

**GREATER TEXOMA UTILITY AUTHORITY
BOARD OF DIRECTORS SPECIAL MEETING
MARCH 31, 2022
9:00 A.M.**

**GTUA BOARD ROOM
5100 AIRPORT DRIVE
DENISON, TEXAS 75020**

AGENDA
GREATER TEXOMA UTILITY AUTHORITY
BOARD OF DIRECTORS SPECIAL MEETING
GTUA BOARD ROOM
5100 AIRPORT DRIVE
DENISON, TEXAS 75020
9:00 A.M., THURSDAY, MARCH 31, 2022

Notice is hereby given that a special meeting of the Board of Directors of the Greater Texoma Utility Authority will be held on the 31st day of March, 2022, at 9:00 a.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. Consider all matters incident and related to the approval and execution of a Financing Agreement with the Texas Water Development Board in connection with the City of Henrietta Project.
- IV. Consider all matters incident and related to the approval and execution of a Financing Agreement with the Texas Water Development Board in connection with the City of Bells Project.
- V. Consider all matters incident and related to the approval and execution of a Financing Agreement with the Texas Water Development Board in connection with the Northwest Grayson County Water Control Improvement District No. 1 Project.
- VI. Consider all matters incident and related to the approval and execution of a Financing Agreement with the Texas Water Development Board in connection with the City of Dorchester Project.
- VII. 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.

ATTACHMENT III

ORDINANCE NO. _____

AN ORDINANCE approving and authorizing the execution and delivery of a "Contract of Indemnification" with the Greater Texoma Utility Authority in connection with the issuance of contract revenue bonds on behalf of the City; and resolving other matters incident and related to the execution and delivery of such contract.

WHEREAS, the Texas Water Development Board (the "TWDB") has agreed to purchase the "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2022 (City of Henrietta Project)" (the "Bonds") for the purpose of financing water system projects on behalf of the City (the "TWDB commitment"); and

WHEREAS, the TWDB is issuing its Water Financial Assistance Bonds (TWDB Bonds) solely for the purpose of funding the TWDB commitment; and,

WHEREAS, as a condition to the TWDB commitment, the Greater Texoma Utility Authority (the "Authority") is required to execute a Financing Agreement prepared by the TWDB; and

WHEREAS, the Financing Agreement, specifically Section 3, sets forth provisions relating to penalties and costs should the Authority fail to deliver the Bonds by August 10, 2022; and

WHEREAS, the Board of Directors of the Authority has found and determined that such penalties, costs, termination payments or any other amounts referenced in the Financing Agreement, specifically Section 3, should be the responsibility of the City and not the Authority since the Authority is issuing the Bonds on behalf of the City; and

WHEREAS, the Council hereby finds and determines that the Contract of Indemnification with the Authority substantially in the form and content attached hereto as Exhibit A should be approved and authorized to be executed as hereinafter provided; now, therefore

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HENRIETTA, TEXAS:

SECTION 1. The Contract of Indemnification by and between the Authority and the City substantially in the form and content attached hereto as **Exhibit A** and incorporated herein for all purposes. The Mayor and City Secretary of the City are hereby authorized and directed to execute such Contract for and on behalf of the City and as the act and deed of this City Council.

SECTION 2. This Ordinance shall take effect and be in force from and after its passage.

PASSED AND APPROVED, this _____, 2022.

CITY OF HENRIETTA, TEXAS

Mayor

ATTEST:

City Secretary

(City Seal)

EXHIBIT A

CONTRACT OF INDEMNIFICATION

CONTRACT OF INDEMNIFICATION

THIS CONTRACT ("Contract") is made and entered into as of _____, 2022, between the GREATER TEXOMA UTILITY AUTHORITY (hereinafter referred to as the "Authority"), a conservation and reclamation authority, a governmental agency, a political subdivision of the State of Texas, and a body politic corporate, duly created, existing and acting by virtue of Constitution and the laws of the State of Texas, including Texas Special District Local Laws Code, Chapter 8283 (the "Act"), and the CITY OF HENRIETTA, TEXAS, a municipal corporation (hereinafter referred to as the "City"), duly created and existing under the laws of the State of Texas:

RECITALS

WHEREAS, the Texas Water Development Board (the "TWDB") has agreed to purchase the "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2022 (City of Henrietta Project)" (the "GTUA Bonds") for the purpose of financing water system projects on behalf of the City (the "TWDB commitment"); and

WHEREAS, the TWDB is issuing its Water Financial Assistance Bonds (TWDB Bonds) solely for the purpose of funding the TWDB commitment; and,

WHEREAS, as a condition to the TWDB commitment, the Authority is required to execute a Financing Agreement prepared by the TWDB (a form of such Financing Agreement being attached hereto as Exhibit A); and

WHEREAS, the Financing Agreement, specifically Section 3, sets forth provisions relating to penalties and costs should the Authority fail to deliver the GTUA Bonds by August 10, 2022; and

WHEREAS, SINCE THE AUTHORITY IS ISSUING THE BONDS AND ENTERING INTO FINANCING AGREEMENT ON BEHALF OF, AND FOR THE BENEFIT OF, THE CITY, THE CITY AGREES THAT ANY COSTS OR PENALTIES IMPOSED BY THE TWDB AGAINST GTUA PURSUANT TO THE FINANCING AGREEMENT SHALL BE THE SOLE RESPONSIBILITY OF THE CITY AND NOT THE AUTHORITY;

WHEREAS, the Authority and the City, acting through their duly constituted governing bodies have mutually agreed upon the terms and conditions of this Contract; now, therefore

IN CONSIDERATION of the mutual covenants, agreements and undertakings herein set forth, the parties hereto hereby agree and contract as follows:

Section 1. **THE CITY AND THE AUTHORITY HEREBY AGREE THAT ANY AND ALL COSTS, PENALTIES, TERMINATION PAYMENTS OR OTHER AMOUNTS OWED BY THE AUTHORITY TO THE TEXAS WATER DEVELOPMENT BOARD PURSUANT TO THE FINANCING AGREEMENT, SPECIFICALLY SECTION 3 OF THE FINANCING AGREEMENT, SHALL BE PAID BY THE CITY TO THE AUTHORITY TO INDEMNIFY THE AUTHORITY FOR SUCH COSTS, PENALTIES, TERMINATION PAYMENT OR OTHER AMOUNTS OWED, NOTWITHSTANDING ANY NEGLIGENCE ON THE PART OF GTUA. SUCH PAYMENT SHALL BE MADE BY THE CITY TO THE AUTHORITY NO LATER THAN NOVEMBER 7, 2022. THE AUTHORITY SHALL HAVE NO RESPONSIBILITY WITH RESPECT TO SUCH AMOUNTS OWED PURSUANT TO THE FINANCING AGREEMENT AND THE CITY SHALL**

HOLD HARMLESS THE AUTHORITY FOR ANY SUCH COSTS, PENALTIES, TERMINATION PAYMENTS OR ANY OTHER AMOUNTS OWED TO THE TEXAS WATER DEVELOPMENT BOARD PURSUANT TO THE FINANCING AGREEMENT. The City will not be liable for any failure due to force majeure pursuant to section 12 of the Financing Agreement.

Section 2. The Authority agrees to timely comply with the requirements of the TWDB set forth in Section 5(B) of the Financing Agreement.

[remainder of page left blank intentionally]

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this Contract to be duly executed in several counterparts, each of which shall constitute an original, all as of the day and year first above written.

GREATER TEXOMA UTILITY AUTHORITY

(Authority Seal)

By: _____
General Manager

CITY OF HENRIETTA, TEXAS

(City Seal)

By: _____
Mayor

ATTEST:

City Secretary

EXHIBIT A
FINANCING AGREEMENT



FINANCING AGREEMENT

This FINANCING AGREEMENT (Agreement) is entered into between the TEXAS WATER DEVELOPMENT BOARD (TWDB), an agency of the State of Texas (State), and the Greater Texoma Utility Authority (Authority), a political subdivision of the State. The TWDB and the Authority may be referred to as the "Party or the Parties" in this Agreement.

RECITALS

WHEREAS, the TWDB adopted Resolution No. 22-008 (Attachment A referred to as the Resolution) on February 2, 2022 making a commitment to the Authority for financial assistance in a total amount of \$10,235,000 (TWDB Commitment) from the Financial Assistance Account of the Development Fund II (DFund II) administered by the TWDB; and

WHEREAS, through this Agreement, the Authority intends to sell to the TWDB the Authority's \$10,235,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2022 (City of Henrietta Project), Proposed Series 2022 (Authority Bonds) for the TWDB's financial assistance from DFund II, as further described in Attachment B; and

WHEREAS, DFund II is funded, in part, with proceeds of the TWDB's Water Financial Assistance Bonds (TWDB Bonds) authorized under Texas Water Code § 17.959 and Texas Constitution, Article III, Sections 49-d-8, 49-d-9, 49-d-11, and money received as repayment of financial assistance provided from DFund II which is used to pay the principal and interest on such TWDB Bonds, and

WHEREAS, the Resolution provides that funding the TWDB Commitment is contingent on a future sale of TWDB Bonds or on the availability of funds on hand; and

WHEREAS, the TWDB intends to provide financial assistance from DFund II to the Authority with proceeds of TWDB Bonds designated by the TWDB; and

WHEREAS, the TWDB and the Authority desire to enter into this Agreement to set forth the obligations of the Parties with respect to the TWDB providing financial assistance to the Authority consistent with the desire of the TWDB to issue TWDB Bonds to provide money for DFund II.

NOW, THEREFORE, for and in consideration of the promises and the mutual covenants contained in this Agreement, the TWDB and the Authority agree as follows:

AGREEMENT

SECTION 1. MUTUAL COMMITMENT. As further described in the Resolution, the TWDB committed to the Authority and the Authority hereby commits to borrow from the TWDB an amount not to exceed \$10,235,000 from DFund II to be evidenced by the issuance and delivery of Authority Bonds to the TWDB consistent with the terms and conditions described in this Agreement, Attachment A and Attachment B.

SECTION 2. TRANSACTION SCHEDULE AND PRICING. By execution of this Agreement, the Authority acknowledges and represents that it has a current need for financial assistance from the TWDB and will take all necessary steps to issue and deliver the Authority Bonds to evidence the TWDB Commitment described in Section 1. The Authority further acknowledges and understands that the TWDB is entering into this Agreement for the sole purpose of issuing TWDB Bonds to fund the TWDB Commitment described in the Resolution and in this Agreement. The Authority acknowledges that the TWDB Bonds, the subject of this Agreement, are being issued for the purpose of funding the Authority's requested financial assistance.

With respect to the Authority Bonds and the TWDB Bonds, the Parties agree to structure such public securities in a manner that will allow for substantially similar terms, redemption provisions, and related matters to allow the TWDB to timely pay the entire amount of debt service on the TWDB Bonds. To confirm the terms of the Authority Bonds and TWDB Bonds, the Authority must execute this Agreement. The foregoing notwithstanding, the TWDB consents to early redemption, or prepayment, of the Authority Bonds, as provided for in this Agreement and the accompanying TWDB Resolution attached as Attachment A. The Authority Bonds may be prepaid by the Authority on any date beginning on or after the first scheduled interest payment date that occurs no earlier than 10 years from the dated date of the Authority Bonds.

In order to mutually assure the performance of the Parties under this Agreement, the Parties agree that the issuance and delivery of the Authority's Bonds to TWDB must occur not later than August 10, 2022 (Delivery Deadline). Failure by the Authority to issue and deliver to the TWDB the Authority's Bonds will result in the Authority being liable to the TWDB for the stipulated damages agreed to by the Parties in Section 3 of this Agreement.

SECTION 3. BREACH OF AGREEMENT, LIQUIDATED DAMAGES.

- A. The Authority understands and agrees that TWDB will incur severe and irreparable damages if the Authority's Bonds are not issued and delivered by the Delivery Deadline. The Authority will be in breach of this Agreement if the Authority fails to issue and deliver to the TWDB the Authority's Bonds under the terms of this Agreement, on or before the Delivery Deadline.

- B. In the event of the breach described in Section 3A, the Parties agree that quantifying the TWDB's losses arising from the Authority's failure to issue and deliver its bonds to the TWDB is inherently difficult. The Parties therefore stipulate that the sum agreed upon for liquidated damages is not a penalty, but rather a reasonable measure of damages based on the Parties' respective experience in the industry and the nature of the TWDB's losses that may result from the Authority's failure to issue and deliver its bonds to the TWDB. In recognition of the difficulties thereof, if the Authority fails to issue and deliver to the TWDB the Authority's bonds by the Delivery Deadline, the Authority agrees to pay from lawfully available funds \$627,437. The Authority is obligated to pay such costs to the TWDB no later than November 8, 2022.

SECTION 4. AMORTIZATION AND FINAL REPAYMENT STRUCTURE.

The Authority must provide TWDB a final maturity schedule in the form set forth in Attachment B at the time of execution of this Agreement which in no event will be later than April 4, 2022. The final amortization schedule adopted by the Authority as included in the Authority's private placement memorandum and Authority Bond resolution must reflect the final payment schedule set forth in Attachment B.

SECTION 5. CONTINGENCIES AND TERMINATION.

- A. The Parties agree that the TWDB's obligation to purchase the Authority's securities with proceeds from DFund II is contingent upon the TWDB receiving all legally required approvals for the issuance of the TWDB Bonds, from the Legislative Budget Board, the Bond Review Board, and the Texas Attorney General, as applicable. The TWDB's obligation to purchase the Authority's securities to fulfill the commitment described in Section 1 of this Agreement with proceeds of TWDB bonds is also contingent upon the purchase and delivery of TWDB Bond proceeds by the underwriters pursuant to the Bond Purchase Agreement relating to the TWDB Bonds.

Accordingly, if any contingency described in the preceding paragraph above is unmet, the TWDB, upon delivery of written notice thereof to the Authority, may extend or terminate this Agreement together with all of its obligations and duties hereunder without incurring any cost, fee, or penalty for either the TWDB or the Authority.

- B. The Parties agree that the Authority's obligation to issue and deliver the Authority's Bonds is contingent upon approval by the Texas Attorney General of the Authority's Bonds. The Authority agrees to use its best efforts to obtain approval by the Texas Attorney General of the Authority's Bonds to satisfy the delivery and issuance requirements set forth in Section 2 of this Agreement. To this end, the Authority agrees as follows:

- (1) The Authority must timely file the transcript of proceedings for the Authority Bonds with the Texas Attorney General;

- (2) The Authority must comply with the requirements and conditions contained in the Resolution;
- (3) The Authority must provide the TWDB with a copy of the preliminary approval letter from the Texas Attorney General promptly upon receipt;
- (4) The Authority must provide the TWDB with a copy of its responses to the preliminary approval letter concurrently with the submission of such responses to the Texas Attorney General; and
- (5) The Authority must allow TWDB to brief the Texas Attorney General on any issues noted in the preliminary approval letter and initiate or participate in conferences with the Texas Attorney General related to the approval of the Authority's Bonds.

Accordingly, if after the Authority employs its best efforts to obtain approval by the Texas Attorney General and such approval cannot be obtained, as a matter of law, the TWDB may at its sole discretion terminate this Agreement. Upon termination by the TWDB, the Authority will pay, from any of its lawfully available funds, the agreed-upon liquidated damages as provided by Section 3B, no later than November 8, 2022.

SECTION 6. REDEMPTION OF OUTSTANDING DEBT. Proceeds of the Authority's bonds will not be used, in whole or in part, to redeem outstanding bonds, commercial paper, or other obligations issued by the Authority without prior written approval by the Development Fund Manager. The Authority agrees that it will not take or fail to take any action that will cause the TWDB Bonds to be considered to be advance refunding bonds under Section 149(d) of the Internal Revenue Code of 1986, as amended.

SECTION 7. NOTICES. All notices, agreements or other communications required by this Agreement will be given, and will be deemed given, when delivered in writing to the address, facsimile, or email of the identified Party or Parties set forth below:

Texas Water Development Board Development Fund Manager P.O. Box 13231 Austin, Texas 78711-3231 Telephone (512) 475-4584 Facsimile (512) 475-2053	Greater Texoma Utility Authority Attn: Drew Satterwhite, P.E. 5100 Airport Dr. Denison, Texas 75020-8448 Telephone: (903) 786-4433 E-mail: drews@gtua.org
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SECTION 8. SEVERABILITY. In the event any provision of this Agreement is held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate, render unenforceable or otherwise affect any other provisions hereof.

