

**RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE  
BONDS AND THE EXECUTION OF A TRUST INDENTURE  
(LAKE FORK PROJECT)**

THE STATE OF TEXAS :  
SABINE RIVER AUTHORITY OF TEXAS :

WHEREAS, Sabine River Authority of Texas (the "Authority") is an agency and political subdivision of the State of Texas, being a conservation and reclamation district created and governed by Vernon's Ann. Civ. St. Article 8280-133, pursuant to Article 16, Section 59 of the Texas Constitution; and

WHEREAS, a "Bond Amortization Contract", dated as of February 12, 1974, (the "Contract") has been duly executed between the Authority and Dallas Power & Light Company, Texas Electric Service Company, and Texas Power & Light Company (collectively "The Corporations"), acting therein by and through Texas Utilities Generating Company (the "Agent") as their agent; and

WHEREAS, each of the Corporations and the Agent is a corporation duly incorporated under the laws of the State of Texas; and

WHEREAS, the Contract is hereby adopted by reference for all purposes, with the same effect as if it had been set forth in its entirety in this bond resolution; and

WHEREAS, the Water Supply Facilities Agreement (the "Facilities Agreement"), described and adopted by reference in the Contract, was executed between the Authority and The Corporations, acting therein by and through the Agent, and was dated as of February 12, 1974, and provides for the acquisition, construction, operation, and maintenance by the Authority of the water supply facilities to be financed with the proceeds from the sale and delivery of the Bonds; and

WHEREAS, this preamble and the Trust Indenture hereinafter set forth shall constitute an integral part of this bond resolution; and

WHEREAS, the Trustee under said Trust Indenture (the "Trustee") will have the duties and obligations hereinafter provided; and

WHEREAS, the bonds (the "Bonds") authorized to be issued by this bond resolution (the "Resolution") are to be issued and delivered pursuant to Vernon's Ann. Civ. St. Article 8280-133, as amended; and

WHEREAS, The Corporations, acting by and through the Agent, will have duly approved this Resolution, prior to the delivery of the Bonds, as required by the Contract; and

WHEREAS, as provided in the Contract, by approving this Resolution The Corporations will have agreed and acknowledged that the Bonds are issued in accordance and compliance with the Contract, and that, upon the sale and delivery of the Bonds, The Corporations will be unconditionally obligated to the Authority to pay to the Trustee the "Semi-Annual Facilities Charges" as required by the Contract, and by this Resolution, in amounts sufficient to pay and redeem, or provide for the payment and redemption of, the principal of, redemption premium, if any, and interest on the Bonds, when due, all as required by this Resolution.

THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF SABINE RIVER AUTHORITY OF TEXAS THAT:

Section 1. The Authority's negotiable Bonds are authorized to be issued in the initial principal amount of \$30,000,000, FOR THE PURPOSE OF PROVIDING WATER SUPPLY FACILITIES BY ACQUIRING AND CONSTRUCTING A DAM AND RESERVOIR ON LAKE FORK CREEK, A TRIBUTARY OF THE SABINE RIVER, IN WOOD, RAINS, AND HOPKINS COUNTIES, TEXAS.

Section 2. The Bonds are designated and shall be known as the "SABINE RIVER AUTHORITY OF TEXAS WATER SUPPLY FACILITIES REVENUE BONDS, SERIES 1974 (LAKE FORK PROJECT)".

Section 3. The Bonds shall be dated DECEMBER 1, 1974, shall be in the denomination of \$5,000 each, shall be numbered consecutively from one upward, and shall mature, unless redeemed prior to maturity as hereinafter provided, on DECEMBER 1 in each of the years, and in the amounts, respectively, as set forth in the following schedule:

YEARS	AMOUNTS	YEARS	AMOUNTS
1980	\$440,000	1993	\$1,130,000
1981	475,000	1994	1,215,000
1982	510,000	1995	1,305,000
1983	550,000	1996	1,405,000
1984	590,000	1997	1,510,000
1985	635,000	1998	1,620,000
1986	680,000	1999	1,745,000
1987	730,000	2000	1,875,000
1988	785,000	2001	2,015,000
1989	845,000	2002	2,165,000
1990	910,000	2003	2,330,000
1991	980,000	2004	2,505,000
1992	1,050,000		

Section 4. The Bonds shall bear interest at the following rates per annum:

maturities 1980 through 1989	8.00 %
maturities 1990 through 1994	6.90 %
maturities 1995 through 1996	6.80 %
maturities 1997 through 1999	7.00 %
maturities 1997 through 1999	7.10 %
maturities 2000 through 2004	7.20 %
maturities 2002 through 2004	6.50 %

Said interest shall be evidenced by interest coupons which shall appertain to the Bonds, and which shall be payable in the manner provided and on the dates stated in the FORM OF BOND set forth in this Resolution.

Section 5. The Bonds and the interest coupons appertaining thereto shall be issued, shall be payable, may be redeemed prior to their scheduled maturities, shall have the characteristics, and shall be signed and executed (and the Bonds shall be sealed), all as provided, and in the manner indicated, in the FORM OF BOND set forth in this Resolution.

