

RIVERBEND RESOLUTION 20201028-04

RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF RIVERBEND WATER RESOURCES DISTRICT CONTRACT REVENUE BONDS (REGIONAL WATER SYSTEM PROJECT), SERIES 2020B, AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO

WHEREAS, in 1969, the City of Texarkana, Texas entered into a “Water Supply System Sale-Purchase-Financing Agreement” with Lake Texarkana Water Supply Corporation (the “LTWSC”) through resolutions of the City of Annona, Texas, the City of Avery, Texas, the City of DeKalb, Texas, the City of Hooks, Texas, the City of Maud, Texas, the City of New Boston, Texas, the City of Texarkana, Arkansas, and the City of Wake Village, Texas (collectively, “the 1969 Contracting Cities”), to purchase various assets for the provision of regional water service as set forth in that agreement (the “Company Facilities”), which included the raw water intake at Wright Patman Lake and the New Boston Road Water Treatment Plant located in Texarkana, Texas; and

WHEREAS, also in 1969, each of the 1969 Contracting Cities entered into a water supply contract with the City of Texarkana, Texas for provision of potable water by means of the Company Facilities; and

WHEREAS, LTWSC’s bonded indebtedness was retired, and LTWSC was dissolved effective March 21, 2007, and the Company Facilities thereafter were owned collectively by the 1969 Contracting Cities in an undivided interest, with such collective ownership continuing to the present date; and

WHEREAS, on May 6, 2008, the 1969 Contracting Cities entered into an Interlocal Cooperation Agreement to work cooperatively to create a new water district to provide for the operation of the regional water distribution system, for the improvement of certain Company Facilities, and for provision of water to the 1969 Contracting Cities; and

WHEREAS, Riverbend Water Resources District (the “Issuer”) was thereafter created by the Texas Legislature in 2009 as a conservation and reclamation district created under and essential to accomplish the purpose of Section 59, Article XVI, Texas Constitution, as set forth in Title 6, Special District Local Laws Code, Subtitle L, Municipal Water Districts, Chapter 9601, effective June 19, 2009 as the new water district with statutory powers including the authority to acquire any and all storage rights and storage capacity in a reservoir or other water sources inside or outside the boundaries of the Issuer, and to acquire the right to take water from that reservoir or source, subject to the rights or permits held by municipalities or other persons; and

WHEREAS, in 2010 the 1969 Contracting Cities entered into extensions of the 1969 water supply contracts with Texarkana, Texas; and

WHEREAS, in 2016, the Issuer issued its Water and Wastewater System Revenue Bonds, Taxable Series 2016A and Water and Wastewater System Revenue Bonds, Taxable Series 2016B (collectively, the “Water and Wastewater System Bonds”), for the purpose of acquiring and improving an existing water and wastewater system (the “Water and Wastewater System”), consisting of two 500,000 gallon ground storage tanks, one 500,000 gallon elevated storage tank, and a system of water distribution lines and sewer collection lines located throughout the Red River

Army Depot and the site of the former Lone Star Army Ammunition Plant (now TexAmericas Center); and

WHEREAS, in the resolutions that authorized the Water and Wastewater System Bonds, the Issuer retained the right to issue “Special Facilities Bonds” to acquire or construct facilities of any kind which are declared not to be a part of the Water and Wastewater System; and

WHEREAS, the Issuer has identified regional water infrastructure projects under the Riverbend Regional Water Master Plan Study to be completed in order to improve and operate the Company Facilities;

WHEREAS, in light of aging Company Facilities, increased regional need for potable and non-potable water, and economic development opportunities that may be advanced by construction of regional water infrastructure improvements, the Cities of Annona, Avery, Hooks, Leary, Maud, Nash, New Boston, Redwater, Texarkana, and Wake Village, Central Bowie Water Supply Corporation and Oak Grove Water Supply Corporation (each, a “Member Entity” and collectively, the “Member Entities”) desire to effectuate the improvement of the Company Facilities pursuant to the Riverbend Regional Water Master Plan Study (the “Planned Improvements”) and provide for regional water service, including that needed by the Member Entities; and

WHEREAS, the Issuer has entered into a Water Distribution and Supply Contract (each, a “Contract” and collectively, the “Contracts”) with each Member Entity with respect to the funding and construction by the Issuer, for the benefit of the Member Entities, of the Planned Improvements and any additional regional improvements or enhancements; and

WHEREAS, the Board of Directors of the Issuer is authorized to issue the bonds hereinafter authorized pursuant to the Issuer Act, the Contracts, and other applicable law; and

WHEREAS, the Issuer has received Resolution Nos. 20-075 and 20-076 from the Texas Water Development Board (the “TWDB”) approving financial assistance to the Issuer in the aggregate amount of \$199,700,000 in multi-year financing, including the purchase of the Issuer’s Series 2020A Bonds to be authorized hereby and the purchase of the Taxable Series 2020A Bonds (each as defined herein); and

WHEREAS, the Issuer deems it necessary and advisable to authorize the adoption of this Resolution; and

THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF RIVERBEND WATER RESOURCES DISTRICT THAT:

Section 1. AMOUNT AND PURPOSE OF THE BONDS. The bond or bonds of Riverbend Water Resources District (the “Issuer”) are hereby authorized to be issued and delivered in the aggregate principal amount of \$7,200,000, FOR THE PURPOSE OF OBTAINING FUNDS REQUIRED TO PROVIDE FOR THE DESIGN, ACQUISITION, CONSTRUCTION, AND EQUIPMENT OF IMPROVEMENTS TO THE COMPANY FACILITIES TO PROVIDE REGIONAL WATER SERVICE FOR USE BY THE MEMBER ENTITIES.

Section 2. DESIGNATION OF THE BONDS. Each bond issued pursuant to this Resolution shall be designated: “RIVERBEND WATER RESOURCES DISTRICT CONTRACT REVENUE BOND (REGIONAL WATER SYSTEM PROJECT), SERIES 2020B”, and initially there shall be issued, sold, and delivered hereunder a single fully registered bond, without interest coupons, payable in installments of principal (the “Initial Bond”), but the Initial Bond may be assigned and transferred and/or converted into and exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, having serial maturities, and in the denomination or denominations of \$5,000 or any integral multiple of \$5,000, all in the manner hereinafter provided. The term “Bonds” as used in this Resolution shall mean and include collectively the Initial Bond and all substitute bonds exchanged therefor, as well as all other substitute bonds and replacement bonds issued pursuant hereto, and the term “Bond” shall mean any of the Bonds.

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

(a) The Initial Bond is hereby authorized to be issued, sold, and delivered hereunder as a single fully registered Bond, without interest coupons, dated October 15, 2020, in the denomination and aggregate principal amount of \$7,200,000 numbered TR-1, payable in annual installments of principal to the initial registered owner thereof, to-wit: Texas Water Development Board, or to the registered assignee or assignees of said Bond or any portion or portions thereof (in each case, the “registered owner”), with the annual installments of principal of the Initial Bond to be payable on the dates, respectively, and in the principal amounts, respectively, stated in the FORM OF INITIAL BOND set forth in this Resolution.

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

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

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

FORM OF INITIAL BOND

NO. TR-1

\$7,200,000

UNITED STATES OF AMERICA
STATE OF TEXAS
RIVERBEND WATER RESOURCES DISTRICT
CONTRACT REVENUE BOND
(REGIONAL WATER SYSTEM PROJECT)
SERIES 2020B

Riverbend Water Resources District (the “Issuer”), being a political subdivision of the State of Texas, hereby promises to pay to the TEXAS WATER DEVELOPMENT BOARD, or to the registered assignee or assignees of this Bond or any portion or portions hereof (in each case, the “registered owner”) the aggregate principal amount of \$7,200,000 (SEVEN MILLION TWO HUNDRED THOUSAND AND 00/100 DOLLARS) in annual installments of principal due and payable on October 15 in each of the years, and to pay interest, calculated on the basis of a 360-day year composed of twelve 30-day months, from the date of delivery of the Bonds (which date appears in the Delivery Certificate endorsed on this Bond), on the balance of each such installment of principal, respectively, from time to time remaining unpaid, in the respective principal amounts and at the rates per annum, as set forth in the following schedule:

| <u>Year of Maturity</u> | <u>Principal Amount</u> | <u>Interest Rate</u> | <u>Year of Maturity</u> | <u>Principal Amount</u> | <u>Interest Rate</u> |
|-------------------------|-------------------------|----------------------|-------------------------|-------------------------|----------------------|
| 2023 | \$215,000 | 0.00% | 2038 | \$235,000 | 1.22% |
| 2024 | \$215,000 | 0.00% | 2039 | \$240,000 | 1.26% |
| 2025 | \$215,000 | 0.00% | 2040 | \$240,000 | 1.31% |
| 2026 | \$215,000 | 0.00% | 2041 | \$245,000 | 1.35% |
| 2027 | \$215,000 | 0.07% | 2042 | \$250,000 | 1.39% |
| 2028 | \$215,000 | 0.25% | 2043 | \$250,000 | 1.43% |
| 2029 | \$215,000 | 0.38% | 2044 | \$255,000 | 1.46% |
| 2030 | \$220,000 | 0.52% | 2045 | \$260,000 | 1.48% |
| 2031 | \$220,000 | 0.67% | 2046 | \$260,000 | 1.51% |
| 2032 | \$220,000 | 0.79% | 2047 | \$265,000 | 1.53% |
| 2033 | \$225,000 | 0.91% | 2048 | \$270,000 | 1.54% |
| 2034 | \$225,000 | 1.01% | 2049 | \$275,000 | 1.55% |
| 2035 | \$225,000 | 1.09% | 2050 | \$280,000 | 1.56% |
| 2036 | \$230,000 | 1.14% | 2051 | \$285,000 | 1.57% |
| 2037 | \$230,000 | 1.19% | 2052 | \$290,000 | 1.57% |

with said interest being payable on April 15, 2021 and semiannually on each October 15 and April 15 thereafter while this Bond or any portion hereof is outstanding and unpaid.