SECTION 9. AMENDMENTS, SUPPLEMENTS AND MODIFICATIONS. Other than the changes allowed under Section 4 and Section 5, this Agreement may be amended, supplemented, or modified only in a writing executed by duly authorized representatives of the Parties.

SECTION 10. APPLICABLE LAW. This Agreement and any amendments will be governed by and construed in accordance with the laws of the State of Texas.

SECTION 11. STATE AUDIT. By executing this Agreement and delivering the Authority Bonds, the Authority accepts the authority of the Texas State Auditor's Office to conduct audits and investigations in connection with all state funds received pursuant to this Agreement. The Authority must comply with any directive from the Texas State Auditor and will cooperate in any such investigation or audit. The Authority agrees to provide the Texas State Auditor with access to any information the Texas State Auditor considers relevant to the investigation or audit. The Authority also agrees to include a provision in any contract or subcontract related to this Agreement that requires the contractor and the subcontractor to submit to audits and investigations by the Texas State Auditor's Office in connection with any state funds received pursuant to the contract or subcontract.

SECTION 12. FORCE MAJEURE. Either Party to this Agreement may be excused from performance under this contract for any period when performance is prevented as the result of an act of God, strike, war, civil disturbance, or epidemic, provided that the Party experiencing the event of Force Majeure has prudently and promptly acted to take any and all steps that are within the Party's control to ensure performance and to shorten the duration of the event of Force Majeure. The Party suffering an event of Force Majeure must provide notice of the event to the other Party as soon as practicable but not later than five business days after the event. Subject to this provision, such nonperformance will not be deemed a breach or a ground for termination.

SECTION 13. EFFECTIVE DATE. This Agreement is effective as of the date of the last signature below.

SECTION 14. BINDING AGREEMENT. The execution of this Agreement has been authorized by the governing boards of both Parties. The individuals executing this Agreement have the legal authority to bind each respective Party to the terms and conditions of this Agreement. The respective commitments of the TWDB and the Authority set forth above is binding upon the TWDB and the Authority upon both Parties' execution of this Agreement.

[Remainder of Page Intentionally Left Blank]

EXECUTED in multiple counterparts, each of which shall be deemed to be an original.

GREATER TEXOMA UTILITY AUTHORITY

By: _____
Name: Drew Satterwhite, P.E.
Title: General Manager

Date: _____

TEXAS WATER DEVELOPMENT BOARD

By: _____

Name: Jeff Walker

Title: Executive Administrator

Date: _____

ATTACHMENT A

TWDB RESOLUTION NO. 22-008

**A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF
\$10,235,000 TO GREATER TEXOMA UTILITY AUTHORITY ON BEHALF OF CITY OF
HENRIETTA FROM THE FINANCIAL ASSISTANCE ACCOUNT OF
THE TEXAS WATER DEVELOPMENT FUND II
THROUGH THE PROPOSED PURCHASE OF
\$10,235,000 GREATER TEXOMA UTILITY AUTHORITY CONTRACT REVENUE BONDS
PROPOSED SERIES 2022 (CITY OF HENRIETTA PROJECT)**

(22 - 008)

WHEREAS, the Greater Texoma Utility Authority, located in Clay County, Texas, (Authority), has filed an application for financial assistance in the amount of \$10,235,000 from the Financial Assistance Account of the Texas Water Development Fund II to finance wastewater system improvements, identified as Project No. 21804 and

WHEREAS, the Authority seeks financial assistance from the Texas Water Development Board (TWDB) in the amount of \$10,235,000 through the TWDB's purchase of \$10,235,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2022 (City of Henrietta Project) (together with all authorizing documents (Obligations)), all as is more specifically set forth in the application and in recommendations of the TWDB's staff; and

WHEREAS, the Authority has offered a pledge of contract revenues as sufficient security for the repayment of the Obligations; and

WHEREAS, the commitment is approved for funding under the TWDB's pre-design funding option, and initial and future releases of funds are subject to 31 TAC § 363.16; and

WHEREAS, in accordance with Texas Water Code § 17.275, the TWDB has considered all matters required by law and in particular the following:

1. the water quality needs of the waters into which effluent from the treatment works will be discharged, the benefit of the treatment works to such water quality needs, the relationship of the treatment works to the overall, statewide water quality needs, and the relationship of the treatment works to water quality planning for the state;
2. the availability of revenue to the political subdivision, from all sources, for the ultimate repayment of the cost of the treatment works, including interest; and
3. that the Authority has been designated, pursuant to Texas Water Code § 26.082, to provide a regional system to serve all or part of the waste disposal needs of a defined area, the development of such systems being the declared policy of the legislature; and

WHEREAS, the TWDB hereby finds:

1. that the public interest will benefit from state assistance in the financing of this project, in accordance with Texas Water Code § 17.277(a);
2. that any treatment works to be financed under the application will consider cost-effective innovative, nonconventional methods of treatment such as rock reed, root zone, ponding, irrigation, or other methods that may have been developed by the National Aeronautics and Space Administration or the Tennessee Valley Authority, in accordance with Texas Water Code § 17.189;
3. that the Authority has adopted and implemented a water conservation program for the more efficient use of water that will meet reasonably anticipated local needs and conditions and that incorporates practices, techniques or technology prescribed by the Texas Water Code and TWDB's rules;
4. that the application and financial assistance requested meet the requirements of Chapter 17, Subchapters D, E, and L, Water Code, and the TWDB's rules set forth in 31 TAC Chapter 363, Subchapter A;

NOW THEREFORE, based on these findings, the TWDB resolves as follows:

A commitment is made by the TWDB to the Greater Texoma Utility Authority for financial assistance in the amount of \$10,235,000 from the Financial Assistance Account of the Texas Water Development Fund II, to be evidenced by the TWDB's purchase of \$10,235,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2022 (City of Henrietta Project). This commitment will expire on February 28, 2023.

Such commitment is conditioned as follows:

Standard Conditions

1. this commitment is contingent on a future sale of bonds by the TWDB or on the availability of funds on hand;
2. this commitment is contingent upon the issuance of a written approving opinion of the Attorney General of the State of Texas stating that the Authority has complied with all of the requirements of the laws under which said Obligations were issued; that said Obligations were issued in conformity with the Constitution and laws of the State of Texas; and that said Obligations are valid and binding obligations of the Authority;
3. this commitment is contingent upon the Authority's compliance with all applicable laws, rules, policies, and guidance (as these may be amended from time to time to

adapt to a change in law, in circumstances, or any other legal requirement), including but not limited to 31 TAC Chapter 363;

4. the Obligations must provide that the Obligations can be called for early redemption (Early Redemption) only in inverse order of maturity, and on any date beginning on or after the first interest payment date which is 10 years from the dated date of the Obligations, at a redemption price of par, together with accrued interest to the date fixed for redemption;
5. the Obligations must include a provision wherein the Authority, or an obligated person for whom financial or operating data is presented to the TWDB in the application for financial assistance either individually or in combination with other issuers of the Authority's Obligations or obligated persons, will, at a minimum, covenant to comply with requirements for continuing disclosure on an ongoing basis substantially in the manner required by Securities and Exchange Commission (SEC) in 17 CFR § 240.15c2-12 (Rule 15c2-12) and determined as if the TWDB were a Participating Underwriter within the meaning of such rule, such continuing disclosure undertaking being for the benefit of the TWDB and the beneficial owners of the Authority's Obligations, if the TWDB sells or otherwise transfers such Obligations, and the beneficial owners of the TWDB's bonds if the Authority is an obligated person with respect to such bonds under SEC Rule 15c2-12;
6. the Obligations must include a provision requiring the Authority to use any surplus loan proceeds from the Obligations remaining after completion of a final accounting in a manner as approved by the Executive Administrator; and
7. the Obligations must contain a provision that the TWDB may exercise all remedies available to it in law or equity, and any provision of the Obligations that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect;
8. financial assistance proceeds are public funds and, as such, the Obligations must include a provision requiring that these proceeds shall be held at a designated state depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Government Code, Chapter 2256 and the Public Funds Collateral Act, Government Code, Chapter 2257;
9. financial assistance proceeds shall not be used by the Authority when sampling, testing, removing or disposing of contaminated soils and/or media at the project site. The Obligations shall include an environmental indemnification provision wherein the Authority agrees to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the Authority, its contractors, consultants, agents, officials and employees as a result of activities relating to the project to the extent permitted by law;

10. prior to closing, the Authority shall submit documentation evidencing the adoption and implementation of sufficient system rates and charges or, if applicable, the levy of an interest and sinking tax rate sufficient for the repayment of all system debt service requirements;
11. prior to closing, and if required under the TWDB's financial assistance program and not previously provided with the application, the Authority shall submit an executed engineering contract as appropriate for the project scope of work, and an executed financial advisor contract and executed bond counsel contract as appropriate for the work to be performed in obtaining the TWDB's financial assistance for the project, in a form and substance that are satisfactory to the Executive Administrator. Fees to be reimbursed under any consulting contract must be reasonable in relation to the services performed, must be reflected in the contract, and must be acceptable to the Executive Administrator;
12. prior to closing, when any portion of financial assistance proceeds are to be held in escrow or in trust, the Authority shall execute an escrow agreement or trust agreement, approved as to form and substance by the Executive Administrator, and shall submit that executed agreement to the TWDB;
13. the Executive Administrator may require that the Authority execute a separate financing agreement in form and substance acceptable to the Executive Administrator;
14. the Authority shall abide by all applicable construction contract requirements related to the use of iron and steel products produced in the United States, as required by Texas Government Code, Chapter 2252, Subchapter F and Texas Water Code § 17.183;

Conditions Related to Tax-Exempt Status

15. prior to closing, the Authority's bond counsel must prepare a written opinion that states that the interest on the Obligations is excludable from gross income or is exempt from federal income taxation. Bond counsel may rely on covenants and representations of the Authority when rendering this opinion;
16. prior to closing, the Authority's bond counsel must prepare a written opinion that states that the Obligations are not "private activity bonds." Bond counsel may rely on covenants and representations of the Authority when rendering this opinion;
17. the Obligations must include a provision prohibiting the Authority from using the proceeds of this financial assistance in a manner that would cause the Obligations to become "private activity bonds" within the meaning of § 141 of the Internal Revenue Code of 1986, as amended (Code) and the Treasury Regulations promulgated thereunder (Regulations);

18. the Obligations must provide that no portion of the proceeds of the loan will be used, directly or indirectly, in a manner that would cause the Obligations to be “arbitrage bonds” within the meaning of § 148(a) of the Code and Regulations, including to acquire or to replace funds which were used, directly or indirectly, to acquire Nonpurpose Investments (as defined in the Code and Regulations) that produce a yield materially higher than the yield on the TWDB’s bonds that are issued to provide financing for the loan (Source Series Bonds), other than Nonpurpose Investments acquired with:
 - a. proceeds of the TWDB’s Source Series Bonds invested for a reasonable temporary period of up to three (3) years after the issue date of the Source Series Bonds until such proceeds are needed for the facilities to be financed;
 - b. amounts invested in a bona fide debt service fund, within the meaning of § 1.148-1(b) of the Regulations; and
 - c. amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed the least of maximum annual debt service on the Obligations, 125% of average annual debt service on the Obligations, or 10 percent of the stated principal amount (or, in the case of a discount, the issue price) of the Obligations;

19. the Obligations must include a provision requiring the Authority take all necessary steps to comply with the requirement that certain amounts earned on the investment of gross proceeds of the Obligations be rebated to the federal government in order to satisfy the requirements of § 148 of the Code. The Obligations must provide that the Authority will:
 - a. account for all Gross Proceeds, as defined in the Code and Regulations, (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 retain all records of such accounting for at least six years after the final Computation Date. The Authority may, however, to the extent permitted by law, commingle Gross Proceeds of its loan with other money of the Authority, provided that the Authority separately accounts for each receipt and expenditure of such Gross Proceeds and the obligations acquired therewith;
 - b. calculate the Rebate Amount, as defined in the Code and Regulations, with respect to its loan, not less frequently than each Computation Date, in accordance with rules set forth in § 148(f) of the Code, § 1.148-3 of the Regulations, and the rulings thereunder. The Authority shall maintain a copy of such calculations for at least six years after the final Computation Date;

- c. as additional consideration for the making of the loan, and in order to induce the making of the loan by measures designed to ensure the excludability of the interest on the TWDB's Source Series Bonds from the gross income of the owners thereof for federal income tax purposes, pay to the United States the amount described in paragraph (b) above within 30 days after each Computation Date;
 - d. exercise reasonable diligence to assure that no errors are made in the calculations required by paragraph (b) and, if such error is made, to discover and promptly to correct such error within a reasonable amount of time thereafter, including payment to the United States of any interest and any penalty required by the Regulations;
- 20. the Obligations must include a provision prohibiting the Authority from taking any action that would cause the interest on the Obligations to be includable in gross income for federal income tax purposes;
 - 21. the Obligations must provide that the Authority will not cause or permit the Obligations to be treated as "federally guaranteed" obligations within the meaning of § 149(b) of the Code;
 - 22. the Obligations must contain a covenant that the Authority will refrain from using the proceeds of the Obligations to pay debt service on another issue of obligations of the borrower in contravention of section 149(d) of the Code (related to "advance refundings");
 - 23. the transcript must include a No Arbitrage Certificate or similar Federal Tax Certificate setting forth the Authority's reasonable expectations regarding the use, expenditure and investment of the proceeds of the Obligations;
 - 24. the transcript must include evidence that the information reporting requirements of § 149(e) of the Code will be satisfied. This requirement may be satisfied by filing an IRS Form 8038 with the Internal Revenue Service. In addition, the applicable completed IRS Form 8038 or other evidence that the information reporting requirements of § 149(e) have been satisfied must be provided to the Executive Administrator within fourteen (14) days of closing. The Executive Administrator may withhold the release of funds for failure to comply;
 - 25. the Obligations must provide that neither the Authority nor a related party thereto will acquire any of the TWDB's Source Series Bonds in an amount related to the amount of the Obligations to be acquired from the Authority by the TWDB;

Pledge Conditions for the Loan

- 26. upon request by the Executive Administrator, the Authority shall submit annual audits of contracting parties for the Executive Administrator's review;

27. the Obligations must contain a provision requiring the Authority to maintain and enforce the contracts with its customers so that the revenues paid to the Authority by its customers are sufficient to meet the revenue requirements of the Authority's obligations arising from the operation of the water and sewer system;
28. the Obligations must contain a provision that the pledged contract revenues from the Authority may not be pledged to the payment of any additional parity obligations of the Authority secured by a pledge of the same contract revenues unless the Authority demonstrates to the Executive Administrator's satisfaction that the pledged contract revenues will be sufficient for the repayment of all Obligations and additional parity obligations; and
29. prior to closing, the Authority must submit executed contracts between the Authority and the contracting parties regarding the contract revenues pledged to the payment of the Authority's Obligations, in form and substance acceptable to the Executive Administrator. Such contracts shall include provisions consistent with the provisions of this Resolution regarding the contracting parties' annual audits, the setting of rates and charges and collection of revenues sufficient to meet the Authority's debt service obligations and additional parity obligations.

APPROVED and ordered of record this, the 2ND day of February, 2022.

TEXAS WATER DEVELOPMENT BOARD


Brooke J. Paup
Brooke T. Paup, Chairwoman

DATE SIGNED: 2/02/22

ATTEST:

Jeff Walker
Jeff Walker
Executive Administrator

ATTACHMENT B

DESCRIPTION OF BORROWER BONDS

Title of Borrower Bonds: \$10,235,000 Greater Texoma Utility Authority Contract Revenue Bonds, Series 2022 (City of Henrietta)

Project Name: GTUA (City of Henrietta) Project

Project Number: 21804

Aggregate Principal Amount of Borrower Bonds: \$10,235,000

Anticipated Closing Date: 06/30/2022

Dated Date: 06/30/2022

First Principal Payment Date: 8/15/2023

First Interest Payment Date: 8/15/2022

Maturity Schedule:

Maturity Date	Principal Payment	Maturity Date	Principal Payment
8/15/2023	\$ 140,000	8/15/2043	\$ 245,000
8/15/2024	145,000	8/15/2044	255,000
8/15/2025	150,000	8/15/2045	260,000
8/15/2026	155,000	8/15/2046	270,000
8/15/2027	155,000	8/15/2047	275,000
8/15/2028	160,000	8/15/2048	285,000
8/15/2029	165,000	8/15/2049	290,000
8/15/2030	170,000	8/15/2050	300,000
8/15/2031	175,000	8/15/2051	310,000
8/15/2032	180,000	8/15/2052	320,000
8/15/2033	185,000	8/15/2053	325,000
8/15/2034	190,000	8/15/2054	335,000
8/15/2035	195,000	8/15/2055	345,000
8/15/2036	205,000	8/15/2056	355,000
8/15/2037	210,000	8/15/2057	365,000
8/15/2038	215,000	8/15/2058	375,000
8/15/2039	220,000	8/15/2059	385,000
8/15/2040	225,000	8/15/2060	395,000
8/15/2041	235,000	8/15/2061	410,000
8/15/2042	240,000	8/15/2062	420,000

ATTACHMENT IV

ORDINANCE NO. _____

AN ORDINANCE approving and authorizing the execution and delivery of a "Contract of Indemnification" with the Greater Texoma Utility Authority in connection with the issuance of contract revenue bonds on behalf of the City; and resolving other matters incident and related to the execution and delivery of such contract.