Section 6. The form of the Bonds, including the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be printed and endorsed on each of the Bonds, and the form of the aforesaid interest coupons which shall appertain and be attached initially to each of the Bonds, shall be, respectively, substantially as follows:

## FORM OF BOND:

NO. \_\_\_\_\_

\$5,000

UNITED STATES OF AMERICA  
 STATE OF TEXAS  
 SABINE RIVER AUTHORITY OF TEXAS  
 SABINE RIVER AUTHORITY OF TEXAS WATER SUPPLY FACILITIES  
 REVENUE BOND  
 SERIES 1974  
 (LAKE FORK PROJECT)

ON DECEMBER 1, \_\_\_\_\_, SABINE RIVER AUTHORITY OF TEXAS  
 (the "Authority") hereby promises to pay to bearer hereof the  
 principal amount of

FIVE THOUSAND DOLLARS

and to pay interest thereon, from date hereof, at the rate of  
 1 per annum, evidenced by interest coupons payable  
 JUNE 1, 1975, and semiannually thereafter on each DECEMBER 1  
 and JUNE 1 while this Bond is outstanding; provided that such  
 principal and interest are payable solely from the revenues or  
 payments hereinafter described, and from no other source.

THE PRINCIPAL of this Bond and the interest coupons apper-  
 tainin hereto shall be payable to bearer, in lawful money of  
 the United States of America, without exchange or collection  
 charges to the bearer, upon presentation and surrender of this  
 Bond or proper interest coupon, at the following, which collec-  
 tively shall constitute and be defined as the "Paying Agent"  
 for this Series of Bonds:

REPUBLIC NATIONAL BANK OF DALLAS, DALLAS, TEXAS,  
 OR, AT THE OPTION OF THE BEARER, AT  
 IRVING TRUST COMPANY, NEW YORK, NEW YORK.

THIS BOND is one of a Series of Bonds (the "Bonds") dated  
 as of DECEMBER 1, 1974, authorized and issued in the principal  
 amount of \$30,000,000, FOR THE PURPOSE OF PROVIDING WATER  
 SUPPLY FACILITIES BY ACQUIRING AND CONSTRUCTING A DAM AND  
 RESERVOIR ON LAKE FORK CREEK, A TRIBUTARY OF THE SABINE RIVER,  
 IN WOOD, RAINS, AND HOPKINS COUNTIES, TEXAS.

ON DECEMBER 1, 1984, or on any interest payment date there-  
 after, the outstanding Bonds may be redeemed prior to their  
 scheduled maturities, at the option of the Authority, in whole  
 or in part, at the redemption prices (expressed as percentages  
 of principal amount) set forth in the table below plus accrued  
 interest to the redemption date.

Redemption Dates	Redemption Prices (%)
December 1, 1984 and June 1, 1985:	103
December 1, 1985 and June 1, 1986:	102-1/2
December 1, 1986 and June 1, 1987:	102
December 1, 1987 and June 1, 1988:	101-1/2
December 1, 1988 and June 1, 1989:	101
December 1, 1989 and June 1, 1990:	100-1/2
December 1, 1990, and each June 1 and December 1 thereafter:	100

THE BONDS ALSO are subject to redemption prior to their  
 scheduled maturities, at the option of the Authority, as a  
 whole, at any time, for the principal amount thereof and ac-  
 crued interest thereon to the date fixed for redemption, and

without premium, if one or more of the following events or circumstances shall have occurred or exist:

(1) The water supply facilities acquired and constructed with the proceeds from the sale of the Bonds shall have been damaged or destroyed (i) to such extent that they cannot be reasonably restored within six months to the condition thereof immediately preceding such damage or destruction, or (ii) to such extent that the Authority is thereby prevented from carrying on the normal operations of said facilities for a period of six months, or (iii) to such extent that the restoration cost of said facilities would exceed 25% of the cost of constructing said facilities.

(2) Title to, or the temporary use of, all or substantially all of said water supply facilities, or such part thereof as shall, in the Authority's judgment, materially interfere with the operation of said facilities, for the purposes for which they are designed, shall have been taken under the exercise of the power of eminent domain (including such taking as results in the Authority being prevented from carrying on its normal operations of said facilities for a period of six months).

(3) As a result of changes in the Constitution of the United States, or of the State of Texas, or of legislative or administrative action of said State or any political subdivision thereof, or of the United States, or by final decree, judgment, or order of any court or administrative body entered after the contest thereof by the Authority in good faith, the operation and maintenance of said water supply facilities by the Authority shall become, in the Authority's judgment, impracticable or impossible.

(4) The dam and reservoir proposed to be provided by the Authority with proceeds from the sale of the Bonds are not substantially completed by January 1, 1980, to the extent required to permit closure of the dam and commencement of impounding water in the reservoir in substantially the volume for which the dam and reservoir were designed, because of circumstances which the Authority could not reasonably control or overcome, including, but not limited to, the economic, legal, or other inability of the Authority to obtain the materials, supplies, labor, equipment, interests in land, and other things necessary to acquire and construct the dam and reservoir; and the Bonds may be so redeemed if the Authority files with the Trustee a certificate setting forth the pertinent circumstances, and stating that in the Authority's judgment it is not feasible to complete the dam and reservoir by January 1, 1981, under the circumstances, and such certificate shall be conclusive of the matters contained therein.

AT LEAST thirty days prior to the date fixed for any redemption of Bonds prior to their scheduled maturities a written notice of such redemption shall be published at least once in a financial publication published in the City of New York, New York, or in the City of Austin, Texas. By the date fixed for any such redemption due provision shall be made with the "Paying Agent" for the payment of the principal amount of the Bonds which are to be so redeemed and accrued interest thereon to the date fixed for redemption, plus any required premium.

