

**GREATER TEXOMA UTILITY AUTHORITY
BOARD MEETING
AUGUST 19, 2019**

AGENDA
GREATER TEXOMA UTILITY AUTHORITY
BOARD OF DIRECTORS PUBLIC HEARING AND MEETING
GTUA BOARD ROOM
5100 AIRPORT DRIVE
DENISON, TEXAS 75020
12:30 P.M., MONDAY, AUGUST 19, 2019

Notice is hereby given that a meeting of the Board of Directors of the Greater Texoma Utility Authority will be held on the 19th day of August, 2019, at 12:30 p.m. in the Administrative Offices of the Greater Texoma Utility Authority, 5100 Airport Drive, Denison TX, 75020, at which time the following items may be discussed, considered and acted upon, including the expenditure of funds:

Agenda:

- I. Call to Order.
- II. Pledge of Allegiance.
- III. Consent Agenda
* Items marked with an asterisk (*) are considered routine by the Board of Directors and will be enacted in one motion without discussion unless a Board Member or a Citizen requests a specific item to be discussed and voted on separately.
- IV. * Consider and act upon approval of Minutes July 15, 2019 Meeting.
- V. * Consider and act upon approval of accrued liabilities for July 2019.
- VI. Citizens to be Heard.
- VII. Receive Quarterly Investment Report.
- VIII. Consider and act upon an Engagement Letter for independent audit services for FY 2018-2019.
- IX. Consider and act upon award of contract for City of Gunter Water System Improvements Project B - Water Well.
- X. Consider and act upon award of contract and Change Order No. 1 for the City of Gunter Water System Improvements Project A – High Service Pump Station, Ground Storage Tank, Pipeline.
- XI. Consider all matters incident and related to the issuance and sale of “Greater Texoma Utility Authority Contract Revenue Bonds, Series 2019A (City of Sherman Project)”, including the adoption of a resolution authorizing the issuance of such bonds, establishing parameters for the sale and issuance of such bonds and delegating certain matters to authorized officials of the Authority

XII. EXECUTIVE SESSION

Pursuant to Government Code Section 551.071 and 551.072, the Board of Directors may adjourn into closed Executive Session to discuss the following:

Consultation with Attorney regarding authorizing the execution of all documents associated with the sale of drainage easements to the Texas Department of Transportation

Deliberation Regarding Real Property

XIII. Regular Session

XIV. Receive General Manager's Report: The General Manager will update the Board on operational and other activities of the Authority.

XV. Adjourn.

¹The Board may vote and/or act upon each of the items listed in this agenda.

²At any time during the meeting or work session and in compliance with the Texas Open Meetings Act, Chapter 551, Government Code, Vernon's Texas Codes, Annotated, the Greater Texoma Utility Authority Board may meet in executive session on any of the above agenda items or other lawful items for consultation concerning attorney-client matters (§551.071); deliberation regarding real property (§551.072); deliberation regarding prospective gifts (§551.073); personnel matters (§551.074); and deliberation regarding security devices (§551.076). Any subject discussed in executive session may be subject to action during an open meeting.

³PERSONS WITH DISABILITIES WHO PLAN TO ATTEND THIS MEETING, AND WHO MAY NEED ASSISTANCE, ARE REQUESTED TO CONTACT VELMA STARKS AT (903) 786-4433 TWO (2) WORKING DAYS PRIOR TO THE MEETING, SO THAT APPROPRIATE ARRANGEMENTS CAN BE MADE.

ATTACHMENT IV

**MINUTES OF THE BOARD OF DIRECTORS' MEETING
GREATER TEXOMA UTILITY AUTHORITY**

MONDAY JULY 15, 2019

**AT THE ADMINISTRATIVE OFFICES
5100 AIRPORT DRIVE
DENISON TX 75020**

Members Present: Brad Morgan, Ken Brawley, Scott Blackerby, Donald Johnston, Matt Brown, Stanley Thomas, Anthony Richardson, and Mark Kuneman

Members Absent:

Staff: Drew Satterwhite, Carolyn Bennett, Debi Atkins, Tasha Hamilton and Velma Starks

General Counsel: Mike Wynne, Wynne and Smith
Kristen Savant, Norton Rose Fulbright (arrived at 12:51 p.m.)

Visitors:

I. Call to Order

Board President Morgan called the meeting to order at 12:30 p.m.

II. Pledge of Allegiance

Board President Brad Morgan led the group in the Pledge of Allegiance.

III. Consent Agenda

Items marked with an asterisk () are considered routine by the Board of Directors and are enacted in one motion without discussion unless a Board Member or a Citizen request a specific item to be discussed and voted on separately.

IV. * Consider and act upon approval of Minutes of June 17, 2019 Meeting.

V. * Consider and act upon approval of accrued liabilities for June 2019.

Board Member Mark Kuneman made a motion to approve the consent agenda items. Board Member Stanley Thomas seconded the motion. Motion passed unanimously.

VI. Citizens to be Heard.

There were no citizens present.

At this point the Board decided to move to Item VIII to allow Kristen Savant time to arrive to discuss Item VII.

- VII. Consider all matters incident and related to the issuance and sale of "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2019 (City of Whitewright Project)", including the adoption of a resolution authorizing the issuance of such bonds.

General Manager Drew Satterwhite provided the Board with background information. The City of Whitewright contacted the Authority staff concerning emergency repairs needed to the City's sewer system. The clay tile pipeline that has collapsed runs under Echols Street and along the frontage of the High School. The repairs will require a substantial amount of boring that make the project more expensive than the traditional open cut construction. Kristen Savant, Norton Rose Fulbright and Garry Kimball, Specialized Public Finance Inc., searched for the best solution for financing the project. It was decided that Whitewright should contact their local banks with whom they had a business relationship for financing assistance. Legend Bank who is in the process of purchasing the Whitewright Independent Bank had the best rate of 5.75% for 10 years. Kristen Savant, Norton Rose Fulbright, compiled the necessary documents for this bond series. No advertising for bids will be done by the Authority. Whitewright will contract directly with contractor. Drew Satterwhite attended the most recent Whitewright Council meeting to brief the entire council on the upcoming bond issue. The staff recommends approval of the resolution relating to bond funds issued on behalf of the City of Whitewright for emergency sewer repairs. Board Member Mark Kuneman made the motion to approve the resolution relating to bond funds issued on behalf of the City of Whitewright for emergency sewer repairs. Board Member Anthony Richardson seconded the motion. Matt Brown abstained. The motion passed with 7 Aye, 0 Nay and 1 abstain.

The Board discussed Item VIII before Item VII and then returned to regular order of items.

- VIII. Consider and act upon Change Order No. 4 to the contract with Wilson Contractor Services, LLC for Lake Kiowa Special Utility District ("SUD") Water System Improvements Phase 1A and 2 Water Main Replacements Project.

General Manager Drew Satterwhite provided the Board with background information. Lake Kiowa project consists of 5 phases of water system improvements and we are in phase 2. In 2016 two bids were received for Phase 1A, both were too high. Following the receipt of these bids, the Authority and Lake Kiowa SUD rejected the bids and began to pursue additional funding to complete phase 1A and Phase 2. At the December 2016 meeting, the Board authorized the issuance of \$2,125,000 through the Texas Water Development Board's Drinking Water State Revolving Fund. June, 2017 one bid was received from Wilson Contractor Services, LLC and the contract was awarded to them in the amount of \$2,106,035.60.

At the February 2018 meeting, the Board authorized Change Order No. 1 which consisted of changing the type of taps for the service connections in order to maintain consistency throughout Lake Kiowa SUD's distribution system.

Change Order No. 2 was divided into items/categories. The 1st item was for the contractor to buy additional 8" HDPE water line for the project. The 2nd item was to furnish more valves in a section that has already been constructed similar to Change Order No. 1. The 3rd item was to lay

an additional section of waterline that was not included in the contract. Lake Kiowa SUD had recently found out that the Home Owners Association ("HOA") would be performing some drainage improvements in the near future. This section of line was initially slated for a future phase, but it was in Lake Kiowa SUD's best interest to get this work done ahead of the HOA installing storm sewer.

Change Order No. 3 was divided into 3 categories. Item 1 was for \$5,089.30 to relocating an existing fire hydrant which included materials and labor for new pipe and valves as well as labor for removing and installing fire hydrant. Item 2 was a credit of (\$2,967.84) for tapping of service lines on the existing line that were initially planned on being done while under pressure. However, Lake Kiowa SUD was able to isolate a portion of the water line to the point where the contractor could perform a standard tap which resulted in a cost savings. Item 3 was for \$34,500.00 for labor involved with modifying existing service connections that were put in place 30+ years ago. These meter boxes were oriented differently than indicated on the plans and required a substantial amount of effort on the contractor's part to relocate the meters and plumb the new connections.

Change Order No. 4 consisted of furnishing all labor, materials, supervision, and equipment necessary to install lawn sod over disturbed areas. Change Order No. 4 would result in an increase of \$34,416.00 resulting in a revised contract amount of \$2,328,657.42. Board Member Matt Brown made the motion to authorize the execution of Change Order No. 4. Board Member Ken Brawley seconded the motion. Motion passed unanimously.

- IX. Consider and act upon a Resolution by the Board of Directors of the Greater Texoma Utility Authority accepting the contract with Wilson Contractor Services, LLC for Lake Kiowa Special Utility District ("SUD") Water System Improvements Phase 1A and 2 Water Main Replacements Project as complete.

General Manager Drew Satterwhite provided the Board with background information in the previous item. With the approval of the previous item, the contract is complete. Staff recommends authorizing the execution of a resolution accepting the contract with Wilson Contractor Services for the Lake Kiowa Special Utility District Water System Improvements Phase 1A and 2 Water Main Replacements Project as complete. Board Member Stanley Thomas made the motion to authorize the execution of the resolution accepting the contract with Wilson Contractor Services as complete. Board Member Matt Brown seconded the motion. Motion passed unanimously.

President Morgan appointed a Budget Committee, consisting of himself, Stanley Thomas, and Matt Brown.

- X. Receive General Manager's Report: The General Manager will update the Board on operational and other activities of the Authority

Gunter water well and storage tank and pump station project was bid last month. Bids came in higher than funds available. This was bid in two separate contracts one for well driller and one for storage tank and pump station construction. The well bid amount was as expected however, the portion for the storage tank and pump station was high. The engineer, manufacturer, and

low bidder are working to change tank from concrete to steel in order to save several hundred thousands of dollars.

Lake Kiowa SUD has requested reviewing the next phase of water line replacements, and the bond issue associated with it.

Kristen Savant arrived and Board returned to Item VII.

XIV. Adjourn

Board Member Ken Brawley made the motion to adjourn. Board Member Stanley Thomas seconded the motion. The motion passed unanimously. Board President Morgan declared the meeting adjourned at 1:15 p.m.

#####

Recording Secretary

Secretary-Treasurer

ATTACHMENT V

RESOLUTION NO. _____

A RESOLUTION BY THE BOARD OF DIRECTORS OF THE
GREATER TEXOMA UTILITY AUTHORITY AUTHORIZING
PAYMENT OF ACCRUED LIABILITIES FOR THE MONTH OF JULY

The following liabilities are hereby presented for payment:

	CURRENT	PRIOR MONTH	PRIOR YEAR
GENERAL:			
<u>Fuel and Reimbursements for Mileage</u>			
Theda Anderson (Reimbursement for mileage)	32.38		
Velma Starks (Reimbursement for mileage)	21.86		
Conoco (Fuel - operations vehicles)	384.45		
ExxonMobil (Fuel - operations vehicles)	672.91		
Drew Satterwhite (Fuel)	84.03		
<u>Insurance</u>			
Drew Satterwhite (2017 Ford F150 for June)	106.94		
TWCA Risk Management (Workers' compensation insurance)	676.00		
<u>Leases/Rental Fees</u>			
North Texas Regional Airport (Lease - administrative offices)	2,061.43		
<u>Legal Fees</u>			
Wynne & Smith, LLC (Agenda, Board Meeting)	520.50		
<u>Maintenance Agreements</u>			
Nova Tech (Konika-Minolta copier)	365.28		
<u>Meetings and Conferences</u>			
Feast on This (BOD Lunches)	235.00		
TWCA (TWCA Conference expenses)	17.83		
<u>Postage</u>			
United States Postal Service (Refill meter)	500.00		
<u>Professional Services</u>			
Final Details (Cleaning Service)	585.00		
<u>Repair & Maintenance - Building & Equipment</u>			
Texoma Fire Equipment (Fire inspection)	45.00		
<u>Repair & Maintenance - Administrative and Operations Vehicles</u>			
Blake Utter Ford (Repairs for Ford F150 LP 1096579 (DH) cleaned throttle body, tow, diagnostic, labor)	1,206.58		
Bruce Stidham Tax Asseccor - (Ford F150 LP 1096579 (DH) registration)	7.50		
Walmart (Ford F150 LP 1161476 (AM) purchased two new tires and repaired one flat, tow)	446.76		
Whistlestop Car Spa & Lube (truck LP 1161476 & LP 1161476 oil changes and wash)	80.65		
<u>Supplies</u>			
Bank of Texas Visa (General Office Supplies, toner, GoDaddy hosting renewal)	329.86		
Exxon/Mobil (Field supplies - ice)	17.23		
Lowe's (Field Supplies)	44.34		
Office Depot (General Office Supplies)	136.17		
Theda Anderson (sink brush)	2.13		
USA BlueBook (Field Supplies)	225.45		
<u>Training</u>			
TCEQ (Individual License Renewal for DH)	111.00		
<u>Utilities</u>			
Alan Moore (Reimbursement for cell phone expenses)	25.00		
Wayne Eller (Reimbursement for cell phone expenses)	25.00		
Dave Tomlinson (Reimbursement for cell phone expenses)	25.00		
Drew Satterwhite (Reimbursment for cell phone June expense)	25.00		

	CURRENT	PRIOR MONTH	PRIOR YEAR
Sparklight (Internet line, formally CableOne, June)	129.44		
Sparklight (Internet line, formally CableOne)	129.44		
AT & T Wireless (cell phone)	55.75		
City of Denison (Water)	130.78		
City of Sherman (Trash services)	102.00		
8x8, Inc.(phone lines - local & long distance)	183.93		
TXU Electric (June)	478.87		
TXU Electric (July)	579.98		
ATMOS Energy	51.70		
TOTAL:	\$ 10,858.17	\$ 21,858.03	\$ 20,040.48
SOLID WASTE:			
<u>Utilities</u>			
Grayson-Collin Electric	141.30		
Starr Water Supply (June)	60.78		
Starr Water Supply	60.30		
TOTAL:	\$ 262.38	\$ 1,402.06	\$ 539.78
WASTEWATER:			
<u>Construction Contracts</u>			
City of Pottsboro (Pottsboro 2019 - WWTP engineering & feasibility study by Alan Plummer Associates)	130,782.00		
Patterson Professional (Ector 2017 - WWTP disinfection project Pay App #3 invoice # 3598)	46,075.00		
Patterson Professional (Gunter 2018 - WWTP replacement project pay app # 9 inv # 3531)	91,134.45		
Patterson Professional (Gunter 2018 - WWTP replacement project pay app # 10 inv 3600)	25,982.50		
<u>Miscellaneous</u>			
Bank of Texas Trust (Pottsboro 2019 - Escrow Fees for new 2019 bond series for WWTP)	850.00		
BLX Group (Sherman 2013 - Arbitrage report for series 2013A)	250.00		
BLX Group (Valley View 1993 Arbitrage Fees for final report)	250.00		
Norton Rose Fulbright (Pottsboro 2019 - Legal Services Bond Counsel for WWTP Rehab & Exp. Project)	69,270.00		
Specialized Public Finance (Pottsboro 2019 - Financial advisory & CUSIP fees)	41,883.00		
<u>Paying Agent Fees</u>			
Bank of Texas Trust (Gunter 2018 - GTUAGUNTER18 8/15/19)	300.00		
Bank of Texas Trust (Krum 2012 - GTUACOKCRB12 8/15/19)	300.00		
Bank of Texas Trust (Krum 2014 - GTUACRBS2014 8/15/19)	300.00		
Bank of Texas Trust (Pottsboro 2019 - New bond series, semi annual agent fees for WWTP)	300.00		
<u>Postage</u>			
Federal Express (Pottsboro 2019 - bond counsel Norton Fulbright Joy Ellis)	20.24		
Federal Express (Pottsboro 2019 - documents sent to Joe KoenTWDB)	22.46		
Federal Express (SH 2019 - documents sent to Joy Ellis Norton Rose Fulbright Open Market funds)	20.19		
Federal Express (Van Alstyne 2014B - documents sent to Joe Koen TWDB)	44.99		
TOTAL:	\$ 407,784.83	\$ 123,825.83	\$ 63,863.15
WATER:			
<u>Advertising</u>			
Bank of Texas Visa (RRGCD - Grayson Clerk fee to post permit hearing notice)	4.00		
<u>Construction Costs</u>			
Central Texas Water Well (Tom Bean 2015 - Water System Improvements Pay App # 7)	68,342.81		
City of Sherman (Reimbursement for various construction projects)	143,038.74		
Wilson Contractor Services (LK Kiowa 2017 - Pay App #12 water main 1A & 2 10" directional bore)	87,614.19		
MWH (Sherman 2017 - LK Texoma WTP expansion project pay app # 27)	303,609.62		
<u>Engineering Fees</u>			
CH2M Hills (Sherman 2015 - 97% complete services during construction WTP expansion & improvements)	21,682.00		
City of Princeton (Princeton 2018 - reimbursement for Kimley-Horn invoice 90% final design complete)	8,250.00		
City of Princeton (Princeton 2018 - reimbursement for Kimley-Horn invoices 92.73% Final Design complete)	22,500.00		
Freeman-Millican (Gunter 2018 - 80% Final design complete for wtr system improvements)	40,040.00		
City of Gunter (Gunter 2018 - 40% Preliminary design complete for wtr system improvements)	30,240.00		

City of Gunter (Gunter 2018 - reimbursement for 10% Preliminary design complete for Gunter Wtr Sys. & Impr.)	76,280.00
GTUA Regional Water Study (63.36% Basic Service complete, services thorough 6/30/19)	20,135.50
City of Krum (Krum 2017 - reimbursement for 55.33% Design complete for Masch Branch Well)	10,820.00