WHEREAS, the Texas Water Development Board (the "TWDB") has agreed to purchase the "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2022 (City of Bells Project)" (the "Bonds") for the purpose of financing water system projects on behalf of the City (the "TWDB commitment"); and

WHEREAS, the TWDB is issuing its Water Financial Assistance Bonds (TWDB Bonds) solely for the purpose of funding the TWDB commitment; and,

WHEREAS, as a condition to the TWDB commitment, the Greater Texoma Utility Authority (the "Authority") is required to execute a Financing Agreement prepared by the TWDB; and

WHEREAS, the Financing Agreement, specifically Section 3, sets forth provisions relating to penalties and costs should the Authority fail to deliver the Bonds by August 10, 2022; and

WHEREAS, the Board of Directors of the Authority has found and determined that such penalties, costs, termination payments or any other amounts referenced in the Financing Agreement, specifically Section 3, should be the responsibility of the City and not the Authority since the Authority is issuing the Bonds on behalf of the City; and

WHEREAS, the Council hereby finds and determines that the Contract of Indemnification with the Authority substantially in the form and content attached hereto as Exhibit A should be approved and authorized to be executed as hereinafter provided; now, therefore

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BELLS, TEXAS:

SECTION 1. The Contract of Indemnification by and between the Authority and the City substantially in the form and content attached hereto as **Exhibit A** and incorporated herein for all purposes. The Mayor and City Secretary of the City are hereby authorized and directed to execute such Contract for and on behalf of the City and as the act and deed of this City Council.

SECTION 2. This Ordinance shall take effect and be in force from and after its passage.

PASSED AND APPROVED, this _____, 2022.

CITY OF BELLS, TEXAS

Mayor

ATTEST:

City Secretary

(City Seal)

EXHIBIT A

CONTRACT OF INDEMNIFICATION

CONTRACT OF INDEMNIFICATION

THIS CONTRACT ("Contract") is made and entered into as of _____, 2022, between the GREATER TEXOMA UTILITY AUTHORITY (hereinafter referred to as the "Authority"), a conservation and reclamation authority, a governmental agency, a political subdivision of the State of Texas, and a body politic corporate, duly created, existing and acting by virtue of Constitution and the laws of the State of Texas, including Texas Special District Local Laws Code, Chapter 8283 (the "Act"), and the CITY OF BELLS, TEXAS, a municipal corporation in the County of Grayson, Texas (hereinafter referred to as the "City"), duly created and existing under the laws of the State of Texas:

RECITALS

WHEREAS, the Texas Water Development Board (the "TWDB") has agreed to purchase the "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2022 (City of Bells Project)" (the "GTUA Bonds") for the purpose of financing water system projects on behalf of the City (the "TWDB commitment"); and

WHEREAS, the TWDB is issuing its Water Financial Assistance Bonds (TWDB Bonds) solely for the purpose of funding the TWDB commitment; and,

WHEREAS, as a condition to the TWDB commitment, the Authority is required to execute a Financing Agreement prepared by the TWDB (a form of such Financing Agreement being attached hereto as Exhibit A); and

WHEREAS, the Financing Agreement, specifically Section 3, sets forth provisions relating to penalties and costs should the Authority fail to deliver the GTUA Bonds by August 10, 2022; and

WHEREAS, SINCE THE AUTHORITY IS ISSUING THE BONDS AND ENTERING INTO FINANCING AGREEMENT ON BEHALF OF, AND FOR THE BENEFIT OF, THE CITY, THE CITY AGREES THAT ANY COSTS OR PENALTIES IMPOSED BY THE TWDB AGAINST GTUA PURSUANT TO THE FINANCING AGREEMENT SHALL BE THE SOLE RESPONSIBILITY OF THE CITY AND NOT THE AUTHORITY;

WHEREAS, the Authority and the City, acting through their duly constituted governing bodies have mutually agreed upon the terms and conditions of this Contract; now, therefore

IN CONSIDERATION of the mutual covenants, agreements and undertakings herein set forth, the parties hereto hereby agree and contract as follows:

Section 1. **THE CITY AND THE AUTHORITY HEREBY AGREE THAT ANY AND ALL COSTS, PENALTIES, TERMINATION PAYMENTS OR OTHER AMOUNTS OWED BY THE AUTHORITY TO THE TEXAS WATER DEVELOPMENT BOARD PURSUANT TO THE FINANCING AGREEMENT, SPECIFICALLY SECTION 3 OF THE FINANCING AGREEMENT, SHALL BE PAID BY THE CITY TO THE AUTHORITY TO INDEMNIFY THE AUTHORITY FOR SUCH COSTS, PENALTIES, TERMINATION PAYMENT OR OTHER AMOUNTS OWED, NOTWITHSTANDING ANY NEGLIGENCE ON THE PART OF GTUA. SUCH PAYMENT SHALL BE MADE BY THE CITY TO THE AUTHORITY NO LATER THAN NOVEMBER 7, 2022. THE AUTHORITY SHALL HAVE NO RESPONSIBILITY WITH RESPECT TO SUCH AMOUNTS OWED PURSUANT TO THE FINANCING AGREEMENT AND THE CITY SHALL**

HOLD HARMLESS THE AUTHORITY FOR ANY SUCH COSTS, PENALTIES, TERMINATION PAYMENTS OR ANY OTHER AMOUNTS OWED TO THE TEXAS WATER DEVELOPMENT BOARD PURSUANT TO THE FINANCING AGREEMENT. The City will not be liable for any failure due to force majeure pursuant to section 12 of the Financing Agreement.

Section 2. The Authority agrees to timely comply with the requirements of the TWDB set forth in Section 5(B) of the Financing Agreement.

[remainder of page left blank intentionally]

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this Contract to be duly executed in several counterparts, each of which shall constitute an original, all as of the day and year first above written.

GREATER TEXOMA UTILITY AUTHORITY

(Authority Seal)

By: _____
General Manager

CITY OF BELLS, TEXAS

(City Seal)

By: _____
Mayor

ATTEST:

City Secretary

EXHIBIT A
FINANCING AGREEMENT



FINANCING AGREEMENT

This FINANCING AGREEMENT (Agreement) is entered into between the TEXAS WATER DEVELOPMENT BOARD (TWDB), an agency of the State of Texas (State), and the Greater Texoma Utility Authority (Authority), a political subdivision of the State. The TWDB and the Authority may be referred to as the “Party or the Parties” in this Agreement.

RECITALS

WHEREAS, the TWDB adopted Resolution No. 22-024 (Attachment A referred to as the Resolution) on March 3, 2022, making a commitment to the Authority for financial assistance in a total amount of \$7,200,000 (TWDB Commitment) from the Financial Assistance Account of the Development Fund II (DFund II) administered by the TWDB; and

WHEREAS, through this Agreement, the Authority intends to sell to the TWDB the Authority’s \$7,200,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2022 (City of Bells Project) (Authority Bonds) for the TWDB’s financial assistance from DFund II, as further described in Attachment B; and

WHEREAS, DFund II is funded, in part, with proceeds of the TWDB’s Water Financial Assistance Bonds (TWDB Bonds) authorized under Texas Water Code § 17.959 and Texas Constitution, Article III, Sections 49-d-8, 49-d-9, 49-d-11, and money received as repayment of financial assistance provided from DFund II which is used to pay the principal and interest on such TWDB Bonds, and

WHEREAS, the Resolution provides that funding the TWDB Commitment is contingent on a future sale of TWDB Bonds or on the availability of funds on hand; and

WHEREAS, the TWDB intends to provide financial assistance from DFund II to the Authority with proceeds of TWDB Bonds designated by the TWDB; and

WHEREAS, the TWDB and the Authority desire to enter into this Agreement to set forth the obligations of the Parties with respect to the TWDB providing financial assistance to the Authority consistent with the desire of the TWDB to issue TWDB Bonds to provide money for DFund II.

NOW, THEREFORE, for and in consideration of the promises and the mutual covenants contained in this Agreement, the TWDB and the Authority agree as follows:

AGREEMENT

SECTION 1. MUTUAL COMMITMENT. As further described in the Resolution, the TWDB committed to the Authority and the Authority hereby commits to borrow from the TWDB an amount not to exceed \$7,200,000 from DFund II to be evidenced by the issuance and delivery of Authority Bonds to the TWDB consistent with the terms and conditions described in this Agreement, Attachment A and Attachment B.

SECTION 2. TRANSACTION SCHEDULE AND PRICING. By execution of this Agreement, the Authority acknowledges and represents that it has a current need for financial assistance from the TWDB and will take all necessary steps to issue and deliver the Authority Bonds to evidence the TWDB Commitment described in Section 1. The Authority further acknowledges and understands that the TWDB is entering into this Agreement for the sole purpose of issuing TWDB Bonds to fund the TWDB Commitment described in the Resolution and in this Agreement. The Authority acknowledges that the TWDB Bonds, the subject of this Agreement, are being issued for the purpose of funding the Authority's requested financial assistance.

With respect to the Authority Bonds and the TWDB Bonds, the Parties agree to structure such public securities in a manner that will allow for substantially similar terms, redemption provisions, and related matters to allow the TWDB to timely pay the entire amount of debt service on the TWDB Bonds. To confirm the terms of the Authority Bonds and TWDB Bonds, the Authority must execute this Agreement. The foregoing notwithstanding, the TWDB consents to early redemption, or prepayment, of the Authority Bonds, as provided for in this Agreement and the accompanying TWDB Resolution attached as Attachment A. The Authority Bonds may be prepaid by the Authority on any date beginning on or after the first scheduled interest payment date that occurs no earlier than 10 years from the dated date of the Authority Bonds.

In order to mutually assure the performance of the Parties under this Agreement, the Parties agree that the issuance and delivery of the Authority's Bonds to TWDB must occur not later than August 10, 2022 (Delivery Deadline). Failure by the Authority to issue and deliver to the TWDB the Authority's Bonds will result in the Authority being liable to the TWDB for the stipulated damages agreed to by the Parties in Section 3 of this Agreement.

SECTION 3. BREACH OF AGREEMENT, LIQUIDATED DAMAGES.

- A. The Authority understands and agrees that TWDB will incur severe and irreparable damages if the Authority Bonds are not issued and delivered by the Delivery Deadline. The Authority will be in breach of this Agreement if the Authority fails to issue and deliver to the TWDB the Authority's Bonds under the terms of this Agreement, on or before the Delivery Deadline.

- B. In the event of the breach described in Section 3A, the Parties agree that quantifying the TWDB's losses arising from the Authority's failure to issue and deliver its bonds to the TWDB is inherently difficult. The Parties therefore stipulate that the sum agreed upon for liquidated damages is not a penalty, but rather a reasonable measure of damages based on the Parties' respective experience in the industry and the nature of the TWDB's losses that may result from the Authority's failure to issue and deliver its bonds to the TWDB. In recognition of the difficulties thereof, if the Authority fails to issue and deliver to the TWDB the Authority's bonds by the Delivery Deadline, the Authority agrees to pay from lawfully available funds \$441,382. The Authority is obligated to pay such costs to the TWDB no later than November 8, 2022.

SECTION 4. AMORTIZATION AND FINAL REPAYMENT STRUCTURE.

The Authority must provide the TWDB a final maturity schedule in the form set forth in Attachment B at the time of execution of this Agreement which in no event will be later than April 4, 2022. The final amortization schedule adopted by the Authority as included in the Authority's private placement memorandum and Authority Bond resolution must reflect the final repayment set forth in Attachment B.

SECTION 5. CONTINGENCIES AND TERMINATION.

- A. The Parties agree that the TWDB's obligation to purchase the Authority's securities with proceeds from DFund II is contingent upon the TWDB receiving all legally required approvals for the issuance of the TWDB Bonds, from the Legislative Budget Board, the Bond Review Board, and the Texas Attorney General, as applicable. The TWDB's obligation to purchase the Authority's securities to fulfill the commitment described in Section 1 of this Agreement with proceeds of TWDB bonds is also contingent upon the purchase and delivery of TWDB Bond proceeds by the underwriters pursuant to the Bond Purchase Agreement relating to the TWDB Bonds.

Accordingly, if any contingency described in the preceding paragraph above is unmet, the TWDB, upon delivery of written notice thereof to the Authority, may extend or terminate this Agreement together with all of its obligations and duties hereunder without incurring any cost, fee, or penalty for either the TWDB or the Authority.

- B. The Parties agree that the Authority's obligation to issue and deliver the Authority's Bonds is contingent upon approval by the Texas Attorney General of the Authority's Bonds. The Authority agrees to use its best efforts to obtain approval by the Texas Attorney General of the Authority's Bonds to satisfy the delivery and issuance requirements set forth in Section 2 of this Agreement. To this end, the Authority agrees as follows:

- (1) The Authority must timely file the transcript of proceedings for the Authority Bonds with the Texas Attorney General;

- (2) The Authority must comply with the requirements and conditions contained in the Resolution;
- (3) The Authority must provide the TWDB with a copy of the preliminary approval letter from the Texas Attorney General promptly upon receipt;
- (4) The Authority must provide the TWDB with a copy of its responses to the preliminary approval letter concurrently with the submission of such responses to the Texas Attorney General; and
- (5) The Authority must allow TWDB to brief the Texas Attorney General on any issues noted in the preliminary approval letter and initiate or participate in conferences with the Texas Attorney General related to the approval of the Authority's Bonds.

Accordingly, if after the Authority employs its best efforts to obtain approval by the Texas Attorney General and such approval cannot be obtained, as a matter of law, the TWDB may at its sole discretion terminate this Agreement. Upon termination by the TWDB, the Authority will pay, from any of its lawfully available funds, the agreed-upon liquidated damages as provided by Section 3B, no later than November 8, 2022.

SECTION 6. REDEMPTION OF OUTSTANDING DEBT. Proceeds of the Authority's bonds will not be used, in whole or in part, to redeem outstanding bonds, commercial paper, or other obligations issued by the Authority without prior written approval by the Development Fund Manager. The Authority agrees that it will not take or fail to take any action that will cause the TWDB Bonds to be considered to be advance refunding bonds under Section 149(d) of the Internal Revenue Code of 1986, as amended.

SECTION 7. NOTICES. All notices, agreements or other communications required by this Agreement will be given, and will be deemed given, when delivered in writing to the address, facsimile, or email of the identified Party or Parties set forth below:

Texas Water Development Board Development Fund Manager P.O. Box 13231 Austin, Texas 78711-3231 Telephone (512) 475-4584 Facsimile (512) 475-2053	Greater Texoma Utility Authority Attn: Drew Satterwhite 5100 Airport Drive Denison, Texas 75020-0000 Telephone: (903) 786-4433 E-mail: drews@gtua.org
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SECTION 8. SEVERABILITY. In the event any provision of this Agreement is held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate, render unenforceable or otherwise affect any other provisions hereof.

SECTION 9. AMENDMENTS, SUPPLEMENTS AND MODIFICATIONS. Other than the changes allowed under Section 4 and Section 5, this Agreement may be amended, supplemented, or modified only in a writing executed by duly authorized representatives of the Parties.

SECTION 10. APPLICABLE LAW. This Agreement and any amendments will be governed by and construed in accordance with the laws of the State of Texas.

SECTION 11. STATE AUDIT. By executing this Agreement and delivering the Authority Bonds, the Authority accepts the authority of the Texas State Auditor's Office to conduct audits and investigations in connection with all state funds received pursuant to this Agreement. The Authority must comply with any directive from the Texas State Auditor and will cooperate in any such investigation or audit. The Authority agrees to provide the Texas State Auditor with access to any information the Texas State Auditor considers relevant to the investigation or audit. The Authority also agrees to include a provision in any contract or subcontract related to this Agreement that requires the contractor and the subcontractor to submit to audits and investigations by the Texas State Auditor's Office in connection with any state funds received pursuant to the contract or subcontract.