If such written notice of redemption is published and if due provision for such payment is made, all as provided above, the Bonds which are to be so redeemed thereby automatically shall be redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the bearer to receive the redemption price from the "Paying Agent" out of the funds provided for such payment.

IT IS HEREBY certified and covenanted that this Bond has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond is a special revenue obligation of said Authority with the principal of, redemption premium, if any, and interest on this Bond being payable solely from, and secured by an irrevocable first lien on and pledge of, the revenues or payments designated as the "Semi-Annual Facilities Charges" to be made by Dallas Power & Light Company, Texas Electric Service Company, and Texas Power & Light Company (collectively "The Corporations") pursuant to a Bond Amortization Contract (the "Contract") dated as of February 12, 1974, between the Authority and The Corporations; and The Corporations have agreed, and are unconditionally obligated to the Authority, severally (but not jointly) to pay, in the percentages hereinafter stated, said "Semi-Annual Facilities Charges" to the Trustee, for deposit into a Debt Service Fund, in amounts sufficient to pay and redeem, or provide for the payment and redemption of, the principal of, redemption premium, if any, and interest on this Bond; and the Series of which it is a part, when due, as required by the Contract, the Resolution authorizing this Series of Bonds (the "Resolution") and the Trust Indenture securing same, with each of The Corporations being unconditionally obligated to pay the percentage of the aggregate amount of each "Semi-Annual Facilities Charge" as follows:

Dallas Power & Light Company:	33-1/3%
Texas Electric Service Company:	33-1/3%
Texas Power & Light Company:	33-1/3%
TOTAL:	100%

THIS SERIES OF BONDS is further secured by a Trust Indenture whereunder the REPUBLIC NATIONAL BANK OF DALLAS, DALLAS, TEXAS, or its successor, as Trustee, is custodian of the Debt Service Fund, and is obligated to enforce the rights of the holders of this Series of Bonds, and to perform other duties, in the manner and under the conditions stated in said Trust Indenture and in the Resolution.

THE AUTHORITY has reserved the right, subject to the restrictions stated in the Resolution, to issue additional parity revenue bonds which also may be made payable from, and secured by a first lien on and pledge of, the aforesaid "Semi-Annual Facilities Charges".

THE AUTHORITY also has reserved the right to amend the Resolution and the Trust Indenture, with the approval of the holders of two-thirds of the outstanding Bonds, subject to the restrictions stated in the Resolution.

THE HOLDER HEREOF shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation, or from any source whatsoever other than the pledged "Semi-Annual Facilities Charges".

IN WITNESS WHEREOF, this Bond and the interest coupons appertaining hereto have been signed with the facsimile signature of the President of the Board of Directors of said Authority, and countersigned with the facsimile signature of the Secretary of said Board of Directors, and the official seal of said Authority has been duly impressed, or placed in facsimile, on this Bond.

XXXXXXXXXX  
Secretary, Board of Directors      XXXXXXXXXX  
President, Board of Directors

FORM OF REGISTRATION CERTIFICATE:

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

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

Witness my signature and seal this \_\_\_\_\_

XXXXXXXXXX  
Comptroller of Public Accounts of  
the State of Texas.

FORM OF INTEREST COUPON:

NO. \_\_\_\_\_ \$ \_\_\_\_\_  
ON \_\_\_\_\_ I, \_\_\_\_\_

SABINE RIVER AUTHORITY OF TEXAS

promises to pay to bearer, but solely from the pledged revenues or payments specified in the Bond to which this coupon is attached, the amount shown on this interest coupon, in lawful money of the United States of America (without exchange or collection charges to the bearer), unless due provision has been made for the redemption prior to scheduled maturity of the Bond to which this interest coupon appertains, upon presentation and surrender of this interest coupon, at REPUBLIC NATIONAL BANK OF DALLAS, DALLAS, TEXAS, OR, AT THE OPTION OF THE BEARER, AT IRVING TRUST COMPANY, NEW YORK, NEW YORK, said amount being interest coming due that day on the Bond, bearing the number hereinafter designated, of that issue of SABINE RIVER AUTHORITY OF TEXAS WATER SUPPLY FACILITIES REVENUE BONDS, SERIES 1974 (LAKE FORK PROJECT), DATED DECEMBER 1, 1974. The holder hereof shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation, or from any source other than the pledged revenues or payments referred to above. Bond No. \_\_\_\_\_

XXXXXXXXXX  
Secretary, Board of Directors      XXXXXXXXXX  
President, Board of Directors

Section 7. PLEDGE. The Bonds, the redemption premium thereon, if any, and the interest on the Bonds are and shall be payable from and secured by an irrevocable first lien on and pledge of the payments designated as the "Semi-Annual Facilities Charges" to be made by The Corporations under the Contract and this Resolution, including the Trust Indenture hereinafter set forth, and any amendments of any of them; and said Semi-Annual Facilities Charges are further pledged irrevocably to the establishment and maintenance of the Debt Service Fund hereinafter created.

Section 8. SPECIAL FUND. A separate and special trust Fund, to be designated and known as the "Debt Service Fund", is hereby created and shall be established by the Authority with the Trustee, and maintained as provided in this Resolution and in the Trust Indenture, as long as any Bond, or interest coupon appertaining thereto, is outstanding and unpaid.

