiannual interest is payable on the Bonds, while any of the Bonds remain Outstanding as set forth in the FORM OF BOND.

The term *IRS Code* shall mean the Internal Revenue Code of 1986, as amended.

The term *Land Interests* shall mean the easements, right-of-way, and other interests in real property necessary for the acquisition, construction, and operation of the Facilities and the Water Rights for the Project.

The term *MSRB* means the Municipal Securities Rulemaking Board.

The term *Maturity* shall mean the date on which the principal of a Bond becomes due and payable as therein and herein provided, whether at Stated Maturity, by redemption or otherwise.

The term *Moody's* shall mean Moody's Investors Service, Inc., its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating Authority, Moody's shall be deemed to refer to any other nationally recognized securities rating Authority designated by the Authority.

The term *Operation and Maintenance Expenses* shall mean all direct costs and expenses incurred by the Authority for its operation and maintenance, including but not limited to, the operation and maintenance of the Project, including (for greater certainty but without limiting the generality of the foregoing) amounts payable under any contract with any person, including, but not limited to any federal, state, or local Authority for the right to produce, withdraw or divert



and use water, any contribution or payment in lieu of taxes or any fee or charge by any government authority relating to the Authority's production, withdrawal or diversion of or sale of treated water hereunder, the costs of utilities, supervision, engineering, accounting, auditing, legal services, insurance premiums, supplies, services, and administration of the Project, Overhead Expenses, any required costs of mitigation and land management incidental to Project operation, and costs of operating, repairing, maintaining, and replacing equipment for proper operation and maintenance of the Project. The term "Operation and Maintenance Expenses" does not include depreciation charges or such portion of the above-described costs to the extent such costs are paid pursuant to an agreement other than the Contract.

The term *Outstanding* shall mean when used in this Resolution with respect to Bonds means, as of the date of determination, all Bonds of any series issued and delivered pursuant to this Resolution, except:

(1) those Bonds canceled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;

(2) those Bonds for which payment has been duly provided by the Authority in accordance with the provisions of Section 30 of this Resolution by the irrevocable deposit with the Paying Agent/Registrar, or an authorized escrow agent, of money or Government Securities, or both, in the amount necessary to fully pay the principal of, premium, if any, and interest thereon to maturity or redemption, as the case may be, provided that, if such Bonds are to be redeemed, notice of redemption thereof shall have been duly given pursuant to this Resolution or irrevocably provided to be given to the satisfaction of the Paying Agent/Registrar, or waived; and

(3) those Bonds that have been mutilated, destroyed, lost, or stolen and replacement Bonds have been registered and delivered in lieu thereof as provided in Section 5(f) of this Resolution.

The term *Overhead Expenses* shall mean the Authority's reasonable and necessary costs and expenses incurred at any time directly related to the issuance and servicing of the Bonds, the acquisition of Land Interests required for the Project, the design, permitting, financing, acquisition, construction, and ownership of the Project and any other activities required of or involving the Authority in connection with or attributable to the Project or the Bonds, including, but not limited to: (i) per diem and reimbursable expenses incurred by the Directors of the Authority for special meetings of the Authority's Board related to the Project; (ii) services of the professional, technical skilled and unskilled persons and firms engaged by or associated with the Authority, other than Authority staff personnel, together with their reimbursable expenses paid or required to be paid by the Authority; (iii) salaries of the Authority's staff attributable to the Project or the Bonds based on time expended, as documented or reasonably estimated by the President, Board of the Authority; (iv) the costs of preparing applications for and obtaining all approvals and authorizations required for the Project or the Bonds from the regulatory authorities having jurisdiction; (v) the cost of property casualty and public liability insurance incurred prior to the Completion Date; including any insurance deductible charged to or required to be paid by the Authority; provided that if the Authority is unable to obtain such insurance on an occurrence

basis, then any expense incurred by the Authority from and after the Completion Date for casualty and public liability insurance, including any insurance deductible, shall be paid by the Sponsors; (vi) all costs incurred in litigation involving or relating to the Project; and (vii) any and all other costs and expenses, including out-of-pocket expenses, incurred by the Authority attributable to the Project or the Bonds, whether enumerated above or not, and whether or not included in the definition or as a part of Project Costs.

The terms *Paying Agent/Registrar*, *Paying Agent* or *Registrar* shall mean the agent appointed pursuant to Section 5 of this Resolution or any successor to such agent.

The term *Participating Entities* shall mean with respect to the Contract, Cities of Buda, Kyle and San Marcos and Canyon Regional Water Authority.

The term *Phase 1A Project* shall mean the design and construction of facilities to interconnect the Cities of Kyle and Buda water systems. The Project will use the Phase 1A Project facilities to deliver Carrizo water into the Buda system. Facilities include a possible water pump section, pumps, ground storage tank, chlorine treatment system, yard piping necessary to receive and pump water, fee simple purchase of property for the pump station and new transmission pipeline.

The term *Phase 1B Improvements Project* shall include design, construction and equipment of multiple wells drilled and installed; the primary collection line from the well field to the treatment plant along with the individual collection lines; a sand filter water treatment plant including filters, disinfection equipment, high service pump station, and clearwell storage; plant construction in phases with Phase 1B expected to provide a treatment capacity of approximately 5 MGD, with an ultimate plant buildout of approximately 35 MGD; and transmission mains from the water treatment plant to the Project's Phase 1A infrastructure all as further set forth in the Authority's application to the Texas Water Development Board.

The term *Project* shall mean, collectively, the Land Interests and the Facilities as described in the recitals to the Contract and in the Engineering Report.

The term *Project Costs* shall mean and includes, without limitation, the following costs incurred for the Project by or on behalf of the Authority or the Sponsors: (i) the cost of acquisition of the Land Interests, including appraisals, closing costs and title insurance policies; (ii) the cost of acquisition, construction, repair, replacement, improvement or decommissioning of the Facilities, and any structure, item of equipment, or other item, used for, or in connection with, the Project; (iii) the cost of site preparation of the Land Interests, including demolition or removal of structures and improvements as necessary or incident to accomplishing the Project; (iv) the cost of engineering, legal, architectural or other related services; (v) the preparation cost of plans, specifications, studies, surveys, cost estimates, and other expenses necessary or incident to planning, providing, or financing the Project; (vi) the cost of machinery, equipment, furnishings, and facilities necessary or incident to placing the Project in operation; (vii) finance charges and interest before, during, and after construction as permitted by the laws of the State; (viii) costs incurred in connection with financing the project, including, without limitation: (1) financing, legal, accounting, financial advisory, rating Authority, and auditing fees, expenses

and disbursements; (2) the cost of printing, engraving, and reproduction services; and (3) the cost of a trustee's or paying agent's initial or acceptance fee and subsequent fees; (ix) all costs, fees and expenses of litigation of all kinds; (x) the cost of property casualty and public liability insurance; (xi) the fees and costs of the anticipated Purchaser of the Bonds, including underwriting services, if applicable; (xii) reimbursement of the costs previously incurred by the Sponsors with respect to the Project; and (xiii) other costs generally recognized as a part of Project construction costs.

The term *Project Engineer* shall mean such engineer or engineering firm selected by the Authority.

The term *Purchaser* shall mean the initial purchaser of the Bonds, the Texas Water Development Board.

The term *Record Date* shall mean the Business Day of each month as set forth in the FORM OF BOND.

The term *Registration Books* shall mean the books or records relating to the registration, payment and transfer or exchange of the Bonds maintained by the Paying Agent/Registrar pursuant to Section 5 of this Resolution.

The term *Registered Owner* shall mean the entity or person in whose names any of the Bonds are registered in the Registration Books.

The term *Resolution* shall mean this resolution adopted by the Board of the Authority on October 31, 2022.

The term *Rule* shall mean SEC Rule 15c2-12, as amended from time to time.

The term *SEC* means the United States Securities and Exchange Commission.

The term *Series* shall mean any designated Series of Bonds issued pursuant to this Resolution.

The term *Series 2017 Bonds* shall mean the Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of Buda, Texas), Series 2017D.

The term *Series 2019 Bonds* shall mean the Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of Buda, Texas), Series 2019D.

The term *Series 2020 Bonds* shall mean the Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of Buda, Texas), Series 2020D.

The term *Special Project Bonds* shall mean obligations which the Authority expressly reserves the right to issue in Section 14 of this Resolution.

The term *State* shall mean the State of Texas.

The term *Stated Maturity* shall mean, when used with respect to the Bonds, the scheduled maturity or mandatory sinking fund redemption date of a series of the Bonds.

The term *Water Rights* shall mean the right to produce, withdraw or divert water, and transport the water from the location where it is produced, withdrawn, or diverted into Caldwell County, Guadalupe County, Hays County, and the surrounding counties. "Water Rights" are a component of "Land Interests."

**EXHIBIT B**

**FORM OF BOND**

**REGISTERED  
NO.** \_\_\_\_\_

**REGISTERED  
PRINCIPAL AMOUNT  
\$2,440,000**

**UNITED STATES OF AMERICA  
STATE OF TEXAS  
ALLIANCE REGIONAL WATER AUTHORITY  
CONTRACT REVENUE BONDS  
(REGIONAL WATER SUPPLY CONTRACT PROJECT – CITY OF BUDA, TEXAS)  
SERIES 2022D**

<u>BOND DATE</u>	<u>STATED MATURITY</u>	<u>INTEREST RATE</u>	<u>CUSIP NO.</u>
November 16, 2022		%	

**REGISTERED OWNER:** \_\_\_\_\_

**PRINCIPAL AMOUNT: TWO MILLION FOUR HUNDRED FORTY THOUSAND DOLLARS**

The Alliance Regional Water Authority (the "Authority"), a conservation and reclamation district of the State of Texas (the "State"), created by the Cities of Buda, Kyle and San Marcos, Texas and the Canyon Regional Water Authority a conservation and reclamation district and political subdivision of the State created and existing pursuant to Article XVI, Section 59 of the Texas Constitution and existing under the laws of the State, for value received, hereby promises to pay to the order of the Registered Owner specified above, or the registered assigns thereof, on the Stated Maturity date specified above, the Principal Amount specified above (or so much thereof as shall not have been paid upon prior redemption), and to pay interest on the unpaid principal amount hereof from the Bond Date, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, to the earlier of redemption or Stated Maturity, at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 of each year commencing August 15, 2023.

Principal and premium, if any, of this Bond shall be payable to the Registered Owner hereof (the "Holder") upon presentation and surrender, at a corporate trust office of the Paying Agent/Registrar executing the registration certificate appearing hereon or a successor thereof. Interest shall be payable to the Holder of this Bond (or one or more Predecessor Bonds, as defined in the Resolution hereinafter referenced) whose name appears on the Security Register maintained by the Paying Agent/Registrar at the close of business on the Record Date, which is the last Business Day of the month next preceding each interest payment date. All payments of

principal of and interest on this Bond shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. The foregoing notwithstanding, so long as the Texas Water Development Board is the registered owner of 100% in aggregate principal amount of the Bonds then outstanding, payment of principal and interest on the Bonds shall be made thereto by wire transfer, at no expense to the Texas Water Development Board. 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, payments made to the securities depository, or its nominee, shall be made in accordance with arrangements between the Authority and the securities depository.

This Bond is one of the series specified in its title issued in the aggregate principal amount of \$2,440,000 (the "Bonds") pursuant to a resolution adopted by the governing body of the Authority (the "Resolution"), (i) FOR CONSTRUCTING, ACQUIRING, IMPROVING AND/OR EXPANDING THE PROJECT INCLUDING BUT NOT LIMITED TO THE PHASE 1B IMPROVEMENTS WATER SUPPLY PROJECT AND (ii) PAYING THE COSTS OF ISSUANCE OF THE BONDS.

The Bonds stated to mature on and after August 15, 2033 may be redeemed prior to their Stated Maturities, at the option of the Authority, in inverse order of maturity on February 15, 2033, or on any date thereafter, in whole or in part in an Authorized Denomination (and if within a Stated Maturity selected at random and by lot by the Paying Agent/Registrar) at the redemption price of par, together with accrued interest to the date of redemption, and upon thirty (30) days prior written notice being given by United States mail, first-class postage prepaid, to Holders of the Bonds to be redeemed, and subject to the terms and provisions relating thereto contained in the Resolution. If this Bond is subject to redemption prior to Stated Maturity and in an Authorized Denomination thereof may be redeemed, and, if less than all of the principal sum hereof is to be redeemed, there shall be issued, without charge therefor, to the Holder hereof, upon the surrender of this Bond to the Paying Agent/Registrar at its corporate trust office, a new Bond or Bonds of like Stated Maturity and interest rate in any authorized denominations provided in the Resolution for the then unredeemed balance of the principal sum hereof.

If this Bond (or any portion of the principal sum hereof) shall have been duly called for redemption and notice of such redemption duly given, then upon such redemption date this Bond (or the portion of the principal sum hereof to be redeemed) shall become due and payable, and, if money for the payment of the redemption price and the interest accrued on the principal amount to be redeemed to the date of redemption is held for the purpose of such payment by the Paying Agent/Registrar, interest shall cease to accrue and be payable hereon from and after the redemption date on the principal amount hereof to be redeemed. If this Bond is called for redemption, in whole or in part, the Authority or the Paying Agent/Registrar shall not be required to issue, transfer, or exchange this Bond within forty-five (45) days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the Holder of the unredeemed balance hereof in the event of its redemption in part.

The Bonds of this series are special obligations of the Authority payable from and equally and ratably secured solely by a lien on and pledge of the Bond Payments received by the Authority from the City pursuant to the provisions of the Contract. In the Resolution, the Authority reserves and retains the right to issue Additional Bonds, without limitation as to principal amount but subject to any terms, conditions, or restrictions set forth in the Resolution or as may be applicable thereto under law or otherwise. The Bonds do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any property of the Authority or System, except with respect to the Bond Payments.

The Holder hereof shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

Reference is hereby made to the Resolution, copies of which are on file in the corporate trust office of the Paying Agent/Registrar, and to all of the provisions of which the Holder by his acceptance hereof hereby assents, for definitions of terms; the description and nature of the Special Payments pledged for the payment of the Bonds; the terms and conditions under which the Authority may issue Additional Bonds; the terms and conditions relating to the transfer or exchange of the Bonds; the conditions upon which the Resolution may be amended or supplemented with or without the consent of the Holders; the rights, duties, and obligations of the Authority and the Paying Agent/Registrar; the terms and provisions upon which this Bond may be redeemed or discharged at or prior to the Stated Maturity thereof, and deemed to be no longer Outstanding thereunder; and for the other terms and provisions specified in the Resolution. Capitalized terms used herein have the same meanings assigned in the Resolution.