SECTION 12. FORCE MAJEURE. Either Party to this Agreement may be excused from performance under this contract for any period when performance is prevented as the result of an act of God, strike, war, civil disturbance, or epidemic, provided that the Party experiencing the event of Force Majeure has prudently and promptly acted to take any and all steps that are within the Party's control to ensure performance and to shorten the duration of the event of Force Majeure. The Party suffering an event of Force Majeure must provide notice of the event to the other Party as soon as practicable but not later than five business days after the event. Subject to this provision, such nonperformance will not be deemed a breach or a ground for termination.

SECTION 13. EFFECTIVE DATE. This Agreement is effective as of the date of the last signature below.

SECTION 14. BINDING AGREEMENT. The execution of this Agreement has been authorized by the governing boards of both Parties. The individuals executing this Agreement have the legal authority to bind each respective Party to the terms and conditions of this Agreement. The respective commitments of the TWDB and the Authority set forth above is binding upon the TWDB and the Authority upon both Parties' execution of this Agreement.

[Remainder of Page Intentionally Left Blank]

EXECUTED in multiple counterparts, each of which shall be deemed to be an original.

GREATER TEXOMA UTILITY AUTHORITY

By: _____

Name: Drew Satterwhite

Title: General Manager

Date: _____

TEXAS WATER DEVELOPMENT BOARD

By: _____

Name: Jeff Walker

Title: Executive Administrator

Date: _____

ATTACHMENT A

TWDB RESOLUTION NO. 22-024

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF
\$7,200,000 TO GREATER TEXOMA UTILITY AUTHORITY
FROM THE FINANCIAL ASSISTANCE ACCOUNT OF
THE TEXAS WATER DEVELOPMENT FUND II
THROUGH THE PROPOSED PURCHASE OF
\$7,200,000 GREATER TEXOMA UTILITY AUTHORITY CONTRACT REVENUE BONDS (CITY
OF BELLS PROJECT)
PROPOSED SERIES 2022

(22-024)

WHEREAS, the Greater Texoma Utility Authority, located in Grayson County, Texas (Authority), has filed an application for financial assistance in the amount of \$7,200,000 from the Financial Assistance Account of the Texas Water Development Fund II, established by Texas Water Code § 17.959, to finance wastewater and water system improvements, identified as Project No. 21798; and

WHEREAS, the Authority seeks financial assistance from the Texas Water Development Board (TWDB) in the amount of \$7,200,000 through the TWDB's purchase of \$7,200,000 Greater Texoma Utility Authority Contract Revenue Bonds Proposed Series 2022 (City of Bells Project) (together with all authorizing documents (Obligations)), all as is more specifically set forth in the application and in recommendations of the TWDB's staff; and

WHEREAS, the Authority has offered a pledge of contract revenue as sufficient security for the repayment of the Obligations; and

WHEREAS, the commitment is approved for funding under the TWDB's pre-design funding option, and initial and future releases of funds are subject to 31 TAC § 363.16; and

WHEREAS, in accordance with Texas Water Code § 17.275, the TWDB has considered all matters required by law and in particular the following:

1. the water quality needs of the waters into which effluent from the treatment works will be discharged, the benefit of the treatment works to such water quality needs, the relationship of the treatment works to the overall, statewide water quality needs, and the relationship of the treatment works to water quality planning for the state;
2. the availability of revenue to the political subdivision, from all sources, for the ultimate repayment of the cost of the treatment works, including interest; and
3. that the Authority has designated, pursuant to Texas Water Code § 26.082, to provide a regional system to serve all or part of the waste disposal needs of a

defined area, the development of such systems being the declared policy of the legislature.

WHEREAS, the TWDB hereby finds:

1. that the public interest will benefit from state assistance in the financing of this project, in accordance with Texas Water Code § 17.277(a);
2. that the Authority has adopted and implemented a water conservation program for the more efficient use of water that will meet reasonably anticipated local needs and conditions and that incorporates practices, techniques or technology prescribed by the Texas Water Code and TWDB's rules;
3. that the application and financial assistance requested meet the requirements of Texas Water Code, Chapter 17, Subchapters E, F, and L, and 31 TAC Chapter 363, Subchapter A; and
4. that any treatment works to be financed under the application will consider cost-effective innovative, nonconventional methods of treatment such as rock reed, root zone, ponding, irrigation, or other methods that may have been developed by the National Aeronautics and Space Administration or the Tennessee Valley Authority, in accordance with Texas Water Code § 17.189.

NOW THEREFORE, based on these findings, the TWDB resolves as follows:

A commitment is made by the TWDB to the Greater Texoma Utility Authority for financial assistance in the amount of \$7,200,000 from the Financial Assistance Account of the Texas Water Development Fund II, to be evidenced by the TWDB's purchase of \$7,200,000 Greater Texoma Utility Authority Contract Revenue Bonds Proposed Series 2022 (City of Bells Project). This commitment will expire on March 31, 2023.

Such commitment is conditioned as follows:

Standard Conditions:

1. this commitment is contingent on a future sale of bonds by the TWDB or on the availability of funds on hand;
2. this commitment is contingent upon the issuance of a written approving opinion of the Attorney General of the State of Texas stating that the Authority has complied with all of the requirements of the laws under which said Obligations were issued; that said Obligations were issued in conformity with the Constitution and laws of the State of Texas; and that said Obligations are valid and binding obligations of the Authority;

3. this commitment is contingent upon the Authority's compliance with all applicable laws, rules, policies, and guidance (as these may be amended from time to time to adapt to a change in law, in circumstances, or any other legal requirement), including but not limited to 31 TAC Chapter 363;
4. the Obligations must provide that the Obligations can be called for early redemption (Early Redemption) only in inverse order of maturity, and on any date beginning on or after the first interest payment date which is 10 years from the dated date of the Obligations, at a redemption price of par, together with accrued interest to the date fixed for redemption;
5. the Obligations must include a provision wherein the Authority, or an obligated person for whom financial or operating data is presented to the TWDB in the application for financial assistance either individually or in combination with other issuers of the Authority's Obligations or obligated persons, will, at a minimum, covenant to comply with requirements for continuing disclosure on an ongoing basis substantially in the manner required by Securities and Exchange Commission (SEC) in 17 CFR § 240.15c2-12 (Rule 15c2-12) and determined as if the TWDB were a Participating Underwriter within the meaning of such rule, such continuing disclosure undertaking being for the benefit of the TWDB and the beneficial owners of the Authority's Obligations, if the TWDB sells or otherwise transfers such Obligations, and the beneficial owners of the TWDB's bonds if the Authority is an obligated person with respect to such bonds under SEC Rule 15c2-12;
6. the Obligations must include a provision requiring the City to use any surplus loan proceeds from the Obligations remaining after completion of a final accounting in a manner as approved by the Executive Administrator; and
7. the Obligations must contain a provision that the TWDB may exercise all remedies available to it in law or equity, and any provision of the Obligations that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect;
8. financial assistance proceeds are public funds and, as such, the Obligations must include a provision requiring that these proceeds shall be held at a designated state depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Government Code, Chapter 2256 and the Public Funds Collateral Act, Government Code, Chapter 2257;
9. financial assistance proceeds shall not be used by the Authority when sampling, testing, removing or disposing of contaminated soils and/or media at the project site. The Obligations shall include an environmental indemnification provision wherein the Authority agrees to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment and disposition of any contaminated sewage sludge, contaminated sediments and/or

contaminated media that may be generated by the Authority, its contractors, consultants, agents, officials and employees as a result of activities relating to the project to the extent permitted by law;

10. prior to closing, the Authority shall submit documentation evidencing the adoption and implementation of sufficient system rates and charges or, if applicable, the levy of an interest and sinking tax rate sufficient for the repayment of all system debt service requirements;
11. prior to closing, and if required under the TWDB's financial assistance program and not previously provided with the application, the Authority shall submit an executed engineering contract as appropriate for the project scope of work, and an executed financial advisor contract and executed bond counsel contract as appropriate for the work to be performed in obtaining the TWDB's financial assistance for the project, in a form and substance that are satisfactory to the Executive Administrator. Fees to be reimbursed under any consulting contract must be reasonable in relation to the services performed, must be reflected in the contract, and must be acceptable to the Executive Administrator;
12. prior to closing, when any portion of financial assistance proceeds are to be held in escrow or in trust, the Authority shall execute an escrow agreement or trust agreement, approved as to form and substance by the Executive Administrator, and shall submit that executed agreement to the TWDB;
13. the Executive Administrator may require that the Authority execute a separate financing agreement in form and substance acceptable to the Executive Administrator;
14. the Authority shall abide by all applicable construction contract requirements related to the use of iron and steel products produced in the United States, as required by Texas Government Code, Chapter 2252, Subchapter F and Texas Water Code § 17.183;

Conditions Related to Tax-Exempt Status:

15. prior to closing, the Authority's bond counsel must prepare a written opinion that states that the interest on the Obligations is excludable from gross income or is exempt from federal income taxation. Bond counsel may rely on covenants and representations of the Authority when rendering this opinion;
16. prior to closing, the Authority's bond counsel must prepare a written opinion that states that the Obligations are not "private activity bonds." Bond counsel may rely on covenants and representations of the Authority when rendering this opinion;
17. the Obligations must include a provision prohibiting the Authority from using the proceeds of this financial assistance in a manner that would cause the Obligations

to become "private activity bonds" within the meaning of § 141 of the Internal Revenue Code of 1986, as amended (Code) and the Treasury Regulations promulgated thereunder (Regulations);

18. the Obligations must provide that no portion of the proceeds of the loan will be used, directly or indirectly, in a manner that would cause the Obligations to be "arbitrage bonds" within the meaning of § 148(a) of the Code and Regulations, including to acquire or to replace funds which were used, directly or indirectly, to acquire Nonpurpose Investments (as defined in the Code and Regulations) that produce a yield materially higher than the yield on the TWDB's bonds that are issued to provide financing for the loan (Source Series Bonds), other than Nonpurpose Investments acquired with:
 - a. proceeds of the TWDB's Source Series Bonds invested for a reasonable temporary period of up to three (3) years after the issue date of the Source Series Bonds until such proceeds are needed for the facilities to be financed;
 - b. amounts invested in a bona fide debt service fund, within the meaning of § 1.148-1(b) of the Regulations; and
 - c. amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed the least of maximum annual debt service on the Obligations, 125% of average annual debt service on the Obligations, or 10 percent of the stated principal amount (or, in the case of a discount, the issue price) of the Obligations;
19. the Obligations must include a provision requiring the Authority take all necessary steps to comply with the requirement that certain amounts earned on the investment of gross proceeds of the Obligations be rebated to the federal government in order to satisfy the requirements of § 148 of the Code. The Obligations must provide that the Authority will:
 - a. account for all Gross Proceeds, as defined in the Code and Regulations, (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 retain all records of such accounting for at least six years after the final Computation Date. The Authority may, however, to the extent permitted by law, commingle Gross Proceeds of its loan with other money of the Authority, provided that the Authority separately accounts for each receipt and expenditure of such Gross Proceeds and the obligations acquired therewith;
 - b. calculate the Rebate Amount, as defined in the Code and Regulations, with respect to its loan, not less frequently than each Computation Date, in accordance with rules set forth in § 148(f) of the Code, § 1.148-3 of the

Regulations, and the rulings thereunder. The Authority shall maintain a copy of such calculations for at least six years after the final Computation Date;

- c. as additional consideration for the making of the loan, and in order to induce the making of the loan by measures designed to ensure the excludability of the interest on the TWDB's Source Series Bonds from the gross income of the owners thereof for federal income tax purposes, pay to the United States the amount described in paragraph (b) above within 30 days after each Computation Date;
 - d. exercise reasonable diligence to assure that no errors are made in the calculations required by paragraph (b) and, if such error is made, to discover and promptly to correct such error within a reasonable amount of time thereafter, including payment to the United States of any interest and any penalty required by the Regulations;
20. the Obligations must include a provision prohibiting the Authority from taking any action that would cause the interest on the Obligations to be includable in gross income for federal income tax purposes;
 21. the Obligations must provide that the Authority will not cause or permit the Obligations to be treated as "federally guaranteed" obligations within the meaning of § 149(b) of the Code;
 22. the Obligations must contain a covenant that the Authority will refrain from using the proceeds of the Obligations to pay debt service on another issue of obligations of the borrower in contravention of section 149(d) of the Code (related to "advance refundings");
 23. the transcript must include a No Arbitrage Certificate or similar Federal Tax Certificate setting forth the Authority's reasonable expectations regarding the use, expenditure and investment of the proceeds of the Obligations;
 24. the transcript must include evidence that the information reporting requirements of § 149(e) of the Code will be satisfied. This requirement may be satisfied by filing an IRS Form 8038 with the Internal Revenue Service. In addition, the applicable completed IRS Form 8038 or other evidence that the information reporting requirements of § 149(e) have been satisfied must be provided to the Executive Administrator within fourteen (14) days of closing. The Executive Administrator may withhold the release of funds for failure to comply;
 25. the Obligations must provide that neither the Authority nor a related party thereto will acquire any of the TWDB's Source Series Bonds in an amount related to the amount of the Obligations to be acquired from the Authority by the TWDB;

Pledge Conditions for the Loan:

26. upon request by the Executive Administrator, the Authority shall submit annual audits of contracting parties for the Executive Administrator's review;
27. the Obligations must contain a provision requiring the Authority to maintain and enforce the contracts with its customers so that the revenues paid to the Authority by its customers are sufficient to meet the revenue requirements of the Authority's obligations arising from the operation of the water and sewer system;
28. the Obligations must contain a provision that the pledged contract revenues from the Authority may not be pledged to the payment of any additional parity obligations of the Authority secured by a pledge of the same contract revenues unless the Authority demonstrates to the Executive Administrator's satisfaction that the pledged contract revenues will be sufficient for the repayment of all Obligations and additional parity obligations; and
29. prior to closing, the Authority must submit executed contracts between the Authority and the contracting parties regarding the contract revenues pledged to the payment of the Authority's Obligations, in form and substance acceptable to the Executive Administrator. Such contracts shall include provisions consistent with the provisions of this Resolution regarding the contracting parties' annual audits, the setting of rates and charges and collection of revenues sufficient to meet the Authority's debt service obligations and additional parity obligations.

PROVIDED, however, the commitment is subject to the following special conditions:

Special Conditions:

30. prior to the release of funds for the costs of planning, engineering, architectural, legal, title, fiscal, or economic investigation, studies, surveys, or designs for that portion of a project that proposes surface water or groundwater development, the Executive Administrator must either issue a written finding that the Authority has the right to use the water that the project financed by the TWDB will provide or a written determination that a reasonable expectation exists that such a finding will be made before the release of funds for construction; and
31. prior to the release of construction funds for that portion of the project that proposes surface water or groundwater development, the Executive Administrator must have issued a written finding that the Authority has the right to use the water that the project financed by the TWDB will provide.

APPROVED and ordered of record this, the 3rd day of March 2022.

TEXAS WATER DEVELOPMENT BOARD

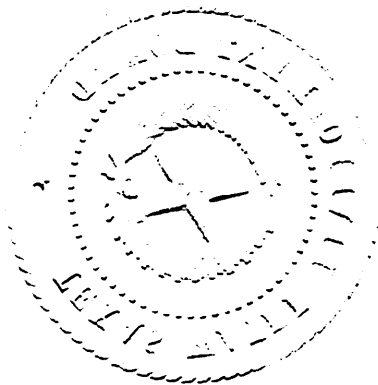

Brooke T. Paup
Brooke T. Paup, Chairwoman

DATE SIGNED: 3/3/22

ATTEST:

Jeff Walker

Jeff Walker, Executive Administrator



ATTACHMENT B

DESCRIPTION OF BORROWER BONDS

Title of Borrower Bonds: \$7,200,000 Greater Texoma Utility Authority Contract Revenue Bonds, Series 2022 (City of Bells)

Project Name: GTUA (City of Bells) Project

Project Number: 21798

Aggregate Principal Amount of Borrower Bonds: \$7,200,000

Anticipated Closing Date: 06/30/2022

Dated Date: 06/30/2022

First Principal Payment Date: 10/01/2023

First Interest Payment Date: 10/01/2022

Maturity Schedule:

Maturity Date	Principal Payment	Maturity Date	Principal Payment
10/1/2023	\$ 95,000	10/1/2043	\$ 170,000
10/1/2024	100,000	10/1/2044	175,000
10/1/2025	105,000	10/1/2045	180,000
10/1/2026	105,000	10/1/2046	185,000
10/1/2027	110,000	10/1/2047	190,000
10/1/2028	110,000	10/1/2048	195,000
10/1/2029	115,000	10/1/2049	200,000
10/1/2030	120,000	10/1/2050	205,000
10/1/2031	125,000	10/1/2051	210,000
10/1/2032	125,000	10/1/2052	215,000
10/1/2033	130,000	10/1/2053	225,000
10/1/2034	135,000	10/1/2054	230,000
10/1/2035	135,000	10/1/2055	235,000
10/1/2036	140,000	10/1/2056	245,000
10/1/2037	145,000	10/1/2057	250,000
10/1/2038	150,000	10/1/2058	260,000
10/1/2039	155,000	10/1/2059	265,000
10/1/2040	160,000	10/1/2060	275,000
10/1/2041	165,000	10/1/2061	280,000
10/1/2042	95,000	10/1/2062	290,000

ATTACHMENT V

RESOLUTION NO. _____

A RESOLUTION approving and authorizing the execution and delivery of a "Contract of Indemnification" with the Greater Texoma Utility Authority in connection with the issuance of contract revenue bonds on behalf of the District; and resolving other matters incident and related to the execution and delivery of such contract.