Section 9. DEBT SERVICE FUND. (a) The Corporations shall pay, or cause to be paid, to the Trustee, which shall deposit into the Debt Service Fund, the Semi-Annual Facilities Charges as follows:

- (1) on or before the last day of MAY, 1975, and semiannually, on or before the last day of each NOVEMBER and MAY thereafter, an amount which, together with any other amounts then on deposit therein for such purpose, will be sufficient to pay the interest coming due on the Bonds on the next succeeding interest payment date; and
- (2) on or before the last day of NOVEMBER, 1980, and annually, on or before the last day of each NOVEMBER thereafter, an amount which, together with any other amounts then on deposit therein for such purpose, will be sufficient to pay the principal of the Bonds maturing on the next succeeding principal payment date; and
- (3) by the date fixed for redemption of any Bonds called for redemption prior to their scheduled maturity, at the option of the Authority, as permitted in the FORM OF BOND set forth in this Resolution, an amount equal to the required redemption price; and
- (4) on or before the last day of MAY, 1975, and semiannually, on or before the last day of each NOVEMBER and MAY thereafter, an amount equal to the charges of the Trustee for performing the duties of the Trustee, and the charges of the "Paying Agent" for the Bonds for paying or redeeming the Bonds and/or interest coupons appertaining thereto coming due on the next succeeding interest payment date; and
- (5) immediately, the principal amount of all Bonds declared and becoming due and payable pursuant to the Trust Indenture because of an Event of Default, together with all interest accrued thereon.

(b) The Debt Service Fund shall be used by the Trustee only to pay the principal of, redemption premium if any, and interest on the Bonds, when due, and the charges of the Trustee and "Paying Agent", and the Trustee shall make available to the "Paying Agent", out of the Debt Service Fund, the amounts required to pay or redeem all principal of, redemption premium, if any, and interest on the Bonds when due.

Section 10. THE CORPORATIONS' PAYMENTS. The Corporations have agreed in the Contract, and by approving this Resolution The Corporations have further unconditionally obligated themselves and agreed severally (but not jointly) to make, or cause to be made, payments to the Trustee in amounts, in the percentages specified below, sufficient to enable the Trustee to make the deposits required by Section 9(a) hereof to be made into the Debt Service Fund, and to make such payments on

or before the dates specified in this Resolution and the Trust Indenture; and said payments by The Corporations shall be and constitute the Semi-Annual Facilities Charges as contemplated and required by the Contract; and each of The Corporations is unconditionally obligated to pay the percentage of the aggregate amount of each Semi-Annual Facilities Charge, as follows:

Dallas Power & Light Company:	33-1/3%
Texas Electric Service Company:	33-1/3%
Texas Power & Light Company:	33-1/3%
Total:	100%

Section 11. BONDHOLDERS MAY RELY. The holders of the Bonds are and shall be entitled to rely unconditionally on the agreements, covenants, and representations set forth in this Resolution and the Trust Indenture. It is understood and agreed, however, that each of The Corporations is obligated hereunder solely to pay its respective percentage of each Semi-Annual Facilities Charge as specified above, and none of The Corporations shall be obligated hereunder to pay any part of any Semi-Annual Facilities Charge which any other of The Corporations is obligated to pay as specified above. It is further understood and agreed that each of The Corporations may prepay all or any part of its percentage of each Semi-Annual Facilities Charge, and any such prepayment, and any earnings thereon, shall be applied by the Trustee to the payment of the percentage of Semi-Annual Facilities Charges payable by the one of The Corporations which made such prepayment; provided that the redemption of any outstanding Bonds prior to maturity at any time, with funds from any source (whether from Semi-Annual Facilities Charges or otherwise), shall not relieve any of The Corporations of the unconditional obligation to pay its percentage of each Semi-Annual Facilities Charge as specified above, when due with respect to any remaining outstanding Bonds.

Section 12. INVESTMENTS. Money in any Fund created by this Resolution may be placed in secured time deposits, or invested in direct obligations of the United States of America, obligations which, in the opinion of the Attorney General of the United States, are general obligations of the United States and backed by its full faith and credit, and all obligations guaranteed by the United States of America, and evidences of indebtedness of the Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, Farmers Home Administration, and Federal National Mortgage Association. Any obligation in which money is so invested shall be kept and held safely, and shall be promptly sold and the proceeds of sale applied to the making of all payments required to be made from the Fund from which the investment was made. All earnings from the deposit or investment of any such Fund shall be deposited into such Fund. Money in the Debt Service Fund held by the Trustee may be, and shall be, if expected to be on deposit for more than thirty days, placed in secured time deposits or invested by the Trustee in such manner as will, in the opinion and within the discretion of the Trustee, produce the maximum yield reasonably obtainable, considering the safety of the investment and the expected payments required to be made from such Fund. Money in the Construction Fund, hereinafter created, shall be placed in secured time deposits or invested by the Authority in such manner as will, in the opinion of the Authority, produce the maximum yield reasonably obtainable, considering the safety of the investment and the payments required to be made for acquisition and construction purposes from the Construction Fund.