This Bond, subject to certain limitations contained in the Resolution, may be transferred on the Registration Books upon presentation and surrender at a corporate trust office of the Paying Agent/Registrar, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by the Holder hereof, or his duly authorized agent, and thereupon one or more new fully registered Bonds of the same Stated Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued to the designated transferee or transferees.

The Authority and the Paying Agent/Registrar, and any agent of either, shall treat the Holder hereof whose name appears on the Security Register (i) on the Record Date as the owner hereof for purposes of receiving payment of interest hereon, (ii) on the date of surrender of this Bond as the owner hereof for purposes of receiving payment of principal hereof at its Stated Maturity, or its redemption, in whole or in part, and (iii) on any other date as the owner hereof for all other purposes, and neither the Authority nor the Paying Agent/Registrar, or any such agent of either, shall be affected by notice to the contrary. In the event of a non-payment of interest on a scheduled payment date, and for thirty (30) 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 Authority. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date" - which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class

postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

It is hereby certified, covenanted, and represented that all acts, conditions, and things required to be performed, exist, and be done precedent to the issuance of this Bond in order to render the same a legal, valid, and binding special obligation of the Authority have been performed, exist, and have been done, in regular and due time, form, and manner, as required by law, and that issuance of the Bonds does not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on the Bonds by a lien on and pledge of the Bond Payments and as otherwise provided in this Resolution. In case any provision in this Bond or any application thereof shall be deemed invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. The terms and provisions of this Bond and the Resolution shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the Board of the Authority has caused this Bond to be duly signed with the manual or facsimile signature of the Chair or Vice Chair of the Board of the Authority and countersigned with the manual or facsimile signature of the Secretary of the Board of the Authority.

ALLIANCE REGIONAL WATER  
AUTHORITY

\_\_\_\_\_  
Chair, Board

ATTESTED:

\_\_\_\_\_  
Secretary, Board

C. Form of Registration Certificate of Comptroller of Public Accounts to Appear on Initial Bond Only.

**REGISTRATION CERTIFICATE OF  
COMPTROLLER OF PUBLIC ACCOUNTS**

**OFFICE OF THE COMPTROLLER OF  
PUBLIC ACCOUNTS  
THE STATE OF TEXAS**

§  
§  
§  
§

**REGISTER NO. \_\_\_\_\_**



I HEREBY CERTIFY that this Bond has been examined and approved by the Attorney General of the State of Texas, and duly registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS my signature and seal of office this \_\_\_\_\_.

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

D. Form of Certificate of Paying Agent/Registrar to Appear on Definitive Bonds Only.

This Bond has been duly issued under the provisions of the within-mentioned Resolution; the Bond or Bonds of the above-entitled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

Registered this date: \_\_\_\_\_

**BOKF, NA**  
as Paying Agent/Registrar

By: \_\_\_\_\_  
Authorized Signature

E. Form of Assignment.

**ASSIGNMENT**

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto (Print or typewrite name, address, and zip code of transferee): \_\_\_\_\_

(Social Security or other identifying number): \_\_\_\_\_

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

DATED: \_\_\_\_\_

NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular.

Signature guaranteed:

\_\_\_\_\_

F. The Initial Bond of each series shall be in the form set forth in paragraph B of this Section, except that the form of a single fully registered Initial Bond shall be modified as follows:

- i) immediately under the name of the Bond(s) the headings "Interest Rate" and "Stated Maturity" shall both be completed "as shown below";
- ii) the first two paragraphs shall read as follows:

Registered Owner: \_\_\_\_\_

Principal Amount: \_\_\_\_\_

The Alliance Regional Water Authority (the "Authority"), a conservation and reclamation district of the State of Texas, with its principal office located in San Marcos, Texas, for value received, hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, the Principal Amount specified above on the 15th day of August in each of the years and in principal amounts and bearing interest at per annum rates in accordance with the following schedule:

Year of Stated Maturity ( <u>August 15</u> )	Principal <u>Amounts</u>	Interest <u>Rates</u>
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(Information to be inserted from Sections 3 and 4)

(or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid Principal Amount hereof from the Bond Date, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, to Stated Maturity or prior redemption, at the per annum rates of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15, commencing August 15, 2023 (the "Interest Payment Date").

Principal and premium, if any, of this Bond shall be payable to the Registered Owner hereof (the Holder), upon its presentation and surrender, at a corporate trust office of BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"). Interest shall be payable to the Holder of this

Bond whose name appears on the Security Register maintained by the Paying Agent/Registrar at the close of business on the Record Date, which is the last Business Day of the month next preceding each interest payment date. All payments of principal of and interest on this Bond shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Interest shall be paid by the Paying Agent/Registrar by check sent on or prior to the appropriate date of payment by United States mail, first-class postage prepaid, to the Holder hereof at the address appearing in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder hereof.

**EXHIBIT C**

**FORM OF PROJECT FUND REQUISITION**

**PROJECT FUND REQUISITION**

DATE: \_\_\_\_\_

Alliance Regional Water Authority hereby makes this requisition pursuant to "A Resolution by the Board of the Alliance Regional Water Authority Authorizing the Issuance of Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of Buda, Texas), Series 2022D; and Resolving Other Matters Incident and Relating to the Issuance, Payment, Security, Sale, and Delivery of Such Bonds" adopted by the Board of the Authority on October 31, 2022. The undersigned hereby authorizes disbursement from the Project Fund to pay Project Costs for the purposes and in the amounts as follows:

<u>Name of Payee</u>	<u>Nature of Disbursement</u>	<u>Amount</u>
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## **EXHIBIT D**

### **CONTINUING DISCLOSURE**

#### **DESCRIPTION OF ANNUAL FINANCIAL INFORMATION**

The following information is referred to in Section 28 of this Resolution.

##### **Annual Financial Statements and Operating Data**

The financial information and operating data with respect to the City of Buda, Texas to be provided annually in accordance with such Section 28 are audited financial statements of the City of Buda, Texas.

##### **Accounting Principles**

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

**EXHIBIT E**

**REGIONAL WATER SUPPLY CONTRACT**

**EXHIBIT F**

**APPROVAL CERTIFICATE**

The undersigned Authorized Representative of the City of Buda, Texas pursuant to the resolution (the "Resolution") authorizing the issuance of obligations designated as "Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of Buda, Texas), Series 2022D" (the "Bonds") hereby approves the following terms of the Bonds:

- (i) the total principal amount of the Bonds of \$2,440,000;
- (ii) the purchase price for the Bonds is \$2,440,000 (representing the original principal amount of the Bonds);
- (iii) the interest rates and maturity schedule for the Bonds are as set forth below:

<u>YEAR OF STATED MATURITY</u> <u>(August 15)</u>	<u>PRINCIPAL AMOUNTS(\$)</u>	<u>INTEREST RATES(%)</u>	<u>YEAR OF STATED MATURITY</u> <u>(August 15)</u>	<u>PRINCIPAL AMOUNTS(\$)</u>	<u>INTEREST RATES(%)</u>
2024	\$105,000	2.430%	2034	\$130,000	3.010%
2025	105,000	2.460	2035	130,000	3.100
2026	110,000	2.490	2036	135,000	3.380
2027	110,000	2.520	2037	140,000	3.420
2028	115,000	2.550	2038	145,000	3.450
2029	115,000	2.580	2039	145,000	3.490
2030	120,000	2.630	2040	150,000	3.530
2031	120,000	2.680	2041	155,000	3.570
2032	125,000	2.720	2042	160,000	3.600
2033	125,000	2.860			

- (iv) the Bonds are subject to redemption as set forth below:

The Bonds stated to mature on and after August 15, 2033 may be redeemed prior to their Stated Maturities, at the option of the Authority, in inverse order of maturity on February 15, 2033, or on any date thereafter, in whole or in part in an Authorized Denomination (and if within a Stated Maturity selected at random and by lot by the Paying Agent/Registrar) at the redemption price of par, together with accrued interest to the date of redemption, and upon thirty (30) days prior written notice being given by United States mail, first-class postage prepaid, to Holders of the Bonds to be redeemed, and subject to the terms and provisions relating thereto contained in the Resolution. If any Bond subject to redemption prior to Stated Maturity and in an Authorized Denomination thereof may be redeemed, and, if less than all of the principal sum is to be redeemed, there shall be issued, without charge therefor, to the Holder thereof, upon the surrender of such Bond to the Paying Agent/Registrar at its corporate trust office, a new Bond of like Stated Maturity and interest rate in any authorized denominations provided in the Resolution for the then unredeemed balance of the principal sum.

If the Bond (or any portion of the principal sum) shall have been duly called for redemption and notice of such redemption duly given, then upon such redemption date the Bond (or the portion of the principal sum to be redeemed) shall become due and payable, and, if money for the payment of the redemption price and the interest accrued on the principal amount to be redeemed to the date of redemption is held for the purpose of such payment by the Paying Agent/Registrar, interest shall cease to accrue and be payable from and after the redemption date on the principal amount to be redeemed. If the Bond is called for redemption, in whole or in part, the Authority or the Paying Agent/Registrar shall not be required to issue, transfer, or exchange the Bond within forty-five (45) days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the Holder of the unredeemed balance in the event of its redemption in part; and

(v) the Bonds have been approved for issuance by the Texas Water Development Board and will be approved by the Texas Attorney General.

**EXECUTED AND DELIVERED THIS** 18th day of October, 2022.

**CITY OF BUDA, TEXAS**

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



FINAL

**Alliance Regional Water Authority**

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\$2,440,000 Contract Revenue Bonds (Regional Water Supply Contract Project -  
City of Buda, Texas), Series 2022D (20-Year Low Interest - Level)  
11/16/22 Closing and Final Rates Provided by the TWDB on 10/5/22

**Sources & Uses**

Dated 11/16/2022 | Delivered 11/16/2022

**Sources Of Funds**

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Par Amount of Bonds \$2,440,000.00

**Total Sources** **\$2,440,000.00**

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**Uses Of Funds**

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Costs of Issuance 79,203.00

Deposit to Project Construction Fund 2,360,797.00

**Total Uses** **\$2,440,000.00**

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2022D \$2.44mm Buda 20yr ( | SINGLE PURPOSE | 10/ 6/2022 | 9:04 AM

FINAL

## Alliance Regional Water Authority

\$2,440,000 Contract Revenue Bonds (Regional Water Supply Contract Project -  
City of Buda, Texas), Series 2022D (20-Year Low Interest - Level)  
11/16/22 Closing and Final Rates Provided by the TWDB on 10/5/22

## Pricing Summary

<b>Maturity</b>	<b>Type of Bond</b>	<b>Coupon</b>	<b>Yield</b>	<b>Maturity Value</b>	<b>Price</b>	<b>Dollar Price</b>
08/15/2024	Serial Coupon	2.430%	2.430%	105,000.00	100.000%	105,000.00
08/15/2025	Serial Coupon	2.460%	2.460%	105,000.00	100.000%	105,000.00
08/15/2026	Serial Coupon	2.490%	2.490%	110,000.00	100.000%	110,000.00
08/15/2027	Serial Coupon	2.520%	2.520%	110,000.00	100.000%	110,000.00
08/15/2028	Serial Coupon	2.550%	2.550%	115,000.00	100.000%	115,000.00
08/15/2029	Serial Coupon	2.580%	2.580%	115,000.00	100.000%	115,000.00
08/15/2030	Serial Coupon	2.630%	2.630%	120,000.00	100.000%	120,000.00
08/15/2031	Serial Coupon	2.680%	2.680%	120,000.00	100.000%	120,000.00
08/15/2032	Serial Coupon	2.720%	2.720%	125,000.00	100.000%	125,000.00
08/15/2033	Serial Coupon	2.860%	2.860%	125,000.00	100.000%	125,000.00
08/15/2034	Serial Coupon	3.010%	3.010%	130,000.00	100.000%	130,000.00
08/15/2035	Serial Coupon	3.100%	3.100%	130,000.00	100.000%	130,000.00
08/15/2036	Serial Coupon	3.380%	3.380%	135,000.00	100.000%	135,000.00
08/15/2037	Serial Coupon	3.420%	3.420%	140,000.00	100.000%	140,000.00
08/15/2038	Serial Coupon	3.450%	3.450%	145,000.00	100.000%	145,000.00
08/15/2039	Serial Coupon	3.490%	3.490%	145,000.00	100.000%	145,000.00
08/15/2040	Serial Coupon	3.530%	3.530%	150,000.00	100.000%	150,000.00
08/15/2041	Serial Coupon	3.570%	3.570%	155,000.00	100.000%	155,000.00
08/15/2042	Serial Coupon	3.600%	3.600%	160,000.00	100.000%	160,000.00
<b>Total</b>	-	-	-	<b>\$2,440,000.00</b>	-	<b>\$2,440,000.00</b>

### Bid Information

Par Amount of Bonds	\$2,440,000.00
Gross Production	\$2,440,000.00
Bid (100.000%)	2,440,000.00
Total Purchase Price	\$2,440,000.00
Bond Year Dollars	\$27,928.22
Average Life	11.446 Years
Average Coupon	3.2284458%
Net Interest Cost (NIC)	3.2284458%
True Interest Cost (TIC)	3.2017690%

2022D \$2.44mm Buda 20yr ( | SINGLE PURPOSE | 10/ 6/2022 | 9:04 AM

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**Alliance Regional Water Authority**

\$2,440,000 Contract Revenue Bonds (Regional Water Supply Contract Project -  
City of Buda, Texas), Series 2022D (20-Year Low Interest - Level)  
11/16/22 Closing and Final Rates Provided by the TWDB on 10/5/22