<u>Groundwater</u>	CURRENT	PRIOR MONTH	PRIOR YEAR
8x8, Inc. (NTGCD - 800 line, local & long distance)	183.92		
8x8, Inc. (RRGCD - 800 line, local & long distance)	183.92		
American Express (NTGCD - Invoiced A/R application)	50.00		
American Express (RRGCD - Invoiced A/R application)	50.00		
American Express (NTGCD - NTTA Tolls)	40.00		
Bank of Texas Visa (RRGCD - New 8g GoDaddy server. Forced to upgrade no longer supporting old one)	234.98		
AT & T Mobility (NTGCD - W. Parkman - cell phone)	64.74		
Allen Burks (RRGCD - cell phone reimbursement)	25.00		
Carolyn Bennett (NTGCD - mileage, looking for BOD meeting venue)	73.66		
Exxon/Mobil (NTGCD - Fuel, W. Parkman)	214.68		
Exxon/Mobil (RRGCD - Fuel, A. Burks)	48.40		
Office Depot (NTGCD - Toner for PS)	42.50		
Office Depot (RRGCD - Toner for PS)	42.49		
Paul Sigle (NTGCD - cell phone reimbursement)	12.50		
Paul Sigle (RRGCD - cell phone reimbursement)	12.50		
Theda Anderson (NTGCD - business card holder)	0.53		
Theda Anderson (RRGCD - business card holder and mileage)	0.54		
Velma Starks (NTGCD - mileage reimbursement)	12.70		
Velma Starks (RRGCD - mileage reimbursement)	16.95		
<u>Legal</u>			
Wynne & Smith (CGMA - Legal services for the purchase of the Youngblood Easement)	162.50		
<u>Meetings & Conferences</u>			
American Express (NTGCD - TWCA Conference)	17.83		
American Express (RRGCD - TWCA Conference and other meeting)	44.71		
Bank of Texas Visa (NTGCD - Prairie House, BOD catering for meeting.)	214.98		
Bank of Texas Visa (RRGCD - Cowboy Chicken, BOD catering for meeting)	207.00		
Theda Anderson (RRGCD - cookies for BOD meeting for May, June and July)	33.14		
<u>Miscellaneous</u>			
American Express (NTGCD - NTTA toll charges)	40.00		
BLX Group (Savoy 1998 - Arbitrage Rebate Report for bond series)	250.00		
Donald Paschal Jr. (CGMA - Consultant for sale of easement E-W)	29,172.50		
FAO, USACE (LK Texoma WIF 10 - Water storage space in LK Texoma for 7/4/19-7/3/2020)	24,387.47		
North Texas Courier Service (Courier service for sale of Glenn Easement)	114.00		
<u>Paying Agent Fees</u>			
Bank of Texas Trust (Gunter 2018 - GTUAGUNTE18A 8/15/19)	300.00		
Bank of Texas Trust (Howe 2002 - GRETEUTH032 7/1/2019)	200.00		
Bank of Texas Trust (LK Kiowa 2014 GTUALKIOWA14 8/15/19)	300.00		
Bank of Texas Trust (LK Kiowa 2017 GTUALKIOWA17 8/15/19)	300.00		
Bank of Texas Trust (Krum 2017 - GTUAKRUM17 8/15/19)	300.00		
Bank of Texas Trust (LK Texoma 2010 - GTUACRBS10LT 8/15/19)	300.00		
<u>Postage</u>			
Velma Stark (Pottsboro 2019 dropped off contract documents via Fed Ex)	3.60		
<u>CGMA Repair & Maintenance</u>			
Alan Moore (2 - Wireless Robotic button pusher for pump station)	85.06		
Brenntag Southwest (CGMA - Chemicals to disinfect lines at pump station)	2,042.31		
Brenntag Southwest (CGMA - Chemicals to disinfect lines at pump station)	940.80		
City of Denison Lab (CGMA - Water Tests)	63.00		
Kemp Lawn Maintenance (CGMA - Bloomdale Pump Station, June, additional tree trimming)	780.83		
Kemp Lawn Maintenance (CGMA - Bloomdale Pump Station)	380.83		
Richardson Logic Control LLC (CGMA - service call for level float. Install cell communication for Howe)	4,012.00		
Texas Excavation Safety System, Inc. (CGMA - water tests)	177.65		
<u>Supplies</u>			
USA BlueBook (CGMA - water testing supplies)	189.45		
<u>CGMA Utilities</u>			
AT & T Mobility (CGMA emergency back up lines)	112.46		
AT & T U-Verse (Bloomdale Pump Station)	81.28		
TXU Energy (Bloomdale Pump Station)	9,469.08		

TOTAL:

GRAND TOTAL:

CURRENT	PRIOR MONTH	PRIOR YEAR
\$ 908,549.35	\$ 511,315.67	\$ 1,128,766.75
\$ 1,327,454.73	\$ 658,401.59	\$ 1,213,210.16

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE GREATER TEXOMA UTILITY
AUTHORITY THAT the Secretary-Treasurer is hereby authorized to make payments in the
amounts listed above.

On motion of _____ and

seconded by _____, the foregoing

Resolution was passed and approved on this, the _____ day of _____, _____ by
the following vote:

AYE:

NAY:

At a regular meeting of the Board of Directors of the Greater Texoma Utility Authority.

President

ATTEST:

Secretary/Treasurer

ATTACHMENT VII



Greater Texoma Utility Authority

QUARTERLY INVESTMENT REPORT

For the Quarter Ended

June 30, 2019

**Prepared by
Valley View Consulting, L.L.C.**

The investment portfolio of the Greater Texoma Utility Authority is in compliance with the Public Funds Investment Act and the Investment Policy and Strategies.


Drew Satterwhite
General Manager


Debi Atkins
Finance Officer

Disclaimer: These reports were compiled using information provided by the Authority. No procedures were performed to test the accuracy or completeness of this information. The market values included in these reports were obtained by Valley View Consulting, L.L.C. from sources believed to be accurate and represent proprietary valuation. Due to market fluctuations these levels are not necessarily reflective of current liquidation values. Yield calculations are not determined using standard performance formulas, are not representative of total return yields and do not account for investment advisor fees.

Summary

Quarter End Results by Investment Category:

Asset Type	Ave. Yield	March 31, 2019		June 30, 2019	
		Book Value	Market Value	Book Value	Market Value
Demand Accounts	0.51%	\$ 378,888	\$ 378,888	\$ 314,250	\$ 314,250
NOW/MMA/MMF	2.19%	27,259,673	27,259,673	19,961,053	19,961,053
Local Government Pools	2.38%	5,914,540	5,914,540	5,142,632	5,142,632
CDs/Securities	2.56%	21,867,000	21,867,000	30,698,000	30,698,000
Totals		\$ 55,420,102	\$ 55,420,102	\$ 56,115,936	\$ 56,115,936

Quarter End Average Yield (1)

Total Portfolio 2.40%

Rolling Three Month Treasury 2.36%
Rolling Six Month Treasury 2.43%

Fiscal Year-to-Date Average Yield (2)

Total Portfolio 2.32%

Rolling Three Month Treasury 2.39%
Rolling Six Month Treasury 2.44%
TexPool 2.36%

Interest Revenue

Quarterly Interest Income \$ 183,871 Approximate
Year-to-date Interest Income \$ 529,483 Approximate

Bank Fee Offset

Quarterly Bank Fees Offset \$ 984
Year-to-date Bank Fees Offset \$ 1,810

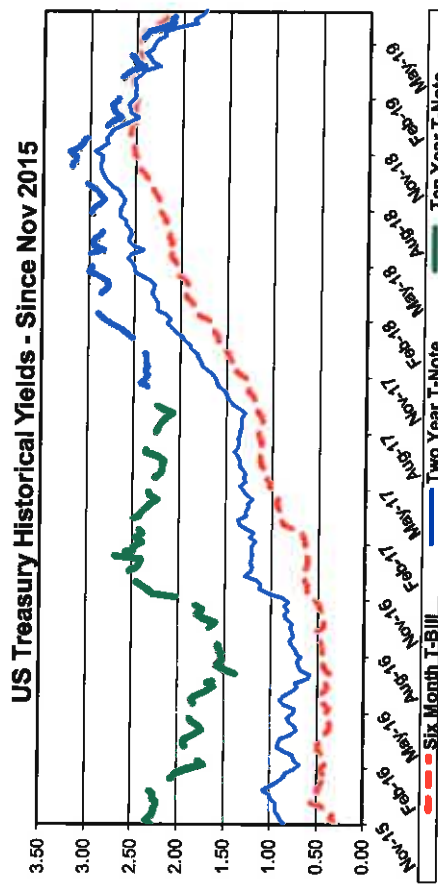
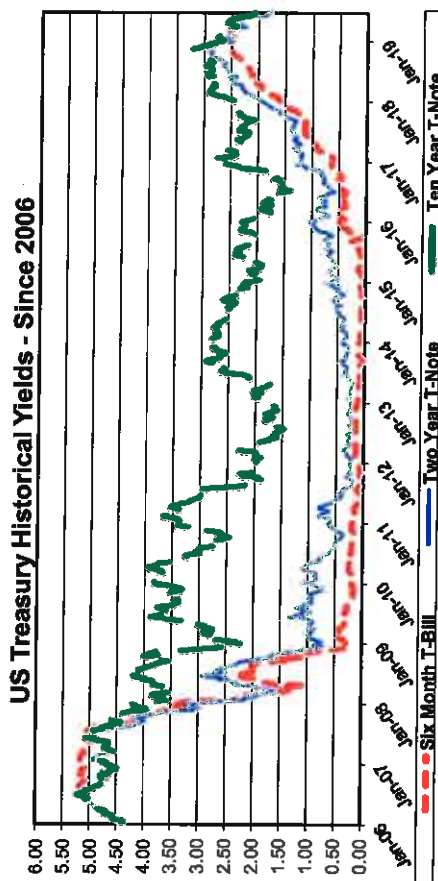
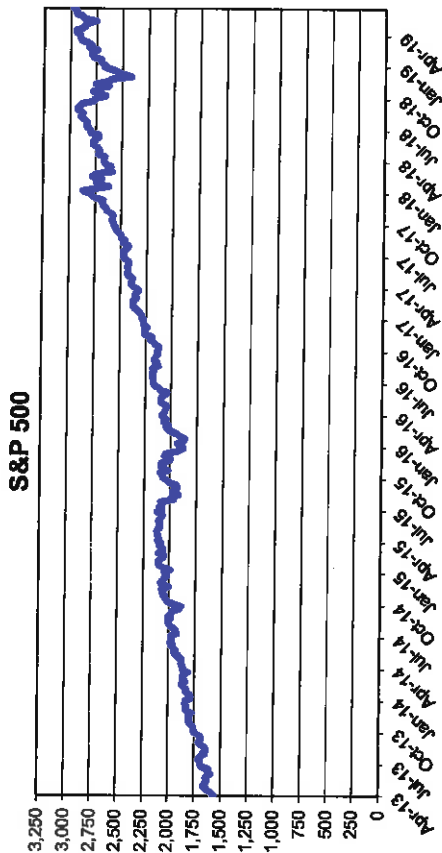
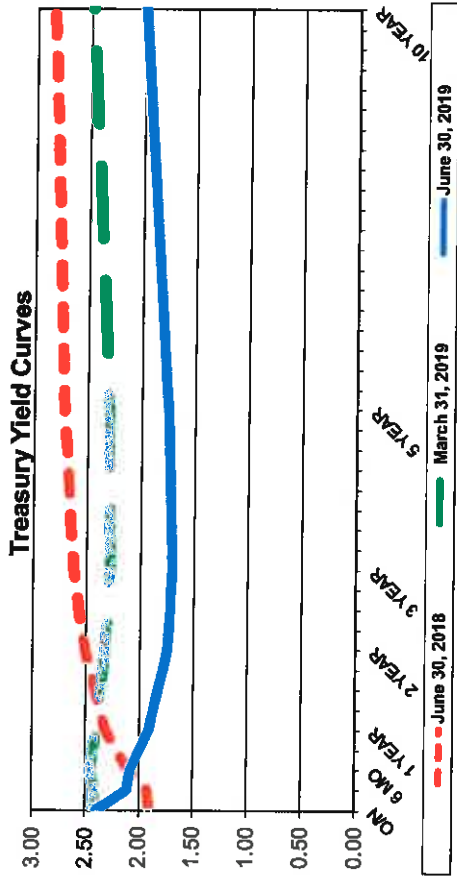
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(2) Fiscal Year-to-Date Average Yields calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

Economic Overview

6/30/2019

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range 2.25% - 2.50% (Effective Fed Funds are trading +/-2.40%). The Futures Market projects multiple decreases beginning later this summer. Gradual FRB portfolio reduction continues by limiting reinvestment of maturing holdings, but that strategy will end this summer. May Non Farm Payroll only generated 75,000 new jobs, lowering the three month rolling average to 151k. Crude oil bounced up and down this spring around +/- \$60. The Stock Markets reached new highs. Overall economic activity, including housing, remains mostly favorable but mixed. The Inverted Yield Curve continues towards lower yields.



Investment Holdings
June 30, 2019

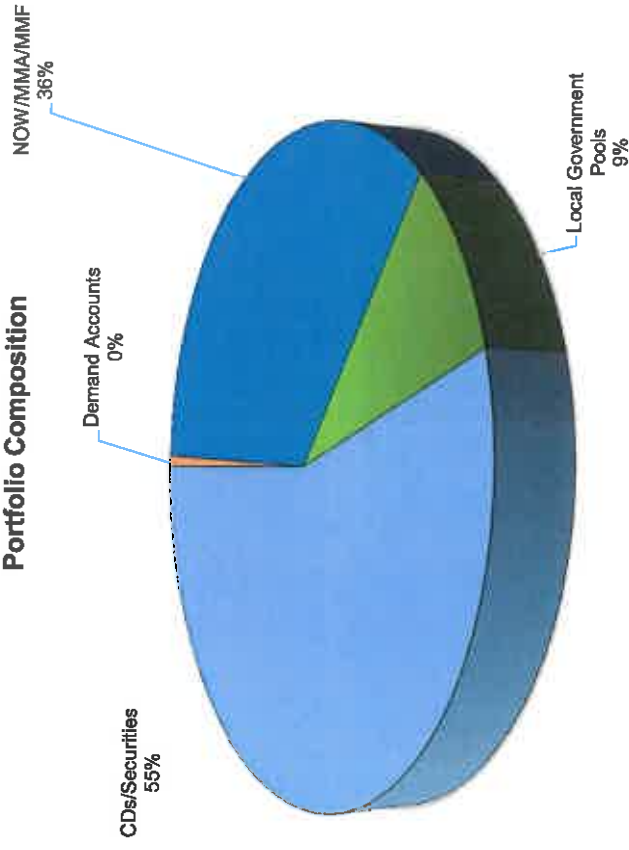
Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Face Amount/ Par Value	Book Value	Market Price	Market Value	Life (Day)	Yield
BOT DDA (3)		0.51%	07/01/19	06/30/19	\$ 314,250	\$ 314,250	1.00	\$ 314,250	1	0.51%
BTH Bank-ICS		2.53%	07/01/19	06/30/19	1,079,656	1,079,656	1.00	1,079,656	1	2.53%
BOT Escrow MMF		1.83%	07/01/19	06/30/19	10,427,780	10,427,780	1.00	10,427,780	1	1.83%
Texas Star Bank MMA		0.25%	07/01/19	06/30/19	248,401	248,401	1.00	248,401	1	0.25%
NexBank MMA		2.66%	07/01/19	06/30/19	8,205,217	8,205,217	1.00	8,205,217	1	2.66%
TexPool	AAA	2.38%	07/01/19	06/30/19	36,135	36,135	1.00	36,135	1	2.38%
TexSTAR	AAA	2.38%	07/01/19	06/30/19	5,106,498	5,106,498	1.00	5,106,498	1	2.38%
East West Bank		2.60%	07/01/19	05/29/18	324,000	324,000	100.00	324,000	1	2.60%
East West Bank		2.60%	07/01/19	05/29/18	336,000	336,000	100.00	336,000	1	2.60%
Landmark Bank		2.56%	07/18/19	04/18/19	480,000	480,000	100.00	480,000	18	2.56%
Landmark Bank		2.56%	07/18/19	04/18/19	990,000	990,000	100.00	990,000	18	2.56%
East West Bank		2.62%	07/29/19	05/29/18	1,450,000	1,450,000	100.00	1,450,000	29	2.62%
Origin Bank		2.72%	07/29/19	01/29/19	500,000	500,000	100.00	500,000	29	2.72%
LegacyTexas		1.51%	08/16/19	06/15/16	1,300,000	1,300,000	100.00	1,300,000	47	1.51%
East West Bank		2.65%	08/29/19	05/29/18	725,000	725,000	100.00	725,000	60	2.65%
East West Bank		2.68%	09/30/19	05/29/18	1,450,000	1,450,000	100.00	1,450,000	92	2.68%
Landmark Bank		2.59%	10/18/19	04/18/19	220,000	220,000	100.00	220,000	110	2.59%
Landmark Bank		2.59%	10/18/19	04/18/19	838,000	838,000	100.00	838,000	110	2.59%
Landmark Bank		2.59%	10/18/19	04/18/19	525,000	525,000	100.00	525,000	110	2.59%
LegacyTexas		2.72%	12/16/19	05/25/18	1,450,000	1,450,000	100.00	1,450,000	169	2.72%
LegacyTexas		2.20%	12/19/19	12/19/17	1,150,000	1,150,000	100.00	1,150,000	172	2.20%
East West Bank		2.58%	01/15/20	04/15/19	534,000	534,000	100.00	534,000	199	2.58%
East West Bank		2.58%	01/15/20	04/15/19	1,575,000	1,575,000	100.00	1,575,000	199	2.58%
Landmark Bank		1.77%	01/30/20	10/30/17	1,400,000	1,400,000	100.00	1,400,000	214	1.77%
LegacyTexas		2.85%	03/16/20	05/25/18	1,450,000	1,450,000	100.00	1,450,000	260	2.85%
Cap Tex Bank		2.60%	04/22/20	04/22/19	356,000	356,000	100.00	356,000	297	2.60%
Cap Tex Bank		2.60%	04/22/20	04/22/19	1,575,000	1,575,000	100.00	1,575,000	297	2.60%
Landmark Bank		2.78%	04/29/20	01/29/19	4,000,000	4,000,000	100.00	4,000,000	304	2.78%
East West Bank		2.57%	07/15/20	04/15/19	1,075,000	1,075,000	100.00	1,075,000	381	2.57%
Origin Bank		2.24%	09/04/20	12/04/17	1,200,000	1,200,000	100.00	1,200,000	432	2.24%
Cap Tex Bank		2.65%	10/22/20	04/22/19	825,000	825,000	100.00	825,000	480	2.65%
East West Bank		3.00%	10/25/20	09/20/18	1,900,000	1,900,000	100.00	1,900,000	483	3.00%
East West Bank		2.55%	01/14/21	04/15/19	825,000	825,000	100.00	825,000	564	2.55%
Green Bank		2.65%	03/22/21	03/21/18	937,000	937,000	100.00	937,000	631	2.65%
Cap Tex Bank		2.74%	04/17/21	04/17/19	1,308,000	1,308,000	100.00	1,308,000	657	2.74%
					\$ 56,115,936	\$ 56,115,936				\$ 56,115,936
										143
										2.40%
										(1)
										(2)

(1) Weighted average life - For purposes of calculating weighted average life, bank accounts, pools and money market funds are assumed to have an one day maturity.

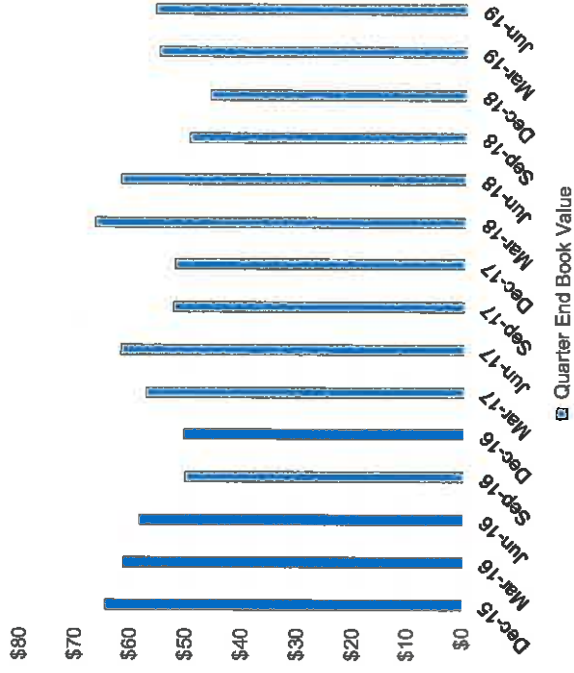
(2) Weighted average yield to maturity - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for bank accounts, pools, and money market funds.