Section 13. SECURITY FOR FUNDS. All Funds created by this Resolution shall be secured in the manner and to the fullest

extent permitted or required by law for the security of Authority funds, and such Funds shall be used only for the purposes and in the manner permitted or required by this Resolution.

Section 14. ADDITIONAL PARITY BONDS. The Authority reserves the right to issue additional parity revenue Bonds in such amounts as are required for the purpose of completing the acquisition and construction of the water supply facilities for which the Bonds are being issued, and/or for the purpose of improving, enlarging, repairing, equipping, replacing, or reconstructing, said water supply facilities or any part thereof, and/or for the purpose of refunding any outstanding Bonds. Such additional parity revenue Bonds shall be considered, constitute, and be defined as "Bonds", for all purposes of this Resolution and the Contract, and, when issued and delivered, they shall be payable from and secured by a first lien on and pledge of the Semi-Annual Facilities Charges and secured by the Trust Indenture, in the same manner and to the same extent as the other Bonds; and all of the Bonds shall in all respects be on a parity and of equal dignity. The additional parity revenue Bonds may be issued in one or more installments or series, provided, however, that no such installment or series shall be issued unless:

(a) a certificate is executed by the President and Secretary of the Board of Directors of the Authority to the effect that no default exists in connection with any of the covenants or requirements of the resolution or resolutions authorizing the issuance of all then outstanding Bonds, and that the Debt Service Fund contains the amount then required to be on deposit therein;

(b) the resolution authorizing the issuance of such installment or Series of Bonds shall provide for Semi-Annual Facilities Charges in an amount sufficient to pay all principal of, redemption premium, if any, interest on, and any other requirements in connection with, such Bonds; provided that the percentages of the aggregate amount of each Semi-Annual Facilities Charge which each of The Corporations is obligated to pay shall remain the same, as set forth in Section 10 of this Resolution, for all Bonds, including the additional parity revenue Bonds.

(c) The President or any Vice-President of the Agent or of each of The Corporations approves in writing the provisions of the Bond Resolution authorizing the issuance of such installment or series of Bonds;

(d) the principal of, redemption premium, if any, and interest on such installment or series of Bonds are payable at the same "Paying Agent" as the other Bonds, and have the same semiannual interest payment dates as the other Bonds, and the same principal payment date as the other Bonds during any year in which such installment or Series of Bonds and any then outstanding Bonds are scheduled to mature, provided that different series of Bonds may have different years during which principal is scheduled to mature.

Section 15. SPECIAL COVENANTS. The Authority further covenants as follows:

(a) that other than for the payment of the Bonds herein authorized, the Semi-Annual Facilities Charges have not in any manner been pledged to the payment of any debt or obligation of the Authority.

(b) that while any of the Bonds is outstanding, the Authority will not, with the exception of the additional parity revenue Bonds expressly permitted by this Resolution to be issued, additionally encumber the Semi-Annual Facilities Charges in any manner whatsoever.

(c) that the Authority will carry out all of its covenants and obligations under this Resolution; and the Authority may be required to carry out such covenants and obligations by all legal and equitable means, including, but without limitation, the use and filing of mandamus proceedings, in any court of competent jurisdiction, against the Authority, its Board of Directors, and its officials and employees.

Section 16. BONDS ARE SPECIAL OBLIGATIONS. The Bonds are and shall be special obligations of the Authority payable solely from the pledged Semi-Annual Facilities Charges, and the holder or holders of the Bonds shall never have the right to demand payment thereof out of funds raised or to be raised by taxation, or from any source whatsoever other than the pledged Semi-Annual Facilities Charges.

Section 17. AMENDMENT OF RESOLUTION. (a) Subject to approval in writing by the President or any Vice-President of the Agent or of each of The Corporations, the holders of Bonds aggregating in principal amount two-thirds of the aggregate principal amount of then outstanding Bonds shall have the right from time to time to approve any amendment to this Resolution, including the Trust Indenture, which may be deemed necessary or desirable by the Authority, provided, however, that nothing herein contained shall permit or be construed to permit the amendment of the terms and conditions in this Resolution or in the Bonds so as to:

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

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

(c) Whenever at any time not less than thirty days, and within one year, from the date of the first publication of said

notice or other service of written notice the Authority shall receive an instrument or instruments executed by the holders of at least two-thirds in aggregate principal amount of all Bonds then outstanding, which instrument or instruments shall refer to the proposed amendment described in said notice and which shall specifically consent to and approve such amendment in substantially the form of the copy thereof on file with the Trustee, the Authority may adopt the amendatory resolution in substantially the same form.

(d) Upon the adoption of any amendatory resolution pursuant to the provisions of this Section, the Resolution shall be deemed to be amended in accordance with such amendatory resolution, and the respective rights, duties, and obligations under the Resolution of the Authority and all the holders of then outstanding Bonds shall thereafter be determined, exercised, and endorsed hereunder, subject in all respects to such amendments.

(e) Any consent given by the holder of a Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the first publication of the notice provided for in this Section, and shall be conclusive and binding upon all future holders of the same Bond during such period. Such consent may be revoked at any time after six months from the date of the first publication of such notice by the holder who gave such consent, or by a successor in title, by filing notice thereof with the Trustee and the Authority, but such revocation shall not be effective if the holders of two-thirds aggregate principal amount of the then outstanding Bonds as in this Section defined have, prior to the attempted revocation, consented to and approved the amendment.