**Debt Service Schedule**

Part 1 of 2

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Total P+I</b>	<b>Fiscal Total</b>
11/16/2022	-	-	-	-	-
08/15/2023	-	-	55,173.02	55,173.02	-
09/30/2023	-	-	-	-	55,173.02
02/15/2024	-	-	36,918.75	36,918.75	-
08/15/2024	105,000.00	2.430%	36,918.75	141,918.75	-
09/30/2024	-	-	-	-	178,837.50
02/15/2025	-	-	35,643.00	35,643.00	-
08/15/2025	105,000.00	2.460%	35,643.00	140,643.00	-
09/30/2025	-	-	-	-	176,286.00
02/15/2026	-	-	34,351.50	34,351.50	-
08/15/2026	110,000.00	2.490%	34,351.50	144,351.50	-
09/30/2026	-	-	-	-	178,703.00
02/15/2027	-	-	32,982.00	32,982.00	-
08/15/2027	110,000.00	2.520%	32,982.00	142,982.00	-
09/30/2027	-	-	-	-	175,964.00
02/15/2028	-	-	31,596.00	31,596.00	-
08/15/2028	115,000.00	2.550%	31,596.00	146,596.00	-
09/30/2028	-	-	-	-	178,192.00
02/15/2029	-	-	30,129.75	30,129.75	-
08/15/2029	115,000.00	2.580%	30,129.75	145,129.75	-
09/30/2029	-	-	-	-	175,259.50
02/15/2030	-	-	28,646.25	28,646.25	-
08/15/2030	120,000.00	2.630%	28,646.25	148,646.25	-
09/30/2030	-	-	-	-	177,292.50
02/15/2031	-	-	27,068.25	27,068.25	-
08/15/2031	120,000.00	2.680%	27,068.25	147,068.25	-
09/30/2031	-	-	-	-	174,136.50
02/15/2032	-	-	25,460.25	25,460.25	-
08/15/2032	125,000.00	2.720%	25,460.25	150,460.25	-
09/30/2032	-	-	-	-	175,920.50
02/15/2033	-	-	23,760.25	23,760.25	-
08/15/2033	125,000.00	2.860%	23,760.25	148,760.25	-
09/30/2033	-	-	-	-	172,520.50
02/15/2034	-	-	21,972.75	21,972.75	-
08/15/2034	130,000.00	3.010%	21,972.75	151,972.75	-
09/30/2034	-	-	-	-	173,945.50
02/15/2035	-	-	20,016.25	20,016.25	-
08/15/2035	130,000.00	3.100%	20,016.25	150,016.25	-
09/30/2035	-	-	-	-	170,032.50
02/15/2036	-	-	18,001.25	18,001.25	-

2022D \$2.44mm Buda 20yr ( | SINGLE PURPOSE | 10/ 6/2022 | 9:04 AM

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## Alliance Regional Water Authority

\$2,440,000 Contract Revenue Bonds (Regional Water Supply Contract Project -  
City of Buda, Texas), Series 2022D (20-Year Low Interest - Level)  
11/16/22 Closing and Final Rates Provided by the TWDB on 10/5/22

## Debt Service Schedule

Part 2 of 2

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
08/15/2036	135,000.00	3.380%	18,001.25	153,001.25	-
09/30/2036	-	-	-	-	171,002.50
02/15/2037	-	-	15,719.75	15,719.75	-
08/15/2037	140,000.00	3.420%	15,719.75	155,719.75	-
09/30/2037	-	-	-	-	171,439.50
02/15/2038	-	-	13,325.75	13,325.75	-
08/15/2038	145,000.00	3.450%	13,325.75	158,325.75	-
09/30/2038	-	-	-	-	171,651.50
02/15/2039	-	-	10,824.50	10,824.50	-
08/15/2039	145,000.00	3.490%	10,824.50	155,824.50	-
09/30/2039	-	-	-	-	166,649.00
02/15/2040	-	-	8,294.25	8,294.25	-
08/15/2040	150,000.00	3.530%	8,294.25	158,294.25	-
09/30/2040	-	-	-	-	166,588.50
02/15/2041	-	-	5,646.75	5,646.75	-
08/15/2041	155,000.00	3.570%	5,646.75	160,646.75	-
09/30/2041	-	-	-	-	166,293.50
02/15/2042	-	-	2,880.00	2,880.00	-
08/15/2042	160,000.00	3.600%	2,880.00	162,880.00	-
09/30/2042	-	-	-	-	165,760.00
<b>Total</b>	<b>\$2,440,000.00</b>	<b>-</b>	<b>\$901,647.52</b>	<b>\$3,341,647.52</b>	<b>-</b>

### Yield Statistics

Bond Year Dollars	\$27,928.22
Average Life	11.446 Years
Average Coupon	3.2284458%
DV01	2,306.45
Net Interest Cost (NIC)	3.2284458%
True Interest Cost (TIC)	3.2017690%
Bond Yield for Arbitrage Purposes	3.2017690%
All Inclusive Cost (AIC)	3.5604497%

### IRS Form 8038

Net Interest Cost	3.2284458%
Weighted Average Maturity	11.446 Years

2022D \$2.44mm Buda 20yr ( | SINGLE PURPOSE | 10/ 6/2022 | 9:04 AM

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**Alliance Regional Water Authority**

\$2,440,000 Contract Revenue Bonds (Regional Water Supply Contract Project -  
City of Buda, Texas), Series 2022D (20-Year Low Interest - Level)  
11/16/22 Closing and Final Rates Provided by the TWDB on 10/5/22

**Proof Of Bond Yield @ 3.2017690%**

Date	Cashflow	PV Factor	Present Value	Cumulative PV
11/16/2022	-	1.0000000x	-	-
08/15/2023	55,173.02	0.9765446x	53,878.92	53,878.92
02/15/2024	36,918.75	0.9611576x	35,484.74	89,363.65
08/15/2024	141,918.75	0.9460130x	134,256.98	223,620.64
02/15/2025	35,643.00	0.9311071x	33,187.45	256,808.08
08/15/2025	140,643.00	0.9164360x	128,890.31	385,698.39
02/15/2026	34,351.50	0.9019961x	30,984.92	416,683.31
08/15/2026	144,351.50	0.8877837x	128,152.90	544,836.21
02/15/2027	32,982.00	0.8737952x	28,819.51	573,655.73
08/15/2027	142,982.00	0.8600272x	122,968.41	696,624.13
02/15/2028	31,596.00	0.8464761x	26,745.26	723,369.39
08/15/2028	146,596.00	0.8331385x	122,134.77	845,504.16
02/15/2029	30,129.75	0.8200111x	24,706.73	870,210.89
08/15/2029	145,129.75	0.8070905x	117,132.84	987,343.73
02/15/2030	28,646.25	0.7943735x	22,755.82	1,010,099.55
08/15/2030	148,646.25	0.7818568x	116,220.09	1,126,319.64
02/15/2031	27,068.25	0.7695374x	20,830.03	1,147,149.67
08/15/2031	147,068.25	0.7574121x	111,391.28	1,258,540.95
02/15/2032	25,460.25	0.7454779x	18,980.05	1,277,521.00
08/15/2032	150,460.25	0.7337317x	110,397.46	1,387,918.46
02/15/2033	23,760.25	0.7221706x	17,158.95	1,405,077.41
08/15/2033	148,760.25	0.7107916x	105,737.54	1,510,814.96
02/15/2034	21,972.75	0.6995920x	15,371.96	1,526,186.92
08/15/2034	151,972.75	0.6885688x	104,643.69	1,630,830.61
02/15/2035	20,016.25	0.6777193x	13,565.40	1,644,396.01
08/15/2035	150,016.25	0.6670407x	100,066.95	1,744,462.96
02/15/2036	18,001.25	0.6565304x	11,818.37	1,756,281.33
08/15/2036	153,001.25	0.6461858x	98,867.23	1,855,148.55
02/15/2037	15,719.75	0.6360041x	9,997.82	1,865,146.38
08/15/2037	155,719.75	0.6259828x	97,477.89	1,962,624.27
02/15/2038	13,325.75	0.6161194x	8,210.25	1,970,834.52
08/15/2038	158,325.75	0.6064115x	96,010.55	2,066,845.07
02/15/2039	10,824.50	0.5968565x	6,460.67	2,073,305.75
08/15/2039	155,824.50	0.5874521x	91,539.43	2,164,845.17
02/15/2040	8,294.25	0.5781958x	4,795.70	2,169,640.87
08/15/2040	158,294.25	0.5690854x	90,082.95	2,259,723.83
02/15/2041	5,646.75	0.5601186x	3,162.85	2,262,886.68
08/15/2041	160,646.75	0.5512930x	88,563.43	2,351,450.11
02/15/2042	2,880.00	0.5426065x	1,562.71	2,353,012.82
08/15/2042	162,880.00	0.5340569x	86,987.18	2,440,000.00
<b>Total</b>	<b>\$3,341,647.52</b>	<b>-</b>	<b>\$2,440,000.00</b>	<b>-</b>

**Derivation Of Target Amount**

Par Amount of Bonds	\$2,440,000.00
Original Issue Proceeds	\$2,440,000.00

2022D \$2.44mm Buda 20yr ( | SINGLE PURPOSE | 10/ 6/2022 | 9:04 AM

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**Alliance Regional Water Authority**

\$2,440,000 Contract Revenue Bonds (Regional Water Supply Contract Project -  
City of Buda, Texas), Series 2022D (20-Year Low Interest - Level)  
11/16/22 Closing and Final Rates Provided by the TWDB on 10/5/22

**Derivation Of Form 8038 Yield Statistics**

<b>Maturity</b>	<b>Issuance Value</b>	<b>Coupon</b>	<b>Price</b>	<b>Issuance Price</b>	<b>Exponent</b>	<b>Bond Years</b>
11/16/2022	-	-	-	-	-	-
08/15/2024	105,000.00	2.430%	100.000%	105,000.00	1.7472222x	183,458.33
08/15/2025	105,000.00	2.460%	100.000%	105,000.00	2.7472222x	288,458.33
08/15/2026	110,000.00	2.490%	100.000%	110,000.00	3.7472222x	412,194.44
08/15/2027	110,000.00	2.520%	100.000%	110,000.00	4.7472222x	522,194.44
08/15/2028	115,000.00	2.550%	100.000%	115,000.00	5.7472222x	660,930.56
08/15/2029	115,000.00	2.580%	100.000%	115,000.00	6.7472222x	775,930.56
08/15/2030	120,000.00	2.630%	100.000%	120,000.00	7.7472222x	929,666.67
08/15/2031	120,000.00	2.680%	100.000%	120,000.00	8.7472222x	1,049,666.67
08/15/2032	125,000.00	2.720%	100.000%	125,000.00	9.7472222x	1,218,402.78
08/15/2033	125,000.00	2.860%	100.000%	125,000.00	10.7472222x	1,343,402.78
08/15/2034	130,000.00	3.010%	100.000%	130,000.00	11.7472222x	1,527,138.89
08/15/2035	130,000.00	3.100%	100.000%	130,000.00	12.7472222x	1,657,138.89
08/15/2036	135,000.00	3.380%	100.000%	135,000.00	13.7472222x	1,855,875.00
08/15/2037	140,000.00	3.420%	100.000%	140,000.00	14.7472222x	2,064,611.11
08/15/2038	145,000.00	3.450%	100.000%	145,000.00	15.7472222x	2,283,347.22
08/15/2039	145,000.00	3.490%	100.000%	145,000.00	16.7472222x	2,428,347.22
08/15/2040	150,000.00	3.530%	100.000%	150,000.00	17.7472222x	2,662,083.33
08/15/2041	155,000.00	3.570%	100.000%	155,000.00	18.7472222x	2,905,819.44
08/15/2042	160,000.00	3.600%	100.000%	160,000.00	19.7472222x	3,159,555.56
<b>Total</b>	<b>\$2,440,000.00</b>	<b>-</b>	<b>-</b>	<b>\$2,440,000.00</b>	<b>-</b>	<b>\$27,928,222.22</b>

**Description of Bonds**

Final Maturity Date	8/15/2042
Issue price of entire issue	2,440,000.00
Stated Redemption at Maturity	2,440,000.00
Weighted Average Maturity = Bond Years/Issue Price	11.446 Years
Bond Yield for Arbitrage Purposes	3.2017690%

**Uses of Proceeds of Issue**

Proceeds used for accrued interest	-
Proceeds used for bond issuance costs (including underwriters' discount)	79,203.00
Proceeds used for credit enhancement	-
Proceeds allocated to reasonably required reserve or replacement fund	-

2022D \$2.44mm Buda 20yr ( | SINGLE PURPOSE | 10/ 6/2022 | 9:04 AM

## ESCROW AGREEMENT

**THIS ESCROW AGREEMENT** (the "Agreement"), made by and between Alliance Regional Water Authority, a conservation and reclamation district of the State of Texas (the "Authority"), acting by and through its Executive Director and BOKF, NA, as Escrow Agent together with any successor in such capacity;

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

**WHEREAS**, pursuant to four separate resolutions finally adopted by the Board of Directors of the Authority on October 31, 2022 (the "Resolutions"), the Authority authorized the issuance of four separate series of bonds, to wit: \$14,830,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – Canyon Regional Water Authority), Series 2022A dated November 16, 2022, \$13,520,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of Kyle, Texas), Series 2022B dated November 15, 2022, \$17,210,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of San Marcos, Texas), Series 2022C dated November 16, 2022 and \$2,440,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of Buda, Texas), Series 2022D dated November 16, 2022 (collectively, the "Obligations") to obtain financial assistance from the Texas Water Development Board (the "TWDB") for the purpose of funding water supply improvements, as set forth in the Resolutions (the "Project"); and

**WHEREAS**, the Escrow Agent is a state or national bank designated by the Texas Comptroller as a state depository institution in accordance with Texas Government Code, Chapter 404, Subchapter C, or is a designated custodian of collateral in accordance with Texas Government Code, Chapter 404, Subchapter D and is otherwise qualified and empowered to enter into this Agreement, and hereby acknowledges its acceptance of the terms and provisions hereof; and

**WHEREAS**, a condition of the Obligations is the deposit of the proceeds of the Obligations (the "Proceeds") in escrow subject to being withdrawn only with the approval of the Executive Administrator of the TWDB or another designated representative; provided, however, the Proceeds can be transferred to different investments so long as all parties hereto consent to such transfer;

**NOW, THEREFORE**, in consideration of the mutual agreements herein contained and in consideration of the amount of fees to be paid by the Authority to the Escrow Agent, as set forth on Exhibit "A", the receipt of which is hereby acknowledged, and in order to secure the delivery of the Obligations, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives and successors, as follows:

**SECTION 1: ESCROW ACCOUNT(S).** Upon the delivery of the Obligations described above, the Proceeds identified under TWDB Commitment Numbers L1001536, LM221443 (Canyon Regional Water Authority), L1001543, LM221444 (City of Kyle, Texas), L1001544, LM221445 (City of San Marcos, Texas) and L1001545, LM221446 (City of Buda, Texas) shall be deposited to the credit of special escrow accounts or escrow subaccounts (the "Escrow Accounts") maintained at the Escrow Agent on behalf of the Authority and the TWDB and shall not be commingled with any

other accounts or with any other proceeds or funds. The Proceeds received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the Authority, and the Escrow Agent shall have no right to title with respect thereto except as Escrow Agent under the terms of this Agreement.