(3) Earnings Credit - The Authority's depository accounts provide an earnings credit on balances which is used to offset bank fees. The reported rate is estimated based on fees offset and average balances.

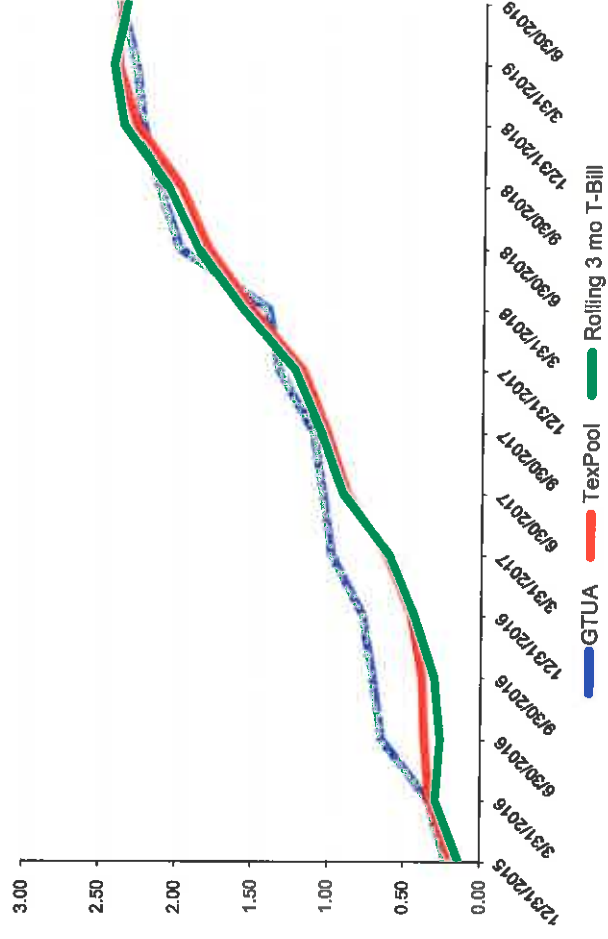
Portfolio Composition



Total Portfolio (Millions)



Total Portfolio Performance



Book Value Comparison

Description	Coupon/ Discount	Maturity Date	March 31, 2019			June 30, 2019		
			Face Amount/ Par Value		Book Value	Face Amount/ Par Value		Book Value
BOT	0.51%	07/01/19	\$	378,888	\$	378,888	\$	314,250
BTH Bank-ICS	2.53%	07/01/19		1,072,705		1,072,705		\$
BOT Escrow MMF	1.83%	07/01/19		18,744,888		18,744,888		1,079,656
Texas Star Bank MMA	0.25%	07/01/19		248,244		248,244	(8,317,108)	10,427,780
NexBank MMA	2.66%	07/01/19		7,193,836		7,193,836		248,401
TexPool	2.38%	07/01/19		35,919		35,919		8,205,217
TexSTAR	2.38%	07/01/19		5,878,622		5,878,622	(772,124)	36,135
								5,106,498
East West Bank	2.50%	05/29/19		725,000		725,000	(725,000)	-
LegacyTexas	2.53%	05/29/19		320,000		320,000	(320,000)	-
LegacyTexas	2.53%	05/29/19		1,250,000		1,250,000	(1,250,000)	-
East West Bank	2.60%	07/01/19		324,000		324,000		324,000
East West Bank	2.60%	07/01/19		336,000		336,000		336,000
Landmark Bank	2.56%	07/18/19		-		-		480,000
Landmark Bank	2.56%	07/18/19		-		-		990,000
East West Bank	2.62%	07/29/19		1,450,000		1,450,000		1,450,000
Origin Bank	2.72%	07/29/19		500,000		500,000		500,000
LegacyTexas	1.51%	08/16/19		1,300,000		1,300,000		1,300,000
East West Bank	2.65%	08/29/19		725,000		725,000		725,000
East West Bank	2.68%	09/30/19		1,450,000		1,450,000		1,450,000
Landmark Bank	2.59%	10/18/19		-		-		220,000
Landmark Bank	2.59%	10/18/19		-		-		838,000
Landmark Bank	2.59%	10/18/19		-		-		525,000
LegacyTexas	2.72%	12/16/19		1,450,000		1,450,000		1,450,000
LegacyTexas	2.20%	12/19/19		1,150,000		1,150,000		1,150,000
East West Bank	2.58%	01/15/20		-		-		534,000
East West Bank	2.58%	01/15/20		-		-		1,575,000
Landmark Bank	1.77%	01/30/20		1,400,000		1,400,000		1,575,000
LegacyTexas	2.85%	03/16/20		1,450,000		1,450,000		1,400,000
Cap Tex Bank	2.60%	04/22/20		-		-		1,450,000
Cap Tex Bank	2.60%	04/22/20		-		-		356,000
Landmark Bank	2.78%	04/29/20		4,000,000		4,000,000		1,575,000
East West Bank	2.57%	07/15/20		-		-		4,000,000
Origin Bank	2.24%	09/04/20		1,200,000		1,200,000		1,075,000
Cap Tex Bank	2.65%	10/22/20		-		-		1,200,000
								825,000

Book Value Comparison

Description	Coupon/ Discount	Maturity Date	March 31, 2019		June 30, 2019	
			Face Amount/ Par Value	Book Value	Purchases/ Adjustments	Sales/Adjust/ Call/Maturity
			Par Value	Book Value	Adjustments	Call/Maturity
East West Bank	3.00%	10/25/20	1,900,000	1,900,000		
East West Bank	2.55%	01/14/21	-	-	825,000	
Green Bank	2.65%	03/22/21	937,000	937,000		
Cap Tex Bank	2.74%	04/17/21	-	-	1,308,000	
TOTAL			\$ 55,420,102	\$ 55,420,102	\$ 12,144,704	\$ (11,448,870)
				\$ 56,115,936		\$ 56,115,936

Market Value Comparison

Description	Coupon/ Discount	Maturity Date	March 31, 2019			June 30, 2019		
			Face Amount/ Par Value	Market Value	Purchases/ Adjustments	Sales/Adjust/ Call/Maturity	Face Amount/ Par Value	Market Value
BOT	0.51%	07/01/19	\$	378,888	\$	\$	314,250	\$
BTH Bank-ICS	2.53%	07/01/19	1,072,705	1,072,705	-	(64,638)	1,079,656	1,079,656
BOT Escrow MMF	1.83%	07/01/19	18,744,888	18,744,888	6,951	(8,317,108)	10,427,780	10,427,780
Texas Star Bank MMA	0.25%	07/01/19	248,244	248,244	156		248,401	248,401
NexBank MMA	2.66%	07/01/19	7,193,836	7,193,836	1,011,381		8,205,217	8,205,217
TexPool	2.38%	07/01/19	35,919	35,919	216		36,135	36,135
TexSTAR	2.38%	07/01/19	5,878,622	5,878,622		(772,124)	5,106,498	5,106,498
East West Bank	2.50%	05/29/19	725,000	725,000		(725,000)	-	-
LegacyTexas	2.53%	05/29/19	320,000	320,000		(320,000)	-	-
LegacyTexas	2.53%	05/29/19	1,250,000	1,250,000		(1,250,000)	-	-
East West Bank	2.60%	07/01/19	324,000	324,000			324,000	324,000
East West Bank	2.60%	07/01/19	336,000	336,000			336,000	336,000
Landmark Bank	2.56%	07/18/19	-	-	480,000		480,000	480,000
Landmark Bank	2.56%	07/18/19	-	-	990,000		990,000	990,000
East West Bank	2.62%	07/29/19	1,450,000	1,450,000			1,450,000	1,450,000
Origin Bank	2.72%	07/29/19	500,000	500,000			500,000	500,000
LegacyTexas	1.51%	08/16/19	1,300,000	1,300,000			1,300,000	1,300,000
East West Bank	2.65%	08/29/19	725,000	725,000			725,000	725,000
East West Bank	2.68%	09/30/19	1,450,000	1,450,000			1,450,000	1,450,000
Landmark Bank	2.59%	10/18/19	-	-	220,000		220,000	220,000
Landmark Bank	2.59%	10/18/19	-	-	838,000		838,000	838,000
Landmark Bank	2.59%	10/18/19	-	-	525,000		525,000	525,000
LegacyTexas	2.72%	12/16/19	1,450,000	1,450,000			1,450,000	1,450,000
LegacyTexas	2.20%	12/19/19	1,150,000	1,150,000			1,150,000	1,150,000
East West Bank	2.58%	01/15/20	-	-	534,000		534,000	534,000
East West Bank	2.58%	01/15/20	-	-	1,575,000		1,575,000	1,575,000
Landmark Bank	1.77%	01/30/20	1,400,000	1,400,000			1,400,000	1,400,000
LegacyTexas	2.85%	03/16/20	1,450,000	1,450,000			1,450,000	1,450,000
Cap Tex Bank	2.60%	04/22/20	-	-	356,000		356,000	356,000
Cap Tex Bank	2.60%	04/22/20	-	-	1,575,000		1,575,000	1,575,000
Landmark Bank	2.78%	04/29/20	4,000,000	4,000,000			4,000,000	4,000,000
East West Bank	2.57%	07/15/20	-	-	1,075,000		1,075,000	1,075,000
Origin Bank	2.24%	09/04/20	1,200,000	1,200,000			1,200,000	1,200,000
Cap Tex Bank	2.65%	10/22/20	-	-	825,000		825,000	825,000

Market Value Comparison

Description	Coupon/ Discount	Maturity Date	March 31, 2019		June 30, 2019		
			Face Amount/ Par Value	Market Value	Purchases/ Adjustments	Sales/Adjust/ Call/Maturity	Face Amount/ Par Value
							Market Value
East West Bank	3.00%	10/25/20	1,900,000	1,900,000			1,900,000
East West Bank	2.55%	01/14/21	-	-	825,000		825,000
Green Bank	2.65%	03/22/21	937,000	937,000			937,000
Cap Tex Bank	2.74%	04/17/21	-	-	1,308,000		1,308,000
TOTAL			\$ 55,420,102	\$ 55,420,102	\$ 12,144,704	\$ (11,448,870)	\$ 56,115,936

**Allocation by Fund
Book & Market Value**

June 30, 2019

	Maturity	Investment		General	Construction	TWDB Escrow - Sherman (456, 558 & 570)		
		\$	Total			Bond I&S	Revenue	Reserve
BOT			314,250	\$ 314,250				
BTH Bank-ICS			1,079,656		1,079,656			
BOT Escrow MMF			10,427,780		6,574,759	3,853,021		
Texas Star Bank MMA			248,401					248,401
NexBank MMA			8,205,217		2,680,715	5,524,502		
TexPool			36,135	36,029			106	
TexSTAR			5,106,498	515,016	1,601,022	2,023,520	588,100	378,840
East West Bank	07/01/19		324,000		324,000			
East West Bank	07/01/19		336,000		336,000			
Landmark Bank	07/18/19		480,000		480,000			
Landmark Bank	07/18/19		990,000		990,000			
East West Bank	07/29/19		1,450,000		1,450,000			
Origin Bank	07/29/19		500,000			500,000		
LegacyTexas	08/16/19		1,300,000					
East West Bank	08/29/19		725,000		725,000			1,300,000
East West Bank	09/30/19		1,450,000		1,450,000			
Landmark Bank	10/18/19		220,000		220,000			
Landmark Bank	10/18/19		838,000		838,000			
Landmark Bank	10/18/19		525,000		525,000			
LegacyTexas	12/16/19		1,450,000		1,450,000			
LegacyTexas	12/19/19		1,150,000					
East West Bank	01/15/20		534,000		534,000			1,150,000
East West Bank	01/15/20		1,575,000		1,575,000			
Landmark Bank	01/30/20		1,400,000					1,400,000
LegacyTexas	03/16/20		1,450,000		1,450,000			
Cap Tex Bank	04/22/20		356,000		356,000			
Cap Tex Bank	04/22/20		1,575,000		1,575,000			
Landmark Bank	04/29/20		4,000,000		4,000,000			
East West Bank	07/15/20		1,075,000		1,075,000			
Origin Bank	09/04/20		1,200,000					1,200,000
Cap Tex Bank	10/22/20		825,000		825,000			
East West Bank	10/25/20		1,900,000					1,900,000
East West Bank	01/14/21		825,000		825,000			
Green Bank	03/22/21		937,000					937,000
Cap Tex Bank	04/17/21		1,308,000					1,308,000
Totals		\$ 56,115,936	\$ 865,295	\$ 32,939,152	\$ 4,353,021	\$ 7,548,022	\$ 588,206	\$ 9,822,241

**Allocation by Fund
Book & Market Value**

March 31, 2019

	Maturity	Investment		General	Construction	TWDB Escrow - Sherman (456, 558 & 570)	Bond I&S	Revenue	Reserve
		Total	\$						
BOT		378,888	\$	378,888					
BTH Bank-ICS		1,072,705			1,072,705				
BOT Escrow MMF		18,744,888			15,676,039	3,068,849			
Texas Star Bank MMA		248,244							248,244
NexBank MMA		7,193,836			2,680,715		4,513,121		
TexPool		35,919		35,813				106	
TexSTAR		5,878,622		503,380	1,766,761		1,491,747	527,142	1,589,590
East West Bank	05/29/19	725,000			725,000				
LegacyTexas	05/29/19	320,000			320,000				
LegacyTexas	05/29/19	1,250,000				1,250,000			
East West Bank	07/01/19	324,000			324,000				
East West Bank	07/01/19	336,000			336,000				
East West Bank	07/29/19	1,450,000			1,450,000				
Origin Bank	07/29/19	500,000				500,000			
LegacyTexas	08/16/19	1,300,000							1,300,000
East West Bank	08/29/19	725,000			725,000				
East West Bank	09/30/19	1,450,000			1,450,000				
LegacyTexas	12/16/19	1,450,000			1,450,000				
LegacyTexas	12/19/19	1,150,000							1,150,000
Landmark Bank	01/30/20	1,400,000							1,400,000
LegacyTexas	03/16/20	1,450,000			1,450,000				
Landmark Bank	04/29/20	4,000,000			4,000,000				
Origin Bank	09/04/20	1,200,000							1,200,000
East West Bank	10/25/20	1,900,000							1,900,000
Green Bank	03/22/21	937,000							937,000
Totals		\$ 55,420,102	\$	918,081	\$ 33,426,220	\$ 4,818,849	\$ 6,004,868	\$ 527,248	\$ 9,724,835

ATTACHMENT VIII



GREATER TEXOMA UTILITY AUTHORITY

AGENDA COMMUNICATION

DATE: August 12, 2019

SUBJECT: AGENDA ITEM NO. VIII

CONSIDER AND ACT UPON AN ENGAGEMENT LETTER FOR INDEPENDENT AUDIT SERVICES FOR FISCAL YEAR 2018-2019

ISSUE

Consideration of an engagement letter for independent audit services for FY 2018-2019.

BACKGROUND

The Authority is required by its enabling legislation and the bond holders of securities issued by the Authority to provide an annual independent audit of its operations.

In 2017 the Board authorized Hankins, Eastup, Deaton, Tonn and Seay to be awarded the audit services agreement, if they agreed not to increase rates more than 2% each year. Hankins, Eastup, Deaton, Tonn and Seay agreed to hold the increase to 2% per year.

CONSIDERATIONS

The Audit Proposals were for a 5-year term and the price proposed for this upcoming Audit is \$36,200 which is 1.97% increase from last year. The Authority staff is familiar with the Hankins, Eastup, Deaton, Tonn & Seay staff, and feels their audit services are satisfactory.

STAFF RECOMMENDATIONS

The staff recommends the Board authorize an engagement letter with Hankins, Eastup, Deaton, Tonn & Seay to perform the Authority's FY 2018-2019 Audit.

ATTACHMENTS

Engagement Letter

PREPARED AND SUBMITTED BY:

Drew Satterwhite, P.E., General Manager

RECOMMENDED BY:

Debi Atkins, Finance Officer

Members:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

**HANKINS, EASTUP, DEATON,
TONN & SEAY**
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

902 NORTH LOCUST
P.O. BOX 977
DENTON, TX 76202-0977
TEL. (940) 387-8563
FAX (940) 383-4746

July 29, 2019

To the Board of Directors
Greater Texoma Utility Authority
Denison, Texas 75020

We are pleased to confirm our understanding of the services we are to provide Greater Texoma Utility Authority ("the Authority") for the year ended September 30, 2019. We will audit the financial statements of the business activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of Greater Texoma Utility Authority, as of and for the year ended September 30, 2019. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Authority's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Authority's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis.

We have also been engaged to report on supplementary information other than RSI that accompanies the Authority's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and we will provide an opinion on it in relation to the financial statements as a whole:

1. Schedule of expenditures of federal awards.

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditors' report will not provide an opinion or any assurance on that other information:

1. Comprehensive Annual Financial Report Introductory Section.
2. Comprehensive Annual Financial Report Statistical Section.

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements taken as a whole. The objective also includes reporting on –

- Internal control over financial reporting and compliance with laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major programs in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Board of Directors of the Authority. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

Audit Procedures – General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Authority or to acts by management or employees acting on behalf of the Authority. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures – Internal Controls

Our audit will include obtaining an understanding of the Authority and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures – Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Authority's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of test of transactions and other applicable procedures described in the *OMB Compliance Supplement* (if applicable) for the types of compliance requirements that could have a direct and material effect on each of the Authority's major programs. The purpose of these procedures will be to express an opinion on the Authority's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Management Responsibilities

Management is responsible for (1) establishing and maintaining effective internal controls, including internal controls over federal awards, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedules of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) access to personnel, accounts, books, records, supporting

documentation, and other information as needed to perform an audit under the Uniform Guidance, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the Authority from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Authority involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Authority received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Authority complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) that you believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have

disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Audit Administration, Fees, and Other

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditor's reports or nine months after the end of the audit period.

We will provide copies of our reports to the Authority; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Hankins, Eastup, Deaton, Tonn & Seay, P.C. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the Texas Education Agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Hankins, Eastup, Deaton, Tonn & Seay, P.C. personnel. Furthermore, upon request, we may provide photocopies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other government agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Texas Education Agency. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to issue our reports no later than January 6, 2020. Carl Deaton is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. Our fee for these services will be \$36,200. Our invoice for this fee will be rendered at the completion of the audit and is payable on presentation. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will

not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2018 peer review report accompanies this engagement letter.

We appreciate the opportunity to be of service to Greater Texoma Utility Authority and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,



Hankins, Eastup, Deaton, Tonn & Seay
A Professional Corporation
Certified Public Accountants
Denton, Texas

RESPONSE:

This letter correctly sets forth the understanding of Greater Texoma Utility Authority.

Management signature:

By: _____

Title: _____

Date: _____

Board of Directors signature:

By: _____

Title: _____

Date: _____



M. Vail & Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
AUDIT, TAX AND ADVISORY SERVICES

Michael G. Vail, CPA
Charles T. Gregg, CPA
Don E. Graves, CPA
Dinesh Pal, CISA

Members:
American Institute of CPAs
Texas Society of CPAs

Report on the Firm's System of Quality Control

April 1, 2019

To: The Partners of Hankins, Eastup, Deaton, Tonn & Seay, PC and the
Peer Review Committee of the Texas Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice Hankins, Eastup, Deaton, Tonn & Seay, PC (the firm) in effect for the year ended February 28, 2018. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards* including compliance audits under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion the system of quality control for the accounting and auditing practice of Hankins, Eastup, Deaton, Tonn & Seay, PC in effect for the year ended February 28, 2018 has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency*, or *fail*. Hankins, Eastup, Deaton, Tonn & Seay, PC has received a peer review rating of *pass*.