(f) For the purpose of this Section, the fact of the holding of Bonds by any bondholder and the amount and numbers of such Bonds, and the date of their holding same, may be proved by the Affidavit of the person claiming to be such holder, or by a certificate executed by any trust company, bank, banker, or any other depository wherever situated showing that at the date therein mentioned such person had on deposit with such trust company, bank, banker, or other depository, the Bonds described in such certificate. The Authority may conclusively assume that such ownership continues until written notice to the contrary is served upon the Authority.

Section 18. CONSTRUCTION FUND. In accordance with the Contract and the Facilities Agreement, and immediately after the sale and delivery of the Bonds, the Authority shall deposit into a separate and special Construction Fund, which is hereby created, and shall be established at one or more of the Authority's official depositories, all of the proceeds from the sale of the Bonds. The Construction Fund shall be established, drawn on, and used by the Authority to pay the costs of acquiring and constructing the Authority's water supply facilities for which the Bonds are being issued, and to pay the costs and expenses of issuing the Bonds. As a part of the cost of constructing said facilities the Authority shall transfer from the funds, if any, then available in the Construction Fund, and deposit to the credit of the Debt Service Fund, on or before the last day of MAY, 1975, and semiannually on or before the last day of each NOVEMBER and MAY thereafter, to and including MAY, 1977, an amount sufficient to pay the interest coming due on the Bonds on the next succeeding interest payment date; and said deposits are intended to pay the interest coming due on the Bonds during the estimated period of construction of said facilities. Any surplus remaining in the Construction Fund after the completion of said facilities shall be deposited into the Debt Service Fund. All deposits actually made from the Construction Fund into the Debt Service Fund shall reduce, to the extent of such deposits, the amounts

which otherwise would be required to be deposited into the Debt Service Fund from Semi-Annual Facilities Charges.

Section 19. APPROVAL AND REGISTRATION OF BONDS. The President of the Board of Directors of the Authority is hereby authorized to have control of the Bonds and all necessary records and proceedings pertaining to the Bonds pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Bonds, said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate prescribed herein to be printed and endorsed on each Bond, and the seal of said Comptroller shall be impressed, or printed, or lithographed on each of the Bonds.

Section 20. NO ARBITRAGE. That the Authority covenants to and with the purchasers of the Bonds that it will make no use of the proceeds of the Bonds at any time throughout the term of this issue of Bonds which, if such use had been reasonably expected on the date of delivery of the Bonds to and payment for the Bonds by the purchasers, would have caused the Bonds to be arbitrage bonds within the meaning of Section 103(d) of the Internal Revenue Code of 1954, as amended, or any regulations or rulings pertaining thereto; and by this covenant the Authority is obligated to comply with the requirements of the aforesaid Section 103(d) and all applicable and pertinent Department of the Treasury regulations relating to arbitrage bonds. The Authority further covenants that the proceeds of the Bonds will not otherwise be used directly or indirectly so as to cause all or any part of the Bonds to be or become arbitrage bonds within the meaning of the aforesaid Section 103(d), or any regulations or rulings pertaining thereto.

Section 21. EMERGENCY. It is hereby officially found and determined: that a case of emergency or urgent public necessity exists which requires the holding of the meeting at which this Resolution is adopted, such emergency or urgent public necessity being that the proceeds from the sale of the Bonds are required as soon as possible and without delay for necessary and urgently needed public improvements; and that said meeting was open to the public, and public notice of the time, place, and purpose of said meeting was given, all as required by Vernon's Ann. Civ. St. Article 6252-17.

Section 22. SALE OF BONDS. The Bonds are hereby sold, in accordance with law, and shall be delivered to a ~~Syndicate headed or managed by~~ Salomon Brothers and Associates for the price of par and accrued interest to the date of payment and delivery, and it is hereby determined by the Board of Directors of the Authority that such price and terms are the most advantageous reasonably obtainable.

Section 23. TRUST INDENTURE. For the purpose of additionally securing the payment of the Bonds, and the interest coupons appertaining thereto, and for the purpose of providing for and fixing in more detail the rights of the holders thereof, and of the Authority, The Corporations, and the Trustee under the Trust Indenture, and for the purpose of making more effective the irrevocable first lien on and pledge of the Semi-Annual Facilities Charges, a Trust Indenture in substantially the following form and substance shall be signed, sealed, and otherwise executed and delivered, for and on behalf of the Authority, by the President and the Secretary of its Board of Directors, after which said Trust Indenture shall be executed by the Trustee and shall become effective upon the delivery of the Bonds:

plus a  
premium of  
\$5403.15

## TRUST INDENTURE

THE STATE OF TEXAS :  
 SABINE RIVER AUTHORITY OF TEXAS :

THIS TRUST INDENTURE, dated as of DECEMBER 1, 1974, executed by and between Sabine River Authority of Texas (the "Authority"), an agency and political subdivision of the State of Texas, being a conservation and reclamation district created and governed by Vernon's Ann. Civ. St. Article 8280-133, pursuant to Article 16, Section 59 of the Texas Constitution, and REPUBLIC NATIONAL BANK OF DALLAS, DALLAS, TEXAS, a national banking association duly organized and existing under the laws of the United States of America and having its principal office in the City of Dallas, Dallas County, Texas, as Trustee (hereinafter called the "Trustee");

WITNESSETH THAT:

WHEREAS, a "Bond Amortization Contract", dated as of February 12, 1974, (the "Contract") has been duly executed between the Authority and Dallas Power & Light Company, Texas Electric Service Company, and Texas Power & Light Company (collectively "The Corporations"), acting therein by and through Texas Utilities Generating Company as their agent, with each of The Corporations and said agent being a Texas Corporation; and

WHEREAS, pursuant to the Contract the Board of Directors of the Authority has duly adopted a "RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE BONDS AND THE EXECUTION OF A TRUST INDENTURE" (LAKE FORK PROJECT), (the "Resolution"); and

WHEREAS, the Resolution authorized the issuance of SABINE RIVER AUTHORITY OF TEXAS WATER SUPPLY FACILITIES REVENUE BONDS, SERIES 1974 (LAKE FORK PROJECT), in the principal amount of \$30,000,000, (which, together with any additional parity revenue bonds authorized to be issued by the Resolution, are hereinafter called the "Bonds"); and

WHEREAS, a certified copy of the Resolution has been duly filed with the Trustee; and

WHEREAS, the Bonds, the redemption premium thereon, if any, and the interest coupons appertaining thereto, are and shall be payable from and secured by an irrevocable first lien on and pledge of the payments designated as "Semi-Annual Facilities Charges" to be made by The Corporations to the Trustee in amounts sufficient to pay and redeem, and provide for the payment and redemption of, the principal of, redemption premium, if any, and interest on the Bonds when due, all as required by the Resolution; and

WHEREAS, the Trustee has accepted the trusts created by this Trust Indenture, and in evidence thereof has joined in the execution hereof.

NOW, THEREFORE, THIS TRUST INDENTURE WITNESSETH:

That the Authority, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created, and of the purchase and acceptance of the Bonds by the holders thereof, and for other good and valuable consideration, the receipt of which is hereby acknowledged, and for the purpose of securing the payment of the principal of, redemption premium, if any, and

interest on the Bonds at any time issued and outstanding, has assigned, transferred, pledged, set over, and confirmed, and by these presents does grant, assign, pledge, set over, and confirm unto the Trustee, and to its successor or successors in the said trust, and to its or their assigns, all and singular the "Semi-Annual Facilities Charges" as defined, required, and provided in the Resolution, upon, and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses, and purposes hereinafter expressed; and the Authority and the Trustee have agreed, and they hereby agree and covenant with the respective holders from time to time of the Bonds, and the interest coupons appertaining thereto, as follows, to-wit:

**Article 1. ACCEPTANCE OF TRUST.** The Trustee hereby accepts the trusts, duties, obligations, and requirements imposed on it by the Resolution and this Trust Indenture, and agrees to carry out and perform, punctually and effectively, such duties, obligations, and requirements, for the benefit of the Authority, The Corporations, and the holders of the Bonds and the interest coupons appertaining thereto.

**Article 2. DEBT SERVICE FUND.** The Debt Service Fund created by the Resolution is hereby confirmed and established, in trust, with the Trustee, and the Trustee agrees to hold, administer, deposit, secure, invest, and use said Fund in all respects as provided and required by the Resolution and this Trust Indenture.

**Article 3. NOTICE TO CORPORATIONS AND THE AUTHORITY.** On or before the 15th day prior to each semiannual date upon or before which each Semi-Annual Facilities Charge is required to be deposited into the Debt Service Fund by the Resolution, the Trustee shall give written notice to each of The Corporations, and to the Authority, by certified mail or registered mail, return receipt requested, at such address as each of The Corporations and the Authority shall from time to time designate and file in writing with the Trustee, of the amount, if any, of each Semi-Annual Facilities Charge required by the Resolution to be made by each of The Corporations to the Trustee and deposited by the Trustee into the Debt Service Fund, on or before the last day of such month. Such notice shall give a brief statement of the manner in which the amount due was calculated, including a showing of all credits on account of earnings from the time deposit or investment of the Debt Service Fund. The failure of the Trustee to give, or any of The Corporations to receive, any such notice shall not relieve any of The Corporations of its unconditional duty and obligation to make all deposits or payments of Semi-Annual Facilities Charges to the Trustee as required by the Resolution.

**Article 4. ACCOUNTS AND RECORDS.** (a) The Trustee shall keep proper books of records and accounts, separate from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the Semi-Annual Facilities Charges and the Debt Service Fund.

(b) Within ninety days after the close of each fiscal year of the Trustee, the Trustee will furnish to the Authority, The Corporations, and any holder of any outstanding Bonds who may so request, a copy of a report by the Trustee covering the next preceding fiscal year, showing the following information:

(1) a detailed statement concerning the receipt and disposition of all Semi-Annual Facilities Charges;

(2) the Trustee's comment regarding the manner in which The Corporations and the Authority have complied with the requirements of the Resolution with respect to the Debt Service Fund and the Semi-Annual Facilities Charges, and its recommendations, if any, for any changes or improvements.

(c) The Authority, The Corporations, and the holder or holders of any Bonds shall have the right at all reasonable times to inspect all records, accounts, and data of the Trustee relating to the Debt Service Fund.

Article 5. ENFORCEMENT OF RIGHTS IN CASE OF DEFAULT.