THE INSTALLMENTS OF PRINCIPAL OF AND THE INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The installments of principal and the interest on this Bond are payable to the registered owner hereof through the services of BOKF, NA in Dallas, Texas, as paying agent/registrar (the “Paying Agent/Registrar”) for this Bond. Payment of all principal of and interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each principal and/or interest

payment date by check dated as of such date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the resolution authorizing the issuance of this Bond (the "Bond Resolution") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such principal and/or interest payment date, to the registered owner hereof, at the address of the registered owner, as it appeared at the close of business on the last business day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described; provided that, if the Texas Water Development Board (the "TWDB") is the registered owner of this Bond, at the option of the TWDB and at the expense of the Issuer, such payment shall be made by wire transfer pursuant to written directions of the TWDB. The Issuer covenants with the registered owner of this Bond that on or before each principal and/or interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Redemption Fund" created by the Bond Resolution, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on this Bond, when due.

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

THIS BOND has been authorized in accordance with the Constitution and laws of the State of Texas FOR THE PURPOSE OF OBTAINING FUNDS REQUIRED TO PROVIDE FOR THE DESIGN, ACQUISITION, CONSTRUCTION, AND EQUIPMENT OF IMPROVEMENTS TO THE COMPANY FACILITIES TO PROVIDE REGIONAL WATER SERVICE FOR USE BY THE MEMBER ENTITIES.

ON OCTOBER 15, 2030, or any date thereafter, the Bonds having stated maturities on and after October 15, 2031 may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part, in inverse order of maturity, and, if less than a whole maturity is to be redeemed, the Bonds or portions thereof to be redeemed shall be selected by the Paying Agent/Registrar by lot or other customary random method (provided that a portion of a Bond may be redeemed only in an integral multiple of \$5,000), at a redemption price equal the principal amount thereof, plus accrued interest to the date fixed for redemption. During any period in which ownership of the Bonds is determined by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Issuer and the securities depository.

AT LEAST 30 days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, to the Registered Owner of each Bond to be redeemed at its address as it appeared on the 45th day prior to such redemption date; provided, however, that the failure to send, mail, or receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any

Bond, and it is hereby specifically provided that the mailing of such notice as required above shall be the only notice actually required in connection with or as a prerequisite to the redemption of any Bonds or portions thereof. By the date fixed for any such redemption due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed, plus accrued interest thereon to the date fixed for redemption. If such written notice of redemption is mailed and if due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the Registered Owner to receive the redemption price plus accrued interest from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the Registered Owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Registered Owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Bond Resolution.

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

AS PROVIDED above and in the Bond Resolution, this Bond, to the extent of the unpaid or unredeemed principal balance hereof, may be converted into and exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, payable to the assignee or assignees duly designated in writing by the initial registered owner hereof, or to the initial registered owner as to any portion of this Bond which is not being assigned and transferred by the initial registered owner, in any denomination or denominations in any integral multiple of \$5,000 (subject to the requirement hereinafter stated that each substitute bond issued in exchange for any portion of this Bond shall have a single stated principal maturity date), upon surrender of this Bond to the

Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Resolution. If this Bond or any portion hereof is assigned and transferred or converted each bond issued in exchange for any portion hereof shall have a single stated principal maturity date corresponding to the due date of the installment of principal of this Bond or portion hereof for which the substitute bond is being exchanged, and shall bear interest at the rate applicable to and borne by such installment of principal or portion thereof. Such bonds, respectively, shall be subject to redemption prior to maturity on the same dates and for the same prices as the corresponding installment of principal of this Bond or portion hereof for which they are being exchanged. No such bond shall be payable in installments, but shall have only one stated principal maturity date. AS PROVIDED IN THE BOND RESOLUTION, THIS BOND IN ITS PRESENT FORM MAY BE ASSIGNED AND TRANSFERRED OR CONVERTED ONCE ONLY, and to one or more assignees, but the bonds issued and delivered in exchange for this Bond or any portion hereof may be assigned and transferred, and converted, subsequently, as provided in the Bond Resolution. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for transferring, converting, and exchanging this Bond or any portion thereof, but the one requesting such transfer, conversion, and exchange shall pay any taxes or governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make any such assignment, conversion, or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or portion thereof called for prepayment or redemption prior to maturity, within 45 days prior to its prepayment or redemption date.

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

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, sold, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond is a special revenue obligation of the Issuer which, together with the Taxable Series 2020A Bonds and any Additional Parity Obligations which may be issued in the future, are secured by and payable from a first lien on and pledge of the "Pledged Revenues" as defined in the Bond Resolution, consisting primarily of payments to be received by the Issuer from the Member Entities under the Water Distribution and Supply Contracts (the "Contracts"), between the Issuer and each Member Entity with respect to the design, acquisition, construction, and equipment of improvements to the Company Facilities to provide regional water service for use by the Member Entities.

THE ISSUER IS OBLIGATED TO PAY THE PRINCIPAL OF AND INTEREST ON THIS BOND SOLELY FROM AND TO THE EXTENT OF THE GROSS REVENUES DERIVED PRIMARILY FROM PAYMENTS TO BE RECEIVED BY THE ISSUER FROM THE MEMBER ENTITIES. NO OTHER ENTITY, INCLUDING THE STATE OF TEXAS, ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER OR THE MEMBER ENTITIES), OR ANY OTHER PUBLIC OR PRIVATE BODY, IS OBLIGATED, DIRECTLY, INDIRECTLY, CONTINGENTLY, OR IN ANY OTHER MANNER, TO PAY SUCH PRINCIPAL OR INTEREST FROM ANY OTHER SOURCE WHATSOEVER. THE OWNER OF THIS BOND SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT OF THIS BOND OUT OF ANY FUNDS RAISED OR TO BE RAISED BY TAXATION (INCLUDING SPECIFICALLY TAXES RAISED OR TO BE RAISED BY THE ISSUER) OR FROM ANY OTHER FUNDS OF THE ISSUER EXCEPT THE GROSS REVENUES. NO REPRESENTATION IS MADE HEREIN WITH RESPECT TO THE ANTICIPATED SUFFICIENCY OF THE GROSS REVENUES. NO PART OF THE PHYSICAL PROPERTY OF THE ISSUER IS ENCUMBERED BY ANY LIEN OR SECURITY INTEREST FOR THE BENEFIT OF THE OWNERS OF THIS BOND.

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

THE ISSUER also has reserved the right to amend the Bond Resolution with the approval of the registered owners of 51% in principal amount of all outstanding bonds secured by and payable from a first lien on and pledge of the “Pledged Revenues”.

THE REGISTERED OWNER hereof shall never have the right to demand payment of this Bond or the interest hereon out of any funds raised or to be raised by taxation or from any source whatsoever other than specified in the Bond Resolution. The Issuer has no taxing power.

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

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed with the manual or facsimile signature of the President of the Board of Directors of the Issuer and countersigned with the manual or facsimile signature of the Secretary of the Board of Directors of the Issuer, has caused the official seal of the Issuer to be duly impressed or placed in facsimile on this Bond, and has caused this Bond to be dated as of October 15, 2020.

RIVERBEND WATER RESOURCES DISTRICT

Secretary, Board of Directors,

President, Board of Directors,

(ISSUER SEAL)

FORM OF REGISTRATION CERTIFICATE OF THE
COMPTROLLER OF PUBLIC ACCOUNTS:

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

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

Witness my signature and seal this

Comptroller of Public Accounts
of the State of Texas

(COMPTROLLER'S SEAL)

FORM OF DELIVERY CERTIFICATE

DELIVERY CERTIFICATE

This Bond was delivered to and paid for by the purchaser thereof on _____.

FORM OF ASSIGNMENT

ASSIGNMENT

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

Please Insert Social Security or
Other Identifying Number of Assignee

/ _____ /

(Name and Address of Assignee)

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

Date: _____

Signature Guaranteed: _____

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

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

Section 6. ADDITIONAL CHARACTERISTICS OF THE BONDS. Registration and Transfer. (a) The Issuer shall keep or cause to be kept at the principal corporate trust office of BOKF, NA in Dallas, Texas (the "Paying Agent/Registrar") books or records of the registration and transfer of the Bonds (the "Registration Books"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such transfers and registrations under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such transfers and registrations as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Issuer shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. Registration of each Bond may be transferred in the Registration Books only upon presentation and surrender of such Bond to the Paying Agent/Registrar for transfer of registration and cancellation, together with proper written instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing (i) the assignment of the Bond, or any portion thereof in any integral multiple of \$5,000, to the assignee or assignees thereof, and (ii) the right of such assignee or assignees to have the Bond or any such portion thereof registered in the name of such assignee or assignees. Upon the assignment and transfer of any Bond or any portion thereof, a new substitute Bond or Bonds shall be issued in conversion and exchange therefor in the manner herein provided. The Initial Bond, to the extent of the unpaid or unredeemed principal balance thereof, may be assigned and transferred by the initial registered owner thereof once only, and to one or more assignees designated in writing by the initial registered owner thereof. All Bonds issued and delivered in conversion of and exchange for the Initial Bond shall be in any denomination or denominations of any integral multiple of \$5,000 (subject to the requirement hereinafter stated that each substitute Bond shall have a single stated principal maturity date), shall be in the form prescribed in the FORM OF SUBSTITUTE BOND set forth in this Resolution, and shall have the characteristics, and may be assigned, transferred, and converted as hereinafter provided. If the Initial Bond or any portion thereof is assigned and transferred or converted the Initial Bond must be surrendered to the Paying Agent/Registrar for cancellation, and each Bond issued in exchange for any portion of the Initial Bond shall have a single stated principal maturity date, and shall not be payable in installments; and each such Bond shall have a principal maturity date corresponding to the due date of the installment of principal or portion thereof for which the substitute Bond is being exchanged; and each such Bond shall bear interest at the single rate applicable to and borne by such installment of principal or portion thereof for which it is being exchanged. If only a portion of the Initial Bond is assigned and transferred, there shall be delivered to and registered in the name of the initial registered owner substitute Bonds in exchange for the unassigned balance of the Initial Bond in the same manner as if the initial registered owner were the assignee thereof. If any Bond or portion thereof other than the Initial Bond is assigned and transferred or converted each Bond issued in exchange therefor shall have the same principal maturity date and bear interest at the same rate as the Bond for which it is exchanged. A form of assignment shall be printed or endorsed on each Bond, excepting the Initial Bond, which shall be executed by the registered owner or its duly authorized attorney or representative to evidence an assignment thereof. Upon surrender of any Bonds or any portion or portions thereof for transfer of registration, an authorized representative of the Paying Agent/Registrar shall make such transfer in the Registration Books, and shall deliver a

new fully registered substitute Bond or Bonds, having the characteristics herein described, payable to such assignee or assignees (which then will be the registered owner or owners of such new Bond or Bonds), or to the previous registered owner in case only a portion of a Bond is being assigned and transferred, all in conversion of and exchange for said assigned Bond or Bonds or any portion or portions thereof, in the same form and manner, and with the same effect, as provided in Section 6(d), below, for the conversion and exchange of Bonds by any registered owner of a Bond. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such transfer and delivery of a substitute Bond or Bonds, but the one requesting such transfer shall pay any taxes or other governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make transfers of registration of any Bond or any portion thereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