A handwritten signature in black ink that reads "M. Vail & Associates, P.C." in a cursive, flowing script.

M. Vail & Associates, P.C.

ATTACHMENT IX



GREATER TEXOMA UTILITY AUTHORITY AGENDA COMMUNICATION

DATE: August 13, 2019

SUBJECT: AGENDA ITEM NO. IX

CONSIDER AND ACT UPON AWARD OF CONTRACT FOR CITY OF GUNTER WATER SYSTEM IMPROVEMENTS PROJECT B – WATER WELL.

ISSUE

Consider and act upon award of contract for the City of Gunter Water System Improvements Project B.

BACKGROUND

In late 2017, the City of Gunter Mayor and Staff approached the Authority staff to request assistance with obtaining funding to construct a well, ground storage tank and pump station. The City currently has two wells in their system with one being substantially larger than the other. The City needs to have another well in their system to provide redundancy if/when the large well goes down, which has happened twice since the City approached the authority for funding. The City is also less than 60 homes away from meeting the Texas Commission on Environmental Quality's ("TCEQ") 0.6 gallons per minute of source water per connection rule. In other words, by the time this well is actually constructed, the City will likely be approaching their minimum well capacity per TCEQ rules.

The Authority, on behalf of the City of Gunter, was approved for funding from the Texas Water Development Board's ("TWDB") Drinking Water State Revolving Fund ("DWSRF") for a loan in the amount of \$3,415,000. The DWSRF offers a 1.35% interest rate subsidy which brought the interest rate on this 30 year bond series to 2.45%. The TWDB estimates that by utilizing this program, the City of Gunter could save approximately \$762,000 over the loan.

The project is being separated into two projects with Project A including: (1) a 250,000-gallon ground storage tank; (2) pump station; (3) disinfection facilities; (4) generator; (5) SCADA; (6) water line from the pump station to J.C. Maples Road; and (7) appurtenances. Project B includes a new water well and appurtenances.

CONSIDERATIONS

One (1) contractor submitted a bid for Project B – Water Well. The low bidder was Hall Resources, LLC dba THI Water Well of Bowie, Texas in the Base Bid amount of \$1,156,189.00 and a construction time of 180 calendar days.

Freeman-Millican, Inc., engineers, recommend award of the contract to Hall Resources, LLC dba THI Water Well in the Base Bid amount of \$1,156,189.00 and 180 calendar days. The City of Gunter Council approved the Authority to award contract at their June 20, 2019 meeting.

STAFF RECOMMENDATIONS

The Authority staff recommends that the Board award the contract for City of Gunter Water System Improvements Project B to Hall Resources, LLC dba THI Water Well in the Base Bid amount of \$1,156,189.00 and 180 calendar days.



GREATER TEXOMA UTILITY AUTHORITY AGENDA COMMUNICATION

PAGE 2

ATTACHMENTS

Engineer Letter of Recommendation
Bid Tabulation

PREPARED AND SUBMITTED BY:

Drew Satterwhite, P.E., General Manager

VICTOR ACUY, P.E.
RICHARD A. DORMIER, P.E.
JOHN D. GATTIS, A.I.A.
MARK D. HILL, P.E.
DAMIR LULO, P.E.
MICHAEL K. STACEY, P.E.
LARRY J. FREEMAN, P.E.

May 13, 2019

Mr. Lee Lawrence
City Administrator
City of Gunter
P. O. Box 826
Forney, Texas 75126

Re: Recommendation of Award
Gunter/GTUA 2018 Water System Improvements
Project B – Water Well

Dear Mr. Lawrence:

Sealed bids for the above referenced project were received on May 6, 2019 at 2:00 p.m. at Gunter City Hall.

Twenty Eight (28) companies identified as "General Contractors" in CivCast downloaded the bid documents. One (1) contractor submitted a bid for Project B – Water Well. The low bid was Hall Resources, LLC dba THI Water Well of Bowie, Texas in the Base Bid amount of \$1,156,189.00 and a construction time of 180 calendar days. The complete bid tabulation is attached. Please note that the calendar days was provided after the bid opening since it was inadvertently omitted from the Proposal.

We have checked references for THI Water Well, which have been positive. We recommend award of the contract to Hall Resources, LLC dba THI Water Well in the Base Bid amount of \$1,156,189.00 and 180 calendar days.

Please note that a Notice of Award cannot be issued until GTUA awards the project, which requires approval from TCEQ, TWDB and the Red River Groundwater Conservation District (RRGCD).

Sincerely,
FREEMAN - MILLICAN, INC.

Mark D. Hill, P.E.

Mark D. Hill, P.E.
Project Manager

Attachment



F:\18001 - GUNTER 2018 Water Improvements\6 - Bidding\Ltr of Recommendation.docx

BID TABULATION

OWNER: Guter/GTUA		Contractor		Gracon Construction Inc		Joe Funk Construction		Hall Resources dba T-H Water	
PROJECT: 2016 Water Systems Improvements		Address		4343 Lessor Rd		11226 Indian Trail		PO Box 1419	
ENGINEER: FREEMAN-MILLICAN, INC.		City, State		Mesquite, TX 75181		Dallas, TX 75228		Bowie, TX 76230	
BID DATE: May 6, 2019		Phone		512-888-5125		972-222-8633		940-872-8633	
ITEM NO.		DESCRIPTION		QUANTITY		UNIT		TOTAL AMOUNT	

BASE BID PROJECT A

PA.1	Mobilization/Demobilization	1	LS	\$75,000.00	\$75,000.00	\$130,000.00	\$130,000.00	\$38,350.00	\$38,350.00	NO BID
PA.2	High Service Pump Station	1	LS	\$933,165.00	\$933,165.00	\$1,304,000.00	\$1,304,000.00	\$1,137,500.00	\$1,137,500.00	NO BID
PA.3	3 - 600 gpm pumps	1	LS	\$80,160.00	\$80,160.00	\$54,000.00	\$54,000.00	\$195,000.00	\$195,000.00	NO BID
PA.4	12" PVC Waterline by open cut	2253	LF	\$48.00	\$103,638.00	\$100.00	\$225,300.00	\$84.50	\$190,378.50	NO BID
PA.5	12" PVC Waterline by bore & Steel Encase	43	LF	\$860.00	\$36,980.00	\$900.00	\$39,700.00	\$338.00	\$14,534.00	NO BID
PA.6	8" PVC Waterline by open cut	526	LF	\$30.00	\$15,780.00	\$80.00	\$42,080.00	\$58.50	\$30,771.00	NO BID
PA.7	12" Waterline connection	1	EA	\$12,215.00	\$12,215.00	\$8,000.00	\$8,000.00	\$5,200.00	\$5,200.00	NO BID
PA.8	Fire Hydrant Units	2	EA	\$7,180.00	\$14,360.00	\$7,000.00	\$14,000.00	\$6,500.00	\$13,000.00	NO BID
PA.9	12" Gate Valve	6	EA	\$3,076.00	\$18,456.00	\$5,000.00	\$30,000.00	\$3,087.50	\$18,525.00	NO BID
PA.10	8" Gate Valve	2	EA	\$4,134.00	\$8,268.00	\$4,000.00	\$8,000.00	\$2,275.00	\$4,550.00	NO BID
PA.11	Gravel Driveway Repair	20	SY	\$53.00	\$1,060.00	\$110.00	\$2,200.00	\$45.50	\$910.00	NO BID
PA.12	Pipeline Trench Safety System	2878	LF	\$5.00	\$14,395.00	\$1.00	\$2,878.00	\$6.50	\$18,713.50	NO BID
PA.13	Erosion Control	1	LS	\$6,030.00	\$6,030.00	\$7,000.00	\$7,000.00	\$19,175.00	\$19,175.00	NO BID
PA.14	250,000 Gal Prestressed Concrete Tank	1	LS	\$739,550.00	\$739,550.00	\$665,000.00	\$665,000.00	\$960,000.00	\$960,000.00	NO BID
PA.15	Chain Link Fence	620	LF	\$32.00	\$19,840.00	\$30.00	\$18,600.00	\$58.50	\$36,270.00	NO BID
PA.16	Double Leaf Gate	1	LS	\$3,084.00	\$3,084.00	\$3,000.00	\$3,000.00	\$2,600.00	\$2,600.00	NO BID
PA.17	TPDES General Permit Compliance	1	LS	\$4,500.00	\$4,500.00	\$2,000.00	\$2,000.00	\$5,005.00	\$5,005.00	NO BID
PA.18	Seeding	808	SY	\$8.00	\$6,464.00	\$5.00	\$3,040.00	\$2.80	\$1,575.60	NO BID
PA.19	Contingency Allowance	1	LS	\$50,000.00	\$50,000.00	\$50,000.00	\$50,000.00	\$50,000.00	\$50,000.00	NO BID
ADDED/DEDUCT BID ITEMS (PROJECT A)										
PA.20	Additional Cost for 150 Hp Well Pump	1	LS			NO BID	\$17,000.00		\$32,500.00	NO BID
BASE BID PROJECT B										
PB.1	Test Hole	2500	VF			NO BID				\$212,500.00
PB.2	Electric Log	1	LS			NO BID				\$11,000.00
PB.3	Develop 400 gpm well	1	LS			NO BID				\$747,888.00
PB.4	400 gpm Submersible Well Pump	1	LS			NO BID				\$117,421.00
PB.5	Temporary Power	1	LS			NO BID				\$5,300.00
PB.6	38 Hour Pump Test	1	LS			NO BID				\$47,000.00
PB.7	Contingency Allowance	1	LS			NO BID				\$15,000.00
ADDED/DEDUCT BID ITEMS (PROJECT B)										
PB.8	Test Hole	1	VF			NO BID				\$30.00
PB.9	12" Steel Casing	1	VF			NO BID				\$45.00
PB.10	Grouting of Well	1	VF			NO BID				\$27.00
PB.11	Well Screen	1	VF			NO BID				\$80.00
PB.12	Blank Liner	1	VF			NO BID				\$24.00
PB.13	Gravel Pack	1	VF			NO BID				\$45.00
PB.14	8" Discharge Column	1	VF			NO BID				\$50.00
PB.15	Submersible Pump Cable	1	VF			NO BID				\$18.50
PB.16	Additional Cost for 150 Hp Well Pump	1	LS			NO BID				\$49,500.00
TOTAL AMOUNT OF BASE BID - PROJECT A										
Time of Completion (Calendar Days)				\$2,153,329.00		\$2,607,789.00		\$0.00		
TOTAL AMOUNT OF BASE BID - PROJECT B (Water Well)				420		\$0.00		\$0.00		
Time of Completion (Calendar Days)				\$0.00		\$0.00		\$1,156,189.00		

* Calendar Days provided verbally at bid opening



SPECIALIZED PUBLIC FINANCE INC.
FINANCIAL ADVISORY SERVICES

Greater Texoma Utility Authority (Sherman)
Timetable for Issuance of
\$2,895,000
Contract Revenue Bonds, Series 2019-A (Open Market)

- | | |
|------------------------------|-------------------------------------------------------------------------------------------------------|
| Monday, August 19, 2019* | • Authority Board approves delegated sale authority. |
| Friday, August 23, 2019 | • Preliminary Official Statement (POS) is electronically distributed for comments. |
| Friday, September 6, 2019 | • POS comments returned to FA. |
| | • Applications made for rating. |
| Thursday, September 19, 2019 | • Preliminary Official Statement (POS) is electronically posted on I-Deal. |
| Monday, September 30, 2019 | • Rating response due. |
| Thursday, October 3, 2019 | • Bid accepted for Series 2019-B Bonds. General Manager awards sale pursuant to Delegation Authority. |
| Monday, October 7, 2019 | • City of Sherman consents to issuance of Series 2019-B Bonds. |
| Tuesday, October 29, 2019 | • Closing. Bond proceeds distributed according to Closing Instruction Letter. |

* Regular Authority Board Meeting.

ATTACHMENT X



GREATER TEXOMA UTILITY AUTHORITY AGENDA COMMUNICATION

DATE: August 13, 2019

SUBJECT: AGENDA ITEM NO. X

CONSIDER AND ACT UPON AWARD OF CONTRACT AND CHANGE ORDER NO. 1 FOR CITY OF GUNTER WATER SYSTEM IMPROVEMENTS PROJECT A – HIGH SERVICE PUMP STATION, GROUND STORAGE TANK, PIPELINE.

ISSUE

Consider and act upon award of contract for the City of Gunter Water System Improvements Project A.

BACKGROUND

In late 2017, the City of Gunter Mayor and Staff approached the Authority staff to request assistance with obtaining funding to construct a well, ground storage tank and pump station. The City currently has two wells in their system with one being substantially larger than the other. The City needs to have another well in their system to provide redundancy if/when the large well goes down, which has happened twice since the City approached the authority for funding. The City is also less than 60 homes away from meeting the Texas Commission on Environmental Quality's ("TCEQ") 0.6 gallons per minute of source water per connection rule. In other words, by the time this well is actually constructed, the City will likely be approaching their minimum well capacity per TCEQ rules.

The Authority, on behalf of the City of Gunter, was approved for funding from the Texas Water Development Board's ("TWDB") Drinking Water State Revolving Fund ("DWSRF") for a loan in the amount of \$3,415,000. The DWSRF offers a 1.35% interest rate subsidy which brought the interest rate on this 30 year bond series to 2.45%. The TWDB estimates that by utilizing this program, the City of Gunter could save approximately \$762,000 over the loan.

The project is being separated into two projects with Project A including: (1) a 250,000-gallon ground storage tank; (2) pump station; (3) disinfection facilities; (4) generator; (5) SCADA; (6) water line from the pump station to J.C. Maples Road; and (7) appurtenances. Project B includes a new water well and appurtenances.

CONSIDERATIONS

Three (3) contractors submitted a bid for Project A – High Service Pump Station, Ground Storage Tank, and Pipeline. The low bid was Legion Development LLC of Georgetown, Texas in the Base Bid amount of \$2,153,329.00 and a construction time of 300 calendar days. Below is a bid summary:

Contractor	Bid
Legion Development LLC	\$ 2,153,329.00
Gracon Construction Inc.	\$ 2,607,789.00
Joe Funk Construction	\$ 2,742,057.60

The lowest responsive bid for Project A was in excess of the engineer's original estimate. We issued bonds based upon the estimate and therefore do not have available funds to construct the project without a reduction change order. Since the bid opening, the engineer began working with the low bidder to reduce the scope and cost of the project. Most of the items that were reduced were related to the shortening of the waterline tying



GREATER TEXOMA UTILITY AUTHORITY AGENDA COMMUNICATION

PAGE 2

the well into the City's system. The largest reduction came from changing the 250,000 gallon ground storage tank from a pre-stressed concrete tank to a bolted steel tank.

Freeman-Millican, Inc., engineers, recommend award of the contract to Legion Development LLC in the Base Bid amount of \$2,153,329.00 and 300 calendar days. As a simultaneous action, they also recommend authorizing Change Order No. 1 to the contract for a reduction of \$486,967.00 resulting in a revised contract amount of \$1,666,362.00.

The City of Gunter Council approved this at their August 1, 2019 council meeting.

STAFF RECOMMENDATIONS

The Authority staff recommends award of the contract to Legion Development LLC in the Base Bid amount of \$2,153,329.00 and 300 calendar days. As a simultaneous action, we also recommend authorizing Change Order No. 1 to the contract for a reduction of 486,967.00 resulting in a revised contract amount of \$1,666,362.00.

ATTACHMENTS

Engineer Letter of Recommendation
Bid Tabulation
Change Order No. 1

PREPARED AND SUBMITTED BY:

Drew Satterwhite, P.E., General Manager

VICTOR ACUY, P.E.
RICHARD A. DORMIER, P.E.
JOHN D. GATTIS, A.I.A.
MARK D. HILL, P.E.
DAMIR LULO, P.E.
MICHAEL K. STACEY, P.E.
LARRY J. FREEMAN, P.E.

August 1, 2019

Mr. Lee Lawrence
City Administrator
City of Gunter
P. O. Box 826
Forney, Texas 75126

Re: Recommendation of Award
Gunter/GTUA 2018 Water System Improvements
Project A – High Service Pump Station, Ground Storage Tank, Pipeline

Dear Mr. Lawrence:

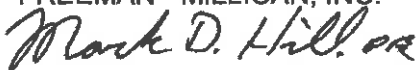
Sealed bids for the above referenced project were received on May 6, 2019 at 2:00 p.m. at Gunter City Hall.

Twenty Eight (28) companies identified as "General Contractors" in CivCast downloaded the bid documents. Three (3) contractors submitted a bid for Project A. The low bid was Legion Development LLC of Georgetown, Texas in the Base Bid amount of \$2,153,329.00 and a construction time of 300 calendar days. The complete bid tabulation is attached. Please note that the calendar days was provided after the bid opening since it was inadvertently omitted from the Proposal.

We have checked references for Legion Development LLC, which have been positive. We recommend award of the contract to Legion Development LLC in the Base Bid amount of \$2,153,329.00 and 300 calendar days.

Please note that a Notice of Award cannot be issued until GTUA awards the project, which requires approval from TCEQ and TWDB.

Sincerely,
FREEMAN - MILLICAN, INC.