WHEREAS, the Texas Water Development Board (the "TWDB") has agreed to purchase the "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2022 (Northwest Grayson County WCID #1 Project)" (the "Bonds") for the purpose of financing water system projects on behalf of the District (the "TWDB commitment"); and

WHEREAS, the TWDB is issuing its Water Financial Assistance Bonds (TWDB Bonds) solely for the purpose of funding the TWDB commitment; and,

WHEREAS, as a condition to the TWDB commitment, the Greater Texoma Utility Authority (the "Authority") is required to execute a Financing Agreement prepared by the TWDB; and District

WHEREAS, the Financing Agreement, specifically Section 3, sets forth provisions relating to penalties and costs should the Authority fail to deliver the Bonds by August 10, 2022; and

WHEREAS, the Board of Directors of the Authority has found and determined that such penalties, costs, termination payments or any other amounts referenced in the Financing Agreement, specifically Section 3, should be the responsibility of the District and not the Authority since the Authority is issuing the Bonds on behalf of the District; and

WHEREAS, the Board hereby finds and determines that the Contract of Indemnification with the Authority substantially in the form and content attached hereto as Exhibit A should be approved and authorized to be executed as hereinafter provided; now, therefore

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE NORTHWEST GRAYSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1:

SECTION 1. The Contract of Indemnification by and between the Authority and the District substantially in the form and content attached hereto as **Exhibit A** and incorporated herein for all purposes. The President and Secretary of the Board are hereby authorized and directed to execute such Contract for and on behalf of the District and as the act and deed of this Board Meeting.

SECTION 2. This Resolution shall take effect and be in force from and after its passage.

PASSED AND APPROVED, this _____, 2022.

NORTHWEST GRAYSON COUNTY WATER
CONTROL AND IMPROVEMENT DISTRICT NO. 1

President, Board of Directors

ATTEST:

Secretary, Board of Directors

(District Seal)

EXHIBIT A

CONTRACT OF INDEMNIFICATION

CONTRACT OF INDEMNIFICATION

THIS CONTRACT ("Contract") is made and entered into as of _____, 2022, between the GREATER TEXOMA UTILITY AUTHORITY (hereinafter referred to as the "Authority"), a conservation and reclamation authority, a governmental agency, a political subdivision of the State of Texas, and a body politic corporate, duly created, existing and acting by virtue of Constitution and the laws of the State of Texas, including Texas Special District Local Laws Code, Chapter 8283 (the "Act"), and the NORTHWEST GRAYSON COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT (hereinafter referred to as the "District"), duly created and existing under the laws of the State of Texas:

RECITALS

WHEREAS, the Texas Water Development Board (the "TWDB") has agreed to purchase the "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2022 (Northwest Grayson County WCID #1 Project)" (the "GTUA Bonds") for the purpose of financing water system projects on behalf of the District (the "TWDB commitment"); and

WHEREAS, the TWDB is issuing its Water Financial Assistance Bonds (TWDB Bonds) solely for the purpose of funding the TWDB commitment; and,

WHEREAS, as a condition to the TWDB commitment, the Authority is required to execute a Financing Agreement prepared by the TWDB (a form of such Financing Agreement being attached hereto as Exhibit A); and

WHEREAS, the Financing Agreement, specifically Section 3, sets forth provisions relating to penalties and costs should the Authority fail to deliver the GTUA Bonds by August 10, 2022; and

WHEREAS, SINCE THE AUTHORITY IS ISSUING THE BONDS AND ENTERING INTO FINANCING AGREEMENT ON BEHALF OF, AND FOR THE BENEFIT OF, THE DISTRICT, THE DISTRICT AGREES THAT ANY COSTS OR PENALTIES IMPOSED BY THE TWDB AGAINST GTUA PURSUANT TO THE FINANCING AGREEMENT SHALL BE THE SOLE RESPONSIBILITY OF THE DISTRICT AND NOT THE AUTHORITY;

WHEREAS, the Authority and the District, acting through their duly constituted governing bodies have mutually agreed upon the terms and conditions of this Contract; now, therefore

IN CONSIDERATION of the mutual covenants, agreements and undertakings herein set forth, the parties hereto hereby agree and contract as follows:

Section 1. **THE DISTRICT AND THE AUTHORITY HEREBY AGREE THAT ANY AND ALL COSTS, PENALTIES, TERMINATION PAYMENTS OR OTHER AMOUNTS OWED BY THE AUTHORITY TO THE TEXAS WATER DEVELOPMENT BOARD PURSUANT TO THE FINANCING AGREEMENT, SPECIFICALLY SECTION 3 OF THE FINANCING AGREEMENT, SHALL BE PAID BY THE DISTRICT TO THE AUTHORITY TO INDEMNIFY THE AUTHORITY FOR SUCH COSTS, PENALTIES, TERMINATION PAYMENT OR OTHER AMOUNTS OWED, NOTWITHSTANDING ANY NEGLIGENCE ON THE PART OF GTUA. SUCH PAYMENT SHALL BE MADE BY THE DISTRICT TO THE AUTHORITY NO LATER THAN NOVEMBER 7, 2022. THE AUTHORITY SHALL HAVE NO RESPONSIBILITY WITH RESPECT TO SUCH AMOUNTS OWED PURSUANT TO THE FINANCING AGREEMENT**

AND THE DISTRICT SHALL HOLD HARMLESS THE AUTHORITY FOR ANY SUCH COSTS, PENALTIES, TERMINATION PAYMENTS OR ANY OTHER AMOUNTS OWED TO THE TEXAS WATER DEVELOPMENT BOARD PURSUANT TO THE FINANCING AGREEMENT. The District will not be liable for any failure due to force majeure pursuant to section 12 of the Financing Agreement.

Section 2. The Authority agrees to timely comply with the requirements of the TWDB set forth in Section 5(B) of the Financing Agreement.

[remainder of page left blank intentionally]

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this Contract to be duly executed in several counterparts, each of which shall constitute an original, all as of the day and year first above written.

GREATER TEXOMA UTILITY AUTHORITY

(Authority Seal)

By: _____
General Manager

NORTHWEST GRAYSON COUNTY WATER
CONTROL AND IMPROVEMENT DISTRICT

(District Seal)

By: _____
President

ATTEST:

Secretary

EXHIBIT A
FINANCING AGREEMENT



FINANCING AGREEMENT

This FINANCING AGREEMENT (Agreement) is entered into between the TEXAS WATER DEVELOPMENT BOARD (TWDB), an agency of the State of Texas (State), and the Greater Texoma Utility Authority (Authority), a political subdivision of the State. The TWDB and the Authority may be referred to as the “Party or the Parties” in this Agreement.

RECITALS

WHEREAS, the TWDB adopted Resolution No. 22-025 (Attachment A referred to as the Resolution) on March 3, 2022, making a commitment to the Authority for financial assistance in a total amount of \$2,360,000 (TWDB Commitment) from the Financial Assistance Account of the Development Fund II (DFund II) administered by the TWDB; and

WHEREAS, through this Agreement, the Authority intends to sell to the TWDB the Authority’s \$2,360,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2022 (Northwest Grayson County WCID #1 Project) (Authority Bonds) for the TWDB’s financial assistance from DFund II, as further described in Attachment B; and

WHEREAS, DFund II is funded, in part, with proceeds of the TWDB’s Water Financial Assistance Bonds (TWDB Bonds) authorized under Texas Water Code § 17.959 and Texas Constitution, Article III, Sections 49-d-8, 49-d-9, 49-d-11, and money received as repayment of financial assistance provided from DFund II which is used to pay the principal and interest on such TWDB Bonds, and

WHEREAS, the Resolution provides that funding the TWDB Commitment is contingent on a future sale of TWDB Bonds or on the availability of funds on hand; and

WHEREAS, the TWDB intends to provide financial assistance from DFund II to the Authority with proceeds of TWDB Bonds designated by the TWDB; and

WHEREAS, the TWDB and the Authority desire to enter into this Agreement to set forth the obligations of the Parties with respect to the TWDB providing financial assistance to the Authority consistent with the desire of the TWDB to issue TWDB Bonds to provide money for DFund II.

NOW, THEREFORE, for and in consideration of the promises and the mutual covenants contained in this Agreement, the TWDB and the Authority agree as follows:

AGREEMENT

SECTION 1. MUTUAL COMMITMENT. As further described in the Resolution, the TWDB committed to the Authority and the Authority hereby commits to borrow from the TWDB an amount not to exceed \$2,360,000 from DFund II to be evidenced by the issuance and delivery of Authority Bonds to the TWDB consistent with the terms and conditions described in this Agreement, Attachment A and Attachment B.

SECTION 2. TRANSACTION SCHEDULE AND PRICING. By execution of this Agreement, the Authority acknowledges and represents that it has a current need for financial assistance from the TWDB and will take all necessary steps to issue and deliver the Authority Bonds to evidence the TWDB Commitment described in Section 1. The Authority further acknowledges and understands that the TWDB is entering into this Agreement for the sole purpose of issuing TWDB Bonds to fund the TWDB Commitment described in the Resolution and in this Agreement. The Authority acknowledges that the TWDB Bonds, the subject of this Agreement, are being issued for the purpose of funding the Authority's requested financial assistance.

With respect to the Authority Bonds and the TWDB Bonds, the Parties agree to structure such public securities in a manner that will allow for substantially similar terms, redemption provisions, and related matters to allow the TWDB to timely pay the entire amount of debt service on the TWDB Bonds. To confirm the terms of the Authority Bonds and TWDB Bonds, the Authority must execute this Agreement. The foregoing notwithstanding, the TWDB consents to early redemption, or prepayment, of the Authority Bonds, as provided for in this Agreement and the accompanying TWDB Resolution attached as Attachment A. The Authority Bonds may be prepaid by the Authority on any date beginning on or after the first scheduled interest payment date that occurs no earlier than 10 years from the dated date of the Authority Bonds.

In order to mutually assure the performance of the Parties under this Agreement, the Parties agree that the issuance and delivery of the Authority Bonds to TWDB must occur not later than August 10, 2022 (Delivery Deadline). Failure by the Authority to issue and deliver to the TWDB the Authority's Bonds will result in the Authority being liable to the TWDB for the stipulated damages agreed to by the Parties in Section 3 of this Agreement.

SECTION 3. BREACH OF AGREEMENT, LIQUIDATED DAMAGES.

- A. The Authority understands and agrees that TWDB will incur severe and irreparable damages if the Authority's Bonds are not issued and delivered by the Delivery Deadline. The Authority will be in breach of this Agreement if the Authority fails to issue and deliver to the TWDB the Authority's Bonds under the terms of this Agreement, on or before the Delivery Deadline.

- B. In the event of the breach described in Section 3A, the Parties agree that quantifying the TWDB's losses arising from the Authority's failure to issue and deliver its bonds to the TWDB is inherently difficult. The Parties therefore stipulate that the sum agreed upon for liquidated damages is not a penalty, but rather a reasonable measure of damages based on the Parties' respective experience in the industry and the nature of the TWDB's losses that may result from the Authority's failure to issue and deliver its bonds to the TWDB. In recognition of the difficulties thereof, if the Authority fails to issue and deliver to the TWDB the Authority's bonds by the Delivery Deadline, the Authority agrees to pay from lawfully available funds \$144,675. The Authority is obligated to pay such costs to the TWDB no later than November 8, 2022.

SECTION 4. AMORTIZATION AND FINAL REPAYMENT STRUCTURE.

The Authority must provide the TWDB final maturity schedule in the form set forth in Attachment B at the time of execution of this Agreement which in no event will be later than April 4, 2022. The final amortization schedule adopted by the Authority as included in the Authority's private placement memorandum and Authority Bond resolution must reflect the final repayment schedule set forth in Attachment B.

SECTION 5. CONTINGENCIES AND TERMINATION.

- A. The Parties agree that the TWDB's obligation to purchase the Authority's securities with proceeds from DFund II is contingent upon the TWDB receiving all legally required approvals for the issuance of the TWDB Bonds, from the Legislative Budget Board, the Bond Review Board, and the Texas Attorney General, as applicable. The TWDB's obligation to purchase the Authority's securities to fulfill the commitment described in Section 1 of this Agreement with proceeds of TWDB bonds is also contingent upon the purchase and delivery of TWDB Bond proceeds by the underwriters pursuant to the Bond Purchase Agreement relating to the TWDB Bonds.

Accordingly, if any contingency described in the preceding paragraph above is unmet, the TWDB, upon delivery of written notice thereof to the Authority, may extend or terminate this Agreement together with all of its obligations and duties hereunder without incurring any cost, fee, or penalty for either the TWDB or the Authority.

- B. The Parties agree that the Authority's obligation to issue and deliver the Authority's Bonds is contingent upon approval by the Texas Attorney General of the Authority's Bonds. The Authority agrees to use its best efforts to obtain approval by the Texas Attorney General of the Authority's Bonds to satisfy the delivery and issuance requirements set forth in Section 2 of this Agreement. To this end, the Authority agrees as follows:

- (1) The Authority must timely file the transcript of proceedings for the Authority Bonds with the Texas Attorney General;

- (2) The Authority must comply with the requirements and conditions contained in the Resolution;
- (3) The Authority must provide the TWDB with a copy of the preliminary approval letter from the Texas Attorney General promptly upon receipt;
- (4) The Authority must provide the TWDB with a copy of its responses to the preliminary approval letter concurrently with the submission of such responses to the Texas Attorney General; and
- (5) The Authority must allow TWDB to brief the Texas Attorney General on any issues noted in the preliminary approval letter and initiate or participate in conferences with the Texas Attorney General related to the approval of the Authority's Bonds.

Accordingly, if after the Authority employs its best efforts to obtain approval by the Texas Attorney General and such approval cannot be obtained, as a matter of law, the TWDB may at its sole discretion terminate this Agreement. Upon termination by the TWDB, the Authority will pay, from any of its lawfully available funds, the agreed-upon liquidated damages as provided by Section 3B, no later than November 8, 2022.

SECTION 6. REDEMPTION OF OUTSTANDING DEBT. Proceeds of the Authority's bonds will not be used, in whole or in part, to redeem outstanding bonds, commercial paper, or other obligations issued by the Authority without prior written approval by the Development Fund Manager. The Authority agrees that it will not take or fail to take any action that will cause the TWDB Bonds to be considered to be advance refunding bonds under Section 149(d) of the Internal Revenue Code of 1986, as amended.

SECTION 7. NOTICES. All notices, agreements or other communications required by this Agreement will be given, and will be deemed given, when delivered in writing to the address, facsimile, or email of the identified Party or Parties set forth below:

Texas Water Development Board Development Fund Manager P.O. Box 13231 Austin, Texas 78711-3231 Telephone (512) 475-4584 Facsimile (512) 475-2053	Greater Texoma Utility Authority Attn: Drew Satterwhite 5100 Airport Drive Denison, Texas 75020-0000 Telephone: (903) 786-4433 E-mail: drews@gtua.org
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SECTION 8. SEVERABILITY. In the event any provision of this Agreement is held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate, render unenforceable or otherwise affect any other provisions hereof.

SECTION 9. AMENDMENTS, SUPPLEMENTS AND MODIFICATIONS. Other than the changes allowed under Section 4 and Section 5, this Agreement may be amended, supplemented, or modified only in a writing executed by duly authorized representatives of the Parties.

SECTION 10. APPLICABLE LAW. This Agreement and any amendments will be governed by and construed in accordance with the laws of the State of Texas.