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

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

(d) Conversion and Exchange or Replacement; Authentication. Each Bond issued and delivered pursuant to this Resolution, to the extent of the unpaid or unredeemed principal balance or principal amount thereof, may, upon surrender of such Bond at the principal corporate trust office of the Paying Agent/Registrar, together with a written request therefor duly executed by the registered owner or the assignee or assignees thereof, or its or their duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the Paying Agent/Registrar, may, at the option of the registered owner or such assignee or assignees, as appropriate, be converted into and exchanged for fully registered bonds, without interest coupons, in the form prescribed in the FORM OF SUBSTITUTE BOND set forth in this Resolution, in the denomination of \$5,000, or any integral multiple of \$5,000 (subject to the requirement hereinafter stated that each substitute Bond shall have a single stated maturity date), as requested in writing by such registered owner or such assignee or assignees, in an aggregate principal amount equal to the unpaid or unredeemed principal balance or principal amount of any Bond or Bonds so surrendered, and payable to the appropriate registered owner, assignee, or assignees, as the case may be. If the Initial Bond is assigned and transferred or converted each substitute Bond issued in exchange for any portion of the Initial Bond shall have a single stated principal maturity date, and shall not be payable in installments; and each such Bond shall have a principal maturity date corresponding to the due date of the installment of principal or portion thereof for which the substitute Bond is being exchanged; and each such Bond shall bear

interest at the single rate applicable to and borne by such installment of principal or portion thereof for which it is being exchanged. If a portion of any Bond (other than the Initial Bond) shall be redeemed prior to its scheduled maturity as provided herein, a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in the denomination or denominations of any integral multiple of \$5,000 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 (other than the Initial Bond) is assigned and transferred or converted, each Bond issued in exchange therefor shall have the same principal maturity date and bear interest at the same rate as the Bond for which it is being exchanged. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond. The Paying Agent/Registrar shall convert and exchange or replace Bonds as provided herein, and each fully registered bond delivered in conversion of and exchange for or replacement of any Bond or portion thereof as permitted or required by any provision of this Resolution shall constitute one of the Bonds for all purposes of this Resolution, and may again be converted and exchanged or replaced. It is specifically provided that any Bond authenticated in conversion of and exchange for or replacement of another Bond on or prior to the first scheduled Record Date for the Initial Bond shall bear interest from the date of the Initial Bond, but each substitute Bond so authenticated after such first scheduled Record Date shall bear interest from the interest payment date next preceding the date on which such substitute Bond was so authenticated, unless such Bond is authenticated after any Record Date but on or before the next following interest payment date, in which case it shall bear interest from such next following interest payment date; provided, however, that if at the time of delivery of any substitute Bond the interest on the Bond for which it is being exchanged is due but has not been paid, then such Bond shall bear interest from the date to which such interest has been paid in full. THE INITIAL BOND issued and delivered pursuant to this Resolution is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Bond issued in conversion of and exchange for or replacement of any Bond or Bonds issued under this Resolution there shall be printed a certificate, in the form substantially as follows:

“PAYING AGENT/REGISTRAR’S AUTHENTICATION CERTIFICATE

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

BOKF, NA,
Dallas, Texas,
Paying Agent/Registrar

Dated: _____

Authorized Representative”

An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign the above Certificate, and no such Bond shall be deemed to be issued or outstanding unless such Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all Bonds surrendered for conversion and exchange or replacement. No additional

ordinances, orders, or resolutions need be passed or adopted by the governing body of the Issuer or any other body or person so as to accomplish the foregoing conversion and exchange or replacement of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein, and said Bonds shall be of type composition printed on paper with lithographed or steel engraved borders of customary weight and strength. Pursuant to Section 1201.067, Texas Government Code, the duty of conversion and exchange or replacement of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of the above Paying Agent/Registrar's Authentication Certificate, the converted and exchanged or replaced Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Initial Bond which originally was issued pursuant to this Resolution, approved by the Attorney General, and registered by the Comptroller of Public Accounts. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for transferring, converting, and exchanging any Bond or any portion thereof, but the one requesting any such transfer, conversion, and exchange shall pay any taxes or governmental charges required to be paid with respect thereto as a condition precedent to the exercise of such privilege of conversion and exchange. The Paying Agent/Registrar shall not be required to make any such conversion and exchange or replacement of Bonds or any portion thereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

(e) In General. All Bonds issued in conversion and exchange or replacement of any other Bond or portion thereof, (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the registered owners thereof, (ii) may and shall be redeemed prior to their scheduled maturities, (iii) may be transferred and assigned, (iv) may be converted and exchanged for other Bonds, (v) shall have the characteristics, (vi) shall be signed and sealed, and (vii) the principal of and interest on the Bonds shall be payable, all as provided, and in the manner required or indicated, in the FORM OF SUBSTITUTE BOND set forth in this Resolution.

(f) Payment of Fees and Charges. The Issuer hereby covenants with the registered owners of the Bonds that it will (i) pay the standard or customary fees and charges of the Paying Agent/Registrar for its services with respect to the payment of the principal of and interest on the Bonds, when due, and (ii) pay the fees and charges of the Paying Agent/Registrar for services with respect to the transfer of registration of Bonds, and with respect to the conversion and exchange of Bonds solely to the extent above provided in this Resolution.

(g) Substitute Paying Agent/Registrar. The Issuer covenants with the registered owners of the Bonds that at all times while the Bonds are outstanding the Issuer will provide a competent and legally qualified bank, trust company, financial institution, or other agency to act as and perform the services of Paying Agent/Registrar for the Bonds under this Resolution, and that the Paying Agent/Registrar will be one entity. The Issuer reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 120 days written notice to the Paying Agent/Registrar, to be effective not later than 60 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Issuer covenants that promptly it will appoint a competent and legally qualified bank, trust company,

financial institution, or other agency to act as Paying Agent/Registrar under this Resolution. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the Issuer. Upon any change in the Paying Agent/Registrar, the Issuer promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Resolution, and a certified copy of this Resolution shall be delivered to each Paying Agent/Registrar.

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

FORM OF SUBSTITUTE BOND

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

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

| | | |
|-----------|--|---------------------------------|
| NO. _____ | UNITED STATES OF AMERICA STATE OF TEXAS RIVERBEND WATER RESOURCES DISTRICT CONTRACT REVENUE BOND (REGIONAL WATER SYSTEM PROJECT) SERIES 2020B | PRINCIPAL AMOUNT \$ _____ |
|-----------|--|---------------------------------|

| | | | |
|----------------------|----------------------|----------------------|------------------|
| <u>INTEREST RATE</u> | <u>MATURITY DATE</u> | <u>ISSUANCE DATE</u> | <u>CUSIP NO.</u> |
| _____ % | October 15, 20__ | _____, 2020 | _____ |

ON THE MATURITY DATE specified above Riverbend Water Resources District (the “Issuer”), being a political subdivision of the State of Texas, hereby promises to pay to Cede & Co.,

or to the registered assignee hereof (either being hereinafter called the “registered owner”) the principal amount of _____ and to pay interest thereon, calculated on the basis of a 360-day year composed of twelve 30-day months, from the Issuance Date specified above, to the maturity date specified above, or the date of redemption prior to maturity, at the interest rate per annum specified above; with interest being payable on April 15, 2021, and semiannually on each October 15 and April 15 thereafter, except that if the date of authentication of this Bond is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date (hereinafter defined) but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity or upon the date fixed for its redemption prior to maturity, at the principal corporate trust office of BOKF, NA in Dallas, Texas, as paying agent/registrar (the “Paying Agent/Registrar”) for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the resolution authorizing the issuance of the Bonds (the “Bond Resolution”) to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at the address of the registered owner, as it appeared at the close of business on the last business day of the month next preceding each such date (the “Record Date”) on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. However, notwithstanding the foregoing provisions, the payment of such interest may be made by any other method acceptable to the Paying Agent/Registrar and requested by, and at the risk and expense of, the registered owner hereof; provided, however, for Bonds, the registered owner of which is the Texas Water Development Board (the “TWDB”), at the option of the TWDB and at the expense of the Issuer, such payment shall be made by wire transfer pursuant to written directions of the TWDB. Any accrued interest due upon the redemption of this Bond prior to maturity as provided herein shall be paid to the registered owner at the principal corporate trust office of the Paying Agent/Registrar upon presentation and surrender of this Bond for redemption and payment at the principal corporate trust office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Bond that on or before each principal payment date, interest payment date, and accrued interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the “Interest and Redemption Fund” created by the Bond Resolution, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

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

THIS BOND is one of an issue of Bonds initially dated October 15, 2020, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$7,200,000, FOR THE PURPOSE OF OBTAINING FUNDS REQUIRED TO PROVIDE FOR THE DESIGN, ACQUISITION, CONSTRUCTION, AND EQUIPMENT OF IMPROVEMENTS TO THE COMPANY FACILITIES TO PROVIDE REGIONAL WATER SERVICE FOR USE BY THE MEMBER ENTITIES.