Mark D. Hill, P.E.
Project Manager



Attachment

F:\18001 - GUNTER 2018 Water Improvements\6 - Bidding\Ltr of Recommendation - HSP.docx

BID TABULATION

OWNER: Gunter/GTUA		Contractor		Legion Development LLC		Gracion Construction Inc		Joe Funk Construction		Heli Resources dba THI Water	
PROJECT: 2018 Water Systems Improvements		Address		2522 Shell Road		4343 Laster Rd		11220 Indian Trail		PO Box 1419	
ENGINEER: FREEMAN-MILLICAN, INC.		City, State		Georgetown, TX 78628		Mesquite, TX 75181		Dallas, TX 75229		Bowie, TX 76230	
BID DATE: May 8, 2019		Phone		512-688-5125		972-222-9533		972-243-7141		940-872-6633	

ITEM NO.	DESCRIPTION	QUANTITY	UNIT	UNIT PRICE	TOTAL AMOUNT	UNIT PRICE	TOTAL AMOUNT	UNIT PRICE	TOTAL AMOUNT
----------	-------------	----------	------	------------	--------------	------------	--------------	------------	--------------

BASE BID PROJECT A

PA.1	Mobilization/Demobilization	1	LS	\$75,000.00	\$75,000.00	\$130,000.00	\$38,350.00	\$38,350.00	NO BID
PA.2	High Service Pump Station	1	LS	\$933,195.00	\$933,195.00	\$1,304,000.00	\$1,137,500.00	\$1,137,500.00	NO BID
PA.3	3 - 600 gpm pumps	1	LS	\$80,190.00	\$80,190.00	\$54,000.00	\$195,000.00	\$195,000.00	NO BID
PA.4	12" PVC Waterline by open cut	2263	LF	\$46.00	\$103,638.00	\$100.00	\$225,300.00	\$225,300.00	NO BID
PA.5	8" PVC Waterline by bore & Steel Encase	43	LF	\$660.00	\$28,658.00	\$900.00	\$38,700.00	\$38,700.00	NO BID
PA.6	12" PVC Waterline by open cut	526	LF	\$30.00	\$15,780.00	\$80.00	\$42,080.00	\$42,080.00	NO BID
PA.7	12" Waterline connection	1	EA	\$12,215.00	\$12,215.00	\$8,000.00	\$5,200.00	\$5,200.00	NO BID
PA.8	Fire Hydrant Units	2	EA	\$7,180.00	\$14,360.00	\$14,000.00	\$28,000.00	\$28,000.00	NO BID
PA.9	12" Gate Valve	6	EA	\$5,078.00	\$30,468.00	\$30,000.00	\$3,087.50	\$3,087.50	NO BID
PA.10	8" Gate Valve	2	EA	\$4,134.00	\$8,268.00	\$4,000.00	\$8,000.00	\$8,000.00	NO BID
PA.11	Gravel Driveway Repair	20	SY	\$53.00	\$1,060.00	\$110.00	\$2,200.00	\$2,200.00	NO BID
PA.12	Pipeline Trench Safety System	2879	LF	\$5.00	\$14,395.00	\$1.00	\$2,879.00	\$2,879.00	NO BID
PA.13	Erosion Control	1	LS	\$6,030.00	\$6,030.00	\$7,000.00	\$19,175.00	\$19,175.00	NO BID
PA.14	250,000 Gal Prestressed Concrete Tank	1	LS	\$739,590.00	\$739,590.00	\$665,000.00	\$960,000.00	\$960,000.00	NO BID
PA.15	Chain Link Fence	620	LF	\$32.00	\$19,840.00	\$30.00	\$18,600.00	\$18,600.00	NO BID
PA.16	Double Leaf Gate	1	LS	\$3,084.00	\$3,084.00	\$2,000.00	\$2,600.00	\$2,600.00	NO BID
PA.17	TPDES General Permit Compliance	1	LS	\$4,500.00	\$4,500.00	\$2,000.00	\$5,005.00	\$5,005.00	NO BID
PA.18	Seeding	608	SY	\$8.00	\$4,864.00	\$5.00	\$3,040.00	\$3,040.00	NO BID
PA.19	Contingency Allowance	1	LS	\$50,000.00	\$50,000.00	\$50,000.00	\$50,000.00	\$50,000.00	NO BID
ADDED/DEDUCT BID ITEMS (PROJECT A)									
PA.20	Additional Cost for 150 Hp Well Pump	1	LS		NO BID	\$17,000.00	\$32,500.00	\$32,500.00	NO BID

BASE BID PROJECT B

PB.1	Test Hole	2500	VF		NO BID	NO BID	NO BID	\$85.00	\$212,500.00
PB.2	Electric Log	1	LS		NO BID	NO BID	NO BID	\$11,000.00	\$11,000.00
PB.3	Develop 400 gpm well	1	LS		NO BID	NO BID	NO BID	\$747,968.00	\$747,968.00
PB.4	400 gpm Submersible Well Pump	1	LS		NO BID	NO BID	NO BID	\$117,421.00	\$117,421.00
PB.5	Temporary Power	1	LS		NO BID	NO BID	NO BID	\$5,300.00	\$5,300.00
PB.6	36 Hour Pump Test	1	LS		NO BID	NO BID	NO BID	\$47,000.00	\$47,000.00
PB.7	Contingency Allowance	1	LS		NO BID	NO BID	NO BID	\$15,000.00	\$15,000.00
ADDED/DEDUCT BID ITEMS (PROJECT B)									
PB.8	Test Hole	1	VF		NO BID	NO BID	NO BID	\$30.00	\$30.00
PB.9	12" Steel Casing	1	VF		NO BID	NO BID	NO BID	\$45.00	\$45.00
PB.10	Cementing of Well	1	VF		NO BID	NO BID	NO BID	\$27.00	\$27.00
PB.11	Well Screen	1	VF		NO BID	NO BID	NO BID	\$80.00	\$80.00
PB.12	Blank Liner	1	VF		NO BID	NO BID	NO BID	\$24.00	\$24.00
PB.13	Gravel Pack	1	VF		NO BID	NO BID	NO BID	\$45.00	\$45.00
PB.14	8" Discharge Column	1	VF		NO BID	NO BID	NO BID	\$50.00	\$50.00
PB.15	Submersible Pump Cable	1	VF		NO BID	NO BID	NO BID	\$18.50	\$18.50
PB.16	Additional Cost for 150 Hp Well Pump	1	LS		NO BID	NO BID	NO BID	\$48,500.00	\$48,500.00
TOTAL AMOUNT OF BASE BID - PROJECT A									
Time of Completion (Calendar Days)				300		\$2,607,789.00	\$2,742,057.60		\$0.00
TOTAL AMOUNT OF BASE BID - PROJECT B (Water Well)									
Time of Completion (Calendar Days)				420		\$0.00	\$0.00		\$1,158,189.00

* Calendar Days provided verbally at bid opening

CHANGE ORDER No. 1ENGINEER'S Project No.: **18001**PROJECT: **GTUA/Gunter Water System Improvements**CONTRACTOR: **Legion Development LLC**ORIGINAL CONTRACT Amount: **\$ 2,153,329.00** CONTRACT Date: TBD, 2019TO: **Legion Development LLC**
CONTRACTOR

You are directed to make the changes noted below in the subject Contract:

City of Gunter, Texas

Owner

By: _____

Dated: _____

NATURE OF CHANGES:

- 1) Change the ground storage tank from a prestressed concrete tank to a fusion bonded epoxy bolted steel tank.
- 2) Change 12" waterline to a connection on existing 12" waterline on south side of FM121 instead of JC Maples.

A summary of the changes is attached.

These changes result in the following adjustment of Contract Price and Contract Time:

Original Contract Price:	\$ <u>2,153,329.00</u>
Change Order No. 1:	\$ <u>(486,967.00)</u>
New Contract Price:	\$ <u>1,666,362.00</u>
Percent Change:	<u>23%</u>

The Above Changes are Recommended for Approval:

Freeman-Millican, Inc.
Engineer

By: _____
Mark D. Hill, P.E.

Dated: _____

Legions Development LLC
Contractor

By: _____

Dated: _____

DRAFT

ITEM NO.	DESCRIPTION	ORIGINAL BID			CHANGE ORDER 1					
		QUANTITY	UNIT	UNIT PRICE	TOTAL AMOUNT	QUANTITY	UNIT	UNIT PRICE	TOTAL AMOUNT	NET CHANGE
PA.4	12" PVC Waterline by open cut	2253	LF	\$46.00	\$103,638.00	80	LF	\$46.00	\$3,680.00	(\$99,958.00)
PA.5	12" PVC Waterline by bore & Steel Encase	43	LF	\$860.00	\$36,980.00	46	LF	\$860.00	\$39,560.00	\$2,580.00
PA.5A	12" PVC Waterline Steel Encase by Open Cut	0	LF	\$0.00	\$0.00	44	LF	\$285.00	\$12,540.00	\$12,540.00
PA.6	8" PVC Waterline by opne cut	526	LF	\$30.00	\$15,780.00	0	LF	\$30.00	\$0.00	(\$15,780.00)
PA.7	12" Waterline connection	1	EA	\$12,215.00	\$12,215.00	1	EA	\$12,105.00	\$12,105.00	(\$110.00)
PA.8	Fire Hydrant Units	2	EA	\$7,180.00	\$14,360.00	0	EA	\$7,180.00	\$0.00	(\$14,360.00)
PA.9	12" Gate Valve	6	EA	\$5,076.00	\$30,456.00	2	EA	\$5,076.00	\$10,152.00	(\$20,304.00)
PA.10	8" Gate Valve	2	EA	\$4,134.00	\$8,268.00	0	EA	\$4,134.00	\$0.00	(\$8,268.00)
PA.11	Gravel Driveway Repair	20	SY	\$53.00	\$1,060.00	0	SY	\$53.00	\$0.00	(\$1,060.00)
PA.12	Pipeline Trench Safety System	2879	LF	\$5.00	\$14,395.00	114	LF	\$5.00	\$570.00	(\$13,825.00)
PA.14	250,000 Gal Prestressed Concrete Tank	1	LS	\$739,550.00	\$739,550.00	1	LS	\$411,128.00	\$411,128.00	(\$328,422.00)
					\$976,702.00				\$489,735.00	(\$486,967.00)

Mark Hill

From: Ed Albrecht <ed@legionh2o.com>
Sent: Thursday, August 01, 2019 11:23 AM
To: Mark Hill
Subject: Pricing for Gunter

See below the pricing requested.

12" PVC Waterline Line Steel Encased: 40 feet at \$285/ft.

12" Waterline Connection: 1 each at \$12,105.00 each

250,000 Gallon Bolted Tank \$411,128 lump sum.

I will send over in a separate email the quotes from Superior for the tank and Ultraflote for the aluminum dome. Please read through both to make sure all complies with your needs.

This tank number includes the tank, dome roof, disinfection, foundation (to be designed by Superior), Tank piping, Mixer and the City of Gunter Logo in White as shown on the plan provided.

DRAFT

ATTACHMENT XI



GREATER TEXOMA UTILITY AUTHORITY AGENDA COMMUNICATION

DATE: August 13, 2019

SUBJECT: AGENDA ITEM NO. XI

CONSIDER ALL MATTERS INCIDENT ND RELATED TO THE ISSUANCE AND SALE OF "GREATER TEXOMA UTILITY AUTHORITY CONTRACT REVENUE BONDS, SERIES 2019 A (CITY OF SHERMAN PROJECT)", INCLUDING THE ADOPTION OF A RESOLUTION AUTHORIZING THE ISSUANCE OF SUCH BONDS, ESTABLISHING PARAMETERS FOR THE SALE AND ISSUANCE OF SUCH BONDS AND DELEGATING CERTAIN MATTERS TO AUTHORIZED OFFICIALS OF THE AUTHORITY.

ISSUE

Consideration of a resolution authorizing the issuance of GTUA/City of Sherman Contract Revenue Bonds, Series 2019 A (City of Sherman Project).

BACKGROUND

The City of Sherman staff approached the Authority staff requesting financial assistance for the relocation water lines that are located in the TXDOT right-of-way along SH 1417. TXDOT has informed the City of Sherman of the need to relocate the utility lines for the widening of SH 1417. This requirement has made it necessary for the Authority, on behalf of the City of Sherman, to issue additional bonds in the amount of \$2,895,000.

The relocation project will be constructed through TxDOT's contractor, but the City is required to provide the funding prior to the project beginning. TxDOT has requested funding as soon as possible.

CONSIDERATIONS

Due to the necessity to fund the project as soon as possible, the Authority staff contacted Garry Kimball with Specialized Public Finance, and it was determined the best source would be to issue the bonds in the open market.

The Board is being requested to adopt a parameters resolution that would delegate authority to the General Manager to execute bond documents after the bond series has been priced. The City of Sherman Council will consider this issue at their October 7, 2019 council meeting.

STAFF RECOMMENDATIONS

Staff recommends approval of the resolution relating to bond funds issued on behalf of the City of Sherman for relocation of utilities located in the TXDOT right-of-way along FM 1417.

ATTACHMENT

Timetable for Issuance of Contract Revenue Bonds, Series 2019-A (Open Market)
Resolution

PREPARED AND SUBMITTED BY:



Drew Satterwhite, P.E., General Manager

A RESOLUTION by the Board of Directors of the Greater Texoma Utility Authority authorizing the issuance of "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2019A (City of Sherman Project)"; pledging the Pledged Revenue to the payment of the principal of and interest on said Bonds; delegating matters relating to the issuance, sale, and delivery of said Bonds to authorized Authority officials; and resolving other matters incident and related thereto

WHEREAS, the Board of Directors of the Greater Texoma Utility Authority (the "Authority") has determined that Bonds should be authorized at this time to provide funding for the 2019A Project more fully described in Section 1 hereof; and

WHEREAS, the Authority shall by this Resolution, in accordance with the provisions of Chapter 1371, Texas Government Code, as amended, delegate to a Pricing Officer (hereafter designated) the authority to determine the principal amount of Bonds to be issued and negotiate the terms of sale thereof; and

WHEREAS, the Board of Directors of the Authority has determined that the Bonds herein authorized may and shall be issued as Additional Bonds (herein defined) on a parity with the Outstanding Previously Issued Bonds (herein defined) in that:

(a) The Authority is not now in default as to any covenant, condition or obligation contained in the Contract (as hereinafter defined) and the resolutions authorizing the issuance of Outstanding Previously Issued Bonds;

(b) The City of Sherman, Texas, will approve the resolution authorizing the issuance of the Bonds as to form and content and will acknowledge that payment of principal and interest on the Bonds will be made, in whole or in part, by the City of Sherman, Texas, under and pursuant to the Contract;

(c) A consulting engineer has certified to the Authority the need for an estimated amount of additional financing required for completion, expansion, enlargement or improvement of the Project (herein defined);

(d) The Bonds herein authorized shall mature on April 1 and/or October 1 in each of the years in which they are scheduled to mature as provided in the Pricing Certificate;

(e) As provided herein, deposits to the Bond Fund will be sufficient to pay principal of and interest on the Bonds herein authorized as the same become due;

(f) As provided herein, the amount to be accumulated and maintained in the Reserve Fund will be in an amount equal to not less than the average annual requirement (calculated on a Fiscal Year basis) of all Outstanding Bonds Similarly Secured as of the date of the last series of Bonds Similarly Secured after giving effect to the issuance of the Bonds for the payment of principal of and interest on all obligations to be secured by a first lien on and pledge of the Pledged Revenues, and any additional amount to be maintained in the Reserve Fund shall be accumulated within not more than 60 months from the date of the passage of this Resolution; and;

(g) The Authority demonstrated to the Board's Executive Administrator that the Pledged Revenues will be sufficient to pay the Previously Issued Bonds and the Bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE GREATER TEXOMA UTILITY AUTHORITY:

SECTION 1: Authorization - Designation - Principal Amount – Purpose – Bond Date. Revenue bonds of the Authority shall be and are hereby authorized to be issued in the maximum aggregate principal amount hereinafter set forth to be designated and bear the title "GREATER TEXOMA UTILITY AUTHORITY CONTRACT REVENUE BONDS, SERIES 2019A (CITY OF SHERMAN PROJECT)" (herein referred to as the "Bonds"), for the construction, acquisition, and improvement of water and sewer system facilities and necessary appurtenances for use by the City of Sherman, Texas (the "City"), and the payment of all costs incident and related to the acquisition and financing thereof, and the purpose of funding the portion of the Required Reserve Fund Amount attributable to the Bonds, pursuant to authority conferred by and in conformity with the Constitution and the laws of the State of Texas, including Texas Special District Local Laws Code, Chapter 8283 and Chapter 1371, Texas Government Code, as amended. The Bonds shall be dated (the "Bond Date") as provided in the Pricing Certificate.

SECTION 2: Fully Registered Obligations - Terms. The Bonds shall be issued as fully registered obligations, without coupons, and the Bonds (other than the Initial Bond(s) referenced in Section 8 hereof) shall be in denominations of \$5,000 or any integral multiple (within a Stated Maturity) thereof, shall be lettered "R" and numbered consecutively from One (1) upward and principal shall become due and payable on a date certain in each of the years and in amounts (the "Stated Maturities") and bear interest at the rate(s) per annum in accordance with the details of the Bonds as set forth in the Pricing Certificate.

The Bonds shall bear interest on the unpaid principal amounts from the date specified in the Pricing Certificate at the rate(s) per annum shown in Pricing Certificate (calculated on the basis of a 360-day year consisting of twelve 30-day months). Interest on the Bonds shall be payable in each year, on the dates, and commencing on the date, set forth in the Pricing Certificate.

SECTION 3: Delegation of Authority to Pricing Officer.

(a) As authorized by Texas Government Code, Chapter 1371, as amended, the General Manager or President of the Board of Directors (either the "Pricing Officer") is hereby authorized to act on behalf of the Authority in selling and delivering the Bonds and carrying out the other procedures specified in this Resolution, including, determining the aggregate original principal amount of the Bonds, the date of the Bonds, any additional or different designation or title by which the Bonds shall be known, the price at which the Bonds will be sold, the manner of sale (negotiated, privately placed or competitively bid), the years in which the Bonds will mature, the principal amount to mature in each of such years, the rate of interest to be borne by each such maturity, the interest payment dates, the price and terms upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the Authority, as well as any mandatory sinking fund redemption provisions, the designation of a Paying Agent/Registrar, and all other matters relating to the issuance, sale, and delivery of the Bonds, including any modification of the Rule 15c2-12 continuing disclosure undertaking contained in Section 39 hereof, all of which shall be specified in the Pricing Certificate; provided that:

(i) the aggregate original principal amount of the Bonds shall not exceed \$2,900,000;

(ii) the true interest cost rate for the Bonds shall not exceed the maximum allowed by law; and

(iii) the maximum maturity date of the Bonds shall be October 1, 2039.

The execution of the Pricing Certificate shall evidence the sale date of the Bonds by the Authority to the Purchasers (hereinafter defined).

(b) The delegation made hereby shall expire if not exercised by the Pricing Officer on or prior to 180 days from the date hereof.

SECTION 4: Terms of Payment - Paying Agent/Registrar. The principal of, premium, if any, and the interest on the Bonds, due and payable by reason of maturity, redemption or otherwise, shall be payable only to the registered owners or holders of the Bonds (hereinafter called the "Holders") appearing on the registration and transfer books (the "Security Register") maintained by the Paying Agent/Registrar, and the payment thereof shall be in any coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts, and shall be without exchange or collection charges to the Holders.

The selection and appointment of the Paying Agent/Registrar for the Bonds shall be as provided in the Pricing Certificate. Books and records relating to the registration, payment, exchange and transfer of the Bonds (the "Security Register") shall at all times be kept and maintained on behalf of the Authority by the Paying Agent/Registrar, all as provided herein, in accordance with the terms and provisions of a "Paying Agent/Registrar Agreement," substantially in the form attached hereto as Exhibit A and such reasonable rules and regulations as the Paying Agent/Registrar and the Authority may prescribe. The Pricing Officer is hereby authorized to execute and deliver such Paying Agent/Registrar Agreement in connection with the delivery of the Bonds. The Authority covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are paid and discharged, and any successor Paying Agent/Registrar shall be a commercial bank, trust company, financial institution, or other entity qualified and authorized to serve in such capacity and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Bonds, the Authority agrees to promptly cause a written notice thereof to be sent to each Holder by United States Mail, first class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Principal of and premium, if any, on the Bonds shall be payable at the Stated Maturities or the redemption thereof, only upon presentation and surrender of the Bonds to the Paying Agent/Registrar at its designated office specified in the Pricing Certificate or such other office as shall be designated from time to time by the Paying Agent/Registrar, or its successors (the "Designated Payment/Transfer Office"). Interest on each Bond shall be paid to the Holder whose name appears in the Security Register at the close of business on the Record Date (the fifteenth (15th) day of the month next preceding each interest payment date) and shall be paid by the Paying Agent/Registrar (i) by check sent United States mail, first class postage prepaid, to the address of the Holder recorded in the Security Register, or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder. If the date for the payment of the principal of or interest on the Bonds 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.