The Escrow Accounts shall be entitled "Alliance Regional Water Authority, Contract Revenue Bonds, Texas Water Development Board L1001536 and LM221443 (Canyon Regional Water Authority) Escrow Account," "Alliance Regional Water Authority, Contract Revenue Bonds, Texas Water Development Board L1001543 and LM221444 (City of Kyle, Texas) Escrow Account," "Alliance Regional Water Authority, Contract Revenue Bonds, Texas Water Development Board L1001544 and LM221445 (City of San Marcos, Texas) Escrow Account" and "Alliance Regional Water Authority, Contract Revenue Bonds, Texas Water Development Board L1001545 and LM221446 (City of Buda, Texas) Escrow Account" with appropriate subaccount designation for each series of bonds and shall not be subject to warrants, drafts or checks drawn by the Authority but shall be disbursed or withdrawn to pay the costs of the Project for which the Obligations were issued or other purposes in accordance with the Resolution and solely upon written authorization from the Executive Administrator of the TWDB or his/her designated representative. The Escrow Agent shall provide to the Authority and to the TWDB the Escrow Account(s) bank statements upon request.

**SECTION 2: COLLATERAL.** All cash deposited to the credit of such Escrow Account(s) and any accrued interest in excess of the amounts insured by the Federal Deposit Insurance Corporation (the "FDIC") and remaining uninvested under the terms of this Agreement shall be continuously secured by a valid pledge of direct obligations of the United States of America or other collateral meeting the requirements of the Public Funds Collateral Act, Texas Government Code, Chapter 2257.

**SECTION 3: INVESTMENTS.** While the Proceeds are held in escrow, the Escrow Agent shall only invest escrowed Proceeds in investments that are authorized by the Public Funds Investment Act, Texas Government Code, Chapter 2256 (the "PFIA"). It is the Authority's responsibility to direct the Escrow Agent to invest all public funds in a manner that is consistent not only with the PFIA but also with its own written investment policy.

**SECTION 4: DISBURSEMENTS.** The Escrow Agent shall not honor any disbursement from the Escrow Accounts, or any portion thereof, unless and until it has been supplied with written approval and consent by the Executive Administrator of the TWDB or his/her designated representative. However, no written approval and consent by the Executive Administrator of the TWDB shall be required if the disbursement involves transferring Proceeds from one investment to another within the Escrow Accounts provided that all such investments are consistent with the PFIA requirements.

**SECTION 5: UNEXPENDED FUNDS.** Any Proceeds remaining unexpended in the Escrow Accounts after completion of the Project and after the final accounting has been submitted to and approved by the TWDB shall be disposed of pursuant to the provisions of the respective Resolutions. The Authority shall deliver a copy of such TWDB approval of the final accounting to the Escrow Agent together with instructions concerning the disbursement of unexpended Proceeds



hereunder. The Escrow Agent shall have no obligation to ensure that such unexpended Proceeds are used as required by the provisions of the Resolutions, that being the sole obligation of the Authority.

**SECTION 6: CERTIFICATIONS.** The Escrow Agent shall be authorized to accept and rely upon the certifications and documents furnished to the Escrow Agent by the Authority and shall not be liable for the payment of any funds made in reliance in good faith upon such certifications or other documents or approvals, as herein recited.

**SECTION 7: LIABILITY OF ESCROW AGENT.** To the extent permitted by law, the Escrow Agent shall not be liable for any act done or step taken or omitted by it or any mistake of fact or law, except for its negligence or willful misconduct. The Escrow Agent shall not be responsible in any manner for any proceedings in connection with the Obligations or any recitation contained in the Obligations. In the event of a question regarding any disbursement or a disagreement between the undersigned or TWDB or any other person resulting in adverse claims being made upon the amounts in the Escrow Account, the Escrow Agent shall be protected and shall not be liable to the Authority or any other person if it follows the written direction of the Executive Administrator or of a final order or judgment of a court of competent jurisdiction. To the extent permitted by law, the Authority agrees to indemnify and save Escrow Agent harmless from all losses, costs, liabilities, actual damages, fees and expenses (including, but not limited to, reasonable attorney's fees and expenses) suffered or incurred by Escrow Agent arising from the performance of its obligations under this Agreement ("Acts"), except such Acts as arise from or attributable to the negligence or willful misconduct of Escrow Agent. Escrow Agent may consult with legal counsel in the event of any dispute or question as to the construction of any of the provisions hereof or its duties hereunder, and, to the extent it acts in good faith without negligence or willful misconduct, it shall be fully protected in acting in accordance with the opinion and instructions of such counsel. The Escrow Agent may resign at any time by providing such termination notices in accordance with Section 11.

**SECTION 8: RECORDS.** The Escrow Agent will keep complete and correct books of record and account relating to the receipts, disbursements, allocations and application of the money deposited to the Escrow Account and investments of the Escrow Account and all Proceeds thereof. The records shall be available for inspection and copying at reasonable hours and under reasonable conditions by the Authority and the TWDB.

**SECTION 9: MERGER/CONSOLIDATION.** In the event that the Escrow Agent merges or consolidates with another bank or sells or transfers substantially all of its assets or corporate trust business, then the successor bank shall be the successor Escrow Agent without the necessity of further action as long as the successor bank is a state or national bank designated by the Texas Comptroller as a state depository institution in accordance with Texas Government Code, Chapter 404, Subchapter C, or is a designated custodian of collateral in accordance with Texas Government Code Chapter 404, Subchapter D. The Escrow Agent must provide the TWDB with written notification within 30 days of acceptance of the merger, consolidation, or transfer. If the merger, consolidation or other transfer has occurred between state banks, the newly-created entity shall forward the certificate of merger or exchange issued by the Texas Department of Banking as well as the statement filed with the pertinent chartering authority, if applicable, to the TWDB within five business days following such merger, consolidation or exchange.

**SECTION 10: AMENDMENTS.** This Agreement may be amended from time to time as necessary with the written consent of the Authority and the TWDB, but no such amendments shall increase the liabilities or responsibilities or diminish the rights of the Escrow Agent without its consent.

**SECTION 11: TERMINATION.** In the event that this Agreement is terminated by either the Authority or by the Escrow Agent, the Escrow Agent must report said termination in writing to the TWDB within five business days of such termination. The Authority is responsible for ensuring that the following criteria are satisfied in selecting the successor escrow agent and notifying the TWDB of the change in escrow agents: (a) the successor escrow agent must be an FDIC-insured state or national bank designated by the Texas Comptroller as a state depository; (b) the successor escrow agent must be retained prior to or at the time of the termination; (c) an escrow agreement must be executed by and between the Authority and the successor escrow agent and must contain the same or substantially similar terms and conditions as are present in this Agreement; and (d) the Authority must forward a copy of the executed escrow agreement with the successor escrow agent within five business days of said termination. No funds shall be released by the TWDB until it has received, reviewed and approved the escrow agreement with the successor escrow agent. If the Authority has not appointed a successor escrow agent within thirty (30) days of the notice of termination, the Escrow Agent may petition any court of competent jurisdiction in Texas for the appointment of a successor escrow agent or for other appropriate relief, and any such resulting appointment shall be binding upon the Authority. Whether appointed by the Authority or a court, the successor escrow agent and escrow agreement must be approved by the TWDB for the appointment to be effective. The Escrow Agent is responsible for performance under this Agreement until a successor has been approved by the TWDB and has signed an acceptable escrow agreement.

**SECTION 12: EXPIRATION.** This Agreement shall expire upon final transfer of the funds in the Escrow Account(s) to the Authority.

**SECTION 13: POINT OF CONTACT.** The points of contact for the Escrow Agent and the TWDB are as follows:

Tony Hongnoi  
BOKF, NA  
5956 Sherry Lane, Suite 1201  
Dallas, Texas 75225  
(972) 892-9968  
thongnoi@bokf.com

Jeff Walker  
Executive Administrator  
Texas Water Development Board  
1700 North Congress Avenue  
Austin, Texas 78701

**SECTION 14: CHOICE OF LAW.** This Agreement shall be governed exclusively by the applicable laws of the State of Texas. Venue for disputes shall be in the District Court of Travis County, Texas.

**SECTION 15: ASSIGNABILITY.** This Agreement shall not be assignable by the parties hereto, in whole or in part, and any attempted assignment shall be void and of no force and effect.

**SECTION 16: ENTIRE AGREEMENT.** This Agreement evidences the entire Escrow Agreement between the Escrow Agent and the Authority and supersedes any other agreements, whether oral or written, between the parties regarding the Proceeds or the Escrow Accounts. No modification or amendment of this Agreement shall be valid unless the same is in writing and is signed by the Authority and consented to by the Escrow Agent and the TWDB.

**SECTION 17: VALIDITY OF PROVISIONS.** If any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

**SECTION 18: COMPENSATION FOR ESCROW SERVICES.** The Escrow Agent shall be entitled to compensation for its services as stated in Exhibit "A," which compensation shall be paid by the Authority but may not be paid directly from the Escrow Accounts. This Agreement has a value of less than \$100,000 for purposes of Sections 2271.002 and 2274.002, Texas Government Code.

**SECTION 19: TERRORIST ORGANIZATIONS.** The Escrow Agent represents that, neither the Escrow Agent, nor any parent company, wholly- or majority-owned subsidiaries or affiliates of the same, if any, are companies 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/sudanlist.pdf>,  
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or  
<https://comptroller.texas.gov/purchasing/docs/ftolist.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 Escrow Agent and each parent company, wholly- or majority-owned subsidiaries, and other affiliates of the same, 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 Escrow Agent understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Escrow Agent and exists to make a profit.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement effective upon signature of both parties.

**ALLIANCE REGIONAL WATER AUTHORITY**

By: \_\_\_\_\_  
Executive Director and Authority Representative

Date: November 15, 2022

Address: 630 E. Hopkins Street  
San Marcos, Texas 78666

[Authority Signature Page]

**BOKF, NA, as Escrow Agent**

By: \_\_\_\_\_  
Title: Vice President

Date: November 15, 2022

Address: 5956 Sherry Lane, Suite 1201  
Dallas, Texas 75225

**EXHIBIT A**

**Fee Schedule**

## PAYING AGENT/REGISTRAR AGREEMENT

**THIS AGREEMENT** entered into as of November 15, 2022 (this "Agreement"), by and between the Alliance Regional Water Authority (the "Authority"), and BOKF, NA, Dallas, Texas, a banking corporation duly organized and existing under the laws of the United States of America (the "Bank").

### RECITALS

**WHEREAS**, the Authority has duly authorized and provided for the issuance of its \$14,830,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – Canyon Regional Water Authority), Series 2022A, \$13,520,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of Kyle, Texas), Series 2022B, \$17,210,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of San Marcos, Texas), Series 2022C and \$2,440,000 Alliance Regional Water Authority Contract Revenue Bonds (Regional Water Supply Contract Project – City of Buda, Texas), Series 2022D (collectively, the "Securities"), such Securities to be issued in fully registered form only as to the payment of principal and interest thereon; and

**WHEREAS**, the Securities are scheduled to be delivered to the Texas Water Development Board thereof on or about November 15, 2022 and November 16, 2022, respectively; and

**WHEREAS**, the Authority has selected the Bank to serve as Paying Agent/Registrar in connection with the payment of the principal of, premium, if any, and interest on the Securities and with respect to the registration, transfer and exchange thereof by the registered owners thereof; and

**WHEREAS**, the Bank has agreed to serve in such capacities for and on behalf of the Authority and has full power and authority to perform and serve as Paying Agent/Registrar for the Securities;

**NOW, THEREFORE**, it is mutually agreed as follows:

### ARTICLE ONE APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

#### **Section 1.01. Appointment.**

The Authority hereby appoints the Bank to serve as Paying Agent with respect to the Securities. As Paying Agent for the Securities, the Bank shall be responsible for paying on behalf of the Authority the principal, premium (if any), and interest on the Securities as the same become due and payable to the registered owners thereof, all in accordance with this Agreement and the "Resolutions" (hereinafter defined).

The Authority hereby appoints the Bank as Registrar with respect to the Securities. As Registrar for the Securities, the Bank shall keep and maintain for and on behalf of the Authority books and records as to the ownership of the Securities and with respect to the transfer and exchange thereof as provided herein and in the "Resolutions."

The Bank hereby accepts its appointment and agrees to serve as the Paying Agent and Registrar for the Securities.

**Section 1.02. Compensation.**

As compensation for the Bank's services as Paying Agent/Registrar, the Authority hereby agrees to pay the Bank the fees and amounts set forth in Schedule A attached hereto for the first year of this Agreement and thereafter the fees and amounts set forth in the Bank's current fee schedule then in effect for services as Paying Agent/Registrar for political subdivisions, which shall be supplied to the Authority on or before 90 days prior to the close of the Fiscal Year of the Authority, and shall be effective upon the first day of the following Fiscal Year.

In addition, the Authority agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements and advances incurred or made by the Bank in accordance with any of the provisions hereof (including the reasonable compensation and the expenses and disbursements of its agents and counsel). This Agreement has a value of less than \$100,000 for purposes of Sections 2271.002 and 2274.002, Texas Government Code.

**ARTICLE TWO  
DEFINITIONS**

**Section 2.01. Definitions.**

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

"Authority Request" and "Authority Resolution" means a written request or resolution signed in the name of the Authority by an authorized representative, delivered to the Bank.

"Bank Office" means the designated office for payment of the Bank as indicated on the signature page hereof. The Bank will notify the Authority in writing of any change in location of the Bank Office.

"Financial Advisor" means Specialized Public Finance, Inc.

"Fiscal Year" means the fiscal year of the Authority, ending September 30.

"Holder" and "Security Holder" each means the Person in whose name a Security is registered in the Security Register.

"Legal Holiday" means a day on which the Bank is required or authorized to be closed.



"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government.

"Predecessor Securities" of any particular Security means every previous Security evidencing all or a portion of the same obligation as that evidenced by such particular Security (and, for the purposes of this definition, any mutilated, lost, destroyed, or stolen Security for which a replacement Security has been registered and delivered in lieu thereof pursuant to Section 4.06 hereof and the Resolutions).

"Redemption Date" when used with respect to any Bond to be redeemed means the date fixed for such redemption pursuant to the terms of the Resolutions.