ON OCTOBER 15, 2030, or any date thereafter, the Bonds having stated maturities on and after October 15, 2031 may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part, in inverse order of maturity, and, if less than a whole maturity is to be redeemed, the Bonds or portions thereof to be redeemed shall be selected by the Paying Agent/Registrar by lot or other customary random method (provided that a portion of a Bond may be redeemed only in an integral multiple of \$5,000), at a redemption price equal the principal amount thereof, plus accrued interest to the date fixed for redemption. During any period in which ownership of the Bonds is determined by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Issuer and the securities depository.

AT LEAST 30 days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, to the Registered Owner of each Bond to be redeemed at its address as it appeared on the 45th day prior to such redemption date; provided, however, that the failure to send, mail, or receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond, and it is hereby specifically provided that the mailing of such notice as required above shall be the only notice actually required in connection with or as a prerequisite to the redemption of any Bonds or portions thereof. By the date fixed for any such redemption due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed, plus accrued interest thereon to the date fixed for redemption. If such written notice of redemption is mailed and if due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the Registered Owner to receive the redemption price plus accrued interest from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the Registered Owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Registered Owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Bond Resolution.

THIS BOND OR ANY PORTION OR PORTIONS HEREOF IN ANY INTEGRAL MULTIPLE OF \$5,000 may be assigned and shall be transferred only in the Registration Books of the Issuer kept by the Paying Agent/Registrar acting in the capacity of registrar for the Bonds, upon the terms and conditions set forth in the Bond Resolution. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar,

together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be transferred and registered. The form of Assignment printed or endorsed on this Bond shall be executed by the registered owner or its duly authorized attorney or representative, to evidence the assignment hereof. A new Bond or Bonds payable to such assignee or assignees (which then will be the new registered owner or owners of such new Bond or Bonds), or to the previous registered owner in the case of the assignment and transfer of only a portion of this Bond, may be delivered by the Paying Agent/Registrar in conversion of and exchange for this Bond, all in the form and manner as provided in the next paragraph hereof for the conversion and exchange of other Bonds. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such transfer, but the one requesting such transfer shall pay any taxes or other governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make transfers of registration of this Bond or any portion hereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date. The registered owner of this Bond shall be deemed and treated by the Issuer and the Paying Agent/Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

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

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

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, sold, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond is a special revenue obligation of the Issuer which, together with the Taxable Series 2020A Bonds and any Additional Parity Obligations which may be issued in the future, are secured by and payable from a first lien on and pledge of the “Pledged Revenues” as defined in the Bond Resolution, consisting primarily of payments to be received by the Issuer from the Member Entities under the Water Distribution and Supply Contracts (the “Contracts”), between the Issuer and each Member Entity with respect to the design, acquisition, construction, and equipment of improvements to the Company Facilities to provide regional water service for use by the Member Entities.

THE ISSUER IS OBLIGATED TO PAY THE PRINCIPAL OF AND INTEREST ON THIS BOND SOLELY FROM AND TO THE EXTENT OF THE GROSS REVENUES DERIVED PRIMARILY FROM PAYMENTS TO BE RECEIVED BY THE ISSUER FROM THE MEMBER ENTITIES. NO OTHER ENTITY, INCLUDING THE STATE OF TEXAS, ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE ISSUER OR THE MEMBER ENTITIES), OR ANY OTHER PUBLIC OR PRIVATE BODY, IS OBLIGATED, DIRECTLY, INDIRECTLY, CONTINGENTLY, OR IN ANY OTHER MANNER, TO PAY SUCH PRINCIPAL OR INTEREST FROM ANY OTHER SOURCE WHATSOEVER. THE OWNER OF THIS BOND SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT OF THIS BOND OUT OF ANY FUNDS RAISED OR TO BE RAISED BY TAXATION (INCLUDING SPECIFICALLY TAXES RAISED OR TO BE RAISED BY THE ISSUER) OR FROM ANY OTHER FUNDS OF THE ISSUER EXCEPT THE GROSS REVENUES. NO REPRESENTATION IS MADE HEREIN WITH RESPECT TO THE ANTICIPATED SUFFICIENCY OF THE GROSS REVENUES. NO PART OF THE PHYSICAL PROPERTY OF THE ISSUER IS ENCUMBERED BY ANY LIEN OR SECURITY INTEREST FOR THE BENEFIT OF THE OWNERS OF THIS BOND.

THE ISSUER has reserved the right, subject to the restrictions stated in the Bond Resolution, to issue Additional Parity Obligations payable from and secured by a first lien on and pledge of the “Pledged Revenues” on a parity with this Bond and series of which it is a part.

THE ISSUER also has reserved the right to amend the Bond Resolution with the approval of the registered owners of 51% in principal amount of all outstanding bonds secured by and payable from a first lien on and pledge of the “Pledged Revenues”.

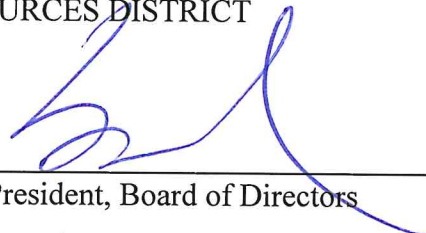
THE REGISTERED OWNER hereof shall never have the right to demand payment of this Bond or the interest hereon out of any funds raised or to be raised by taxation or from any source whatsoever other than specified in the Bond Resolution. The Issuer has no taxing power.

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

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

RIVERBEND WATER RESOURCES DISTRICT


Secretary, Board of Directors,


President, Board of Directors

(ISSUER SEAL)

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

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

Paying Agent/Registrar

Dated: _____

Authorized Representative

FORM OF ASSIGNMENT

ASSIGNMENT

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

Please Insert Social Security or
Other Identifying Number of Assignee

/ _____ /

(Name and Address of Assignee)

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

Date: _____

Signature Guaranteed: _____

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

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

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

“Additional Parity Obligations” shall mean the additional parity revenue bonds permitted to
be authorized in the future by this Resolution and by the Taxable Series 2020A Resolution.

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

“Contract” or “Contracts” shall mean each Water Distribution and Supply Contract entered
into by the Issuer and each of the Member Entities.

“Gross Revenues” shall mean all payments and amounts received by the Issuer pursuant to
Section 5.02 of the Contract, and all investments, interest, and income from any Fund created
pursuant to this Resolution.

“Fund” shall mean any fund created by this Resolution.

“Issuer” shall mean Riverbend Water Resources District.

“Issuance Date” shall mean the date of delivery of the Bonds to the initial purchaser thereof.

“Outstanding” means, when used with respect to Parity Obligations, as of the date of determination, all Parity Obligations theretofore delivered under this Resolution and any resolution of the Issuer authorizing other Parity Obligations or Additional Parity Obligations, except:

(1) Parity Obligations theretofore cancelled and delivered to the Issuer or delivered to the Paying Agent/Registrar for cancellation;

(2) Parity Obligations deemed paid pursuant to the provisions of Section 20 of this Resolution or any comparable section of any resolution authorizing other Parity Obligations;

(3) Parity Obligations upon transfer of or in exchange for and in lieu of which other Parity Obligations have been authenticated and delivered pursuant to this Resolution and any resolution authorizing other Parity Obligations; and

(4) Parity Obligations under which the obligations of the Issuer have been released, discharged or extinguished in accordance with the terms thereof.

“Parity Obligations” shall mean, collectively, the Bonds, the Taxable Series 2020A Bonds, and any Additional Parity Obligations hereafter issued by the Issuer or obligations issued to refund any of the foregoing (as determined within the sole discretion of the Issuer’s Board of Directors in accordance with applicable law) if issued in a manner that provides that the refunding bonds are payable from and equally and ratably secured by a first lien on and pledge of the Pledged Revenues.

“Pledged Revenues” shall mean: (a) the payments to be made to the Issuer by the Member Entities pursuant to Section 3(a)(1) of the Contracts and (b) any additional revenues, income, receipts, or other resources, including, without limitation, any grants, donations, or income received or to be received from the United States Government, or any other public or private source, whether pursuant to an agreement or otherwise, which in the future may, at the option of the Issuer, be pledged to the payment of the Parity Obligations.

“Project” shall mean the Planned Improvements as defined in the Contract, being the regional water system described in the Riverbend Regional Water Master Plan, dated July 25, 2018, including without limitation a new surface water treatment plant with an initial treatment capacity of 25 million gallons per day, a new raw water intake at Wright Patman Lake, water transmission lines, storage facilities, pumps, and related infrastructure for the distribution and sale of treated water, raw water, and reuse water.

“Series 2020B Bonds” or “Bonds” shall mean, collectively the Initial Bond as described and defined in Section 1 of this Resolution, and all substitute bonds exchanged therefor as well as all other substitute and replacement bonds issued pursuant to this Resolution.

“Series 2020B Resolution” or “Resolution” shall mean this resolution authorizing the Bonds.

“Taxable Series 2020A Bonds” shall mean the Issuer’s Contract Revenue Bonds (Regional Water System Project), Taxable Series 2020A being issued contemporaneously with the Bonds.

“Taxable Series 2020A Resolution” shall mean the resolution adopted by the Issuer on the date hereof authorizing the issuance of the Taxable Series 2020A Bonds.

“TWDB” shall mean the Texas Water Development Board.

“year” shall mean the 12 month period beginning each September 1, or such other 12 month period hereafter established by the Issuer as a fiscal year for the purposes of this Resolution.

Section 9. PLEDGE. (a) The Bonds, and the interest thereon, are and shall be secured by and payable from a first lien on and pledge of the Pledged Revenues, and the Pledged Revenues are further pledged to the establishment and maintenance of the Interest and Redemption Fund as provided in this Resolution. It is specifically recognized that the Member Cities are required to make payments, from the gross revenues of their respective waterworks and sewer systems, to the Issuer pursuant to the Contracts sufficient to enable the Issuer to make all deposits and payments provided for herein, and that the Bonds, and the interest thereon, are and shall be payable from and secured by a first lien on and pledge of all of the Pledged Revenues and the Pledged Revenues are further pledged irrevocably to the establishment and maintenance of the Funds hereinafter described.