In the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Authority. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

SECTION 5: Registration - Transfer - Exchange of Bonds - Predecessor Bonds. A Security Register relating to the registration, payment, and transfer or exchange of the Bonds shall at all times be kept and maintained by the Authority at the Designated Payment/Transfer Office of the Paying Agent/Registrar, and also at a location within the State of Texas, as provided herein and in accordance with rules and regulations as the Paying Agent/Registrar and the Authority may prescribe. The Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of each and every owner of the Bonds issued under and pursuant to the provisions of this Resolution, or if appropriate, the nominee thereof. Any Bond may be transferred or exchanged for Bonds of other authorized denominations by the Holder, in person or by his duly authorized agent, upon surrender of such Bond to the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

Upon surrender of any Bond (other than the Initial Bond(s) authorized in Section 8 hereof) for transfer at the Designated Payment/Transfer Office of the Paying Agent/Registrar, the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Bonds of authorized denominations and having the same Stated Maturity and being of a like aggregate principal amount as the Bond or Bonds surrendered for transfer.

At the option of the Holder, Bonds (other than the Initial Bond(s) authorized in Section 8 hereof) may be exchanged for other Bonds of authorized denominations and having the same Stated Maturity, bearing the same rate of interest and being of a like aggregate principal amount as the Bonds surrendered for exchange, upon surrender of the Bonds to be exchanged at the Designated Payment/Transfer Office of the Paying Agent/Registrar. Whenever any Bonds are surrendered for exchange, the Paying Agent/Registrar shall register and deliver new Bonds to the Holder requesting the exchange.

All Bonds issued in any transfer or exchange of Bonds shall be delivered to the Holders at the Designated Payment/Transfer Office of the Paying Agent/Registrar or sent by United States mail, first class postage prepaid, to the Holders, and, upon the registration and delivery thereof, the same shall be the valid obligations of the Authority, evidencing the same obligation to pay, and entitled to the same benefits under this Resolution, as the Bonds surrendered in such transfer or exchange.

All transfers or exchanges of Bonds pursuant to this Section shall be made without expense or service charge to the Holder, except as otherwise herein provided, and except that the Paying Agent/Registrar shall require payment by the Holder requesting such transfer or exchange of any tax or other governmental charges required to be paid with respect to such transfer or exchange.

Bonds canceled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be "Predecessor Bonds," evidencing all or a portion, as the case may be, of the same obligation to pay evidenced by the new Bond or Bonds registered and delivered in the exchange or transfer therefor. Additionally, the term "Predecessor Bonds" shall include any mutilated, lost, destroyed, or stolen Bond for which a replacement Bond has been issued, registered and delivered in lieu thereof pursuant to the provisions of Section 30 hereof and such new replacement Bond shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Bond.

Neither the Authority nor the Paying Agent/Registrar shall be required to issue or transfer to an assignee of a Holder any Bond called for redemption, in whole or in part, within forty-five (45) days of the date fixed for the redemption of such Bond; provided, however, such limitation on transferability shall not be applicable to an exchange by the Holder of the unredeemed balance of a Bond called for redemption in part.

SECTION 6: Book-Entry-Only Transfers and Transactions. Notwithstanding the provisions contained in this Resolution relating to the payment and transfer/exchange of the Bonds, the Authority hereby approves and authorizes the use of the "Book-Entry Only" securities clearance, settlement, and transfer system provided by The Depository Trust Company ("DTC"), a limited purpose trust company organized under the laws of the State of New York, in accordance with the operational arrangements referenced in a Blanket Issuer Letter of Representations by and between the Authority and DTC (the "Depository Agreement").

Pursuant to the Depository Agreement and the rules of DTC, the Bonds shall be deposited with DTC who shall hold said Bonds for its participants (the "DTC Participants"). While the Bonds are held by DTC under the Depository Agreement, the Holder of the Bonds on the Security Register for all purposes, including payment and notices, shall be Cede & Co., as nominee of DTC, notwithstanding the ownership of each actual purchaser or owner of each Bond (the "Beneficial Owners") being recorded in the records of DTC and DTC Participants.

In the event DTC determines to discontinue serving as securities depository for the Bonds or otherwise ceases to provide book-entry clearance and settlement of securities transactions in general, the Authority covenants and agrees with the Holders of the Bonds to cause Bonds to be printed in definitive form and provide for the Bond certificates to be issued and delivered to DTC Participants and Beneficial Owners, as the case may be. Thereafter, the Bonds in definitive form shall be assigned, transferred and exchanged on the Security Register maintained by the Paying Agent/Registrar and payment of such Bonds shall be made in accordance with the provisions of Sections 4 and 5 hereof.

SECTION 7: Execution - Registration. The Bonds shall be executed on behalf of the Authority by the President or Vice President of the Board of Directors under its seal reproduced or impressed thereon and attested by the Secretary or Assistant Secretary of the Board of Directors. The signature of said officers on the Bonds may be manual or facsimile. Bonds bearing the manual or facsimile signatures of individuals who are or were the proper officers of the Authority on the date of the adoption of this Resolution shall be deemed to be duly executed

on behalf of the Authority, notwithstanding that such individuals or either of them shall cease to hold such offices at the time of delivery of the Bonds to the initial Holders and with respect to Bonds delivered in subsequent exchanges and transfers, all as authorized and provided in the Public Security Procedures Act, Texas Chapter 1201, Government Code, as amended.

No Bond shall be entitled to any right or benefit under this Resolution, or be valid or obligatory for any purpose, unless there appears on such Bond either a certificate of registration substantially in the form provided in Section 9(c), manually executed by the Comptroller of Public Accounts of the State of Texas or his or her duly authorized agent, or a certificate of registration substantially in the form provided in Section 9(d), manually executed by an authorized officer, employee or representative of the Paying Agent/Registrar, and either such certificate upon any Bond duly signed shall be conclusive evidence, and the only evidence, that such Bond has been duly certified, registered and delivered.

SECTION 8: Initial Bond(s). The Bonds herein authorized shall be initially issued either (i) as a single fully registered bond in the aggregate principal amount of the Bonds with principal installments to become due and payable as provided in the Pricing Certificate and numbered T-1, or (ii) as multiple fully registered bonds, being one bond for each year of maturity in the applicable principal amount and denomination and to be numbered consecutively from T-1 and upward (hereinafter called the "Initial Bond(s)") and, in either case, the Initial Bond(s) shall be registered in the name of the initial purchaser(s) or the designee thereof. The Initial Bond(s) shall be the Bonds submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas, and delivered to the initial purchaser(s). Any time after the delivery of the Initial Bond(s), the Paying Agent/Registrar, pursuant to written instructions from the initial purchaser(s), or the designee thereof, shall cancel the Initial Bond(s) delivered hereunder and exchange therefor definitive Bonds of authorized denominations, Stated Maturities, principal amounts and bearing applicable interest rates for transfer and delivery to the Holders named at the addresses identified therefor; all pursuant to and in accordance with such written instructions from the initial purchaser(s), or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

SECTION 9: Forms.

(a) **Forms Generally.** The Bonds, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas to appear on the Initial Bond(s), the Registration Certificate of Paying Agent/Registrar to appear on the definitive Bonds, and the form of Assignment to appear on each of the Bonds shall be substantially in the forms set forth in this Section with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Resolution, and the Bonds may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including insurance legends in the event the Bonds are purchased with insurance and any reproduction of an opinion of counsel) thereon as may, consistently herewith, be established by the Authority or determined by the officers executing such Bonds as evidenced by their execution. Any portion of the text of any Bond may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Bond.

The definitive Bonds and the Initial Bond(s) shall be printed, lithographed, engraved, typewritten, photocopied or otherwise reproduced in any other similar manner, all as determined by the officers executing such Bonds as evidenced by their execution thereof.

(b) Form of Definitive Bond.

REGISTERED
NO. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTIES OF GRAYSON, COLLIN, FANNIN AND COOKE
GREATER TEXOMA UTILITY AUTHORITY
CONTRACT REVENUE BONDS, SERIES 2019A
(CITY OF SHERMAN PROJECT)

Bond Date: _____ Interest Rate: _____% Stated Maturity: _____ 1, 20__ CUSIP NO. _____

Registered Owner: _____

Principal Amount: _____ DOLLARS

The Greater Texoma Utility Authority (hereinafter referred to as the "Authority"), for value received, hereby promises to pay to the Registered Owner named above (the "Holder") or the registered assigns thereof, solely from the revenues hereinafter identified, on the Stated Maturity date specified above, the Principal Amount hereinabove stated and to pay interest on the unpaid principal amount hereof from the interest payment date next preceding the "Registration Date" of this Bond appearing below (unless this Bond bears a "Registration Date" as of an interest payment date, in which case it shall bear interest from such date, or unless the "Registration Date" of this Bond is the delivery date of this Bond (or its Predecessor Bond) to the initial Holder, in which case it shall bear interest from the _____) at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on _____, and each April 1 and October 1 thereafter until maturity or prior redemption. Principal of this Bond is payable at its Stated Maturity or date of redemption to the Holder hereof, upon presentation and surrender, at the Designated Payment/Transfer Office of _____, the Paying Agent/Registrar, or its successor. Interest is payable to the Holder of this Bond (or one or more Predecessor Bonds, as defined in the Resolution hereinafter referenced) whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the fifteenth (15th) day of the month next preceding each interest payment date, and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the Holder recorded in the Security Register or by such other method acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of the Holder. All payments of principal of, premium, if any, and interest on this Bond shall be in any coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts.

If the date for 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 Designated Payment/Transfer Office of 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 the series specified in its title issued in the aggregate principal amount of \$_____ (herein referred to as the "Bonds") for the purpose of providing funds for the construction, acquisition, and improvement of water and sewer system facilities and necessary appurtenances for use by the City of Sherman, Texas, and the payment of all costs incident and related to the acquisition and financing thereof, pursuant to authority conferred by and in conformity with the Constitution and the laws of the State of Texas, including Texas Special District Local Laws Code, Chapter 8283 and Chapter 1371, Texas Government Code, as amended, and pursuant to a Resolution adopted by the Board of Directors of the Authority (herein referred to as the "Resolution").

The Bonds maturing on and after _____, may be redeemed prior to their Stated Maturities, at the option of the Authority, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity selected by lot by the Paying Agent/Registrar) on _____, or on any date thereafter, at the redemption price of par, together with accrued interest to the date of redemption.

Not fewer than thirty (30) days prior to a redemption date for the Bonds, a notice of redemption shall be sent by United States Mail, first class postage prepaid, in the name of the Authority and at the Authority's expense, to each Registered Owner of a Bond to be redeemed and subject to the terms and provisions relating thereto contained in the Resolution. If this Bond (or any portion of the principal sum hereof) shall have been duly called for redemption and notice of such redemption duly given, then upon such redemption date this Bond (or the portion of the principal sum hereof to be redeemed) shall become due and payable, and, if moneys for the payment of the redemption price and the interest accrued on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar, interest shall cease to accrue and be payable hereon from and after the redemption date on the principal amount hereof to be redeemed.

In the event of a partial redemption of the principal amount of this Bond, payment of the redemption price of such principal amount shall be made to the Holder only upon presentation and surrender of this Bond to the Paying Agent/Registrar at the Designated Payment/Transfer Office, and there shall be issued, without charge therefor to the Holder hereof, a new Bond or Bonds of like maturity and interest rate in any authorized denominations provided by the Resolution for the then unredeemed balance of the principal sum hereof. If this Bond is selected for redemption, in whole or in part, the Authority and the Paying Agent/Registrar shall not be required to transfer this Bond to an assignee of the Holder within forty-five (45) days of the redemption date therefor; provided, however, such limitation on transferability shall not be applicable to an exchange by the Holder of the unredeemed balance hereof in the event of its redemption in part.

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Resolution have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption is conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not satisfied or sufficient moneys are not received, such notice shall be of no force and effect, the Authority shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

The Bonds constitute special obligations of the Authority, and, together with the outstanding Previously Issued Bonds and any Additional Bonds, if issued, are payable as to principal and interest solely from and equally secured by a first lien on the Pledged Revenue of the Authority (identified and defined in the Resolution, and including revenues to be received under and pursuant to a Contract For Water Supply and Sewer Service between the Authority and the City of Sherman, Texas, dated as of March 1, 1985, together with all amendments thereto). Reference is hereby made to the Resolution, copies of which are on file in the Designated Payment/Transfer Office of the Paying Agent/Registrar, and to all of the provisions of which the Holder by his acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the revenues pledged for the payment of the Bonds; the terms and conditions relating to the transfer or exchange of this Bond; the conditions upon which the Resolution may be amended or supplemented with or without the consent of the Holders; the rights, duties, and obligations of the Authority and the Paying Agent/Registrar; the terms and provisions upon which this Bond may be discharged at or prior to its maturity, and deemed to be no longer Outstanding thereunder; and for the other terms and provisions thereof. Capitalized terms used herein have the same meanings assigned in the Resolution.

The Authority expressly reserves the right to issue further and additional revenue bond obligations in all things on a parity with the Bonds and the Previously Issued Bonds, payable solely from and equally secured by a first lien on the Pledged Revenue described above; provided, however, that any and all such Additional Bonds may be so issued only in accordance with and subject to the covenants, conditions, limitations and restrictions relating thereto which are set out and contained in the Resolution, to which reference is hereby made for more complete and full particulars.

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

This Bond, subject to certain limitations contained in the Resolution, may be transferred on the Security Register only upon its presentation and surrender at the Designated Payment/Transfer Office of the Paying Agent/Registrar, with the Assignment hereon duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by, the Holder hereof, or his duly authorized agent. When a transfer on the Security Register occurs, one or more new fully registered Bonds of the same Stated Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued by the Paying Agent/Registrar to the designated transferee or transferees.

The Authority and the Paying Agent/Registrar, and any agent of either, shall treat the Holder whose name appears on the Security Register (i) on the Record Date as the owner entitled to payment of interest hereon, (ii) on the date of surrender of this Bond as the owner entitled to payment of principal hereof at its Stated Maturity or its redemption in whole or in part, and (iii) on any other date as the owner for all other purposes, and neither the Authority nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary. In the event of nonpayment of interest on a scheduled payment date and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Authority. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first class

postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

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

IN WITNESS WHEREOF, the Board of Directors of the Authority has caused this Bond to be duly executed under the official seal of the Authority.

GREATER TEXOMA UTILITY AUTHORITY

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(SEAL)

(c) Form of Registration Certificate of Comptroller of Public Accounts to appear on Initial Bond(s) only.

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER
OF PUBLIC ACCOUNTS

THE STATE OF TEXAS

(
(
(
(

REGISTER NO. _____

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

WITNESS my signature and seal of office this _____.

Comptroller of Public Accounts
of the State of Texas

(SEAL)

(d) Form of Certificate of Paying Agent/Registrar to appear on the definitive Bonds.

CERTIFICATE OF PAYING AGENT/REGISTRAR

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

The principal office of the Paying Agent/Registrar in _____ is the "Designated Payment/Transfer Office" for this Bond.

as Paying Agent/Registrar

Registration Date:

By: _____
Authorized Signature

E. Form of Assignment.

ASSIGNMENT

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

(Social Security or other identifying number: _____) the within Bond and all
rights thereunder, and hereby irrevocably constitutes and appoints _____

_____ attorney
to transfer the within Bond on the books kept for registration thereof, with full power of
substitution in the premises.

DATED: _____

Signature guaranteed:

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

F. The Initial Bond(s) shall be in the form set forth in paragraph (b) of this Section,
except that the form of a single fully registered Initial Bond shall be modified as follows:

REGISTERED
NO. T-1

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTIES OF COOKE, FANNIN, GRAYSON AND COLLIN
GREATER TEXOMA UTILITY AUTHORITY
CONTRACT REVENUE BONDS, SERIES 2019A
(CITY OF SHERMAN PROJECT)

Bond Date: _____

Registered Owner:

Principal Amount:

The Greater Texoma Utility Authority (hereinafter referred to as the "Authority"), for value
received, hereby promises to pay to the Registered Owner named above (the "Holder") or the
registered assigns thereof, solely from the revenues hereinafter identified, on _____ in
each of the years and in principal amounts and bearing interest at per annum rates in
accordance with the following schedule:

<u>YEAR</u>	<u>PRINCIPAL INSTALLMENTS</u>	<u>INTEREST RATE</u>
-------------	-----------------------------------	--------------------------

(Information to be inserted from schedule in the Pricing Certificate)

(or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid principal amount hereof from the interest payment date next preceding the "Registration Date" of this Bond appearing below (unless this Bond bears a "Registration Date" as of an interest payment date, in which case it shall bear interest from such date, or unless the "Registration Date" of this Bond is the delivery date of this Bond (or its Predecessor Bond) to the initial Holder, in which case it shall bear interest from the _____ at the per annum rates of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on _____, and each April 1 and October 1 thereafter until maturity or prior redemption. Principal of this Bond is payable at its Stated Maturity or redemption to the Holder hereof by _____ (the "Paying Agent/Registrar"), upon presentation and surrender, at its designated offices in _____ (the "Designated Payment/Transfer Office"), or its successor. Interest is payable to the Holder of this Bond (or one or more Predecessor Bonds, as defined in the Resolution hereinafter referenced) whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the fifteenth (15th) day of the month next preceding each interest payment date, and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or by such other method acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of the Holder. All payments of principal of, premium, if any, and interest on this Bond shall be in any coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts.

SECTION 10: Certain Definitions. In addition to terms defined elsewhere in this Resolution, for all purposes of this Resolution and in particular for clarity with respect to the issuance of the Bonds and the pledge and appropriation of the Pledged Revenue therefor, the following definitions are provided:

(a) The term "Additional Bonds" shall mean parity revenue bonds issued in accordance with the terms and conditions prescribed in Section 19 hereof.

(b) The term "Authorized Investments" shall mean the obligations identified in the "Public Funds Investment Act" (Texas Government Code, Chapter 2256), as amended.

(c) The term "Bonds" shall mean the "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2019A (City of Sherman Project)" authorized by this Resolution.

(d) The term "Bonds Similarly Secured" shall mean the Bonds, Previously Issued Bonds, and Additional Bonds.

(e) The term "Contract" or "Contract for Water Supply and Sewer Service" shall mean that certain contract, dated as of the 1st day of March, 1985, by and between the Authority and the City of Sherman, Texas, together with amendments and supplements thereto (which by the term of such instrument is designated as a supplement to such Contract), a conformed copy of such Contract being attached hereto as **Exhibit B** for the purposes of identification only.

(f) The term "Cost of the Project" shall have the meaning assigned such term in Section 1.01 of the Contract.

(g) The term "Fiscal Year" shall mean the twelve month operational period of the Authority commencing October 1 of each year; provided, however, the Authority may change the fiscal year to another period of not less than twelve (12) calendar months but in no event may the fiscal year be changed more than one time in any three calendar year period.

(h) The term "Government Obligations" as used herein, means (i) direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations unconditionally guaranteed or insured by the agency or instrumentality and, on the date of their acquisition or purchase by the Authority, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality or other political subdivision of a state that have been refunded and that, on the date of their acquisition or purchase by the Authority, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and (iv) any other authorized securities or obligations under applicable laws of the State of Texas that may be used to defease obligations such as the Bonds.

(i) The term "Maintenance and Operation Expense of the Project" shall have the meaning assigned such term in Section 1.01 of the Contract.

(j) The term "Outstanding" shall mean when used in this Resolution with respect to Bonds or Bonds Similarly Secured, as of the date of determination, all Bonds or Bonds Similarly Secured theretofore issued and delivered, except:

(i) those Bonds or Bonds Similarly Secured canceled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;

(ii) those Bonds or Bonds Similarly Secured paid or deemed to be paid in accordance with the provisions of Section 27 hereof; and

(iii) those Bonds or Bonds Similarly Secured that have been mutilated, destroyed, lost, or stolen and replacement Bonds have been registered and delivered in lieu thereof as provided in Section 30 hereof or similar provisions with respect to Bonds Similarly Secured.