"Resolutions" means collectively, the Resolutions of the governing body of the Authority pursuant to which each series of the Securities are issued, certified by the Secretary or any other officer of the Authority and delivered to the Bank.

"Responsible Officer" when used with respect to the Bank means the Chairman or Vice-Chairman of the Board of Directors, the Chairman or Vice-chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Security Register" means a register maintained by the Bank on behalf of the Authority providing for the registration and transfer of the Securities.

"Stated Maturity" means the date specified in the Resolutions on which the principal of a Security is scheduled to be due and payable.

**Section 2.02. Other Definitions.**

The terms "Bank," "Authority," and "Securities (Security)" have the meanings assigned to them in the recital paragraphs of this Agreement.

The term "Paying Agent/Registrar" refers to the Bank in the performance of the duties and functions of this Agreement.

**ARTICLE THREE  
PAYING AGENT**

**Section 3.01. Duties of Paying Agent.**

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Authority, pay on behalf of the Authority the principal of each Security at its Stated Maturity or Redemption Date to the Holder upon surrender of the Security to the Bank at the Bank Office.

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Authority, pay on behalf of the Authority the interest on each Security when due, by computing the amount of interest to be paid each Holder and preparing and sending checks by United States Mail, first-class postage prepaid, on each payment date, to the Holders of the Securities (or their Predecessor Securities) on the respective Record Date, to the address appearing on the Security Register or by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder's risk and expense.

Principal and interest payments made pursuant to this Section 3.01 shall be made by wire transfer.

**Section 3.02. Payment Dates.**

The Authority hereby instructs the Bank to pay the principal of and interest on the Securities on the dates specified in the Resolutions.

**Section 3.03. Reporting Requirements.**

To the extent required by the Internal Revenue Code of 1986, as amended, or the Treasury Regulations, the Bank shall report to or cause to be reported to the Holders and the Internal Revenue Service (i) the amount of "reportable payments," if any, subject to back up withholding during each year and the amount of tax withheld, if any, with respect to the payments on the Securities and (ii) the amount of interest or amount treated as interest, such as original issue discount, on the Securities required to be included in the gross income of the owners thereof for federal income tax purposes.

**ARTICLE FOUR  
REGISTRAR**

**Section 4.01. Security Register - Transfers and Exchanges.**

The Bank agrees to keep and maintain for and on behalf of the Authority at the Bank Office books and records (herein sometimes referred to as the "Security Register"), and, if the Bank Office is located outside the State of Texas, a copy of such books and records shall be kept in the State of Texas, for recording the names and addresses of the Holders of the Securities, the transfer, exchange and replacement of the Securities and the payment of the principal of and interest on the Securities to the Holders and containing such other information as may be reasonably required by the Authority

and subject to such reasonable regulations as the Authority and the Bank may prescribe. The Bank also agrees to keep a copy of the Security Register within the State of Texas. All transfers, exchanges and replacement of Securities shall be noted in the Security Register.

Every Security surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a federal or state bank or a member of the National Association of Securities Dealers, in form satisfactory to the Bank, duly executed by the Holder thereof or his agent duly authorized in writing.

The Bank may request any supporting documentation it feels necessary to effect a re-registration, transfer or exchange of the Securities.

To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of Securities, the exchange or transfer by the Holders thereof will be completed and new Securities delivered to the Holder or the assignee of the Holder in not more than three (3) business days after the receipt of the Securities to be cancelled in an exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Holder, or his duly authorized agent, in form and manner satisfactory to the Paying Agent/Registrar.

#### **Section 4.02. Certificates.**

The Authority shall provide an adequate inventory of printed Securities certificates to facilitate transfers or exchanges thereof. The Bank covenants that the inventory of printed Securities certificates will be kept in safekeeping pending their use, and reasonable care will be exercised by the Bank in maintaining such Securities certificates in safekeeping, which shall be not less than the level of care maintained by the Bank for debt securities of other political subdivisions or corporations for which it serves as registrar, or that it maintains for its own securities.

#### **Section 4.03. Form of Security Register.**

The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer and exchange of the Securities in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Security Register in any form other than those which the Bank has currently available and currently utilizes at the time.

The Security Register may be maintained in written form or in any other form capable of being converted into written form within a reasonable time.

#### **Section 4.04. List of Security Holders.**

The Bank will provide the Authority at any time requested by the Authority, upon payment of the required fee, a copy of the information contained in the Security Register. The Authority may also inspect the information contained in the Security Register at any time the Bank is customarily

open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

The Bank will not release or disclose the contents of the Security Register to any person other than to, or at the written request of, an authorized officer or employee of the Authority, except upon receipt of a court order or as otherwise required by law. Upon receipt of a court order or other notice of a legal proceeding and prior to the release or disclosure of any of the contents of the Security Register, the Bank will notify the Authority so that the Authority may contest the same or such release or disclosure of the contents of the Security Register.

**Section 4.05. Return of Cancelled Certificates.**

The Bank will, at such reasonable intervals as it determines, surrender to the Authority, Securities in lieu of which or in exchange for which other Securities have been issued, or which have been paid.

**Section 4.06. Mutilated, Destroyed, Lost or Stolen Securities.**

The Authority hereby instructs the Bank, subject to the applicable provisions of the Resolutions, to deliver and issue Securities certificates in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities certificates as long as the same does not result in an overissuance.

In case any Security shall be mutilated, or destroyed, lost or stolen, the Bank, in its discretion, may execute and deliver a replacement Security of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Security, or in lieu of and in substitution for such destroyed lost or stolen Security, only after (i) the filing by the Holder thereof with the Bank of evidence satisfactory to the Bank of the destruction, loss or theft of such Security, and of the authenticity of the ownership thereof and (ii) the furnishing to the Bank of indemnification in an amount satisfactory to hold the Authority and the Bank harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Security shall be borne by the Holder of the Security mutilated, or destroyed, lost or stolen.

**Section 4.07. Transaction Information to Authority.**

The Bank will, within a reasonable time after receipt of written request from the Authority, furnish the Authority information as to the Securities certificates it has paid pursuant to Section 3.01, Securities certificates it has delivered upon the transfer or exchange of any Securities certificates pursuant to Section 4.01, and Securities certificates it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities certificates pursuant to Section 4.06.

**ARTICLE FIVE  
THE BANK**

**Section 5.01. Duties of Bank.**

The Bank undertakes to perform the duties set forth herein and agrees to use reasonable care in the performance thereof.

The Bank is authorized to transfer funds relating to the closing and initial delivery of the Securities in the manner disclosed in the closing memorandum as prepared by the Authority's Financial Advisor or other agent. The Bank may act on facsimile or e-mail transmission of the closing memorandum acknowledged by the Financial Advisor or the Authority as the final closing memorandum. The Bank shall not be liable for any losses, cost or expenses arising directly or indirectly from the Bank's reliance upon and compliance with such instructions.

**Section 5.02. Reliance on Documents, Etc.**

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank by the Authority.

(b) The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proven that the Bank was negligent in ascertaining the pertinent facts.

(c) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Securities, but is protected in acting upon receipt of Securities certificates containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Holder or an agent of the Holder. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document supplied by the Authority.

(e) The Bank may consult with legal counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon, provided that any such written advice or opinion is supplied to the Authority by the Bank.

(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of the Bank.

**Section 5.03. Recitals of Authority.**

The recitals contained herein with respect to the Authority and in the Securities shall be taken as the statements of the Authority, and the Bank assumes no responsibility for their correctness.

The Bank shall in no event be liable to the Authority, any Holder or Holders of any Security, or any other Person for any amount due on any Security from its own funds.

**Section 5.04. May Hold Securities.**

The Bank, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Authority with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

**Section 5.05. Moneys Held by Bank.**

The Bank shall deposit any moneys received from the Authority into trust account to be held in a paying agent capacity for the payment of the Securities, with such moneys in the account that exceed the deposit insurance available to the Authority by the Federal Deposit Insurance Corporation, to be fully collateralized with securities or obligations that are eligible under the laws of the State of Texas to secure and be pledged as collateral for such accounts until the principal and interest on such securities have been presented for payment and paid to the owner thereof. Payments made from such account shall be made by check drawn on such account unless the owner of such Securities shall, at its own expense and risk, request such other medium of payment.

Subject to the Unclaimed Property Law of the State of Texas, any money deposited with the Bank for the payment of the principal, premium (if any), or interest on any Security and remaining unclaimed for three years after the final maturity of the Security has become due and payable will be paid by the Bank to the Authority if the Authority so elects, and the Holder of such Security shall hereafter look only to the Authority for payment thereof, and all liability of the Bank with respect to such monies shall thereupon cease. If the Authority does not elect, the Bank is directed to report and dispose of the funds in compliance with Title Six of the Texas Property Code, as amended.

**Section 5.06. Indemnification.**

To the extent permitted by law, the Authority agrees to indemnify the Bank for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on the Bank's part, arising out of or in connection with the Bank's acceptance or administration of its duties hereunder, including the cost and expense incurred by the Bank in defending against any claim or from liability imposed on the Bank in connection with the Bank's exercise or performance of any of its powers or duties under this Agreement.

**Section 5.07. Interpleader.**

The Authority and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in Bexar, Caldwell, Comal, Guadalupe or Hays County, Texas, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The Authority and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction in Bexar, Caldwell, Comal, Guadalupe or Hays County, Texas to determine the rights of any Person claiming any interest herein.

**Section 5.08. Depository Trust Company Services.**

It is hereby represented and warranted that, in the event the Securities are otherwise qualified and accepted for "Depository Trust Company" services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the "Operational Arrangements," effective August 1, 1987, which establishes requirements for securities to be eligible for such type depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

Attached hereto is a copy of the Blanket Authority Letter of Representations between the Authority and The Depository Trust Company, New York, New York, providing for the Bonds to be issued in a Book-Entry Only System. The Bank and the Authority hereby confirm their obligations under such Letter of Representation.

**ARTICLE SIX  
MISCELLANEOUS PROVISIONS**

**Section 6.01. Amendment.**

This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

**Section 6.02. Assignment.**

This Agreement may not be assigned by either party without the prior written consent of the other.

**Section 6.03. Notices.**

Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Authority or the Bank shall be mailed or delivered to the Authority or the Bank, respectively, at the addresses shown on the signature page of this Agreement.

**Section 6.04. Effect of Headings.**

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

**Section 6.05. Successors and Assigns.**

All covenants and agreements herein by the Authority and the Bank shall bind their respective successors and assigns, whether so expressed or not.

**Section 6.06. Severability.**

In case any provision herein shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

**Section 6.07. Benefits of Agreement.**

Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

**Section 6.08. Entire Agreement.**

This Agreement and the Resolutions constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Resolutions, the Resolutions shall govern.

**Section 6.09. Counterparts.**

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

**Section 6.10. Termination.**

This Agreement will terminate (i) on the date of final payment of the principal of and interest on the Securities to the Holders thereof or (ii) may be earlier terminated by either party upon thirty (30) days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the Authority and such appointment accepted and (b) notice has been given to the Holders of the Securities of the appointment of a successor Paying Agent/Registrar. Furthermore, the Bank and Authority mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay or otherwise adversely affect the payment of the Securities.

Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Security Register (or a copy thereof), together with other pertinent books and records



relating to the Securities, to the successor Paying Agent/Registrar designated and appointed by the Authority.

The provisions of Section 1.02, 5.02, 5.03 and 5.06 of this Agreement shall survive and remain in full force and effect following the termination of this Agreement.

**Section 6.11. Governing Law.**

This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

**Section 6.12. Terrorist Organizations.** The Paying Agent represents that, neither the Paying Agent, nor any parent company, wholly- or majority-owned subsidiaries or affiliates of the same, if any, are companies 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/sudanlist.pdf>,  
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or  
<https://comptroller.texas.gov/purchasing/docs/ftolist.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 Paying Agent and each parent company, wholly- or majority-owned subsidiaries, and other affiliates of the same, 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 Paying Agent understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Paying Agent and exists to make a profit.

[The remainder of this page is intentionally left blank.]

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement as of the day and year first above written.

**BOKF, NA**

By: \_\_\_\_\_  
Title: Vice President  
5956 Sherry Lane, Suite 1201  
Dallas, Texas 75225

**ALLIANCE REGIONAL WATER AUTHORITY**

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

Name: Graham Moore

Title: Executive Director and Authority  
Representative

**SCHEDULE A**

**Paying Agent/Registrar Fee Schedule**

**REGULAR MEETING**  
**Alliance Regional Water Authority Board of Directors**

**BOARD MEMBER PACKETS**

Monday, October 31, 2022 at 1:00 PM  
County Line SUD Offices, 8870 Camino Real, Kyle, TX 78640

- H.5** Discussion and possible direction to Staff regarding the payment of the interest-only debt service payments due in August 2023 for the 2022 contract revenue bonds from the surplus funds previously accumulated by the Authority in the debt service funds.  
~ *Graham Moore, P.E., Executive Director*
- 

Background/Information

The Authority adopted its budget for FYE 2023 in July 2022 that included an estimate of the interest-only payments that would be due for the 2022 SWIFT issuances. As noted on the previous items, the final interest rates for the issuances ended up being higher than the budgeted amounts. In previous years the same situation has happened in reverse, where the final interest rates were lower than the budgeted rates – the result is that the Authority has been able to accumulate surplus funds in the debt service accounts.

Staff discussed this issue with the Technical Committee on October 12<sup>th</sup> and both recommend that the FYE 2023 budget not be amended and remain as-is and the current debt service account fund balances be utilized to pay the higher than budgeted interest only payments due in 2023 for the current issuances.

**Board Decision(s) Needed:**

- Possible direction to Staff.

**REGULAR MEETING**  
**Alliance Regional Water Authority Board of Directors**

**BOARD MEMBER PACKETS**

Monday, October 31, 2022 at 1:00 PM  
County Line SUD Offices, 8870 Camino Real, Kyle, TX 78640

**H.6** Update and possible direction to Staff regarding construction of the Authority's Phase 1B program. ~ *Toby Flinn, P.E., Pape-Dawson Engineers*

---

Background/Information

Toby Flinn with Pape Dawson will update the Board on recent construction activities associated with the Phase 1B program.

Attachment(s)

- Phase 1B Construction Update – October 31, 2022

**Board Decision(s) Needed:**

- Possible direction to Staff.