(b) The Bonds and the interest thereon constitute and shall be special obligations of the Issuer payable solely from the Pledged Revenues, and the owner or owners thereof shall never have the right to demand payment thereof out of funds raised or to be raised from taxation. The Issuer has no taxing power.

Section 10. REVENUE FUND. There is hereby created and established pursuant to this Resolution and the Taxable Series 2020A Resolution, and there shall be maintained at an official depository of the Issuer (which must be a member of the Federal Deposit Insurance Corporation) a separate fund to be entitled the “Riverbend Water Resources District Contract Revenue Bonds (Regional Water System Project) Revenue Fund” (hereafter called the “Revenue Fund”). All Pledged Revenues shall be credited to the Revenue Fund immediately upon receipt and shall be deposited from the Revenue Fund in the manner and amounts hereinafter provided.

Section 11. INTEREST AND REDEMPTION FUND. For the sole purpose of paying the principal of and interest on all outstanding Bonds and any Additional Parity Obligations, as the same come due, there is hereby created and established pursuant to this Resolution and the Taxable Series 2020A Resolution and shall be maintained with the Paying Agent/Registrar, a separate fund to be entitled the “Riverbend Water Resources District Contract Revenue Bonds (Regional Water System Project) Interest and Redemption Fund” (hereinafter called the “Interest and Redemption Fund”). The Pledged Revenues shall be deposited into the Interest and Redemption Fund from the Revenue Fund when and as required by this Resolution.

Section 12. [RESERVED].

Section 13. INVESTMENTS. Money in every Fund created by this Resolution may, at the option of the Issuer, be invested as provided in the Public Funds Investment Act, Chapter 2256, Texas Government Code, for the investment of funds of the entities described therein; provided that

all such deposits and investments shall be made in such manner that the money required to be expended from any Fund will be available at the proper time or times when expected to be needed. Interest and income derived from such deposits and investments shall be credited to the Fund from which the deposit or investment was made and shall be used only for the purpose or purposes for which such Fund is required or permitted to be used. Such investments shall be sold promptly when necessary to prevent any default in connection with the Bonds.

Section 14. FUNDS SECURED. All Funds created by this Resolution shall be secured in the manner and to the fullest extent by law, including particularly, the Public Funds Collateral Act, Chapter 2257, Texas Government Code, and such Funds shall be used only for the purposes and in the manner permitted or required by this Resolution.

Section 15. DEBT SERVICE REQUIREMENTS. (a) Immediately after the delivery of the Bonds the Issuer shall deposit to the credit of the Interest and Redemption Fund, from the proceeds received from the sale and delivery of the Bonds, all accrued interest, to be used to pay part of the interest coming due on the Bonds.

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

(1) on or before the fifth day prior to each interest payment date for the Bonds, such amounts as will be sufficient, together with other amounts, if any, then on hand in the Interest and Redemption Fund and available for such purpose, to pay the interest scheduled to accrue and come due on the Bonds and any Additional Parity Obligations on such next succeeding interest payment date;

(2) on or before the fifth day prior to each principal payment date for the Bonds, such amounts as will be sufficient, together with other amounts, if any, then on hand in the Interest and Redemption Fund and available for such purpose, to pay the principal scheduled to mature and come due, on the Bonds and any Additional Parity Obligations on such next succeeding principal payment date;

(3) on or before the fifth day prior to any optional redemption date set by the Issuer for any Bonds, such amount as will be sufficient to pay the principal of, premium, if any, and interest on the Bonds scheduled to be redeemed on such optional redemption date; and

(4) any amounts required to be deposited therein pursuant to Sections 30 and 31 of this Resolution

Section 16. DEFICIENCIES. If on any occasion there shall not be sufficient Pledged Revenues to make the required deposits into the Interest and Redemption Fund, then such deficiency shall be made up as soon as possible from the next available Pledged Revenues, or from any other sources available for such purpose.

Section 17. EXCESS PLEDGED REVENUES. Subject to making the required deposits to the credit of the Interest and Redemption Fund, when and as required by this Resolution, or any

Resolution authorizing the issuance of Additional Parity Obligations, the excess Pledged Revenues may be used by the Issuer for any other lawful purpose.

Section 18. CONSTRUCTION FUND. There shall be established a separate fund to be known as the “Series 2020B Bond Construction Fund” (the “Construction Fund”) with the Issuer’s depository bank and upon the delivery of the Bonds, and subject to making the deposits required by Sections 12 and 15(a) hereof, the remaining proceeds of the Bonds shall be deposited into the Construction Fund. Subject to any escrow or trust and agency fund requirements imposed by the TWDB pursuant to Section 31 hereof, money in the Construction Fund shall be subject to disbursements by the Issuer for payment of all costs incurred in carrying out the purpose for which the Bonds are issued.

Section 19. PAYMENT OF BONDS. On or before the fourteenth calendar day of each April and of each October hereafter while any of the Bonds or Additional Parity Obligations are outstanding and unpaid, the Issuer shall make available to the paying agents therefor, out of the Interest and Redemption Fund, if necessary, money sufficient to pay such interest on and such principal of the Bonds and Additional Parity Obligations as will accrue or mature on the April 15 or October 15 immediately following.

Section 20. FINAL DEPOSITS. (a) At such times as the aggregate amount of money and investments in the Interest and Redemption Fund are at least equal in market value to (1) the aggregate principal amount of all unpaid (unmatured and matured) outstanding Bonds and Additional Parity Obligations, plus (2) the aggregate amount of all unpaid interest, including all unpaid (unmatured and matured) outstanding interest coupons, appertaining to such Bonds and Additional Parity Obligations, no further deposits need be made into the Interest and Redemption Fund. In determining the amount of such Bonds and Additional Parity Obligations, and unpaid interest appertaining thereto, outstanding at any time, there shall be subtracted and excluded the amount of any such Bonds and Additional Parity Obligations, and unpaid interest appertaining thereto, which shall have been duly called for redemption and for which funds shall have been deposited with the paying agents therefor sufficient for such redemption.

(b) Any money deposited with the Paying Agent/Registrar in trust for the payment of the principal of, redemption premium, if any, or interest on any Bond and remaining unclaimed for four years after such principal of, redemption premium, if any, or interest on such Bond has become due and payable shall, subject to the unclaimed property laws of the State of Texas, be paid to the Issuer; provided, however, that before the Paying Agent/Registrar shall be required to make any such repayment, the Paying Agent/Registrar may at the expense of the Issuer cause to be published at least once, in a financial newspaper, journal, or publication of general circulation in The City of New York, New York, or in the State of Texas, a notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Issuer. After the payment of such unclaimed moneys to the Issuer, the owner of such Bond shall thereafter look only to the Issuer for the payment thereof, and all liability of the Paying Agent/Registrar with respect to such money shall thereupon cease.

Section 21. ADDITIONAL PARITY OBLIGATIONS. (a) The Issuer shall have the right and power at any time and from time to time, and in one or more Series or issues, to authorize, issue, and deliver additional parity revenue bonds or notes (herein called “Additional Parity Obligations”),

in any amounts, for any lawful purpose of or relating to the Project and the Planned Improvements (as such term is defined in the Contracts), as permitted by the Contracts, including the refunding of any Parity Obligation. Such Additional Parity Obligations, if and when authorized, issued, and delivered in accordance with this Resolution, shall be secured by and made payable equally and ratably on a parity with the Bonds and the Taxable Series 2020A Bonds, and all other Outstanding Parity Obligations, from a first lien on and pledge of the Pledged Revenues; provided, however, that for so long as the TWDB is the holder of Outstanding Parity Obligations, such Pledged Revenues may not be pledged to the payment of any Additional Parity Obligations secured by a pledge of the same Pledge Revenues unless the Issuer demonstrates to the TWDB Executive Administrator=s satisfaction that the Pledged Revenues will be sufficient for the repayment of all then Outstanding Parity Obligations and the proposed Additional Parity Obligations.

(b) The Interest and Redemption Fund established by this Resolution shall secure and be used to pay all Additional Parity Obligations as well as the Bonds and the Taxable Series 2020A Bonds. However, each Resolution under which Additional Parity Obligations are issued shall provide and require that, in addition to the amounts required by the provisions of this Resolution and the provisions of any other Resolution or Resolutions authorizing Additional Parity Obligations to be deposited to the credit of the Interest and Redemption Fund, the Issuer shall deposit to the credit of the Interest and Redemption Fund at least such amounts as are required for the payment of all principal of and interest on said Additional Parity Obligations then being issued, as the same come due.

(c) The principal of all Additional Parity Obligations must be scheduled to be paid or mature on October 15 of the years in which such principal is scheduled to be paid or mature; and all interest thereon must be payable on April 15 and October 15.

(d) The Issuer further reserves the right to issue bonds, notes, or other obligations of inferior liens and bonds, notes, or other obligations payable from sources other than Pledged Revenues.

Section 22. FURTHER REQUIREMENTS FOR ADDITIONAL PARITY OBLIGATIONS. Additional Parity Obligations shall be issued only in accordance with this Resolution, but notwithstanding any provisions of this Resolution to the contrary, without the consent of owners of at least 51% in aggregate principal amount of Bonds outstanding, no installment or series of Additional Parity Obligations shall be issued unless:

(a) a certificate is executed by the President or the chief administrative officer of the Issuer to the effect that no default exists in connection with any of the covenants or requirements of the Resolution or resolutions authorizing the issuance of all then outstanding Parity Obligations and that the Interest and Redemption Fund contains the amount then required to be on deposit therein;

(b) an opinion of Bond Counsel is rendered to the effect that (i) such Additional Parity Obligations are valid and binding obligations of the Issuer and enforceable in accordance with their terms subject to governmental immunity, bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights or remedies generally and to the extent that certain equitable remedies, including specific performance may not be

available; (ii) such Additional Parity Obligations have been duly and validly authorized and issued in accordance with law; and

(c) the Resolution authorizing the issuance of such Additional Parity Obligations shall provide for the payment of principal and interest on such Additional Parity Obligations.