(k) The term "Pledged Revenue" shall mean (i) the amount received by the Authority as monthly amortization payments by reason of Section 3.01 (a) of the Contract, less the fees and charges of the Paying Agent/Registrar with respect to Bonds Similarly Secured, plus (ii) the amounts deposited into the Bond Fund reaffirmed by Section 12(b) of this Resolution, and the Reserve Fund reaffirmed by Section 12(c) of this Resolution; plus (iii) any amounts on deposit in any construction fund, created and established by a resolution authorizing the issuance of the Bonds or Bonds Similarly Secured, pending the application of such money for the payment of the Cost of a Project.

(l) The term "Previously Issued Bonds" shall mean the Outstanding (1) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2006 (City of Sherman Project)", (2) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2008 (City of Sherman Project)", (3) "Greater Texoma Utility Authority Contract Revenue and Refunding Bonds, Series 2008 (City of Sherman Project)", (4) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2009 (City of Sherman Project)", (5) "Greater Texoma Utility Authority Contract Revenue

Bonds, Series 2009-A (City of Sherman Project)", (6) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2011 (City of Sherman Project)", (7) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2012 (City of Sherman Project)", (8) "Greater Texoma Utility Authority Contract Revenue Refunding Bonds, Series 2012A (City of Sherman Project)", (9) "Greater Texoma Utility Authority Contract Revenue Refunding Bonds, Series 2013 (City of Sherman Project)", (10) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2013A (City of Sherman Project)", (11) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2014 (City of Sherman Project)", (12) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2015 (City of Sherman Project)", (13) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2015A (City of Sherman Project)" (14) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2015B (City of Sherman Project)", (15) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2017 (City of Sherman Project)," (16) "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2017A (City of Sherman Project)" and (17) "Greater Texoma Utility Authority Contract Revenue and Refunding Bonds, Series 2019 (City of Sherman Project)" heretofore issued which are in every respect on a parity with the Bonds.

(m) The term "Project" shall mean, with respect to the Bonds Similarly Secured, collectively, the projects described as such in the exhibits attached to the ordinances of the City that have from time to time approved the issuance of Bonds Similarly Secured by the Authority for the financing of such projects.

(n) The term "Series 2019A Project" shall mean, with respect to the Bonds, the project described in Section 1 hereof.

SECTION 11: Pledge. The Authority hereby covenants and agrees that all of the Pledged Revenue is hereby irrevocably pledged for the payment of the Bonds Similarly Secured, and the interest thereon, and it is hereby declared and resolved that the Bonds Similarly Secured and the interest thereon shall constitute a first lien upon said Pledged Revenue.

Texas Government Code, Chapter 1208, as amended, applies to the issuance of the Bonds Similarly Secured and the pledge of the Pledged Revenue granted by the Authority under this Section of this Resolution, and such pledge is therefore valid, effective, and perfected. If Texas law is amended at any time while the Bonds are Outstanding and unpaid such that the pledge of the Pledged Revenue granted by the Authority under this Section of this Resolution is to be subject to the filing requirements of Texas Business & Commerce Code, Chapter 9, as amended, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said Pledged Revenue, the Authority agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Texas Business & Commerce Code, Chapter 9, as amended, and enable a filing to perfect the security interest in said Pledged Revenue to occur.

SECTION 12: Fund Designations. The Authority hereby covenants and agrees with the Holders of the Bonds Similarly Secured that all income, receipts and revenues derived from the operation and ownership of the Project shall be kept separate from other funds or accounts of the Authority. To that end the following special Funds (herein so called) were created and established by a resolution authorizing Previously Issued Bonds and shall exist and govern the application of the Pledged Revenue while the Bonds Similarly Secured are Outstanding, to wit:

(a) Greater Texoma Utility Authority Revenue Fund, hereinafter called "Revenue Fund". This Fund shall be kept in a depository of the Authority.

(b) Greater Texoma Utility Authority Bond Interest and Sinking Fund, hereinafter called "Bond Fund". This Fund shall be deposited with a depository of the Authority as trustee of the Pledged Revenue, and moneys deposited therein shall be used to pay principal of and interest on Bonds Similarly Secured when and as the same shall become due and payable.

(c) Greater Texoma Utility Authority Bond Reserve Fund, hereinafter called "Reserve Fund". This Fund shall be deposited with a depository of the Authority and money deposited therein shall be used to pay the principal of and interest on Bonds Similarly Secured falling due at any time where there is insufficient money available in the Bond Fund.

SECTION 13: Revenue Fund. All revenues and income of any kind or character received by the Authority by reason of (i) its ownership of all or a part of the Project, (ii) the operation of the Project, or (iii) the Contract, shall be deposited in the Revenue Fund.

In the event money is deposited in the Revenue Fund from sources other than those specified in Section 3.01 of the Contract, then such money may be invested or reinvested or placed on time deposit in the same manner as the Reserve Fund pending its application to the reduction of payments that would otherwise be required to be made by the City under Section 3.01 of the Contract. Investment income and profits from the investment of the Revenue Fund shall be retained therein until used as provided in this Section.

Money in the Revenue Fund shall be used in the following order of priority:

1. Payments into the Bond Fund, as provided by Section 14;
2. Payments into the Reserve Fund, as provided by Section 15;
3. The curing of any deficiencies, as provided by Section 16;
4. The payment of other costs of the Project including maintenance and operation expenses not paid by the Authority and those purposes for which provision is made by Section 3.01(c) through 3.01(e) of the Contract; and
5. Applied as provided in Section 17.

SECTION 14: Bond Fund. The Authority hereby covenants and agrees to deposit to the credit of the Bond Fund amounts sufficient to pay the principal of and interest on the outstanding Bonds Similarly Secured as the same becomes due. There shall be deposited into the Bond Fund, by reason of the issuance of the Bonds, from the Pledged Revenue on deposit in the Revenue Fund (i) beginning on or before the twenty-fifth (25th) day of the month next following delivery of the Bonds and on or before the twenty-fifth (25th) day of each following month until and including the first interest payment date, an amount equal to not less than the fractional amount required in order to have the amount of the first installment of interest on deposit by the twenty-fifth (25th) day of the month next preceding the first interest payment date, and thereafter on the twenty-fifth (25th) day of each following month, an amount equal to not less than one sixth (1/6) of the next installment of interest; (ii) beginning on or before the twenty-fifth (25th) day of the month next following delivery of the Bonds, and on or before the twenty-fifth (25th) day of each following month until and including the first principal payment date, an amount

equal to not less than the fractional amount required in order to have the amount of the first installment of principal on deposit by the twenty-fifth (25th) day of the month preceding the first principal payment date, and thereafter on or before the twenty-fifth (25th) day of each month, an amount equal to one twelfth (1/12) of the next annual principal payment to become due on the Bonds.

The amounts required to be so deposited shall take into account amounts already on deposit in the Bond Fund.

The monthly deposits to the Bond Fund for the payment of principal and interest on the Bonds shall continue to be made as hereinabove provided until such time as (i) the total amount on deposit in the Bond Fund is equal to the amount required to pay all Outstanding Bonds Similarly Secured (principal and interest) for which said Fund was created and established or (ii) the Bonds Similarly Secured payable therefrom are no longer Outstanding.

Moneys on deposit in the Bond Fund may be invested, to the extent such investments are Authorized Investments, in United States Treasury bills, in similar direct obligations of the United States of America, or in certificates of deposit of any bank that is a member of the Federal Deposit Insurance Corporation (which are fully secured by a pledge of direct obligations of, or obligations of which the principal and interest are guaranteed by, the United States of America to the extent such certificates are not insured) maturing at such dates and in such manner as will provide cash to discharge interest and/or principal payments on Bonds Similarly Secured when and as the same become due.

Investment income and profits realized from the investment of the Bond Fund shall be retained therein until used as provided in this Section. Accrued interest, if any, shall be deposited into the Bond Fund.

SECTION 15: Reserve Fund. Upon the delivery of the Bonds, amounts on deposit in the Reserve Fund, allocated as a part of the Reserve Fund for the security of "Bonds Similarly Secured" under the resolutions authorizing the issuance of such Bonds Similarly Secured (including amounts held in the Reserve Fund by reason of the issuance of the Previously Issued Bonds) shall continue to be held as a part of the Reserve Fund for the security and payment, if required, of Bonds Similarly Secured as defined herein. The Authority hereby covenants and agrees with the holders of the Bonds Similarly Secured that it will provide for the accumulation of, and when accumulated, will thereafter continuously maintain in the Reserve Fund an amount equal to the average annual principal and interest requirement of all Bonds Similarly Secured (the Required Reserve Fund Amount). If any Bonds Similarly Secured are subject to mandatory redemption, the amount required to be redeemed in any Fiscal Year shall be treated as if it matured in that Fiscal Year. The average annual requirement shall be calculated on a Fiscal Year basis on the Outstanding Bonds Similarly Secured on the date of the last series of Bonds Similarly Secured (after giving effect to the issuance of such last series); provided, however, at such time as the Previously Issued Bonds identified in 1 through 7 of Section 10(l) hereof are no longer Outstanding, the average annual requirement shall also be calculated at the end of each Fiscal Year. Any amounts on deposit in the Reserve Fund in excess of such requirement shall be transferred to the Revenue Fund.

In addition, beginning on or before the twenty-fifth (25th) day of the month following the delivery of the Bonds, and on or before the twenty-fifth (25th) day of each month thereafter, there shall be deposited in the Reserve Fund substantially equal month deposits in an amount which will result in the Required Reserve Fund Amount being on deposit in the Reserve Fund

within not more than sixty (60) months from the date of the passage of this Resolution, and such monthly deposits shall take into account the amounts already on deposit in said Reserve Fund.

When the Required Reserve Fund Amount has been fully accumulated, said monthly payments to said Fund may be terminated; provided, however, should the money in the Reserve Fund be utilized so the Reserve Fund balance is less than the Required Reserve Fund Amount, after the same has been accumulated, monthly deposits shall be made in an amount not less than one-twelfth (1/12th) of the amount of the deficiency and shall continue to be made on or before the twenty-fifth (25th) day of each month until the Required Reserve Fund Amount has been fully restored.

Money in the Reserve Fund may be, at the option of the Authority, invested or reinvested from time to time in direct obligations of or obligations the principal and interest of which are guaranteed by the United States of America or invested in direct obligations of or participation certificates guaranteed by the Federal Intermediate Credit Banks, Federal Land Banks, Federal National Mortgage Association, Federal Home Loan Banks, Banks for Cooperatives, and in certificates of deposit of any bank which is a member of the Federal Deposit Insurance Corporation, and such certificates of deposit are fully insured and/or secured by a pledge of the securities of any of the kind hereinabove specified, such obligations or securities to mature in not more than ten years from the date of such investment or not later than the final maturity of the Bonds Similarly Secured Outstanding for which the Reserve Fund is established, whichever is shorter. Any obligations in which money is so invested shall be kept in escrow with the custodian of said Fund, and shall be promptly sold when notified by the Authority that moneys on deposit in the Bond Fund are insufficient to make a current interest and/or principal payment on Bonds Similarly Secured, and the proceeds of sale of such investments and/or moneys on deposit in the Reserve Fund in an amount sufficient to meet the deficiency in the Bond Fund shall be immediately transferred to the Bond Fund, without further notice or authorization. The Authority shall direct the investment of moneys on deposit in the Reserve Fund.

Investment income and profits realized from the investment of the Reserve Fund shall be retained therein as may be necessary to fully establish or restore the Required Reserve Fund Amount and thereafter shall be transferred to the Revenue Fund.

Investments in the Reserve Fund shall be valued at the lower of cost or market on June 1 of each year, by the chief financial officer of the Authority. In the event the amount contained in the Reserve Fund (as the result of such valuation) is less than the amount then required to be on deposit, additional deposits in an amount equal to not less than 1/12th of the deficiency shall be made monthly, beginning on the 25th day of October next following until the deficiency has been corrected. In the event the amount contained in the Reserve Fund (as a result of such valuation) is more than the Required Reserve Fund Amount, the amount of such excess may be transferred to the Revenue Fund and shall be so transferred if directed by the Authority.

SECTION 16: Deficiencies in Funds. If in any month the Authority shall, for any reason, fail to pay into the Bond Fund and Reserve Fund the full amounts above stipulated, amounts equivalent to such deficiencies shall be set apart and paid into said Funds from the first available and un-allocated Pledged Revenue of the following month or months, and such payments shall be in addition to the amount hereinabove provided to be otherwise paid into said Funds during such month or months.

SECTION 17: Remainder of Revenues. Money remaining in the Revenue Fund, after making the payments required in items (1) through (4) of the last paragraph of Section 13, shall be transferred to any other fund created by this Resolution and used as a credit to the amount that would otherwise be required to be paid by the City under Section 3.01 of the Contract.

SECTION 18: Security of Funds and Their Transfer. All moneys on deposit in the special Funds for which this Resolution makes provision (except any portions thereof as may be at any time properly invested) shall be secured in the manner and to the fullest extent required by the laws of the State of Texas for the security of public funds, and moneys in such special Funds shall be used only for the purposes permitted by this Resolution.

While any of the Bonds are Outstanding, the Board of Directors shall cause to be transferred to the Paying Agent/Registrar therefor, from funds on deposit in the Bond Fund and, if necessary, in the Reserve Fund, amounts sufficient to fully pay and discharge promptly as each installment of interest and principal of the Bonds accrues or matures or comes due by reason of redemption prior to maturity, such transfer of funds to be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar for the Bonds at the close of the business day next preceding the date of payment for the Bonds.

SECTION 19: Issuance of Additional Parity Bonds. In addition to the right to issue bonds of inferior lien as authorized by the laws of this State, the Authority reserves the right hereafter to issue Additional Bonds. The Additional Bonds, when issued, shall be payable from and secured by a first lien on and pledge of the Pledged Revenue in the same manner and to the same extent as are the Bonds and the Previously Issued Bonds. Bonds Similarly Secured shall in all respects be of equal dignity. The Additional Bonds may be issued in one or more installments provided, however, that no Additional Bonds shall be issued unless and until the following conditions have been met:

(a) The Authority is not then in default as to any covenant, condition or obligation prescribed in a resolution authorizing the issuance of the Outstanding Bonds Similarly Secured or the Contract (including any amendment or supplement thereto).

(b) A consulting engineer certifies to the Authority the need for an estimated amount of additional financing required for completion, expansion, enlargement or improvement of the Project.

(c) The City of Sherman, Texas, shall have approved the resolution(s) authorizing the issuance of the Additional Bonds as to form and content and acknowledged that the payment of principal of and interest on such bonds is payable, in whole or in part, from payments to be made by the City of Sherman, Texas, under and pursuant to the Contract.

(d) The Additional Bonds are made to mature on October 1 or April 1 or both in each of the years in which they are scheduled to mature.

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

(f) The resolution authorizing the issuance of the Additional Bonds provides that (i) the amount to be accumulated and maintained in the Reserve Fund shall be in an amount equal to not less than the average annual requirement (calculated on a Fiscal Year basis) of the

Outstanding Bonds Similarly Secured, as of the date of the last series of Bonds Similarly Secured after giving effect to the issuance of the Additional Bonds) for the payment of principal of and interest on all obligations to be secured by a first lien on and pledge of the Pledged Revenue, and (ii) any additional amount to be maintained in the Reserve Fund shall be accumulated within not more than 60 months from the date of the passage of the resolution authorizing the issuance of the proposed Additional Bonds.

(g) The Authority will demonstrate to the Executive Administrator of the Texas Water Development Board that the Pledged Revenues will be sufficient to pay the Previously Issued Bonds, the Bonds and the proposed Additional Bonds.

Bonds Similarly Secured may be refunded (pursuant to any law then available) upon such terms and conditions as the governing body of the Authority may deem to be in the best interest of the Authority, and if less than all such Outstanding Bonds Similarly Secured are refunded the proposed refunding bonds shall be considered as "Additional Bonds" under the provisions of this Section, but the certificate required in subdivision (b) shall not be required or be applicable to the issuance of such refunding bonds.

SECTION 20: Insurance. The Authority covenants that it will at all times keep insured such of its plants, structures, buildings, stations, machinery, equipment, apparatus, distribution pipelines and equipment, as are usually insured by corporations operating like properties, with a responsible insurance company or companies, against risks, accidents or casualties against which and to the extent insurance is usually carried by corporations operating like properties, and will also at all times maintain worker's compensation insurance and insurance against public liability and property damages to the extent permitted by law, in a reasonable amount with a responsible insurance company or companies; provided, however, that any time while any contractor engaged in construction work shall be fully responsible therefor, or the Authority has assumed such responsibility, the Authority shall not be required to carry such insurance.

SECTION 21: Records - Accounts - Accounting Reports. The Authority hereby covenants and agrees that so long as any of the Bonds Similarly Secured or any interest thereon remain Outstanding and unpaid, it will keep and maintain a proper and complete system of records and accounts on a Fiscal Year basis pertaining to the operation of the Project separate and apart from all other records and accounts of the Authority in accordance with accepted accounting practices, and complete and correct entries shall be made of all transactions relating to said Project. The Holder or Holders of any Bonds Similarly Secured, or any duly authorized agent or agents of such Holders, shall have the right at all reasonable times to inspect all such records, accounts and data relating thereto and to inspect the Project and all properties comprising same. The Authority further agrees that within one hundred twenty (120) days following the close of each Fiscal Year, or as soon thereafter as possible, it will cause an audit of such books and accounts to be made by an independent firm of Certified Public Accountants or Licensed Public Accountants. Each such audit, in addition to whatever other matters may be thought proper by the Accountant shall particularly include the following:

- (a) A detailed statement of the receipts and disbursements from the Revenue Fund.
- (b) A balance sheet as of the end of such Fiscal Year.
- (c) The Accountant's comments regarding the manner in which the Authority and the City have complied with the covenants and requirements of this Resolution and the Contract

and his recommendations for any changes or improvements in the operation, records and accounts of the Authority.

(d) A list of the insurance policies in force (if obtained by the Authority) at the end of the Fiscal Year on the Project properties, setting out as to each policy the amount thereof, the risk covered, the name of the insurer, and the policy's expiration date.

(e) A list of the securities which have been on deposit as security for money in the Bond Fund and Reserve Fund throughout the Fiscal Year, a list of the securities, if any, in which money in the Bond Fund and Reserve Fund has been invested, and a statement of the manner in which money in the Revenue Fund has been secured in such Fiscal Year.

Expenses incurred in making the audits above referred to are to be regarded as Maintenance and Operating Expenses of the Project and paid as such. Copies of the aforesaid annual audit shall be immediately furnished to the Executive Director of the Municipal Advisory Council of Texas at his or her office in Austin, Texas, and, upon written request, to the initial Holder and any subsequent Holder of the Bonds Similarly Secured.

By its approval of this Resolution, the City of Sherman, Texas, agrees, in order to secure its obligations under the Contract, to maintain rates and charges for its utility system sufficient to pay all of its obligations secured by and made payable from the revenues derived from the operation of its utility system.

SECTION 22: Remedies in Event of Default. In addition to all the rights and remedies provided by the laws of the State of Texas, the Authority covenants and agrees particularly that in the event the Authority (a) defaults in payments to be made to the Bond Fund or Reserve Fund as required by this Resolution, or (b) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in this Resolution any Holder shall be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the Board of Directors and other officers of the Authority to observe and perform any covenant, condition or obligation prescribed in this Resolution.