# PHASE 1B CONSTRUCTION UPDATE

## BOARD OF DIRECTORS MEETING

CMI Progress

October 31, 2022

Water Resources | Transportation | Land Development | Surveying | Environmental

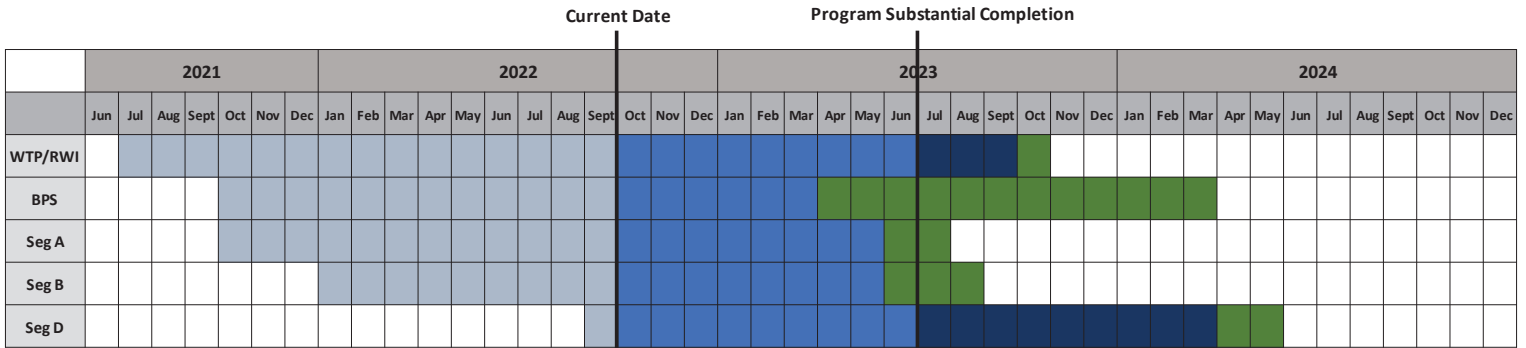


## PROGRAM CONTRACT VALUES



PROJECT	CURRENT CONTRACT VALUE	BILLED TO DATE	REMAINING	% COMPLETE
WTP/RWI	\$55,002,687.00	\$24,768,870.00	\$30,233,817.00	45.03%
BPS	\$19,706,258.71	\$10,044,914.92	\$9,661,343.79	50.97%
Seg A	\$49,471,384.71	\$26,167,134.92	\$23,304,249.79	52.89%
Seg B	\$37,629,104.42	\$9,855,518.19	\$27,773,586.23	26.19%
Seg D	\$46,663,969.35	\$0.00	\$46,663,969.35	0.00%

# PROGRAM SCHEDULE DURATIONS



Contract Dates					Program Sub Completion Status (June 2023)
Project	Notice to Proceed	Original Sub Completion	Current Sub Completion	Final Completion	
WTP/RWI	7/16/2021	7/16/2023	9/3/2023	11/2/2023	Behind 9 wks
BPS	10/25/2021	3/19/2023	3/19/2023	3/18/2024	On Time
Seg A	11/16/2021	6/9/2023	6/9/2023	10/7/2023	On Time
Seg B	2/15/2022	8/9/2023	8/9/2023	10/8/2023	On Time (Garney SCH showing SC 6/9/23)
Seg D	9/19/2022	4/1/2024	4/1/2024	5/31/2024	Behind 39 weeks

3

## Water Treatment Plant / Raw Water Infrastructure (Archer Western / Walker Partners)

### Construction Status

- Continued construction of the Rapid Mix Basin
- Continued installation of 36" GWI yard piping to Raw Water tanks
- Continue construction of the Lime System foundation
- Completed construction of the CO2 system foundation
- Continued installation of the HSPS suction piping and valves
- Continued installation of site electrical and fiber ductbanks
- Installed the Plate Settler Equipment
- Installed the CO2 storage tank
- Began installation of the process piping for the filter units at the Filter Complex
- Began the installation of the 42" filter influent line
- Began electrical building excavation and underground electrical installation



WTP - 36" GW Line to Raw Water Tanks





WTP – Rapid Mix Basin



WTP – Lime System Foundation



WTP – 42" Influent Line from Rapid Mix Basin

5

## Water Treatment Plant / Raw Water Infrastructure (Archer Western / Walker Partners)

### Next Month - Projected Construction Activities

- Continue construction of the Rapid Mix Basin
- Complete installation of 36" GWI yard piping to Raw Water tanks
- Continue construction of the Lime System foundation
- Complete installation of the HSPS suction piping and valves
- Continued installation of site electrical and fiber ductbanks
- Continue installation of the process piping for the filter units at the Filter Complex
- Complete the installation of the 42" filter influent line
- Begin 36" GW line from the Raw Water tanks to the Rapid Mix basin
- Continue electrical building excavation and underground electrical installation
- Leak test the Clearwell
- Backfill around the Clearwell (contingent upon successful leak test)
- Begin masonry walls installation at the Filter Complex



WTP - Filter Unit Process Piping



# Booster Pump Station (MWH / Friese and Nichols)

## Construction Status

- Continue electrical underground ductbank installation
- Completed backfill of the electrical building
- Formed the electrical building footing and installed reinforcing steel
- Completed 42" DIP Segment C installation
- Completed wire winding and shotcrete on the exterior of the GST
- Coated the GST exterior and installed exterior appurtenances
- Began installation of Segment D pipeline
- Began the installation of the suction piping at the pump station



BPS – GST Ladder and Handrail Installation

## BPS- PROGRESS PHOTOS



BPS – Pump Station Suction Header



BPS – Pump Station Suction Piping to  
Pump Cans



BPS – Electrical Building

# Booster Pump Station (MWH / Friese and Nichols)

## Next Month - Projected Construction Activities

- Place the electrical building foundation slab
- Continue 42" DIP Segment D installation
- Continue the installation of the suction piping at the pump station
- Begin the installation of the suction piping at the pump station
- Correction to yard piping alignment



BPS - GST Coating

# Segment A (Garney Construction / LAN)

## Construction Status

- Not Started
- ROW Cleared
- Pipe Delivered
- Pipe Installed
- Complete



Activity	Status
ROW Cleared	100%
Pipe Delivered	100%
Minor Tunnels Completed	69% (11 of 16)
Pipe Installed	16%
Major Crossing (Plum Creek)	Receiving pit under construction



# SEGMENT A - PROGRESS PHOTOS



Seg A – Bore #9 Hand Dig



Seg A – Bore #9 Completed 80" of Hand Digging



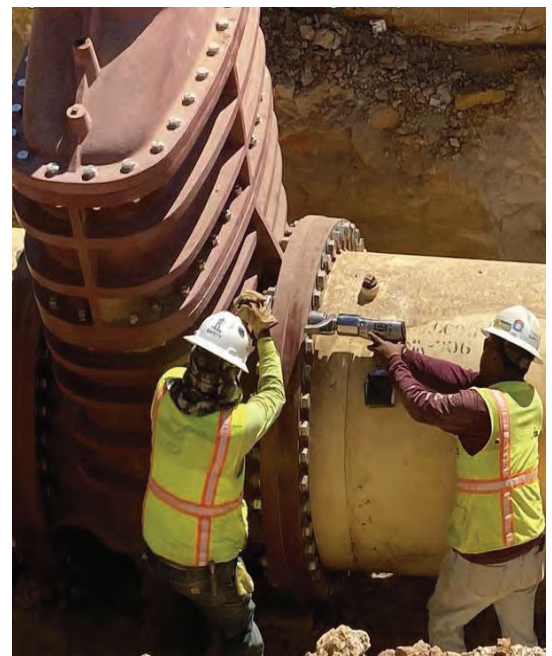
Seg A – Bore#9 Material Removal

11

## Segment A (Garney Construction / LAN)

### Next Month - Projected Construction Activities

- Continue receiving and staging embedment materials onsite ahead of two pipe laying crews
- Continue testing of embedment material and weld inspections thru HVJ
- Tunnels: Install 3 tunnels to bring total to 14 of 16 (88%)
  - Bore Location #10 at FM-86
  - Bore Location # 15 at Pecan Branch
  - Bore Location #16 at Seawillow Road
- Major Crossing
  - Finish receiving shaft on East side of Plum Creek and start installation of launch shaft on West side of Plum Creek
- Pipe Installation
  - Continue stripping, trenching, and pipe installation operations with pipe laying Crew 1 within a five mile stretch between SH 304 and Sand Hill Road
  - Conduct prove out with Garney pipe laying Crew 2 and start stripping, trenching, and pipe installation at Fox Lane heading West
- Install 48" gate valve with Garney pipe laying Crew 2 at STA 586+00



Seg A – STA 129+50 Gate Valve Final High Torque



# Segment B (Garney Construction / K Friese)

### Construction Status

- Not Started
- ROW Cleared
- Pipe Delivered
- Pipe Installed
- Complete



Activity	Status
ROW Cleared	100%
Pipe Delivered	45%
Minor Tunnels Completed	62% (13 of 21)
Pipe Installed	12%
Major Crossing (TX 130)	Submittal process underway

13

## SEGMENT B - PROGRESS PHOTOS



Seg B – Staging 60” casing at Tunnel #11



Seg B – Tunnel #11 at Black Ankle Rd



Seg B – Tunnel #11 at Black Ankle Rd

14



## Segment B (Garney Construction / K Friese)

### Next Month - Projected Construction Activities

- Tunnels
  - Install tunnels to bring total to 14 of 21 (67%)
  - Bore Location #10 on B1 – Dry Branch
  - Bore Location # 11 on B1 – CR 109
  - Bore Location #9A on B1 – CR 218
  - Bore Location #12 on B1 – Dry Branch Location
- Major Crossings
  - TX-130 Pre-construction meeting
  - Delivery of approved casing for crossing
  - Final approval anticipated for Shafts and update on material delivery for shafts with anticipated start shortly after materials arriving onsite
- Pipe Installation
  - Continue 36" Pipe Installation on B2 from Mill Steet heading West to the San Marcos WTP
  - Continue delivery of B1 pipe and staging embedment material
  - Continue delivery of B2 embedment material



Seg B – Bore Pit at Black Ankle Road

## Segment D (SJ Lewis / Freese & Nichols)

### Pre-Construction Activities

- Received and processed Contract documents
- Conducted Pre-Construction Kickoff meeting
- Issued Notice to Proceed to SJ Louis
- SharePoint access permissions granted
- Conducted SharePoint training with Contractor and Engineers
- Began processing RFI's and Shop Drawings

### Next Month - Projected Activities

- Coordinate Bi-Weekly Meeting
- Continue processing submittals in preparation for construction activities



Project	RFIs		Submittals		Test Reports	
	This Period	To Date	This Period	To Date	This Period	To Date
WTP/RWI	3	59	7	194	22	202
BPS	1	32	5	83	14	103
Seg A	1	33	3	45	46	115
Seg B	0	14	2	46	56	129
Seg D	4	4	11	11	0	0

**QUESTIONS?**

**REGULAR MEETING**  
**Alliance Regional Water Authority Board of Directors**

**BOARD MEMBER PACKETS**

Monday, October 31, 2022 at 1:00 PM  
County Line SUD Offices, 8870 Camino Real, Kyle, TX 78640

- H.7** Consider adoption of Resolution 2022-10-31-005 declaring that construction of the Phase 1B Water Treatment Plant and Raw Water Infrastructure Project is more than 50% complete and progressing satisfactorily. ~ *Graham Moore, P.E., Executive Director*
- 

Background/Information

The Authority entered into an agreement with Archer-Western Construction, LLC in May 2021 for the Phase 1B Water Treatment Plant and Raw Water Infrastructure construction contract for \$54,349,675. The project is funded by bonds issued through the Texas Water Development Board (TWDB). A requirement of that funding is to utilize certain contracting provisions in all construction projects. In this case the TWDB required that the following statement be included in the construction contract:

“The retainage shall be ten percent of the amount otherwise due until at least fifty percent of the work has been completed. After the project is fifty percent completed, and if the Authority’s Board finds that satisfactory progress is being made, then the Authority may authorize any of the remaining progress payments to be made in full.”

Pape-Dawson Engineers, Inc. was hired by the Authority to serve as the construction management and inspection firm to review progress and to help ensure that the project is being completed in accordance with the approved engineered plans. The design engineering firm, Walker Partners, LLC and the Authority Staff attend the monthly construction progress meetings to review progress and to discuss any issues that must be resolved.

Based on this oversight, Staff feels that the work is progressing satisfactorily and has exceeded the 50% completion threshold required.

Executive Director Recommendation(s)

- The Executive Director recommends approval of Resolution 2022-10-31-005.

Attachment(s)

- Resolution 2022-10-31-005

**Board Decision(s) Needed:**

- Adoption of Resolution 2022-10-31-005 declaring the Phase 1B Water Treatment Plant and Raw Water Infrastructure construction project more than 50% complete and reducing the retainage as provided in the contract.





## ALLIANCE WATER

### RESOLUTION NO. 20221031-005

**A RESOLUTION OF THE ALLIANCE REGIONAL WATER AUTHORITY BOARD OF DIRECTORS DECLARING THE PHASE 1B WATER TREATMENT PLANT AND RAW WATER INFRASTRUCTURE CONSTRUCTION PROJECT MORE THAN 50% COMPLETE, REDUCING THE PERCENT RETAINAGE WITHHELD FROM THE CONTRACTOR, AND DECLARING AN EFFECTIVE DATE**

#### **RECITALS:**

1. The Alliance Regional Water Authority ("Alliance Water") applied for and obtained financial assistance from the Texas Water Development Board ("TWDB") for new infrastructure for Alliance Water's system, including the design and construction of Alliance Water's Phase 1B Water Treatment Plant and Raw Water Infrastructure Project (the "Project").

2. Alliance Water contingently awarded the Project to Archer-Western Construction, LLC in May 2021 through the adoption of Resolution 20210526-001.

3. In accordance with the TWDB requirements, the Supplemental Contract Conditions in the Project contract documents states:

"The retainage shall be ten percent of the amount otherwise due until at least fifty percent of the work has been completed. After the project is fifty percent completed, and if the Authority's Board finds that satisfactory progress is being made, then the Authority may authorize any of the remaining progress payments to be made in full."

4. The project's engineer for the project, Walker Partners, Inc., the project's Construction Management & Inspection firm, Pape-Dawson Engineer's Inc., and the Authority's Staff report that the project is progressing on schedule, that more than 50% of the work is complete and that the work is progressing satisfactorily.