Section 23. GENERAL COVENANTS. The Issuer further covenants and agrees that:

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

(b) ISSUER'S LEGAL AUTHORITY. The Issuer is a duly created and existing conservation and reclamation district of the State of Texas pursuant to Article 16, Section 59 of the Texas Constitution and the Issuer Act, and is duly authorized under the laws of the State of Texas to create and issue the Bonds; that all action on its part for the creation and issuance of the Bonds has been duly and effectively taken, and that the Bonds in the hands of the holders and owners thereof are and will be valid and enforceable special obligations of the Issuer in accordance with their terms.

(c) OPERATION OF PROJECT. While the Bonds or any Parity Obligations are outstanding and unpaid it will cause the Project to be continuously and efficiently operated and maintained in good condition, repair, and working order in accordance with the Contracts.

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

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

(f) **AUDITS.** The Issuer covenants that within 120 days after the close of each Fiscal Year, it shall have had made, and will file with the TWDB, so long as it owns any Bonds, and the rating agencies which have issued a rating on the Bonds, in such quantity as each may require, an audited financial statement for itself prepared in accordance with the requirements of Section 49.192, Texas Water Code, as amended.

Copies of such audit shall be filed in the office of the Issuer and shall be open for inspection by any interested person during normal office hours. The Issuer shall furnish a copy of such audit reports any owner of Bonds upon request.

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

(h) **CONTRACTS WITH MEMBER ENTITIES.** It will comply with the terms and conditions of the Contracts and will cause the Member Entities to comply with all of its obligations thereunder, particularly the obligation to fix and collect rates for services sufficient to pay the Bonds and any other Outstanding Parity Obligations, by all lawful means.

(i) **INSPECTION.** Any registered owner of any Bonds shall have the right at all reasonable times to inspect all financial records, accounts, audits, and data of the Issuer relating to the Project. In addition, so long as the TWDB or other state agency holds any of the Bonds, the Issuer shall give any duly authorized agent of such agency access to and right to copy any records, reports and files of the Issuer pertaining to the Project, and shall prepare and furnish to such agency such reports on the physical condition and finances of the Project as such agency shall request.

(j) **BUDGET.** It will prepare, adopt, and place into effect an annual budget (the "Annual Budget") for operation and maintenance of the Planned Improvements (as defined in the Contracts) for each fiscal year, including in each Annual Budget such items as are customarily and reasonably contained in a regional water system budget under generally accepted accounting procedures. The Issuer shall, at least thirty days subsequent to adopting and placing into effect each Annual Budget, furnish, without cost, a copy of same to the TWDB, so long as it owns any Bonds, and to any owner of 25% or more in aggregate principal amount of all then Outstanding Parity Obligations who may so request.

(k) **PERMITS.** It 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 agency; and the Issuer 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 24. **AMENDMENT OF RESOLUTION.** (a) The holders or owners of Parity Obligations aggregating 51% in principal amount of the aggregate principal amount of all then Outstanding Parity Obligations shall have the right from time to time to approve any amendment to

this Resolution or any other resolution authorizing the issuance of Parity Obligations, which may be deemed necessary or desirable by the Issuer, provided, however, that nothing herein contained shall permit or be construed to permit the amendment of the terms and conditions in said resolutions or in the Parity Obligations so as to:

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

(b) If at any time the Issuer shall desire to amend a resolution under this Section, the Issuer shall cause notice of the proposed amendment to be published in a financial newspaper or journal published in the City of Texarkana, Texas, or in the City of Austin, Texas, once during each calendar week for at least two successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of each Paying Agent for each Series of Parity Obligations for inspection by all holders of Parity Obligations. Such publication is not required, however, if notice in writing is given to each holder of Parity Obligations.

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

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

(e) Any consent given by the holder or owner of any Parity Obligation pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the first publication of the notice provided for in this Section, and shall be conclusive and binding upon all

future holders or owners of the same Parity Obligation during such period. Such consent may be revoked at any time after six months from the date of the first publication of such notice by the holder or owner who gave such consent, or by a successor in title, by filing notice thereof with each Paying Agent for each Series of Parity Obligations and the Issuer, but such revocation shall not be effective if the holders of 51% in aggregate principal amount of the then Outstanding Parity Obligations as in this Section defined have, prior to the attempted revocation, consented to and approved the amendment.

(f) The ownership of all registered Parity Obligations shall be ascertained by the registration books pertaining thereto kept by the Paying Agent/Registrar. The Issuer may conclusively assume that such holding or ownership continues until written notice to the contrary is served upon the Paying Agent/Registrar.

Section 25. DEFEASANCE OF BONDS. (a) Any Bond and the interest thereon shall be deemed to be paid, retired, and no longer outstanding (a “Defeased Bond”) within the meaning of this Resolution, except to the extent provided in subsection (d) of this Section 25, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption), or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities which mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of the Pledged Revenues pledged as provided in this Resolution, and such principal and interest shall be payable solely from such money or Defeasance Securities.

(b) Notwithstanding the provisions of subsection (a), the Issuer expressly reserves the right, pursuant to Section 1207.033(c), Texas Government Code, to later call a Defeased Bond for redemption in accordance with the provisions of this Resolution.

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

(d) The term “Defeasance Securities” as used in this Section, means any securities and obligations now or hereafter authorized by State of Texas law that are eligible to refund, retire or otherwise discharge obligations such as the Bonds.

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

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

(g) So long as the TWDB is the registered owner of any of the Bonds, the Issuer shall provide written notice to the TWDB of a defeasance of the Bonds pursuant to subsection (a) of this Section.

Section 26. **DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS.** (a) Replacement Bonds. In the event any outstanding Bonds or Bond authorized by this Resolution is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new bond of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

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

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

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

(e) Authority for Issuing Replacement Bonds. In accordance with Section 1201.067, Texas Government Code, this Section of this Resolution shall constitute authority for the issuance of any such replacement bond without necessity of further action by the governing body of the Issuer or any other body or person, and the duty of the replacement of such bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 6(d) of this Resolution for Bonds issued in conversion and exchange for other Bonds.

Section 27. COVENANTS REGARDING TAX-EXEMPTION. (a) Covenants. The Issuer covenants to refrain from any action which would adversely affect, or to take such action to assure, the treatment of the Bonds as obligations described in section 103 of the Internal Revenue Code of 1986 (the “Code”), the interest on which is not includable in the “gross income” of the holder for purposes of federal income taxation. In furtherance thereof, the Issuer covenants as follows:

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

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

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

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

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

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

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

(B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the rules and regulations of the United State Department of the Treasury (the “Treasury Regulations”), and

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

(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), section 149(g) of the Code (relating to hedge bonds);

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

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

(10) to assure that the proceeds of the Bonds will be used solely for new money projects.

(11) to assure that the Issuer will not acquire any of the Texas Water Development Board’s source series bonds in an amount related to the amount of Bonds acquired by the Texas Water Development Board.

(12) to file or cause to be filed with the Secretary of the Treasury, not later than the 15th 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.

For purposes of the foregoing (a)(1) and (a)(2), the Issuer understands that the term “proceeds” includes “disposition proceeds” as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Bonds. It is the understanding of the Issuer that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the

United States Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Bonds, the Issuer will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally-recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the Issuer agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally-recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the Issuer hereby authorizes and directs its President or General Manager to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Issuer, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds. The Issuer covenants to comply with the covenants contained in this section after defeasance of the Bonds.

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

(b) Written Procedures. The Issuer hereby adopts the Written Procedures Relating to Continuing Compliance with Federal Tax Covenants set forth in Exhibit A to this Resolution with respect to the Bonds and any other tax-exempt obligations hereafter issued by the Issuer.

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

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

(b) The Issuer covenants that the property constituting the Project financed with proceeds of the Bonds will not be sold or otherwise disposed in a transaction resulting in the receipt by the Issuer of cash or other compensation, unless 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 Issuer 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 Issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 29. CUSTODY, APPROVAL, AND REGISTRATION OF INITIAL BOND; BOND COUNSEL'S OPINION, CUSIP NUMBERS, INSURANCE, AND PREAMBLE. The General Manager of the Issuer is hereby authorized to have control of the Initial Bond issued hereunder and all necessary records and proceedings pertaining to the Initial Bond pending its delivery and its investigation, examination, and approval by the Attorney General of the State of Texas, and its registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Initial Bond said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate on the Initial Bond, and the seal of said Comptroller shall be impressed, or placed in facsimile, on the Initial Bond. The approving legal opinion of the Issuer's Bond Counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on the Initial Bond or on any Bonds issued and delivered in conversion of and exchange or replacement of any Bond, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Bonds. If insurance is obtained on any of the Bonds, the Initial Bond and all the Bonds shall bear an appropriate legend concerning insurance as provided by the insurer. The preamble to this Resolution is hereby adopted and made a part hereof for all purposes.

Section 30. INTEREST EARNINGS ON BOND PROCEEDS. Interest earnings derived from the investment of proceeds from the sale of the Initial Bond shall be used along with other bond proceeds for the acquisition, by purchase and construction, of the Project in accordance with the Contracts; provided that after completion of the Project, if any of such interest earnings remain on hand, such interest earnings along with any surplus bond proceeds shall be deposited in the Interest and Sinking Fund. It is further provided, however, that any interest earnings on bond proceeds which are required to be rebated to the United States of America pursuant to this Resolution in order to prevent the Bonds from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

Section 31. ESCROW AGREEMENT AND ESCROW ACCOUNT. (a) The Escrow Agreement relating to the Bonds between the Issuer and the escrow agent named therein (the "Escrow Agent") substantially in the form and content attached hereto as Exhibit B, specifying the duties and responsibilities of the Issuer and the Escrow Agent, is hereby approved and the President of the Board is hereby authorized and directed to execute the Escrow Agreement on behalf of the Issuer. The Escrow Agent named in the Escrow Agreement is hereby appointed as the Escrow Agent pursuant to such Escrow Agreement.