SECTION 11. STATE AUDIT. By executing this Agreement and delivering the Authority Bonds, the Authority accepts the authority of the Texas State Auditor's Office to conduct audits and investigations in connection with all state funds received pursuant to this Agreement. The Authority must comply with any directive from the Texas State Auditor and will cooperate in any such investigation or audit. The Authority agrees to provide the Texas State Auditor with access to any information the Texas State Auditor considers relevant to the investigation or audit. The Authority also agrees to include a provision in any contract or subcontract related to this Agreement that requires the contractor and the subcontractor to submit to audits and investigations by the Texas State Auditor's Office in connection with any state funds received pursuant to the contract or subcontract.

SECTION 12. FORCE MAJEURE. Either Party to this Agreement may be excused from performance under this contract for any period when performance is prevented as the result of an act of God, strike, war, civil disturbance, or epidemic, provided that the Party experiencing the event of Force Majeure has prudently and promptly acted to take any and all steps that are within the Party's control to ensure performance and to shorten the duration of the event of Force Majeure. The Party suffering an event of Force Majeure must provide notice of the event to the other Party as soon as practicable but not later than five business days after the event. Subject to this provision, such nonperformance will not be deemed a breach or a ground for termination.

SECTION 13. EFFECTIVE DATE. This Agreement is effective as of the date of the last signature below.

SECTION 14. BINDING AGREEMENT. The execution of this Agreement has been authorized by the governing boards of both Parties. The individuals executing this Agreement have the legal authority to bind each respective Party to the terms and conditions of this Agreement. The respective commitments of the TWDB and the Authority set forth above is binding upon the TWDB and the Authority upon both Parties' execution of this Agreement.

[Remainder of Page Intentionally Left Blank]

EXECUTED in multiple counterparts, each of which shall be deemed to be an original.

GREATER TEXOMA UTILITY AUTHORITY

By: _____

Name: Drew Satterwhite

Title: General Manager

Date: _____

TEXAS WATER DEVELOPMENT BOARD

By: _____

Name: Jeff Walker

Title: Executive Administrator

Date: _____

ATTACHMENT A

TWDB RESOLUTION NO. 22-025

**A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF
\$2,360,000 TO GREATER TEXOMA UTILITY AUTHORITY
FROM THE FINANCIAL ASSISTANCE ACCOUNT OF
THE TEXAS WATER DEVELOPMENT FUND II
THROUGH THE PROPOSED PURCHASE OF
\$2,360,000 GREATER TEXOMA UTILITY AUTHORITY CONTRACT REVENUE BONDS
PROPOSED SERIES 2022 (NORTHWEST GRAYSON COUNTY WCID #1 PROJECT)**

(22-025)

WHEREAS, the Greater Texoma Utility Authority, located in Grayson County, Texas, (Authority), has filed an application for financial assistance in the amount of \$2,360,000 from the Financial Assistance Account of the Texas Water Development Fund II to finance water system improvements, identified as Project No. 21797; and

WHEREAS, the Authority seeks financial assistance from the Texas Water Development Board (TWDB) in the amount of \$2,360,000 through the TWDB's purchase of \$2,360,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2022 (Northwest Grayson County WCID #1 Project), (together with all authorizing documents (Obligations)), all as is more specifically set forth in the application and in recommendations of the TWDB's staff; and

WHEREAS, the Authority has offered a pledge of contract revenues as sufficient security for the repayment of the Obligations; and

WHEREAS, the commitment is approved for funding under the TWDB's pre-design funding option, and initial and future releases of funds are subject to 31 TAC § 363.16; and

WHEREAS, in accordance with Texas Water Code § 17.124, the TWDB has considered all matters required by law and in particular the following:

- 1. the needs of the area to be served by the water supply project, the benefit of the water supply project to the area, the relationship of the water supply project to the overall, statewide water needs, and the relationship of the water supply project to the approved regional and state water plans; and**
- 2. the availability of revenue to the Authority, from all sources, for the ultimate repayment of the cost of the water supply project, including interest.**

WHEREAS, the TWDB hereby finds:

- 1. that the public interest requires state assistance in the water supply project, in accordance with Texas Water Code § 17.125(a)(1);**

2. that in its opinion the tax and/or revenue pledged by the Authority will be sufficient to meet all the Obligations assumed by the Authority during the succeeding period of not more than 50 years, in accordance with Texas Water Code § 17.125(a)(2);
3. that the Authority has adopted and implemented a water conservation program for the more efficient use of water that will meet reasonably anticipated local needs and conditions and that incorporates practices, techniques or technology prescribed by the Texas Water Code and TWDB's rules; and
4. that the application and financial assistance requested meet the requirements of Chapter 17, Subchapters D, E, and L, Water Code, and the TWDB's rules set forth in 31 TAC Chapter 363, Subchapter A.

NOW THEREFORE, based on these findings, the TWDB resolves as follows:

A commitment is made by the TWDB to the Greater Texoma Utility Authority for financial assistance in the amount of \$2,360,000 from the Financial Assistance Account of the Texas Water Development Fund II, to be evidenced by the TWDB's purchase of \$2,360,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2022 (Northwest Grayson County WCID #1 Project). This commitment will expire on March 31, 2023.

Such commitment is conditioned as follows:

Standard Conditions:

1. this commitment is contingent on a future sale of bonds by the TWDB or on the availability of funds on hand;
2. this commitment is contingent upon the issuance of a written approving opinion of the Attorney General of the State of Texas stating that the Authority has complied with all of the requirements of the laws under which said Obligations were issued; that said Obligations were issued in conformity with the Constitution and laws of the State of Texas; and that said Obligations are valid and binding obligations of the Authority;
3. this commitment is contingent upon the Authority's compliance with all applicable laws, rules, policies, and guidance (as these may be amended from time to time to adapt to a change in law, in circumstances, or any other legal requirement), including but not limited to 31 TAC Chapter 363;
4. the Obligations must provide that the Obligations can be called for early redemption (Early Redemption) only in inverse order of maturity, and on any date beginning on or after the first interest payment date which is 10 years from the dated date of the Obligations, at a redemption price of par, together with accrued interest to the date fixed for redemption;

5. the Obligations must include a provision wherein the Authority, or an obligated person for whom financial or operating data is presented to the TWDB in the application for financial assistance either individually or in combination with other issuers of the Authority's Obligations or obligated persons, will, at a minimum, covenant to comply with requirements for continuing disclosure on an ongoing basis substantially in the manner required by Securities and Exchange Commission (SEC) in 17 CFR § 240.15c2-12 (Rule 15c2-12) and determined as if the TWDB were a Participating Underwriter within the meaning of such rule, such continuing disclosure undertaking being for the benefit of the TWDB and the beneficial owners of the Authority's Obligations, if the TWDB sells or otherwise transfers such Obligations, and the beneficial owners of the TWDB's bonds if the Authority is an obligated person with respect to such bonds under SEC Rule 15c2-12;
6. the Obligations must include a provision requiring the Authority to use any surplus loan proceeds from the Obligations remaining after completion of a final accounting in a manner as approved by the Executive Administrator; and
7. the Obligations must contain a provision that the TWDB may exercise all remedies available to it in law or equity, and any provision of the Obligations that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect;
8. financial assistance proceeds are public funds and, as such, the Obligations must include a provision requiring that these proceeds shall be held at a designated state depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Government Code, Chapter 2256 and the Public Funds Collateral Act, Government Code, Chapter 2257;
9. financial assistance proceeds shall not be used by the Authority when sampling, testing, removing or disposing of contaminated soils and/or media at the project site. The Obligations shall include an environmental indemnification provision wherein the Authority agrees to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the Authority, its contractors, consultants, agents, officials and employees as a result of activities relating to the project to the extent permitted by law;
10. prior to closing, the Authority shall submit documentation evidencing the adoption and implementation of sufficient system rates and charges or, if applicable, the levy of an interest and sinking tax rate sufficient for the repayment of all system debt service requirements;
11. prior to closing, and if required under the TWDB's financial assistance program and not previously provided with the application, the Authority shall submit an

executed engineering contract as appropriate for the project scope of work, and an executed financial advisor contract and executed bond counsel contract as appropriate for the work to be performed in obtaining the TWDB's financial assistance for the project, in a form and substance that are satisfactory to the Executive Administrator. Fees to be reimbursed under any consulting contract must be reasonable in relation to the services performed, must be reflected in the contract, and must be acceptable to the Executive Administrator;

12. prior to closing, when any portion of financial assistance proceeds are to be held in escrow or in trust, the Authority shall execute an escrow agreement or trust agreement, approved as to form and substance by the Executive Administrator, and shall submit that executed agreement to the TWDB;
13. the Executive Administrator may require that the Authority execute a separate financing agreement in form and substance acceptable to the Executive Administrator;
14. the Authority shall abide by all applicable construction contract requirements related to the use of iron and steel products produced in the United States, as required by Texas Government Code, Chapter 2252, Subchapter F and Texas Water Code § 17.183;

Conditions Related To Tax-Exempt Status:

15. prior to closing, the Authority's bond counsel must prepare a written opinion that states that the interest on the Obligations is excludable from gross income or is exempt from federal income taxation. Bond counsel may rely on covenants and representations of the Authority when rendering this opinion;
16. prior to closing, the Authority's bond counsel must prepare a written opinion that states that the Obligations are not "private activity bonds." Bond counsel may rely on covenants and representations of the Authority when rendering this opinion;
17. the Obligations must include a provision prohibiting the Authority from using the proceeds of this financial assistance in a manner that would cause the Obligations to become "private activity bonds" within the meaning of § 141 of the Internal Revenue Code of 1986, as amended (Code) and the Treasury Regulations promulgated thereunder (Regulations);
18. the Obligations must provide that no portion of the proceeds of the loan will be used, directly or indirectly, in a manner that would cause the Obligations to be "arbitrage bonds" within the meaning of § 148(a) of the Code and Regulations, including to acquire or to replace funds which were used, directly or indirectly, to acquire Nonpurpose Investments (as defined in the Code and Regulations) that produce a yield materially higher than the yield on the TWDB's bonds that are issued to

provide financing for the loan (Source Series Bonds), other than Nonpurpose Investments acquired with:

- a. proceeds of the TWDB's Source Series Bonds invested for a reasonable temporary period of up to three (3) years after the issue date of the Source Series Bonds until such proceeds are needed for the facilities to be financed;
- b. amounts invested in a bona fide debt service fund, within the meaning of § 1.148-1(b) of the Regulations; and
- c. amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed the least of maximum annual debt service on the Obligations, 125% of average annual debt service on the Obligations, or 10 percent of the stated principal amount (or, in the case of a discount, the issue price) of the Obligations;

19. the Obligations must include a provision requiring the Authority take all necessary steps to comply with the requirement that certain amounts earned on the investment of gross proceeds of the Obligations be rebated to the federal government in order to satisfy the requirements of § 148 of the Code. The Obligations must provide that the Authority will:

- a. account for all Gross Proceeds, as defined in the Code and Regulations, (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 retain all records of such accounting for at least six years after the final Computation Date. The Authority may, however, to the extent permitted by law, commingle Gross Proceeds of its loan with other money of the Authority, provided that the Authority separately accounts for each receipt and expenditure of such Gross Proceeds and the obligations acquired therewith;
- b. calculate the Rebate Amount, as defined in the Code and Regulations, with respect to its loan, not less frequently than each Computation Date, in accordance with rules set forth in § 148(f) of the Code, § 1.148-3 of the Regulations, and the rulings thereunder. The Authority shall maintain a copy of such calculations for at least six years after the final Computation Date;
- c. as additional consideration for the making of the loan, and in order to induce the making of the loan by measures designed to ensure the excludability of the interest on the TWDB's Source Series Bonds from the gross income of the owners thereof for federal income tax purposes, pay to the United States the amount described in paragraph (b) above within 30 days after each Computation Date;

- d. exercise reasonable diligence to assure that no errors are made in the calculations required by paragraph (b) and, if such error is made, to discover and promptly to correct such error within a reasonable amount of time thereafter, including payment to the United States of any interest and any penalty required by the Regulations;
20. the Obligations must include a provision prohibiting the Authority from taking any action that would cause the interest on the Obligations to be includable in gross income for federal income tax purposes;
21. the Obligations must provide that the Authority will not cause or permit the Obligations to be treated as “federally guaranteed” obligations within the meaning of § 149(b) of the Code;
22. the Obligations must contain a covenant that the Authority will refrain from using the proceeds of the Obligations to pay debt service on another issue of obligations of the borrower in contravention of section 149(d) of the Code (related to “advance refundings”);
23. the transcript must include a No Arbitrage Certificate or similar Federal Tax Certificate setting forth the Authority’s reasonable expectations regarding the use, expenditure and investment of the proceeds of the Obligations;
24. the transcript must include evidence that the information reporting requirements of § 149(e) of the Code will be satisfied. This requirement may be satisfied by filing an IRS Form 8038 with the Internal Revenue Service. In addition, the applicable completed IRS Form 8038 or other evidence that the information reporting requirements of § 149(e) have been satisfied must be provided to the Executive Administrator within fourteen (14) days of closing. The Executive Administrator may withhold the release of funds for failure to comply;
25. the Obligations must provide that neither the Authority nor a related party thereto will acquire any of the TWDB’s Source Series Bonds in an amount related to the amount of the Obligations to be acquired from the Authority by the TWDB;

Pledge Conditions For The Loan:

26. upon request by the Executive Administrator, the Authority shall submit annual audits of contracting parties for the Executive Administrator’s review;
27. the Obligations must contain a provision requiring the Authority to maintain and enforce the contracts with its customers so that the revenues paid to the Authority by its customers are sufficient to meet the revenue requirements of the Authority’s obligations arising from the operation of the water and sewer system;

28. the Obligations must contain a provision that the pledged contract revenues from the Authority may not be pledged to the payment of any additional parity obligations of the Authority secured by a pledge of the same contract revenues unless the Authority demonstrates to the Executive Administrator's satisfaction that the pledged contract revenues will be sufficient for the repayment of all Obligations and additional parity obligations; and
29. prior to closing, the Authority must submit executed contracts between the Authority and the contracting parties regarding the contract revenues pledged to the payment of the Authority's Obligations, in form and substance acceptable to the Executive Administrator. Such contracts shall include provisions consistent with the provisions of this Resolution regarding the contracting parties' annual audits, the setting of rates and charges and collection of revenues sufficient to meet the Authority's debt service obligations and additional parity obligations.

APPROVED and ordered of record this, the 3rd Day of March 2022.

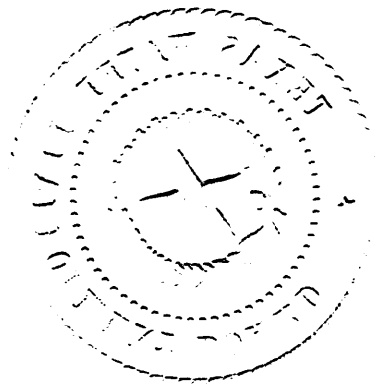
TEXAS WATER DEVELOPMENT BOARD


Brooke T. Paup
Brooke T. Paup, Chairwoman

DATE SIGNED: 3/3/22

ATTEST:

J/W
Jeff Walker, Executive Administrator



ATTACHMENT B

DESCRIPTION OF BORROWER BONDS

Title of Borrower Bonds: \$2,360,000 Greater Texoma Utility Authority Contract Revenue Bonds, Series 2022 (Northwest Grayson WC&ID #1)

Project Name: GTUA (Northwest Grayson WC&ID #1) Project

Project Number: 21797

Aggregate Principal Amount of Borrower Bonds: \$2,360,000

Anticipated Closing Date: 06/30/2022

Dated Date: 06/30/2022

First Principal Payment Date: 08/15/2023

First Interest Payment Date: 08/15/2022

Maturity Schedule:

Maturity Date	Principal Payment	Maturity Date	Principal Payment
8/15/2023	\$ 50,000	8/15/2038	\$ 80,000
8/15/2024	50,000	8/15/2039	80,000
8/15/2025	55,000	8/15/2040	80,000
8/15/2026	55,000	8/15/2041	85,000
8/15/2027	55,000	8/15/2042	85,000
8/15/2028	60,000	8/15/2043	90,000
8/15/2029	60,000	8/15/2044	90,000
8/15/2030	60,000	8/15/2045	95,000
8/15/2031	65,000	8/15/2046	95,000
8/15/2032	65,000	8/15/2047	100,000
8/15/2033	70,000	8/15/2048	105,000
8/15/2034	70,000	8/15/2049	105,000
8/15/2035	70,000	8/15/2050	110,000
8/15/2036	75,000	8/15/2051	110,000
8/15/2037	75,000	8/15/2052	115,000

ATTACHMENT VI

ORDINANCE NO. _____

AN ORDINANCE approving and authorizing the execution and delivery of a "Contract of Indemnification" with the Greater Texoma Utility Authority in connection with the issuance of contract revenue bonds on behalf of the City; and resolving other matters incident and related to the execution and delivery of such contract.