#### **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ALLIANCE REGIONAL WATER AUTHORITY:**

**PART 1.** The above recitals are true and correct and are incorporated herein for all purposes.

**PART 2.** Alliance Water finds that the project is more than 50% complete and is progressing satisfactorily and therefore remaining progress payments shall be made in full.

**PART 3.** This Resolution shall be in full force and effect immediately upon its passage.

Resolution 20221031-005  
Phase 1B Water Treatment Plant & Raw Water Infrastructure More than 50%  
Complete

**ADOPTED:** October 31, 2022

**ATTEST:**

---

Chris Betz  
Chair, Board of Directors

---

Amber Lewis  
Secretary, Board of Directors

**REGULAR MEETING**  
**Alliance Regional Water Authority Board of Directors**

**BOARD MEMBER PACKETS**

Monday, October 31, 2022 at 1:00 PM  
County Line SUD Offices, 8870 Camino Real, Kyle, TX 78640

- H.8** Consider adoption of Resolution 2022-10-31-006 declaring that construction of the Phase 1B Booster Pump Station and Delivery Points Project is more than 50% complete and progressing satisfactorily. ~ *Graham Moore, P.E., Executive Director*
- 

Background/Information

The Authority entered into an agreement with MWH Constructors, LLC in August 2021 for the Phase 1B Booster Pump Station and Delivery Points construction contract for \$19,759,331. The project is funded by bonds issued through the Texas Water Development Board (TWDB). A requirement of that funding is to utilize certain contracting provisions in all construction projects. In this case the TWDB required that the following statement be included in the construction contract:

“The retainage shall be ten percent of the amount otherwise due until at least fifty percent of the work has been completed. After the project is fifty percent completed, and if the Authority’s Board finds that satisfactory progress is being made, then the Authority may authorize any of the remaining progress payments to be made in full.”

Pape-Dawson Engineers, Inc. was hired by the Authority to serve as the construction management and inspection firm to review progress and to help ensure that the project is being completed in accordance with the approved engineered plans. The design engineering firm, Freese & Nichols, Inc. and the Authority Staff attend the monthly construction progress meetings to review progress and to discuss any issues that must be resolved.

Based on this oversight, Staff feels that the work is progressing satisfactorily and has exceeded the 50% completion threshold required.

Executive Director Recommendation(s)

- The Executive Director recommends approval of Resolution 2022-10-31-006

Attachment(s)

- Resolution 2022-10-31-006

**Board Decision(s) Needed:**

- Adoption of Resolution 2022-10-31-006 declaring the Phase 1B Booster Pump Station and Delivery Points construction project more than 50% complete and reducing the retainage as provided in the contract.



## ALLIANCE WATER

### RESOLUTION NO. 20221031-006

**A RESOLUTION OF THE ALLIANCE REGIONAL WATER AUTHORITY BOARD OF DIRECTORS DECLARING THE PHASE 1B BOOSTER PUMP STATION AND DELIVERY POINTS CONSTRUCTION PROJECT MORE THAN 50% COMPLETE, REDUCING THE PERCENT RETAINAGE WITHHELD FROM THE CONTRACTOR, AND DECLARING AN EFFECTIVE DATE**

#### **RECITALS:**

1. The Alliance Regional Water Authority ("Alliance Water") applied for and obtained financial assistance from the Texas Water Development Board ("TWDB") for new infrastructure for Alliance Water's system, including the design and construction of Alliance Water's Phase 1B Booster Pump Station and Delivery Points Project (the "Project").

2. Alliance Water contingently awarded the Project to MWH Constructors, Inc. in August 2021 through the adoption of Resolution 20210825-002.

3. In accordance with the TWDB requirements, the Supplemental Contract Conditions in the Project contract documents states:

"The retainage shall be ten percent of the amount otherwise due until at least fifty percent of the work has been completed. After the project is fifty percent completed, and if the Authority's Board finds that satisfactory progress is being made, then the Authority may authorize any of the remaining progress payments to be made in full."

4. The project's engineer for the project, Freese & Nichols, Inc., the project's Construction Management & Inspection firm, Pape-Dawson Engineer's Inc., and the Authority's Staff report that the project is progressing on schedule, that more than 50% of the work is complete and that the work is progressing satisfactorily.

#### **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ALLIANCE REGIONAL WATER AUTHORITY:**

**PART 1.** The above recitals are true and correct and are incorporated herein for all purposes.

**PART 2.** Alliance Water finds that the project is more than 50% complete and is progressing satisfactorily and therefore remaining progress payments shall be made in full.

**PART 3.** This Resolution shall be in full force and effect immediately upon its passage.

Resolution 20221031-006  
Phase 1B Booster Pump Station & Delivery Points Project More than 50% Complete

**ADOPTED:** October 31, 2022

**ATTEST:**

---

Chris Betz  
Chair, Board of Directors

---

Amber Lewis  
Secretary, Board of Directors

**REGULAR MEETING**  
**Alliance Regional Water Authority Board of Directors**

**BOARD MEMBER PACKETS**

Monday, October 31, 2022 at 1:00 PM  
County Line SUD Offices, 8870 Camino Real, Kyle, TX 78640

**H.9** Update and discussion regarding the status of the Authority's Phase 1B program, and direction to staff and consultants. ~ *Ryan Sowa, P.E., Kimley-Horn & Associates*

---

Background/Information

Ryan Sowa with Kimley-Horn will update the Committee on their recent activities associated with the Phase 1B program.

Attachment(s)

- Phase 1B Program Update – October 31, 2022
- Kimley-Horn Monthly Summary of Activities for September 2022

**Board Decision(s) Needed:**

- None.



# Phase 1B Program Update

Board of Directors Meeting  
October 31, 2022



**ALLIANCE WATER**

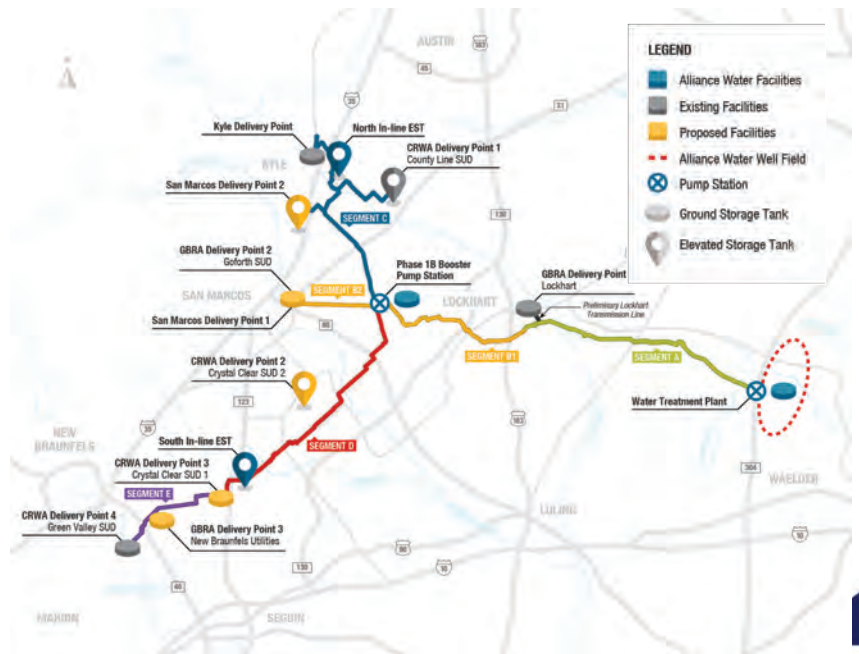
Kimley»Horn  
Expect More. Experience Better.

PRESENTED BY

## Ongoing Progress

### ► Design Milestone Status

- Design Submittals
  - South In-line EST – 100% submittal in early November
  - Segment C – 100% submittal anticipated in early December
- TWDB Reviews
  - WTP
    - Change Order No. 1 and 2 Release of Funds Under Review
  - Segment D
    - Engineering Feasibility Report Being Routed for Approval
  - Segment E
    - Engineering Feasibility Report Under Review – Comments Received



# Ongoing Progress

## ► Segment E Procurement Schedule

- Oct. 11<sup>th</sup> – Advertisement
- Nov. 14<sup>th</sup> – Proposals Received/Opened
- December – Anticipated Contract Award
- January – Notice to Proceed



# Pipeline Easement Acquisition Status

Pipeline Segment	Number of Parcels	STATUS						
		(A) Appraisal/Offer in Development	(B) Negotiation (Initial Offer)	(C) Negotiation (Final Offer)	(D) = (A+B+C) Appraisal / Negotiation	(E) Condemnation in Process	(F) = (D+E) Possession Still Needed	(G) Purchase Agreement Signed / Possession Obtained
A	39	0	0	0	0	0	0	39
B	52	0	0	0	0	0	0	52
D	57	0	0	0	0	0	0	57
C	75	3	4	4	11	12	23	52
E	31	0	0	2	2	6	8	23
Well Field	17	0	0	4	4	0	4	13
<b>Total</b>	<b>271</b>						<b>35</b>	<b>236</b>





## COST UPDATES BASED ON SEPTEMBER MILESTONE SUBMITTALS/RESULTS

		ORIGINAL (FEB. 2019)	REVISED	
	Construction Package	ARWA Total Projected Cost	ARWA Total Projected Cost	DIFFERENCE
<b>Submittal (%) Combined Program Infrastructure</b>				
Const.	Water Treatment Plant	\$ 25,200,000	\$ 29,500,000	\$ 4,300,000
Const.	Booster Pump Station & GBRA Meter Stations	\$ 12,100,000	\$ 13,700,000	\$ 1,600,000
90	Inline EST (South)	\$ 3,600,000	\$ 4,100,000	\$ 500,000
Const.	Pipeline Segment A	\$ 27,200,000	\$ 28,600,000	\$ 1,400,000
Const.	Pipeline Segment B	\$ 27,100,000	\$ 33,800,000	\$ 6,700,000
Const.	Pipeline Segment D	\$ 36,300,000	\$ 44,200,000	\$ 7,900,000
90	Pipeline Segment E	\$ 9,500,000	\$ 10,900,000	\$ 1,400,000
	<b>Subtotal</b>	<b>\$141,000,000</b>	<b>\$164,800,000</b>	<b>\$ 23,800,000</b>
<b>ARWA-Only Infrastructure</b>				
Closed	Well Drilling	\$ 3,800,000	\$ 3,300,000	(\$ 500,000)
Const.	Raw Water Infrastructure	\$ 7,000,000	\$ 10,600,000	\$ 3,600,000
Const.	ARWA Booster Pump Station & Delivery Points	\$ 7,700,000	\$ 4,800,000	(\$ 2,900,000)
30	Inline EST (North)	\$ 5,400,000	\$ 6,500,000	\$ 1,100,000
90	Pipeline Segment C	\$ 64,500,000	\$ 68,600,000	\$ 4,100,000
90	Pipeline Segment E (ARWA-Only)	\$ 6,700,000	\$ 12,600,000	\$ 5,900,000
No Design	Administration and Operations Building	\$ 4,300,000	\$ 4,200,000	(\$ 100,000)
	<b>Subtotal</b>	<b>\$ 99,400,000</b>	<b>\$110,600,000</b>	<b>\$ 11,200,000</b>
<b>Total</b>		<b>\$240,400,000</b>	<b>\$275,400,000</b>	<b>\$35,000,000</b>

OCTOBER 2022 UPDATE

**NO CHANGE FROM  
SEPTEMBER UPDATE**



# Questions?

ALLIANCE REGIONAL WATER AUTHORITY  
 ATTN: GRAHAM MOORE  
 1040 HIGHWAY 123  
 SAN MARCOS, TX 78666

Please send payments to:  
 KIMLEY-HORN AND ASSOCIATES, INC.  
 P.O. BOX 951640  
 DALLAS, TX 75395-1640

Federal Tax Id: 56-0885615

Invoice No: 068706605-0922  
 Invoice Date: Sep 30, 2022  
 Invoice Amount: \$ 186,453.84  
 Project No: 068706605  
 Project Name: ARWA PROGRAM YEAR 5  
 Project Manager: SOWA, RYAN

Work Order No. 6  
 Duration: March 2022 - Feb. 2023

Invoice Duration: Sept. 1, 2022 to Sept. 31, 2022

### COST PLUS MAX

KHA Ref # 068706605.3-22617514

ecile	Contract Value	Amount Billed to Date	Previous Amount Billed	Current Amount Due
PROGRAM MANAGEMENT PLAN UPDATES	9,550.00	1,809.50	1,809.50	0.00
STAKEHOLDER COORDINATION	219,391.00	97,472.09	82,925.59	14,546.50
BUDGETING	91,175.00	42,028.93	26,601.43	15,427.50
SCHEDULE	38,828.00	29,870.50	25,745.50	4,125.00
REPORTING	44,890.00	23,915.01	21,277.51	2,637.50
DATA MANAGEMENT	87,965.00	53,704.05	45,148.05	8,556.00
ENVIRONMENTAL MANAGEMENT	62,796.00	30,247.25	23,797.13	6,450.13
LAND ACQUISITION MANAGEMENT	459,289.00	337,988.63	282,276.73	55,711.90
TWDB MANAGEMENT	70,355.00	44,772.75	40,240.75	4,532.00
DESIGN STANDARDS	41,994.40	11,400.00	7,640.00	3,760.00
ENGINEERING DESIGN MANAGEMENT	209,034.00	137,087.75	115,368.50	21,719.25
QUALITY ASSURANCE	8,140.00	0.00	0.00	0.00
ELECTRICAL POWER PLANNING	30,183.00	275.00	275.00	0.00
PERMIT COORDINATION/TRACKING	48,510.00	34,046.97	30,587.47	3,459.50
PROCUREMENT AND CONSTRUCTION PHASE SERVICES	300,483.00	141,884.23	126,774.48	15,109.75
PROJECT ADMINISTRATION	38,165.50	17,423.75	14,016.88	3,406.88
OTHER SERVICES	16,200.00	47.50	47.50	0.00
ENVIRONMENTAL CONSTRUCTION PHASE SERVICES	212,142.00	132,691.68	105,679.74	27,011.94
Subtotal	1,989,091.00	1,136,665.59	950,211.75	186,453.84
Total COST PLUS MAX				186,453.84

Total Invoice: \$ 186,453.84

If you have questions regarding this invoice, please call (703) 674-1300.