(b) On the closing date, the Issuer shall cause the proceeds from the sale of the Bonds to be deposited into the Escrow Account or, if agreed to by the TWDB, all or a portion of the proceeds of the Bonds may be deposited into the Construction Fund or as otherwise directed by the Issuer.

(c) Except as provided in Section 38, moneys disbursed from the Escrow Account established pursuant to the Escrow Agreement shall be applied only for the projects for which the Bonds are issued.

(d) The security for, and the investment of, funds on deposit in the Escrow Account shall be governed by the provisions of the Escrow Agreement.

Section 32. SALE OF INITIAL BOND. The Bonds hereby sold and shall be delivered to the Texas Water Development Board for cash for the principal amount thereof. In accordance with its Resolution No. 20-076, the Texas Water Development Board will purchase the Bonds, with an amount approved by the Texas Water Development Board to be deposited to the Construction Fund authorized by Section 18 hereof (the "Construction Fund") upon initial delivery of the Bonds, and the balance of the proceeds to be deposited to the Escrow Account authorized by Section 31 hereof until authorized for transfer to the Construction Fund by the Texas Water Development Board. The officers of the Issuer are authorized to do any and all things necessary in connection with the issuance of the Bonds and are authorized to execute and deliver such certificates as are necessary or appropriate in connection with the issuance of the Bonds. It is hereby officially found, determined, and declared that the terms of this sale are the most advantageous reasonably obtainable. The Bonds shall initially be registered in the name of the TWDB or its designee.

Section 33. DTC REGISTRATION. The Bonds initially shall be issued and delivered in such manner that no physical distribution of the Bonds will be made to the public, and the Depository Trust Company ("DTC"), New York, New York, initially will act as depository for the Bonds. DTC has represented that it is a limited purpose trust company incorporated under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered under Section 17A of the federal Securities Exchange Act of 1934, as amended, and the Issuer accepts, but in no way verifies, such representations. The Initial Bond authorized by this Resolution shall be delivered to and registered in the name of the TWDB. However, it is a condition of delivery and sale that the TWDB, immediately after such delivery, shall cause the Paying Agent/Registrar, as provided for in this Resolution, to cancel said Initial Bond and deliver in exchange therefor a substitute Bond for each maturity of such Initial Bond, with each such substitute Bond to be registered in the name of CEDE & CO., the nominee of DTC, and it shall be the duty of the Paying Agent/Registrar to take such action. It is expected that DTC will hold the Bonds on behalf of the TWDB and/or the DTC Participants, as defined and described in the Official Statement referred to and approved in Section 29 hereof (the "DTC Participants"). So long as each Bond is registered in the name of CEDE & CO., the Paying Agent/Registrar shall treat and deal with DTC in all respects the same as if it were the actual and beneficial owner thereof. It is expected that DTC will maintain a book entry system which will identify beneficial ownership of the Bonds by DTC Participants in integral amounts of \$5,000, with transfers of ownership being effected on the records of DTC and the DTC Participants pursuant to rules and regulations established by them, and that the substitute Bonds initially deposited with DTC shall be immobilized and not be further exchanged for substitute Bonds except as hereinafter provided. The Issuer is not responsible or liable for any functions of DTC, will not be responsible for paying any fees or charges with respect to its services, will not be responsible or liable for maintaining, supervising, or reviewing the records of DTC or the DTC Participants, or protecting any interests or rights of the beneficial owners of the Bonds. It shall be the duty of the TWDB and the DTC Participants to make all arrangements with DTC to establish this book-entry system, the beneficial ownership of the Bonds, and the method of paying the fees and charges of DTC. The Issuer does not represent, nor does it in any way covenant that the initial book-entry system established with DTC will be maintained in the future. The Issuer reserves the right and option at any time in the future, in its sole discretion, to terminate the DTC (CEDE & CO.) book-

entry only registration requirement described above, and to permit the Bonds to be registered in the name of any owner. If the Issuer exercises its right and option to terminate such requirement, it shall give written notice of such termination to the Paying Agent/ Registrar and to DTC, and thereafter the Paying Agent/Registrar shall, upon presentation and proper request, register any Bond in any name as provided for in this Resolution. Notwithstanding the initial establishment of the foregoing book-entry system with DTC, if for any reason any of the originally delivered substitute Bonds is duly filed with the Paying Agent/Registrar with proper request for transfer and substitution, as provided for in this Resolution, substitute Bonds will be duly delivered as provided in this Resolution, and there will be no assurance or representation that any book-entry system will be maintained for such Bonds.

Section 34. CONTINUING DISCLOSURE UNDERTAKING. (a).Definitions. As used in this Section, the following terms have the meanings ascribed to such terms below:

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities (as 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.

“MSRB” means the Municipal Securities Rulemaking Board or any successor to its functions under the Rule.

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

“SEC” means the United States Securities and Exchange Commission.

(b) Annual Reports. The Issuer shall provide annually to the MSRB, within twelve months after the end of each fiscal year ending in or after 2020, financial information and operating data with respect to the Issuer to the extent that such information is customarily prepared by the Issuer and is publicly available. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles described in the notes to the financial statements filed with the Texas Water Development Board as part of the Issuer’s application to the Texas Water Development Board, or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the Issuer commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the Issuer shall provide unaudited financial information that is available to the Issuer by the required time and will provide audited financial statements for the applicable fiscal year to the MSRB, when and if the audit report on such statements become available. Such information shall be transmitted electronically to the MSRB, in such format and accompanied by such identifying information as prescribed by the MSRB.

If the Issuer changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the Issuer otherwise would be required to provide financial information and operating data pursuant to this Section. The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more

documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB or filed with the SEC.

(c) Notice of Certain Events. (i) The Issuer shall file notice of any of the following events with respect to the Bonds with the MSRB in a timely manner and not more than 10 business days after occurrence of the event:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final 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 material 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 Issuer;
- (13) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

For these purposes, (i) any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of the Issuer in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer., and (ii) the Issuer 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 evidenced by SEC Release No. 34-83885, dated August 20, 2018.

The Issuer shall file notice with the MSRB, in a timely manner, of any failure by the Issuer to provide financial information or operating data in accordance with Subsection (b) of this Section by the time required by such Subsection.

(d) Limitations, Disclaimers, and Amendments. (i) The Issuer shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Issuer remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the Issuer in any event will give the notice required by Subsection (a) hereof of any Bond calls and defeasance that cause the Issuer to no longer be such an “obligated person”.

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

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

(iv) No default by the Issuer in observing or performing its obligations under this Section shall comprise a breach of or default under the Ordinance for purposes of any other provision of this Ordinance. Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

(v) The provisions of this Section may be amended by the Issuer from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Issuer, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell 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 registered owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this

Ordinance that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the Issuer (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the registered owners and beneficial owners of the Bonds. If the Issuer so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (a) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The Issuer may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

Section 35. ATTORNEY GENERAL FEES. The Issuer hereby authorizes and directs payment from legally available funds of the Issuer, of the nonrefundable examination fee of the Attorney General of the State of Texas required by Section 1202.004, Texas Government Code, as amended.

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

Section 37. SECURITY INTEREST. Article 1208, Government Code, applies to the issuance of the Bonds and the pledge of the Pledged Revenues granted by the Issuer under this Section, and is therefore valid, effective, and perfected. Should Texas law be amended at any time while the Bonds are outstanding and unpaid, the result of such amendment being that the pledge of the Pledged Revenues granted by the Issuer under this Section is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, in order to preserve to the registered owners of the Bonds a security interest in said pledge, the Issuer agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing of a security interest in said pledge to occur.

Section 38. TEXAS WATER DEVELOPMENT BOARD. The provisions of this Section shall apply so long as the Bonds, or any of them, are owned by the TWDB. The Issuer hereby agrees to comply with all conditions set forth in TWDB Resolution No. 20-076, which conditions are incorporated herein.

(a) Annual Audit Reporting. The Issuer shall provide the Texas Water Development Board with an annual report prepared in accordance with generally accepted auditing standards by a certified public accountant or licensed public accountant, to be submitted without charge within 120 days of the close of each fiscal year.

(b) Covenant to Abide with Rules. The Issuer will abide with all applicable laws of the State of Texas and Rules of the Texas Water Development Board relating to the loan of funds evidenced by the Bonds and the Project for which the Bonds are issued, sold and delivered.

(c) Water Conservation Program. The Issuer agrees and covenants that it will implement an approved water conservation program in accordance with 31 TAC § 371.71.

(d) Records and Accounts. The Issuer agrees and covenants that it will maintain current, accurate and complete records and accounts regarding the System in accordance with 31 TAC § 371.71.

(e) Environmental Determinations. The Issuer agrees and covenants that it will comply with any special conditions of the environmental determination of the Executive Administrator in accordance with 31 TAC § 371.71.

(f) Prohibition on Use of Proceeds. The Issuer covenants and agrees that none of the proceeds of the Bonds will be expended on costs incurred or to be incurred relating to the sampling, testing, removing or disposing of potentially contaminated soils and/or media at the project site.

(g) Indemnification. The Issuer further agrees, to the extent permitted by law, to indemnify, hold harmless and protect the Texas Water Development Board from any and all claims or causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment, removal and off site disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the Issuer, its contractors, consultants, agents, officials and employees as a result of activities relating to the Project.

(h) Conveyance of Obligations. Prior to any action by the Issuer to convey its obligations under the Bonds to another entity, if permitted by law, the conveyance and the assumption of such obligations must be approved by the Texas Water Development Board. The Issuer shall notify the Executive Administrator prior to taking any actions to alter its legal status in any manner, such a sale-transfer-merger with another retail public utility.

(i) Davis-Bacon Act Compliance. All laborers and mechanics employed by contractors and subcontractors for the Project who are paid from proceeds of the Bonds on deposit in the Construction Fund shall be paid wages at rates not less than those prevailing on projects of a similar character in the locality of the Issuer in accordance with the federal Davis-Bacon Act and the U.S. Department of Labor's implementing regulations pertaining thereto.

(j) Federal Funding Accountability and Transparency Act. The Issuer shall provide the Texas Water Development Board with all information required by the Federal Funding Accountability and Transparency Act of 2006, Pub. L. 109-282.