No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power, or shall be construed to be a waiver of any such default or acquiescence therein, and every such right or power may be exercised from time to time and as often as may be deemed expedient. The specific remedy herein provided shall be cumulative of all other existing remedies and the specification of such remedies shall not be deemed to be exclusive.

SECTION 23: Special Covenants. The Authority hereby further covenants as follows:

(a) It has the lawful power to pledge the revenues supporting this issue of Bonds and has lawfully exercised said power under the Constitution and laws of the State of Texas; that the Bonds, Previously Issued Bonds, and the Additional Bonds, when issued, shall be ratably secured under said pledge of the Pledged Revenue in such manner that one bond shall have no preference over any other bond of said issues.

(b) Other than for the Bonds and the Previously Issued Bonds, the Pledged Revenue has in no manner been committed or pledged to the payment of any debt or obligation of the Authority.

(c) So long as any of the Bonds or any interest thereon remain Outstanding, the Authority will not sell or encumber the Project or any substantial part thereof; provided, however, this covenant shall not be construed to prohibit the sale of such machinery, or other properties or equipment which has become obsolete or otherwise unsuited to the efficient operation of the Project, and, also, with the exception of the Additional Bonds expressly permitted by this Resolution to be issued, it will not encumber the Pledged Revenue unless such encumbrance is made junior and subordinate to all of the provisions of this Resolution.

(d) The Authority will maintain rates and charges to the City sufficient to meet the debt service requirements on the Outstanding obligations of the Authority that are supported by such revenues.

None of the special covenants herein appearing shall be construed in any manner which would deprive the Authority of its right to pledge any revenues produced by modification of the Contract and specifically designated to meet obligations incurred in providing the Authority with enlarged or additional facilities; further, that none of said covenants shall be construed in any manner which would deprive the Authority of its right to pledge that part of any revenue or income derived by it from other future contracts with other cities, towns or villages or the Authority or others and required to satisfy conditions for payment of other bonds or obligations issued by the Authority and such right is especially reserved.

SECTION 24: Bonds are Special Obligations. The Bonds are special obligations of the Authority payable from the Pledged Revenue and the Holders thereof shall never have the right to demand payment thereof out of funds raised or to be raised by taxation.

SECTION 25: Bonds are Negotiable Instruments. Each of the Bonds herein authorized shall be deemed and construed to be a "Security" and as such a negotiable instrument, within the meaning of Texas Business & Commerce Code, Chapter 8, as amended.

SECTION 26: Resolution a Contract - Amendments. This Resolution shall constitute a contract with the Holders from time to time, be binding on the Authority, and shall not be amended or repealed by the Authority so long as any Bond remains Outstanding except as permitted in this Section and in Section 39 hereof. The Authority, may, without the consent of or notice to any Holders, from time to time and at any time, amend this Resolution in any manner not detrimental to the interests of the Holders, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the Authority may, with the written consent of Holders holding a majority in aggregate principal amount of the Bonds Similarly Secured then outstanding, amend, add to, or rescind any of the provisions of this Resolution; provided that, without the consent of all Holders of the Bonds then outstanding, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Bonds, reduce the principal amount thereof, the redemption price therefor, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) reduce the aggregate principal amount of Bonds required to be held by Holders for consent to any such amendment, addition, or rescission.

SECTION 27: Satisfaction of Obligation of Authority. If the Authority shall pay or cause to be paid, or there shall otherwise be paid to the Holders, the principal of, premium, if any, and interest on the Bonds, at the times and in the manner stipulated in this Resolution, then the pledge of the Pledged Revenue under this Resolution and all other obligations of the Authority

to the Holders shall thereupon cease, terminate, and become void and be discharged and satisfied.

Bonds or any principal amount(s) thereof shall be deemed to have been paid within the meaning and with the effect expressed above in this Section when (i) money sufficient to pay in full such Bonds or the principal amount(s) thereof at maturity or to the redemption date therefor, together with all interest due thereon, shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar, or an authorized escrow agent, or (ii) Government Obligations shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Obligations have been certified by an independent accounting firm to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any moneys deposited therewith, if any, to pay when due the principal of and interest on such Bonds, or the principal amount(s) thereof, on and prior to the Stated Maturity thereof or (if notice of redemption has been duly given or waived or if irrevocable arrangements therefor acceptable to the Paying Agent/Registrar have been made) the redemption date thereof. The Authority covenants that no deposit of moneys or Government Obligations will be made under this Section and no use made of any such deposit which would cause the Bonds to be treated as "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or regulations adopted pursuant thereto.

Any moneys so deposited with the Paying Agent/Registrar, or an authorized escrow agent, and all income from Government Obligations held in trust by the Paying Agent/Registrar or an authorized escrow agent, pursuant to this Section which is not required for the payment of the Bonds, or any principal amount(s) thereof, or interest thereon with respect to which such moneys have been so deposited shall be remitted to the Authority or deposited as directed by the Authority. Furthermore, any money held by the Paying Agent/Registrar for the payment of the principal of and interest on the Bonds and remaining unclaimed for a period of three (3) years after the Stated Maturity, or applicable redemption date, of the Bonds such moneys were deposited and are held in trust to pay shall, upon the request of the Authority, be remitted to the Authority against a written receipt therefor. Notwithstanding the above and foregoing, any remittance of funds from the Paying Agent/Registrar to the Authority shall be subject to any applicable unclaimed property laws of the State of Texas.

SECTION 28: Notices to Holders-Waiver. Wherever this Resolution provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States mail, first class postage prepaid, to the address of each Holder as it appears in the Security Register.

In any case in which notice to Holders is given by mail, neither the failure to mail such notice to any particular Holders, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Bonds. Where this Resolution provides for notice in any manner, such notice may be waived in writing by the Holder entitled to receive such notice, either before or after the event with respect to which such notice is given, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Paying Agent/Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 29: Cancellation. All Bonds surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly canceled by it and, if surrendered to the Authority, shall be delivered to the Paying

Agent/Registrar and, if not already canceled, shall be promptly canceled by the Paying Agent/Registrar. The Authority may at any time deliver to the Paying Agent/Registrar for cancellation any Bonds previously certified or registered and delivered which the Authority may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly canceled by the Paying Agent/Registrar. All canceled Bonds held by the Paying Agent/Registrar shall be destroyed as directed by the Authority.

SECTION 30: Mutilated - Destroyed - Lost and Stolen Bonds. In case any Bond shall be mutilated, or destroyed, lost or stolen, the Paying Agent/Registrar may execute and deliver a replacement Bond of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Bond, or in lieu of and in substitution for such destroyed, lost or stolen Bond, only upon the approval of the Authority and after (i) the filing by the Holder thereof with the Paying Agent/Registrar of evidence satisfactory to the Paying Agent/Registrar of the destruction, loss or theft of such Bond, and of the authenticity of the ownership thereof and (ii) the furnishing to the Paying Agent/Registrar of indemnification in an amount satisfactory to hold the Authority and the Paying Agent/Registrar harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Bond shall be borne by the Holder of the Bond mutilated, or destroyed, lost or stolen.

Every replacement Bond issued pursuant to this Section shall be a valid and binding obligation, and shall be entitled to all the benefits of this Resolution equally and ratably with all other Outstanding Bonds; notwithstanding the enforceability of payment by anyone of the destroyed, lost, or stolen Bonds.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost or stolen Bonds.

SECTION 31: Covenants to Maintain Tax-Exempt Status.

(a) **Definitions.** When used in this Section, the following terms shall have the following meanings:

“Closing Date” means the date on which the Bonds are first authenticated and delivered to the initial purchasers against payment therefor.

“Code” means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date.

“Computation Date” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“Gross Proceeds” means any proceeds as defined in Section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in Section 1.148-1(c) of the Regulations, of the Bonds.

“Investment” has the meaning set forth in Section 1.148-1(b) of the Regulations.

"Nonpurpose Investment" means any investment property, as defined in Section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and which is not acquired to carry out the governmental purposes of the Bonds.

"Rebate Amount" has the meaning set forth in Section 1.148-1(b) of the Regulations.

"Regulations" means any proposed, temporary, or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Bonds. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

"Yield" of (i) any Investment has the meaning set forth in Section 1.148-5 of the Regulations; and (ii) the Bonds has the meaning set forth in Section 1.148-4 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The Authority shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any Bond to become includable in the gross income, as defined in Section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the Authority receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bond, the Authority shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by Section 141 of the Code and the Regulations and rulings thereunder, the Authority shall at all times prior to the last Stated Maturity of Bonds:

(i) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds, and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(ii) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within the Authority or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan. Except to the extent permitted by Section 141 of the Code and the Regulations and rulings thereunder, the Authority shall not use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be "loaned" to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except to the extent permitted by Section 148 of the Code and the Regulations and rulings thereunder, the Authority shall not at any time prior to the final Stated Maturity of the Bonds directly or indirectly invest Gross Proceeds in any Investment (or use Gross Proceeds to replace money so invested), if as a result of such investment the Yield from the Closing Date of all Investments acquired with Gross Proceeds (or with money replaced thereby), whether then held or previously disposed of, exceeds the Yield of the Bonds.

(f) Not Federally Guaranteed. Except to the extent permitted by Section 149(b) of the Code and the Regulations and rulings thereunder, the Authority shall not take or omit to take any action which would cause the Bonds to be federally guaranteed within the meaning of Section 149(b) of the Code and the Regulations and rulings thereunder.

(g) Information Report. The Authority shall timely file the information required by Section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(h) Rebate of Arbitrage Profits. Except to the extent otherwise provided in Section 148(f) of the Code and the Regulations and rulings thereunder:

(i) The Authority shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last outstanding Bond is discharged. However, to the extent permitted by law, the Authority may commingle Gross Proceeds of the Bonds with other money of the Authority, provided that the Authority separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(ii) Not less frequently than each Computation Date, the Authority shall calculate the Rebate Amount in accordance with rules set forth in Section 148(f) of the Code and the Regulations and rulings thereunder. The Authority shall maintain such calculations with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date.

(iii) As additional consideration for the purchase of the Bonds by the Purchasers and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the

interest thereon from the gross income of the owners thereof for federal income tax purposes, the Authority shall pay to the United States out of the general fund, other appropriate fund, or if permitted by applicable Texas statute, regulation or opinion of the Attorney General of the State of Texas, the Bond Fund the amount that when added to the future value of previous rebate payments made for the Bonds equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder.

(iv) The Authority shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (2) and (3), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) of the Regulations.

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the Authority shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Bonds not been relevant to either party.

(j) Elections. The Authority hereby directs and authorizes the President, Vice President, Secretary and/or Assistant Secretary of the Board of Directors of the Authority, and the General Manager of the Authority, individually or jointly, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Bonds, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

SECTION 32: Sale of Bonds – Official Statement. The Bonds authorized by this Resolution may be sold by the Authority to the purchaser(s) (herein referred to as the "Purchasers") by (i) negotiated sale, in accordance with a bond purchase agreement (the "Purchase Contract"), (ii) by private placement, in accordance with an agreement to purchase or other agreement, or (iii) by competitive bidding, in accordance with the successful bid submitted therefor, as determined by the Pricing Officer, in accordance with Section 3 hereof. The Pricing Officer is hereby authorized and directed to execute the Purchase Contract, agreement to purchase in the event of a private placement, or the successful bid form in the event of a competitive sale, as applicable, for and on behalf of the Authority and as the act and deed of this Board.

The President and Secretary of the Board of Directors of the Authority are further authorized and directed to execute and deliver for and on behalf of the Authority copies of a

Preliminary Official Statement and Official Statement, prepared in connection with the offering of the Bonds by the Purchasers, in final form as may be required by the Purchasers, and such final Official Statement in the form and content as approved by the Pricing Officer shall be deemed to be approved by the Board of Directors of the Authority and constitute the Official Statement authorized for distribution and use by the Purchasers.

SECTION 33: Proceeds of Sale. Immediately following the delivery of the Bonds, the proceeds of sale (less those proceeds of sale designated to pay costs of issuance and accrued interest received from the Purchasers of the Bonds) shall be deposited to the credit of an account maintained on the books and records of the District and, if not immediately invested, in a fund kept at a depository bank of the Authority. Pending expenditure for authorized projects and purposes, such proceeds of sale may be invested in authorized investments in accordance with the provisions of Texas Government Code, Chapter 2256, including guaranteed investment contracts permitted in Texas Government Code., Section 2256.015, et seq, and any investment earnings realized may be expended for such authorized projects and purposes or deposited in the Bond Fund as shall be determined by the Board of Directors; all in accordance with written instructions from the Authority or its financial advisor. Any accrued interest received from the Purchasers and as well as all surplus proceeds of sale of the Bonds, including investment earnings, remaining after completion of all authorized projects or purposes shall be deposited to the credit of the Bond Fund.

SECTION 34: Control and Custody of Bonds. The President of the Board of Directors of the Authority shall be and is hereby authorized to take and have charge of all necessary orders and records pending investigation by the Attorney General of the State of Texas, including the printing and supply of definitive Bonds, and shall take and have charge and control of the Initial Bonds pending approval by the Attorney General, the registration thereof by the Comptroller of Public Accounts, and the delivery thereof to the Purchaser.

SECTION 35: Legal Opinion. The Purchaser's obligation to accept delivery of the Bonds is subject to its being furnished a final opinion of Norton Rose Fulbright US LLP approving such Bonds as to their validity, said opinion to be dated and delivered as of the date of delivery and payment for the Bonds by the initial purchasers. A true and correct reproduction of said opinion is hereby authorized to be printed on the definitive Bonds or an executed counterpart thereof shall accompany the global Bonds deposited with the Depository Trust Company.

SECTION 36: CUSIP Numbers. CUSIP numbers may be printed or typed on the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards the legality thereof and neither the Authority nor attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the Bonds.

SECTION 37: Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 38: Further Procedures. Any one or more of the President, Vice President, Secretary, and/or Assistant Secretary of the Board of Directors of the Authority, and the General Manager of the Authority, are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and on behalf of the Authority all agreements, instruments, certificates or other documents, whether mentioned herein or not, as may be necessary or desirable in

order to carry out the terms and provisions of this Resolution and the issuance of the Bonds. In addition, prior to the initial delivery of the Bonds, the President, Vice President, Secretary, and/or Assistant Secretary of the Board of Directors of the Authority, and the General Manager of the Authority, and Bond Counsel are each hereby authorized and directed to approve any technical changes or corrections to this Resolution or to any of the documents authorized and approved by this Resolution: (i) in order to cure any technical ambiguity, formal defect, or omission in the Resolution or such other document; or (ii) as requested by the Attorney General of the State of Texas or his representative to obtain the approval of the Bonds by the Attorney General and if such officer or counsel determines that such ministerial changes are consistent with the intent and purpose of the Resolution, which determination shall be final. In the event that any officer of the Authority whose signature shall appear on any document shall cease to be such officer before the delivery of such document, such signature nevertheless shall be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 39: 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 to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"MSRB" means the Municipal Securities Rulemaking Board.

"Rule" means SEC Rule 15c2-12, as amended from time to time or officially interpreted by the SEC.

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

(b) Annual Reports. The Authority shall provide annually to the MSRB (1) within six months after the end of each fiscal year ending in the year stated in the Pricing Certificate, financial information and operating data with respect to the Authority and the City of the general type included in the final Official Statement approved by the Pricing Officer and described in the Pricing Certificate, and (2) if not provided as part such financial information and operating data, audited financial statements of the Authority and the City, when and if available. Any financial statements so to be provided shall be prepared in accordance with the accounting principles described in the Pricing Certificate, or such other accounting principles as the Authority and the City, respectively, may be required to employ from time to time pursuant to state law or regulation, and audited, if the Authority 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 twelve (12) months after any such fiscal year end, then the Authority shall file unaudited financial statements within such twelve-month period and audited financial statements when and if such audited financial statements become available.

If the Authority changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the Authority 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 available to the public on the MSRB's Internet Web site or filed with the SEC.

(c) **Material Event Notices.** The Authority shall provide notice of any of the following events with respect to the Bonds to 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 Authority, which shall occur as described below;
- (13) The consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of its assets, 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 District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Authority, any of which affect security holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Authority, any of which reflect financial difficulties.

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

The Authority shall notify the MSRB, in a timely manner, of any failure by the Authority to provide financial information or operating data in accordance with subsection (b) of this Section by the time required by this Section.

(d) Filings with the MSRB. All financial information, operating data, financial statements, notices, and other documents provided to the MSRB in accordance with this Section shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

(e) Limitations, Disclaimers, and Amendments. The Authority shall be obligated to observe and perform the covenants specified in this Section with respect to the Authority and the Bonds while, but only while, the Authority remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the Authority in any event will give notice required by subsection (c) hereof of any Bond calls and defeasance that cause the Authority to be no longer such an "obligated person".

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

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

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

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

Notwithstanding anything herein to the contrary, the provisions of this Section may be amended by the Authority from time to time to adapt to changed circumstances resulting from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Authority, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Resolution that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (b) a Person that is unaffiliated with the Authority (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Holders and beneficial owners of the Bonds. The provisions of this Section may also be amended from time to time or repealed by the Authority if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but only if and to the extent that reservation of the Authority's right to do so would not prevent underwriters of the initial public offering of the Bonds from lawfully purchasing or selling Bonds in such offering. If the Authority so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (b) an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

SECTION 40: Benefits of Resolution. Nothing in this Resolution, expressed or implied, is intended or shall be construed to confer upon any person other than the Authority, the Paying Agent/Registrar and the Holders, any right, remedy, or claim, legal or equitable, under or by reason of this Resolution or any provision hereof, this Resolution and all its provisions being intended to be and being for the sole and exclusive benefit of the Authority, the Paying Agent/Registrar, and the Holders.

SECTION 41: Inconsistent Provisions. All orders or resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters contained herein.

SECTION 42: Governing Law. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 43: Incorporation of Findings and Determinations. The findings and determinations of the Board of the Authority contained in the preambles hereof are hereby incorporated by reference and made a part of this Resolution for all purposes as if the same were restated in full in this Section.

SECTION 44: Severability. If any provision of this Resolution or the application thereof to any circumstance shall be held to be invalid, the remainder of this Resolution and the application thereof to other circumstances shall nevertheless be valid, and this governing body hereby declares that this Resolution would have been enacted without such invalid provision.

SECTION 45: Municipal Bond Insurance. The Bonds may be sold with the principal of and interest thereon being insured by a municipal bond insurance provider authorized to transact business in the State of Texas. The Pricing Officer is hereby authorized to make the selection of municipal bond insurance (if any) for the Bonds and make the determination of the provisions of any commitment therefor.

SECTION 46: Contract. The Contract is amended to include the Series 2019A Project and a description of the Series 2019A Project shall be attached to the contract as Exhibit D. In all other respects the Contract is reapproved and shall be and remain in full force as the agreement of the parties.

SECTION 47: Public Meeting. It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Texas Government Code, Chapter 551, as amended.

SECTION 48: Effective Date. This Resolution shall be in force and effect from and after its passage on the date shown below.

[remainder of page left blank intentionally]

PASSED AND ADOPTED, this August 19, 2019.

GREATER TEXOMA UTILITY AUTHORITY

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(Seal)

EXHIBIT A

Form of Paying Agent/Registrar Agreement

EXHIBIT B

Contract For Water Supply and Sewer Service

ADJOURN