WHEREAS, the Texas Water Development Board (the "TWDB") has agreed to purchase the "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2022 (City of Dorchester Project)" (the "Bonds") for the purpose of financing water system projects on behalf of the City (the "TWDB commitment"); and

WHEREAS, the TWDB is issuing its Water Financial Assistance Bonds (TWDB Bonds) solely for the purpose of funding the TWDB commitment; and,

WHEREAS, as a condition to the TWDB commitment, the Greater Texoma Utility Authority (the "Authority") is required to execute a Financing Agreement prepared by the TWDB; and

WHEREAS, the Financing Agreement, specifically Section 3, sets forth provisions relating to penalties and costs should the Authority fail to deliver the Bonds by August 10, 2022; and

WHEREAS, the Board of Directors of the Authority has found and determined that such penalties, costs, termination payments or any other amounts referenced in the Financing Agreement, specifically Section 3, should be the responsibility of the City and not the Authority since the Authority is issuing the Bonds on behalf of the City; and

WHEREAS, the Council hereby finds and determines that the Contract of Indemnification with the Authority substantially in the form and content attached hereto as Exhibit A should be approved and authorized to be executed as hereinafter provided; now, therefore

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF DORCHESTER, TEXAS:

SECTION 1. The Contract of Indemnification by and between the Authority and the City substantially in the form and content attached hereto as **Exhibit A** and incorporated herein for all purposes. The Mayor and City Secretary of the City are hereby authorized and directed to execute such Contract for and on behalf of the City and as the act and deed of this City Council.

SECTION 2. This Ordinance shall take effect and be in force from and after its passage.

PASSED AND APPROVED, this _____, 2022.

CITY OF DORCHESTER, TEXAS

Mayor

ATTEST:

City Secretary

(City Seal)

EXHIBIT A

CONTRACT OF INDEMNIFICATION

CONTRACT OF INDEMNIFICATION

THIS CONTRACT ("Contract") is made and entered into as of _____, 2022, between the GREATER TEXOMA UTILITY AUTHORITY (hereinafter referred to as the "Authority"), a conservation and reclamation authority, a governmental agency, a political subdivision of the State of Texas, and a body politic corporate, duly created, existing and acting by virtue of Constitution and the laws of the State of Texas, including Texas Special District Local Laws Code, Chapter 8283 (the "Act"), and the CITY OF DORCHESTER, TEXAS, a municipal corporation (hereinafter referred to as the "City"), duly created and existing under the laws of the State of Texas:

RECITALS

WHEREAS, the Texas Water Development Board (the "TWDB") has agreed to purchase the "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2022 (City of Dorchester Project)" (the "GTUA Bonds") for the purpose of financing water system projects on behalf of the City (the "TWDB commitment"); and

WHEREAS, the TWDB is issuing its Water Financial Assistance Bonds (TWDB Bonds) solely for the purpose of funding the TWDB commitment; and,

WHEREAS, as a condition to the TWDB commitment, the Authority is required to execute a Financing Agreement prepared by the TWDB (a form of such Financing Agreement being attached hereto as Exhibit A); and

WHEREAS, the Financing Agreement, specifically Section 3, sets forth provisions relating to penalties and costs should the Authority fail to deliver the GTUA Bonds by August 10, 2022; and

WHEREAS, SINCE THE AUTHORITY IS ISSUING THE BONDS AND ENTERING INTO FINANCING AGREEMENT ON BEHALF OF, AND FOR THE BENEFIT OF, THE CITY, THE CITY AGREES THAT ANY COSTS OR PENALTIES IMPOSED BY THE TWDB AGAINST GTUA PURSUANT TO THE FINANCING AGREEMENT SHALL BE THE SOLE RESPONSIBILITY OF THE CITY AND NOT THE AUTHORITY;

WHEREAS, the Authority and the City, acting through their duly constituted governing bodies have mutually agreed upon the terms and conditions of this Contract; now, therefore

IN CONSIDERATION of the mutual covenants, agreements and undertakings herein set forth, the parties hereto hereby agree and contract as follows:

Section 1. **THE CITY AND THE AUTHORITY HEREBY AGREE THAT ANY AND ALL COSTS, PENALTIES, TERMINATION PAYMENTS OR OTHER AMOUNTS OWED BY THE AUTHORITY TO THE TEXAS WATER DEVELOPMENT BOARD PURSUANT TO THE FINANCING AGREEMENT, SPECIFICALLY SECTION 3 OF THE FINANCING AGREEMENT, SHALL BE PAID BY THE CITY TO THE AUTHORITY TO INDEMNIFY THE AUTHORITY FOR SUCH COSTS, PENALTIES, TERMINATION PAYMENT OR OTHER AMOUNTS OWED, NOTWITHSTANDING ANY NEGLIGENCE ON THE PART OF GTUA. SUCH PAYMENT SHALL BE MADE BY THE CITY TO THE AUTHORITY NO LATER THAN NOVEMBER 7, 2022. THE AUTHORITY SHALL HAVE NO RESPONSIBILITY WITH RESPECT TO SUCH AMOUNTS OWED PURSUANT TO THE FINANCING AGREEMENT AND THE CITY SHALL**

HOLD HARMLESS THE AUTHORITY FOR ANY SUCH COSTS, PENALTIES, TERMINATION PAYMENTS OR ANY OTHER AMOUNTS OWED TO THE TEXAS WATER DEVELOPMENT BOARD PURSUANT TO THE FINANCING AGREEMENT. The City will not be liable for any failure due to force majeure pursuant to section 12 of the Financing Agreement.

Section 2. GTUA will only terminate the Financing Agreement upon the City's written request to do so and delivered by the Mayor of the City to the General Manager of the Authority.

[remainder of page left blank intentionally]

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this Contract to be duly executed in several counterparts, each of which shall constitute an original, all as of the day and year first above written.

GREATER TEXOMA UTILITY AUTHORITY

(Authority Seal)

By: _____
General Manager

CITY OF DORCHESTER, TEXAS

(City Seal)

By: _____
Mayor

ATTEST:

City Secretary

EXHIBIT A
FINANCING AGREEMENT



FINANCING AGREEMENT

This FINANCING AGREEMENT (Agreement) is entered into between the TEXAS WATER DEVELOPMENT BOARD (TWDB), an agency of the State of Texas (State), and the Greater Texoma Utility Authority (Authority), a political subdivision of the State. The TWDB and the Authority may be referred to as the "Party or the Parties" in this Agreement.

RECITALS

WHEREAS, the TWDB adopted Resolution No. 22-010 (Attachment A referred to as the Resolution) on February 2, 2022, making a commitment to the Authority for financial assistance in a total amount of \$4,625,000 (TWDB Commitment) from the Financial Assistance Account of the Development Fund II (DFund II) administered by the TWDB; and

WHEREAS, through this Agreement, the Authority intends to sell to the TWDB the Authority's \$4,625,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2022 (City of Dorchester Project) (Authority Bonds) for the TWDB's financial assistance from DFund II, as further described in Attachment B; and

WHEREAS, DFund II is funded, in part, with proceeds of the TWDB's Water Financial Assistance Bonds (TWDB Bonds) authorized under Texas Water Code § 17.959 and Texas Constitution, Article III, Sections 49-d-8, 49-d-9, 49-d-11, and money received as repayment of financial assistance provided from DFund II which is used to pay the principal and interest on such TWDB Bonds, and

WHEREAS, the Resolution provides that funding the TWDB Commitment is contingent on a future sale of TWDB Bonds or on the availability of funds on hand; and

WHEREAS, the TWDB intends to provide financial assistance from DFund II to the Authority with proceeds of TWDB Bonds designated by the TWDB; and

WHEREAS, the TWDB and the Authority desire to enter into this Agreement to set forth the obligations of the Parties with respect to the TWDB providing financial assistance to the Authority consistent with the desire of the TWDB to issue TWDB Bonds to provide money for DFund II.

NOW, THEREFORE, for and in consideration of the promises and the mutual covenants contained in this Agreement, the TWDB and the Authority agree as follows:

AGREEMENT

SECTION 1. MUTUAL COMMITMENT. As further described in the Resolution, the TWDB committed to the Authority and the Authority hereby commits to borrow from the TWDB an amount not to exceed \$4,625,000 from DFund II to be evidenced by the issuance and delivery of Authority Bonds to the TWDB consistent with the terms and conditions described in this Agreement, Attachment A and Attachment B.

SECTION 2. TRANSACTION SCHEDULE AND PRICING. By execution of this Agreement, the Authority acknowledges and represents that it has a current need for financial assistance from the TWDB and will take all necessary steps to issue and deliver the Authority Bonds to evidence the TWDB Commitment described in Section 1. The Authority further acknowledges and understands that the TWDB is entering into this Agreement for the sole purpose of issuing TWDB Bonds to fund the TWDB Commitment described in the Resolution and in this Agreement. The Authority acknowledges that the TWDB Bonds, the subject of this Agreement, are being issued for the purpose of funding the Authority's requested financial assistance.

With respect to the Authority Bonds and the TWDB Bonds, the Parties agree to structure such public securities in a manner that will allow for substantially similar terms, redemption provisions, and related matters to allow the TWDB to timely pay the entire amount of debt service on the TWDB Bonds. To confirm the terms of the Authority Bonds and TWDB Bonds, the Authority must execute this Agreement. The foregoing notwithstanding, the TWDB consents to early redemption, or prepayment, of the Authority Bonds, as provided for in this Agreement and the accompanying TWDB Resolution attached as Attachment A. The Authority Bonds may be prepaid by the Authority on any date beginning on or after the first scheduled interest payment date that occurs no earlier than 10 years from the dated date of the Authority Bonds.

In order to mutually assure the performance of the Parties under this Agreement, the Parties agree that the issuance and delivery of the Authority Bonds to TWDB must occur not later than August 10, 2022 (Delivery Deadline). Failure by the Authority to issue and deliver to the TWDB the Authority's Bonds will result in the Authority being liable to the TWDB for the stipulated damages agreed to by the Parties in Section 3 of this Agreement.

SECTION 3. BREACH OF AGREEMENT, LIQUIDATED DAMAGES.

- A. The Authority understands and agrees that TWDB will incur severe and irreparable damages if the Authority's Bonds are not issued and delivered by the Delivery Deadline. The Authority will be in breach of this Agreement if the Authority fails to issue and deliver to the TWDB the Authority's Bonds under the terms of this Agreement, on or before the Delivery Deadline.

- B. In the event of the breach described in Section 3A, the Parties agree that quantifying the TWDB's losses arising from the Authority's failure to issue and deliver its bonds to the TWDB is inherently difficult. The Parties therefore stipulate that the sum agreed upon for liquidated damages is not a penalty, but rather a reasonable measure of damages based on the Parties' respective experience in the industry and the nature of the TWDB's losses that may result from the Authority's failure to issue and deliver its bonds to the TWDB. In recognition of the difficulties thereof, if the Authority fails to issue and deliver to the TWDB the Authority's bonds by the Delivery Deadline, the Authority agrees to pay from lawfully available funds \$283,527. The Authority is obligated to pay such costs to the TWDB no later than November 8, 2022.

SECTION 4. AMORTIZATION AND FINAL REPAYMENT STRUCTURE.

The Authority must provide TWDB a final maturity schedule in the form set forth in Attachment B at the time of execution of this Agreement which in no event will be later than April 4, 2022. The final amortization schedule adopted by the Authority as included in the Authority's private placement memorandum and Authority Bond resolution must reflect the final payment schedule set forth in Attachment B.

SECTION 5. CONTINGENCIES AND TERMINATION.

- A. The Parties agree that the TWDB's obligation to purchase the Authority's securities with proceeds from DFund II is contingent upon the TWDB receiving all legally required approvals for the issuance of the TWDB Bonds, from the Legislative Budget Board, the Bond Review Board, and the Texas Attorney General, as applicable. The TWDB's obligation to purchase the Authority's securities to fulfill the commitment described in Section 1 of this Agreement with proceeds of TWDB bonds is also contingent upon the purchase and delivery of TWDB Bond proceeds by the underwriters pursuant to the Bond Purchase Agreement relating to the TWDB Bonds.

Accordingly, if any contingency described in the preceding paragraph above is unmet, the TWDB, upon delivery of written notice thereof to the Authority, may extend or terminate this Agreement together with all of its obligations and duties hereunder without incurring any cost, fee, or penalty for either the TWDB or the Authority.

- B. The Parties agree that the Authority's obligation to issue and deliver the Authority's Bonds is contingent upon approval by the Texas Attorney General of the Authority's Bonds. The Authority agrees to use its best efforts to obtain approval by the Texas Attorney General of the Authority's Bonds to satisfy the delivery and issuance requirements set forth in Section 2 of this Agreement. To this end, the Authority agrees as follows:

- (1) The Authority must timely file the transcript of proceedings for the Authority Bonds with the Texas Attorney General;

- (2) The Authority must comply with the requirements and conditions contained in the Resolution;
- (3) The Authority must provide the TWDB with a copy of the preliminary approval letter from the Texas Attorney General promptly upon receipt;
- (4) The Authority must provide the TWDB with a copy of its responses to the preliminary approval letter concurrently with the submission of such responses to the Texas Attorney General; and
- (5) The Authority must allow TWDB to brief the Texas Attorney General on any issues noted in the preliminary approval letter and initiate or participate in conferences with the Texas Attorney General related to the approval of the Authority's Bonds.

Accordingly, if after the Authority employs its best efforts to obtain approval by the Texas Attorney General and such approval cannot be obtained, as a matter of law, the TWDB may at its sole discretion terminate this Agreement. Upon termination by the TWDB, the Authority will pay, from any of its lawfully available funds, the agreed-upon liquidated damages as provided by Section 3B, no later than November 8, 2022.

SECTION 6. REDEMPTION OF OUTSTANDING DEBT. Proceeds of the Authority's bonds will not be used, in whole or in part, to redeem outstanding bonds, commercial paper, or other obligations issued by the Authority without prior written approval by the Development Fund Manager. The Authority agrees that it will not take or fail to take any action that will cause the TWDB Bonds to be considered to be advance refunding bonds under Section 149(d) of the Internal Revenue Code of 1986, as amended.

SECTION 7. NOTICES. All notices, agreements or other communications required by this Agreement will be given, and will be deemed given, when delivered in writing to the address, facsimile, or email of the identified Party or Parties set forth below:

Texas Water Development Board Development Fund Manager P.O. Box 13231 Austin, Texas 78711-3231 Telephone (512) 475-4584 Facsimile (512) 475-2053	Greater Texoma Utility Authority Attn: Drew Satterwhite 5100 Airport Drive Denison, Texas 75020-0000 Telephone: (903) 786-4433 E-mail: drews@gtua.org
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SECTION 8. SEVERABILITY. In the event any provision of this Agreement is held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate, render unenforceable or otherwise affect any other provisions hereof.

SECTION 9. AMENDMENTS, SUPPLEMENTS AND MODIFICATIONS. Other than the changes allowed under Section 4 and Section 5, this Agreement may be amended, supplemented, or modified only in a writing executed by duly authorized representatives of the Parties.

SECTION 10. APPLICABLE LAW. This Agreement and any amendments will be governed by and construed in accordance with the laws of the State of Texas.

SECTION 11. STATE AUDIT. By executing this Agreement and delivering the Authority Bonds, the Authority accepts the authority of the Texas State Auditor's Office to conduct audits and investigations in connection with all state funds received pursuant to this Agreement. The Authority must comply with any directive from the Texas State Auditor and will cooperate in any such investigation or audit. The Authority agrees to provide the Texas State Auditor with access to any information the Texas State Auditor considers relevant to the investigation or audit. The Authority also agrees to include a provision in any contract or subcontract related to this Agreement that requires the contractor and the subcontractor to submit to audits and investigations by the Texas State Auditor's Office in connection with any state funds received pursuant to the contract or subcontract.

SECTION 12. FORCE MAJEURE. Either Party to this Agreement may be excused from performance under this contract for any period when performance is prevented as the result of an act of God, strike, war, civil disturbance, or epidemic, provided that the Party experiencing the event of Force Majeure has prudently and promptly acted to take any and all steps that are within the Party's control to ensure performance and to shorten the duration of the event of Force Majeure. The Party suffering an event of Force Majeure must provide notice of the event to the other Party as soon as practicable but not later than five business days after the event. Subject to this provision, such nonperformance will not be deemed a breach or a ground for termination.