(k) DUNS Number and CAGE Code. The Issuer shall obtain a Data Information Numbering System (DUNS) Number and shall register with the System for Award Management to obtain a Commercial and Government Entity (CAGE) Code and maintain current registration at all times during which the Bonds are outstanding.

(l) Timely Expenditures. All proceeds of the Bonds will be timely and expeditiously used, as required by applicable federal statutes and U.S. Environmental Protection Agency regulations, and the Issuer shall adhere to a project construction schedule acceptable to the Executive Administrator that facilitates timely use of funds and project completion.

(m) As-Built Plans. The Issuer shall provide to the Texas Water Development Board a full and complete set of "as-built" plans relating to the Project, promptly upon completion of the Project.

(n) Final Accounting. The Issuer shall render a final accounting of the cost of the Project to the Texas Water Development Board within 60 days of the completion of the Project. If the total cost of the Project, as finally completed, is less than originally estimated, so that the proper share of the participation by the Texas Water Development Board in the Project is reduced, such surplus proceeds shall be used in accordance with subsection (o) below.

(o) Surplus Proceeds. Notwithstanding any other provision of this Resolution or the Bonds restricting early redemption of the Bonds, the Issuer shall use any surplus proceeds from the Bonds that are determined to be surplus funds remaining after completion of the project and completion of a final accounting in a manner as approved by the Texas Water Development Board's ("TWDB") Executive Administrator (the "Executive Administrator"), including without limitation to redeem, on any date, the Bonds owned by the TWDB, at a price of par plus accrued interest to the date fixed for redemption.

(p) Insurance. Insurance coverage be obtained and maintained by the Issuer in an amount sufficient to protect the interest of the Texas Water Development Board in the Project.

(q) Remedies. The TWDB may exercise all remedies available to it in law or equity, and any provision of the Bonds or this Resolution that restricts or limits the TWDB's full exercise of such remedies shall be of no force and effect.

(r) American Iron and Steel Requirements. The Issuer will abide by all applicable construction contract requirements related to the use of iron and steel products in the United States, as required by the 2014 Federal Appropriations Act and related State Revolving Fund Policy Guidelines.

(s) Covenant Regarding Taxes and System Rates. The Issuer hereby agrees that, for so long as the Bonds are outstanding, to maintain and collect sufficient rates and charges to produce System revenues in an amount necessary to meet the debt service requirements of all Bonds and to maintain the funds established and required by the Bonds.

(t) Outlay Reports. The Issuer shall submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with TWDB outlay report guidelines.

Section 39. FURTHER PROCEDURES. (a) The President and Secretary, respectively, of the Board of Directors of the Issuer, the General Manager, Operations Manager, and Chief Financial Officer of the Issuer, and all other officers, employees, and agents of the Issuer, and each of them, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the Issuer all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution, the Bonds, and the sale of the Bonds, including without limitation the Blanket Issuer Letter of Representations to DTC and federal tax documents or returns. The expenses of issuing the Bonds shall be paid from the proceeds from the sale of the Initial Bond. In case any officer whose

signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

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EXHIBIT A

WRITTEN PROCEDURES FOR FEDERAL TAX COMPLIANCE

These procedures, together with any federal tax certifications, provisions included in the order, ordinance or resolution (the “Authorizing Document”) authorizing the issuance and sale of any tax-exempt debt such as the Series 2020B Bonds (the “Obligations”), letters of instructions and/or memoranda from bond counsel and any attachments thereto (the “Closing Documents”), are intended to assist the Issuer in complying with federal guidelines related to the issuance of such Obligations.

A. Arbitrage Compliance. Federal income tax laws generally restrict the ability to earn arbitrage in connection with the Obligations. The Issuer’s General Manager (such officer, together with other employees of the Issuer who report to or such officer, is collectively, the “Responsible Person”) will review the Closing Documents periodically (at least once a year) to ascertain if an exception to arbitrage compliance applies.

Procedures applicable to Obligations issued for construction and acquisition purposes. With respect to the investment and expenditure of the proceeds of the Obligations that are issued to finance public improvements or to acquire land or personal property, the Responsible Person will:

1. Instruct the appropriate person who is primarily responsible for the construction, renovation or acquisition of the facilities financed with the Obligations (the “Project”) that (i) binding contracts for the expenditure of at least 5% of the proceeds of the Obligations must be entered into within 6 months of the date of closing of the Obligations (the “Issue Date”) and that (ii) the Project must proceed with due diligence to completion;

2. Monitor that at least 85% of the proceeds of the Obligations to be used for the construction, renovation or acquisition of the Project are expended within 3 years of the Issue Date;

3. Monitor the yield on the investments purchased with proceeds of the Obligations and restrict the yield of such investments to the yield on the Obligations after 3 years from the Issue Date; and

4. To the extent that there are any unspent proceeds of the Obligations at the time the Obligations are refunded, or if there are unspent proceeds of the Obligations that are being refunded by a new issuance of Obligations, the Responsible Person shall continue monitoring the expenditure of such unspent proceeds to ensure compliance with federal tax law with respect to both the refunded Obligations and any Obligations being issued for refunding purposes.

Procedures applicable to Obligations with a debt service reserve fund. In addition to the foregoing, if the Issuer issues Obligations that are secured by a debt service reserve fund, the Responsible Person will assure that the maximum amount of any reserve fund for the Obligations invested at a yield higher than the yield on the Obligations will not exceed the lesser of (1) 10% of the principal amount of the Obligations, (2) 125% of the average annual debt service on the Obligations measured as of the Issue Date, or (3) 100% of the maximum annual debt service on the Obligations as of the Issue Date.

Procedures applicable to Escrow Accounts for Refunding Obligations. In addition to the foregoing, if the Issuer issues Obligations and proceeds are deposited to an escrow fund to be administered pursuant to the terms of an escrow agreement, the Responsible Person will:

1. Monitor the actions of the escrow agent to ensure compliance with the applicable provisions of the escrow agreement, including with respect to reinvestment of cash balances;
2. Contact the escrow agent on the date of redemption of obligations being refunded to ensure that they were redeemed; and
3. Monitor any unspent proceeds of the refunded obligations to ensure that the yield on any investments applicable to such proceeds are invested at the yield on the applicable obligations or otherwise applied (see Closing Documents).

Procedures applicable to all Tax-Exempt Obligation Issues. For all issuances of Obligations, the Responsible Person will:

1. Maintain any official action of the Issuer (such as a reimbursement resolution) stating the Issuer's intent to reimburse with the proceeds of the Obligations any amount expended prior to the Issue Date for the acquisition, renovation or construction of the Project;
2. Ensure that the applicable information return (e.g., U.S. Internal Revenue Service ("IRS") Form 8038-G, 8038-GC, or any successor forms) is timely filed with the IRS;
3. Assure that, unless excepted from rebate and yield restriction under section 148(f) of the Internal Revenue Code of 1986, as amended, excess investment earnings are computed and paid to the U.S. government at such time and in such manner as directed by the IRS (i) at least every 5 years after the Issue Date and (ii) within 30 days after the date the Obligations are retired;
4. Monitor all amounts deposited into a sinking fund or funds pledged (directly or indirectly) to the payment of the Obligations, such as the Interest and Sinking Fund, to assure that the maximum amount invested within such applicable fund at a yield higher than the yield on the Obligations does not exceed an amount equal to the debt service on the Obligations in the succeeding 12 month period plus a carryover amount equal to one-twelfth of the principal and interest payable on the Obligations for the immediately preceding 12-month period; and
5. Ensure that no more than 50% of the proceeds of the Obligations are invested in an investment with a guaranteed yield for 4 years or more.

B. Private Business Use. Generally, to be tax-exempt, only an insignificant amount of the proceeds of each issue of Obligations can benefit (directly or indirectly) private businesses. The Responsible Person will review the Closing Documents periodically (at least once a year) for the purpose of determining that the use of the Project financed or refinanced with the proceeds of the Obligations does not violate provisions of federal tax law that pertain to private business use. In addition, the Responsible Person will:

1. Develop procedures or a “tracking system” to identify all property financed with Obligations;
2. Monitor and record the date on which the Project is substantially complete and available to be used for the purpose intended;
3. Monitor and record whether, at any time the Obligations are outstanding, any person, other than the Issuer, the employees of the Issuer, the agents of the Issuer or members of the general public:
 - (i) has any contractual right (such as a lease, purchase, management or other service agreement) with respect to any portion of the Project;
 - (ii) has a right to use the output of the Project (e.g., water, gas, electricity); or
 - (iii) has a right to use the Project to conduct or to direct the conduct of research;
4. Monitor and record whether, at any time the Obligations are outstanding, any person, other than the Issuer, has a naming right for the Project or any other contractual right granting an intangible benefit;
5. Monitor and record whether, at any time the Obligations are outstanding, the Project, or any portion thereof, is sold or otherwise disposed of; and
6. Take such action as is necessary to remediate any failure to maintain compliance with the covenants contained in the Authorizing Document related to the public use of the Project.

C. Record Retention. The Responsible Person will maintain or cause to be maintained all records relating to the investment and expenditure of the proceeds of the Obligations and the use of the Project financed or refinanced thereby for a period ending three (3) years after the complete extinguishment of the Obligations. If any portion of the Obligations is refunded with the proceeds of another series of Obligations, such records shall be maintained until the three (3) years after the refunding Obligations mature or are otherwise paid off. Such records can be maintained in paper or electronic format.

D. Responsible Person. A Responsible Person shall receive appropriate training regarding the Issuer’s accounting system, contract intake system, facilities management and other systems necessary to track the investment and expenditure of the proceeds and the use of the Project financed or refinanced with the proceeds of the Obligations. The foregoing notwithstanding, each Responsible Person shall report to the governing body of the Issuer whenever experienced advisors and agents may be necessary to carry out the purposes of these instructions for the purpose of seeking approval of the governing body to engage or utilize existing advisors and agents for such purposes.

EXHIBIT B
ESCROW AGREEMENT
(Attached)