October 25, 2022

## Project Monthly Summary

### September 2022 Tasks Performed:

- Task 2 – Stakeholder Coordination
  - Coordination and/or meetings with entities including: Caldwell County, Guadalupe County, Bluebonnet Electric Coop, TxDOT, TCEQ, and TWDB.
  - Continued weekly task coordination with Alliance Water.
  - Prepared and presented the Technical Committee Meeting Update.
  - Prepared and presented the Project Advisory Committee Meeting Update.
  - Prepared and presented the Board Meeting Update.
  - Prepared for and held Monthly Status Meeting with Alliance Water.
  
- Task 3 – Budgeting
  - Prepared and presented the monthly Budget Update for the Technical Committee and Board meetings.
  - Continued updates to Budget Workbook to include monthly tracking of actual costs for ARWA review.
  
- Task 4 – Schedule
  - Revised the Project Deliverable Schedule based on the feedback received from ARWA, Design Consultants, and Construction Management & Inspection team.
  - Integrated each project schedule into overall Program schedule. Developed and distributed the monthly Program schedule summary.
  
- Task 6 – Data Management
  - Continued to coordinate with ARWA and Construction Management & Inspection Team to integrate construction data collected on the GIS WebMap.
  - Ongoing maintenance of Microsoft SharePoint Online program.
  - Continued updating of web-based GIS for easement acquisition process and alignment changes.
  
- Task 7 – Environmental Management
  - *Continued coordination with the Program Environmental Consultant to wrap up fieldwork for Segments C.*
  - Continued coordination with ARWA and the Program Environmental Consultant regarding the burial relocation proceedings.
  - Continued coordination with Program Environmental Consultant concerning the comments from the United States Army Corps of Engineers.
  - Continued coordination between Program Environmental Consultant and Segment C Design Consultant to clarify environmental field work to be done on properties as part of easement acquisition process.

**Alliance Water – Phase 1B Infrastructure – Owner’s Representative**

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- Monthly progress meeting and ongoing coordination with Program Environmental Consultant.
- Continued coordination between Program Environmental Consultant and Design Engineers.
- Task 8 – Land Acquisition Management
  - *Contract close out coordination with Program Land Acquisition Consultant.*
  - Coordinated the appraisal process for Segments C, E, and W parcels.
  - Coordinated with Program Survey Consultant, Program Environmental Consultant, and Land Acquisition team to address questions that arise as part of the field work coordination process.
  - Performed weekly QC of parcel files in SharePoint, provided comments to Land Acquisition team.
  - Weekly coordination meeting with land agents to discuss status of rights-of-entry and to provide Program clarification on any questions/requests that have come from landowners.
  - Reviewed Program Land Acquisition team, Program Appraiser, and Program Survey invoices.
  - Continued field work coordination to notify landowners of upcoming field work by consultants.
- Task 9 – Texas Water Development Board Management
  - Continued coordination with ARWA, GBRA, and TWDB Staff to track all EFRs, environmental reports, and bid documents currently under review as well as preparation of funding release requests.
- Task 10 – Design Standards
  - Reviewed Construction Standards given questions arising from construction activities and coordinated with the Program Design Consultants as needed.
- Task 11 – Engineering Design Management
  - Pipelines:
    - Segment A
      - Continue coordination with Design Consultant for construction phase services.
    - Segment B
      - Continued coordination with Design Consultant for construction phase services.
    - Segment C
      - Continued coordination with Design Consultant for final design.
      - Continued coordination with Design Consultant regarding ongoing field work and pipeline alignment considerations.
    - Segment D

**Alliance Water – Phase 1B Infrastructure – Owner’s Representative**

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- *Continue coordination with Design Consultant during project procurement and construction phase services.*
    - Segment E
      - *Reviewed Segment E 100% Design submittal prepared by the Design Consultant and provided compiled comments to the Design Consultant.*
      - *Continued coordination with Design Consultant for final design.*
  - Raw Water Infrastructure:
    - *Continued coordination with Design Consultant for construction phase services.*
  - Water Treatment Plant:
    - *Continued coordination with Design Consultant concerning Hydraulics/Surge development.*
    - *Continued coordination with Design Consultant for construction phase services.*
  - Booster Pump Station:
    - *Coordinated with Design Consultant for construction phase services.*
  - Inline Elevated Storage Tanks:
    - *Reviewed South Inline Elevated Storage Tank 90% Design submittal prepared by the Design Consultant and provided compiled comments to the Design Consultant.*
    - *Continued coordination with Design Consultant for final design development for the South and North Inline Elevated Storage Tanks.*
  - Other:
    - *Monthly progress meetings with all Design Consultants (pipelines, water treatment plant, raw water infrastructure, wellfield, booster pump station).*
    - *Review invoices, schedules, and risk logs for consultants.*
- Task 12 – Quality Assurance
  - *Coordinated with the Land Acquisition team to audit files prior to contract expiration.*
- Task 13 – Electrical Power Planning
  - *Continued coordination with GVEC regarding electric service to the WTP and wellfield.*
- Task 14 – Permit Coordination/Tracking
  - *Continued Permit coordination with Pipeline Consultants.*
  - *Continued coordination with Caldwell, Guadalupe, and Hays County TxDOT offices concerning roadway crossings.*
  - *Continued coordination with Caldwell, Guadalupe, and Hays Counties regarding on going permit reviews.*
  - *Continued General Coordination with GVEC, BBEC, and LCRA.*
  - *On-going Permit Tracking Log Updates.*

**Alliance Water – Phase 1B Infrastructure – Owner’s Representative**

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- Task 15 – Procurement and Construction Phase Services
  - *Continued coordinated with Segment D Design Consultant during the procurement and construction phases.*
  - Continued coordination with the Construction Management & Inspection team.
  - Continued coordination with WTP, RWI, BPS, Segment A, and Segment B Design Consultants during the construction phase.
  
- Task 18 – Environmental Construction Services
  - *Finalized efforts to complete Migratory Bird nest surveys and associated memos for reporting.*
  - Continue coordination with USACE regarding Sandy Creek and Plum Creek permits.
  - Attended construction status meetings.

**October 2022 Projection:**

- Task 2 – Stakeholder Coordination
  - Coordination and/or meetings with entities including: Caldwell County, Guadalupe County, GVEC, Bluebonnet Electric Coop, TxDOT, TCEQ, and TWDB.
  - Continue weekly task coordination with Alliance Water.
  - Prepare and present Technical Committee Meeting Update.
  - Prepare and present Project Advisory Committee Meeting Update.
  - Prepare and present Board Meeting Update.
  - Prepare for and hold Monthly Status Meeting with Alliance Water.
  
- Task 3 – Budgeting
  - *Address ARWA comments and finalize budget projection.*
  - Prepare and present the monthly Budget Update for the Technical Committee and Board meetings.
  - Continue updates to Budget Workbook to include monthly tracking of actual costs for ARWA review.
  
- Task 4 – Schedule
  - *Incorporate the Inline Elevated Storage Tank schedule split within the overall Program schedule.*
  - Revise the Project Deliverable Schedule based on the feedback received from ARWA, Design Consultants, and Construction Management & Inspection team.
  - Integrate each project schedule into overall Program schedule. Develop and distribute schedule update and memorandum.
  
- Task 6 – Data Management



**Alliance Water – Phase 1B Infrastructure – Owner’s Representative**

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- Continued coordination with ARWA and Construction Management & Inspection Team to integrate construction data collected on the new GIS WebMap.
- Ongoing maintenance of Microsoft SharePoint Online program.
- Continued updating of web-based GIS for easement acquisition process and alignment changes.
- Task 7 – Environmental Management
  - *Review the Segment C draft agency reports prepared by the Program Environmental Consultant.*
  - Continue coordination with ARWA and the Program Environmental Consultant regarding the burial relocation proceedings.
  - Continue coordination with Program Environmental Consultant concerning the comments from the United States Army Corps of Engineers.
  - Monthly progress meeting and ongoing coordination with Program Environmental Consultant.
  - Continue coordination between Program Environmental Consultant and Design Engineers.
  - Review Program Environmental invoices, schedule, and risk log.
- Task 8 – Land Acquisition Management
  - Coordinate the appraisal process for Segment C, E, and W parcels.
  - Coordinate with Program Survey Consultant and Design Consultants to address questions that arise as part of the field work coordination process.
  - Perform weekly QC of parcel files in SharePoint, provide comments to Legal Land Acquisition team.
  - Weekly coordination meeting with Legal Land Acquisition to discuss status of easement acquisition proceedings and to provide Program clarification on any questions/requests that have come from landowners.
  - Review Program Appraiser and Program Survey invoices.
  - Continue field work coordination to notify landowners of upcoming field work by consultants.
- Task 9 – Texas Water Development Board Management
  - Continue coordination with ARWA, GBRA, and TWDB Staff to track all EFRs, environmental reports, and bid documents currently under review as well as preparation of funding release requests.
- Task 10 – Design Standards
  - Review Construction Standards given questions arising from construction activities and coordinate with the Program Design Consultants as needed.
- Task 11 – Engineering Design Management
  - Pipelines:
    - Segment A

**Alliance Water – Phase 1B Infrastructure – Owner’s Representative**

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- Continue coordination with Design Consultant for construction phase services.
    - Segment B
      - Continue coordination with Design Consultant for construction phase services.
    - Segment C
      - Continue coordination with Design Consultant for final design.
      - Continue coordination with Design Consultant regarding ongoing field work and pipeline alignment considerations.
    - Segment D
      - *Continue coordination with Design Consultant for construction phase services.*
    - Segment E
      - *Coordinate with Design Consultant during final design and project procurement services.*
  - Raw Water Infrastructure:
    - Continue coordination with Design Consultant for construction phase services.
  - Water Treatment Plant:
    - Continue coordination with Design Consultant concerning Hydraulics/Surge development.
    - Continue coordination with Design Consultant for construction phase services.
  - Booster Pump Station:
    - Continue coordination with Design Consultant for construction phase services.
  - Inline Elevated Storage Tanks:
    - Continue coordination with Design Consultant for final design development for the South and North Inline Elevated Storage Tanks.
  - Other:
    - Monthly progress meetings with all Design Consultants (pipelines, water treatment plant, raw water infrastructure, wellfield).
    - Review invoices, schedules, and risk logs for consultants.
- Task 13 – Electrical Power Planning
  - Continue coordination with GVEC regarding electric service to the WTP and wellfield.
- Task 14 – Permit Coordination/Tracking
  - Continue Permit coordination with Pipeline consultants
  - Coordinate with Hays County concerning the Site Development Permit.
  - General Coordination with TxDOT.
  - Coordinate with Caldwell, Guadalupe, and Hays County TxDOT offices concerning roadway crossings.



**Alliance Water – Phase 1B Infrastructure – Owner’s Representative**

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- Continue General Coordination with GVEC, BBEC, and LCRA.
- On-going Permit Tracking Log Updates.
  
- Task 15 – Procurement and Construction Phase Services
  - *Coordinate with Segment E Design Consultant during the procurement phase.*
  - *On-going coordination with WTP, RWI, BPS, Segment A, Segment B, and Segment D Design Consultants during the construction phase.*
  - On-going coordination with the Construction Management & Inspection team.
  
- Task 16 – Other Services
  - Finalize and submit the City of San Marcos Watershed Protection Plan for the Booster Pump Station Plat.
  
- Task 18 – Environmental Construction Services
  - Continue coordination with USACE regarding Sandy Creek and Plum Creek permits.
  - Attend construction status meetings.

**Scope Elements Added/Removed:**

None at this time.

**Outstanding Issues/Concerns:**

None at this time.

**HUB Participation:**

28.3 % allotted by Contract (based on contract total fee)

32.9% to date of Billing

Design Consultant Certifications: N/A

**Alliance Water – Phase 1B Infrastructure – Owner’s Representative**

Sub Consultant	Sub Consultant Certifications	Task Description	Contract Value (\$)	Percent Complete to Date (%)	Amount Billed to Date (\$)	Amount Paid to Date (\$)
Foster CM Croup, Inc.	DBE; AABE; MBE; SBE	Budgeting, Schedule, and Data Management	\$117,890.00	75.6%	\$ 89,095.63	\$ 65,078.13
Grubb Engineering, Inc.	ESBE; SBE; WBE	Electrical Power Planning	\$25,850.00	0.0%	\$ -	\$ -
Spitzer and Associates, Inc.	SBE; WBE	Land Acquisition Management	\$399,180.00	71.5%	\$ 285,416.25	\$ 234,486.57
V&A Consulting Engineers, Inc.	SBE; HABE; MBE	Cathodic Protection Standards	\$18,999.00	0.0%	\$ -	\$ -
		Subtotal	\$561,919.00	66.6%	\$ 374,511.88	\$ 299,564.70

**REGULAR MEETING**  
**Alliance Regional Water Authority Board of Directors**

**BOARD MEMBER PACKETS**  
Monday, October 31, 2022 at 1:00 PM  
County Line SUD Offices, 8870 Camino Real, Kyle, TX 78640

- I. BOARD MEMBER ITEMS OR FUTURE AGENDA ITEMS – Possible acknowledgement by Board Members of future area events and/or requests for item(s) to be placed on a future agenda where no action is required.
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Background/Information

The Board Members have an opportunity to make announcements or to request that items be added to future Board or Committee agendas.

**REGULAR MEETING**  
**Alliance Regional Water Authority Board of Directors**

**BOARD MEMBER PACKETS**

Monday, October 31, 2022 at 1:00 PM  
County Line SUD Offices, 8870 Camino Real, Kyle, TX 78640

- J.1** *Executive Session pursuant to the Government Code, Section 551.071 (Consultation with Attorney) and/or Section 551.072 (Real Property Deliberations):*
- A. Water supply partnership options*
  - B. Groundwater leases*
  - C. Acquisition of real property for water supply project purposes*
  - D. Rocco Moses, James Paul Moses and Richard Lawrence v. Alliance Regional Water Authority, Cause No. 22-O-383 filed in Caldwell County District Court*
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**REGULAR MEETING**  
**Alliance Regional Water Authority Board of Directors**

**BOARD MEMBER PACKETS**  
Monday, October 31, 2022 at 1:00 PM  
County Line SUD Offices, 8870 Camino Real, Kyle, TX 78640

**J.2** Action from Executive Session on the following matters:

- A. *Water supply partnership options*
  - B. *Groundwater leases*
  - C. *Acquisition of real property for water supply project purposes*
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**REGULAR MEETING**  
**Alliance Regional Water Authority Board of Directors**

**BOARD MEMBER PACKETS**  
Monday, October 31, 2022 at 1:00 PM  
County Line SUD Offices, 8870 Camino Real, Kyle, TX 78640

**K. ADJOURNMENT**

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