SECTION 13. EFFECTIVE DATE. This Agreement is effective as of the date of the last signature below.

SECTION 14. BINDING AGREEMENT. The execution of this Agreement has been authorized by the governing boards of both Parties. The individuals executing this Agreement have the legal authority to bind each respective Party to the terms and conditions of this Agreement. The respective commitments of the TWDB and the Authority set forth above is binding upon the TWDB and the Authority upon both Parties' execution of this Agreement.

[Remainder of Page Intentionally Left Blank]

EXECUTED in multiple counterparts, each of which shall be deemed to be an original.

GREATER TEXOMA UTILITY AUTHORITY

By: _____

Name: Drew Satterwhite

Title: General Manager

Date: _____

TEXAS WATER DEVELOPMENT BOARD

By: _____

Name: Jeff Walker

Title: Executive Administrator

Date: _____

**A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF
\$4,625,000 TO GREATER TEXOMA UTILITY AUTHORITY ON BEHALF OF CITY OF
DORCHESTER FROM THE FINANCIAL ASSISTANCE ACCOUNT OF
THE TEXAS WATER DEVELOPMENT FUND II
THROUGH THE PROPOSED PURCHASE OF
\$4,625,000 GREATER TEXOMA UTILITY AUTHORITY CONTRACT REVENUE BONDS
PROPOSED SERIES 2022 (CITY OF DORCHESTER PROJECT)**

(22 - 010)

WHEREAS, the Greater Texoma Utility Authority, located in Grayson County, Texas, (Authority), has filed an application for financial assistance in the amount of \$4,625,000 from the Financial Assistance Account of the Texas Water Development Fund II to finance water system improvements, identified as Project No. 21803 and

WHEREAS, the Authority seeks financial assistance from the Texas Water Development Board (TWDB) in the amount of \$4,625,000 through the TWDB's purchase of \$4,625,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2022 (City of Dorchester Project) (together with all authorizing documents (Obligations)), all as is more specifically set forth in the application and in recommendations of the TWDB's staff; and

WHEREAS, the Authority has offered a pledge of contract revenues as sufficient security for the repayment of the Obligations; and

WHEREAS, the commitment is approved for funding under the TWDB's pre-design funding option, and initial and future releases of funds are subject to 31 TAC § 363.16; and

WHEREAS, in accordance with Texas Water Code § 17.124, the TWDB has considered all matters required by law and in particular the following:

1. the needs of the area to be served by the water supply project, the benefit of the water supply project to the area, the relationship of the water supply project to the overall, statewide water needs, and the relationship of the water supply project to the approved regional and state water plans; and
2. the availability of revenue to the Authority, from all sources, for the ultimate repayment of the cost of the water supply project, including interest.

WHEREAS, the TWDB hereby finds:

1. that the public interest requires state assistance in the water supply project, in accordance with Texas Water Code § 17.125(a)(1);

2. that in its opinion the tax and/or revenue pledged by the Authority will be sufficient to meet all the Obligations assumed by the Authority during the succeeding period of not more than 50 years, in accordance with Texas Water Code § 17.125(a)(2);
3. that the Authority has submitted a proposed program of water conservation for the more efficient use of water that will meet reasonably anticipated local needs and conditions and that incorporates practices, techniques or technology prescribed by the Texas Water Code and TWDB's rules; and
4. that the application and financial assistance requested meet the requirements of Chapter 17, Subchapters D, E, and L, Water Code, and the TWDB's rules set forth in 31 TAC Chapter 363, Subchapter A.

NOW THEREFORE, based on these findings, the TWDB resolves as follows:

A commitment is made by the TWDB to the Greater Texoma Utility Authority for financial assistance in the amount of \$4,625,000 from the Financial Assistance Account of the Texas Water Development Fund II, to be evidenced by the TWDB's purchase of \$4,625,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2022 (City of Dorchester Project). This commitment will expire on February 28, 2023.

Such commitment is conditioned as follows:

Standard Conditions

1. this commitment is contingent on a future sale of bonds by the TWDB or on the availability of funds on hand;
2. this commitment is contingent upon the issuance of a written approving opinion of the Attorney General of the State of Texas stating that the Authority has complied with all of the requirements of the laws under which said Obligations were issued; that said Obligations were issued in conformity with the Constitution and laws of the State of Texas; and that said Obligations are valid and binding obligations of the Authority;
3. this commitment is contingent upon the Authority's compliance with all applicable laws, rules, policies, and guidance (as these may be amended from time to time to adapt to a change in law, in circumstances, or any other legal requirement), including but not limited to 31 TAC Chapter 363;
4. the Obligations must provide that the Obligations can be called for early redemption (Early Redemption) only in inverse order of maturity, and on any date beginning on or after the first interest payment date which is 10 years from the dated date of the Obligations, at a redemption price of par, together with accrued interest to the date fixed for redemption;

5. the Obligations must include a provision wherein the Authority, or an obligated person for whom financial or operating data is presented to the TWDB in the application for financial assistance either individually or in combination with other issuers of the Authority's Obligations or obligated persons, will, at a minimum, covenant to comply with requirements for continuing disclosure on an ongoing basis substantially in the manner required by Securities and Exchange Commission (SEC) in 17 CFR § 240.15c2-12 (Rule 15c2-12) and determined as if the TWDB were a Participating Underwriter within the meaning of such rule, such continuing disclosure undertaking being for the benefit of the TWDB and the beneficial owners of the Authority's Obligations, if the TWDB sells or otherwise transfers such Obligations, and the beneficial owners of the TWDB's bonds if the Authority is an obligated person with respect to such bonds under SEC Rule 15c2-12;
6. the Obligations must include a provision requiring the Authority to use any surplus loan proceeds from the Obligations remaining after completion of a final accounting in a manner as approved by the Executive Administrator; and
8. the Obligations must contain a provision that the TWDB may exercise all remedies available to it in law or equity, and any provision of the Obligations that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect;
9. financial assistance proceeds are public funds and, as such, the Obligations must include a provision requiring that these proceeds shall be held at a designated state depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Government Code, Chapter 2256 and the Public Funds Collateral Act, Government Code, Chapter 2257;
10. financial assistance proceeds shall not be used by the Authority when sampling, testing, removing or disposing of contaminated soils and/or media at the project site. The Obligations shall include an environmental indemnification provision wherein the Authority agrees to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the Authority, its contractors, consultants, agents, officials and employees as a result of activities relating to the project to the extent permitted by law;
11. prior to closing, the Authority shall submit documentation evidencing the adoption and implementation of sufficient system rates and charges or, if applicable, the levy of an interest and sinking tax rate sufficient for the repayment of all system debt service requirements;
12. prior to closing, and if required under the TWDB's financial assistance program and not previously provided with the application, the Authority shall submit an

executed engineering contract as appropriate for the project scope of work, and an executed financial advisor contract and executed bond counsel contract as appropriate for the work to be performed in obtaining the TWDB's financial assistance for the project, in a form and substance that are satisfactory to the Executive Administrator. Fees to be reimbursed under any consulting contract must be reasonable in relation to the services performed, must be reflected in the contract, and must be acceptable to the Executive Administrator;

13. prior to closing, when any portion of financial assistance proceeds are to be held in escrow or in trust, the Authority shall execute an escrow agreement or trust agreement, approved as to form and substance by the Executive Administrator, and shall submit that executed agreement to the TWDB;
14. the Executive Administrator may require that the Authority execute a separate financing agreement in form and substance acceptable to the Executive Administrator;
15. the Authority shall abide by all applicable construction contract requirements related to the use of iron and steel products produced in the United States, as required by Texas Government Code, Chapter 2252, Subchapter F and Texas Water Code § 17.183;

Conditions Related To Tax-Exempt Status

16. prior to closing, the Authority's bond counsel must prepare a written opinion that states that the interest on the Obligations is excludable from gross income or is exempt from federal income taxation. Bond counsel may rely on covenants and representations of the Authority when rendering this opinion;
17. prior to closing, the Authority's bond counsel must prepare a written opinion that states that the Obligations are not "private activity bonds." Bond counsel may rely on covenants and representations of the Authority when rendering this opinion;
18. the Obligations must include a provision prohibiting the Authority from using the proceeds of this financial assistance in a manner that would cause the Obligations to become "private activity bonds" within the meaning of § 141 of the Internal Revenue Code of 1986, as amended (Code) and the Treasury Regulations promulgated thereunder (Regulations);
19. the Obligations must provide that no portion of the proceeds of the loan will be used, directly or indirectly, in a manner that would cause the Obligations to be "arbitrage bonds" within the meaning of § 148(a) of the Code and Regulations, including to acquire or to replace funds which were used, directly or indirectly, to acquire Nonpurpose Investments (as defined in the Code and Regulations) that produce a yield materially higher than the yield on the TWDB's bonds that are issued to

provide financing for the loan (Source Series Bonds), other than Nonpurpose Investments acquired with:

- a. proceeds of the TWDB's Source Series Bonds invested for a reasonable temporary period of up to three (3) years after the issue date of the Source Series Bonds until such proceeds are needed for the facilities to be financed;
- b. amounts invested in a bona fide debt service fund, within the meaning of § 1.148-1(b) of the Regulations; and
- c. amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed the least of maximum annual debt service on the Obligations, 125% of average annual debt service on the Obligations, or 10 percent of the stated principal amount (or, in the case of a discount, the issue price) of the Obligations;

20. the Obligations must include a provision requiring the Authority take all necessary steps to comply with the requirement that certain amounts earned on the investment of gross proceeds of the Obligations be rebated to the federal government in order to satisfy the requirements of § 148 of the Code. The Obligations must provide that the Authority will:

- a. account for all Gross Proceeds, as defined in the Code and Regulations, (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 retain all records of such accounting for at least six years after the final Computation Date. The Authority may, however, to the extent permitted by law, commingle Gross Proceeds of its loan with other money of the Authority, provided that the Authority separately accounts for each receipt and expenditure of such Gross Proceeds and the obligations acquired therewith;
- b. calculate the Rebate Amount, as defined in the Code and Regulations, with respect to its loan, not less frequently than each Computation Date, in accordance with rules set forth in § 148(f) of the Code, § 1.148-3 of the Regulations, and the rulings thereunder. The Authority shall maintain a copy of such calculations for at least six years after the final Computation Date;
- c. as additional consideration for the making of the loan, and in order to induce the making of the loan by measures designed to ensure the excludability of the interest on the TWDB's Source Series Bonds from the gross income of the owners thereof for federal income tax purposes, pay to the United States the amount described in paragraph (b) above within 30 days after each Computation Date;

- d. exercise reasonable diligence to assure that no errors are made in the calculations required by paragraph (b) and, if such error is made, to discover and promptly to correct such error within a reasonable amount of time thereafter, including payment to the United States of any interest and any penalty required by the Regulations;
21. the Obligations must include a provision prohibiting the Authority from taking any action that would cause the interest on the Obligations to be includable in gross income for federal income tax purposes;
22. the Obligations must provide that the Authority will not cause or permit the Obligations to be treated as “federally guaranteed” obligations within the meaning of § 149(b) of the Code;
23. the Obligations must contain a covenant that the Authority will refrain from using the proceeds of the Obligations to pay debt service on another issue of obligations of the borrower in contravention of section 149(d) of the Code (related to “advance refundings”);
24. the transcript must include a No Arbitrage Certificate or similar Federal Tax Certificate setting forth the Authority’s reasonable expectations regarding the use, expenditure and investment of the proceeds of the Obligations;
25. the transcript must include evidence that the information reporting requirements of § 149(e) of the Code will be satisfied. This requirement may be satisfied by filing an IRS Form 8038 with the Internal Revenue Service. In addition, the applicable completed IRS Form 8038 or other evidence that the information reporting requirements of § 149(e) have been satisfied must be provided to the Executive Administrator within fourteen (14) days of closing. The Executive Administrator may withhold the release of funds for failure to comply;
26. the Obligations must provide that neither the Authority nor a related party thereto will acquire any of the TWDB’s Source Series Bonds in an amount related to the amount of the Obligations to be acquired from the Authority by the TWDB;

Pledge Conditions for the Loan

27. the upon request by the Executive Administrator, the Authority shall submit annual audits of contracting parties for the Executive Administrator’s review;
28. the Obligations must contain a provision requiring the Authority to maintain and enforce the contracts with its customers so that the revenues paid to the Authority by its customers are sufficient to meet the revenue requirements of the Authority’s obligations arising from the operation of the water system;

29. the Obligations must contain a provision that the pledged contract revenues from the Authority may not be pledged to the payment of any additional parity obligations of the Authority secured by a pledge of the same contract revenues unless the Authority demonstrates to the Executive Administrator's satisfaction that the pledged contract revenues will be sufficient for the repayment of all Obligations and additional parity obligations; and
30. prior to closing, the Authority must submit executed contracts between the Authority and the contracting parties regarding the contract revenues pledged to the payment of the Authority's Obligations, in form and substance acceptable to the Executive Administrator. Such contracts shall include provisions consistent with the provisions of this Resolution regarding the contracting parties' annual audits, the setting of rates and charges and collection of revenues sufficient to meet the Authority's debt service obligations and additional parity obligations.

PROVIDED, however, the commitment is subject to the following special conditions:

Special Conditions:

31. prior to the release of construction funds for that portion of a project that proposes surface water or groundwater development, the Executive Administrator must have issued a written finding that the Authority has the right to use the water that the project financed by the TWDB will provide;
32. prior to the release of funds for the costs of planning, engineering, architectural, legal, title, fiscal, or economic investigation, studies, surveys, or designs for that portion of a project that proposes surface water or groundwater development, the Executive Administrator must either issue a written finding that the Authority has the right to use the water that the project financed by the TWDB will provide or a written determination that a reasonable expectation exists that such a finding will be made before the release of funds for construction; and
33. prior to closing, the Authority shall adopt and implement the water conservation program approved by the TWDB.

APPROVED and ordered of record this, the 2nd day of February, 2022.

TEXAS WATER DEVELOPMENT BOARD

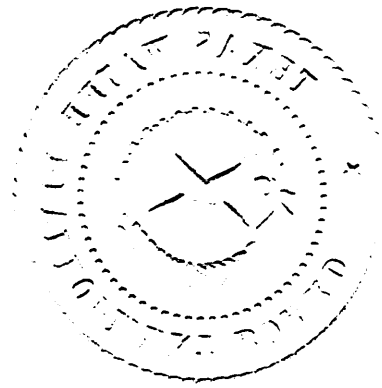


Brooke T. Paup
Brooke T. Paup, Chairwoman

DATE SIGNED: 2/2/22

ATTEST:

Jeff Walker
Jeff Walker
Executive Administrator



ATTACHMENT B

DESCRIPTION OF BORROWER BONDS

Title of Borrower Bonds: \$4,625,000 Greater Texoma Utility Authority Contract Revenue Bonds, Series 2022 (Town of Dorchester)

Project Name: GTUA (Town of Dorchester) Project

Project Number: 21803

Aggregate Principal Amount of Borrower Bonds: \$4,625,000

Anticipated Closing Date: 06/30/2022

Dated Date: 06/30/2022

First Principal Payment Date: 06/01/2023

First Interest Payment Date: 12/01/2022

Maturity Schedule:

Maturity Date	Principal Payment	Maturity Date	Principal Payment
6/1/2023	\$ 75,000	6/1/2043	\$ 110,000
6/1/2024	65,000	6/1/2044	115,000
6/1/2025	65,000	6/1/2045	115,000
6/1/2026	70,000	6/1/2046	120,000
6/1/2027	70,000	6/1/2047	125,000
6/1/2028	75,000	6/1/2048	130,000
6/1/2029	75,000	6/1/2049	130,000
6/1/2030	75,000	6/1/2050	135,000
6/1/2031	80,000	6/1/2051	140,000
6/1/2032	80,000	6/1/2052	145,000
6/1/2033	85,000	6/1/2053	145,000
6/1/2034	85,000	6/1/2054	150,000
6/1/2035	90,000	6/1/2055	155,000
6/1/2036	90,000	6/1/2056	160,000
6/1/2037	95,000	6/1/2057	165,000
6/1/2038	95,000	6/1/2058	170,000
6/1/2039	100,000	6/1/2059	175,000
6/1/2040	100,000	6/1/2060	180,000
6/1/2041	105,000	6/1/2061	185,000
6/1/2042	110,000	6/1/2062	190,000

ADJOURN