(a) The rights of action with respect to this Trust Indenture shall be exercised by the Trustee and, except as otherwise provided in this Article, no holder of any Bond shall have any right to institute any suit, action, or proceeding at law or equity for the appointment of a receiver or for any other remedy hereunder or by reason hereof unless and until in addition to the fulfillment of all other conditions precedent specified in this Trust Indenture, the Trustee shall have received the written request of the holders of not less than 25% in principal amount of the Bonds then outstanding and shall have been offered reasonable indemnity and shall have refused, or for 30 days thereafter neglected, to institute such suit, action, or proceeding; and it is hereby declared that the making of such request and the furnishing of such indemnity are in each case conditions precedent to the execution and enforcement by any Bondholder or Bondholders of the powers and remedies given to the Trustee hereunder and to the institution and maintenance by any Bondholder or Bondholders of any action or cause of action for the appointment of a receiver or for any other remedy hereunder; but the Trustee may, in its discretion, or when thereunto duly requested in writing by the holder or holders of at least 25% in principal amount of the Bonds then outstanding and upon being furnished indemnity satisfactory to the Trustee against expenses, charges, and liability, shall forthwith take such appropriate action by judicial proceedings or otherwise to enforce the covenants of The Corporations and the Authority as the Trustee may deem expedient in the interest of the holders of the Bonds.

(b) Any one or more of the following events shall constitute and hereinafter shall be called "Events of Default":

(1) failure of any of The Corporations to deposit or pay any Semi-Annual Facilities Charge when and to the extent due and required by the Resolution;

(2) any of The Corporations being adjudicated insolvent, or being adjudicated bankrupt;

(3) any of The Corporations filing a petition affecting the Bonds or the Semi-Annual Facilities Charges in any court for relief under the provisions of the Bankruptcy Act or any applicable law affecting creditors rights;

(4) creditors of any of The Corporations filing a petition affecting or seeking to affect the Bonds or the Semi-Annual Facilities Charges in any court under the provisions of the Bankruptcy Act or of any applicable law relating to creditors rights, if the filing of such petition shall be approved by said court;

(5) any of The Corporations or the Authority defaulting in the observance or performance of any other of the

covenants, conditions, or obligations in the Bonds, or the Resolution with respect to the Debt Service Fund or the Semi-Annual Facilities Charges, or this Trust Indenture, and any of The Corporations or the Authority not remedying such default within 60 days after written notice so to do has been received by each of The Corporations and the Authority from the Trustee, which may serve such notice, in its discretion, or shall serve such notice at the written request of the holder or holders of not less than 25% in principal amount of the Bonds then outstanding; provided however, that so long as the Semi-Annual Facilities Charges are paid when due, no Event of Default shall be declared under this clause (5) without the consent of all of The Corporations.

(c) In any Event of Default, and provided the Trustee shall have given each of The Corporations and the Authority 5 days written notice thereof, and unless such Event of Default shall have been remedied within 5 days following the receipt of such notice by each of The Corporations and the Authority, the Trustee may in its discretion, or, upon the written request of the holder or holders of at least 25% in principal amount of the Bonds then outstanding, and upon being indemnified to the satisfaction of the Trustee, shall, declare the principal of all outstanding Bonds and the aggregate of all unpaid Semi-Annual Facilities Charges then or thereafter required to be deposited or paid under the Resolution by The Corporations to be due and payable immediately, and upon any such declaration the principal of all outstanding Bonds and the aggregate of all of the aforesaid unpaid Semi-Annual Facilities Charges shall become and be due and payable immediately, anything in the Bonds, the Contract, the Resolution, or this Trust Indenture to the contrary notwithstanding.

(d) Upon the happening of any Event of Default, the Trustee may, in its discretion, or, if duly requested in writing by the holder or holders of at least 25% of the outstanding Bonds, and upon being furnished indemnity satisfactory to the Trustee against its expected expenses, charges, and potential liability, the Trustee shall, take such appropriate action by judicial proceedings or otherwise to cure the default and/or to require The Corporations or the Authority to carry out its or their covenants and obligations under and with respect to the Resolution, including, but without limitation, the use and filing of actions for specific performance, and mandamus proceedings, in any court of competent jurisdiction, against the Authority, its Board of Directors, and its officers, employees, and agents, and/or The Corporations, their Boards of Directors, and their officers, employees, and agents, and to obtain judgments against The Corporations for any Semi-Annual Facilities Charges due but unpaid into the Debt Service Fund.

(e) No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Bonds or the Resolution, or now or hereafter existing at law or in equity, or by statute. No delay or omission to exercise any right or power accruing upon any default continuing as aforesaid shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and so often as may be deemed expedient.

(f) The Trustee is hereby irrevocably appointed the special agent and representative of the holders of the Bonds and vested with full power in their behalf to effect and enforce this Trust

Indenture and the Resolution for their benefit as provided herein; but anything in this Trust Indenture contained to the contrary notwithstanding, the holder or holders of a majority in principal amount of the Bonds then outstanding, in case of any subsisting Event of Default or of any other event entitling the Trustee to proceed hereunder, shall have the right from time to time to act and direct and control any and all proceedings independent from and by the Trustee, or, after furnishing indemnity satisfactory to the Trustee against its expected expenses, charges, and potential liability, to direct and control the Trustee in connection with the enforcement of any of the provisions of this Trust Indenture and the Resolution, and any other proceedings taken by virtue of any provisions of this Trust Indenture, including the right to have withdrawn and discontinued at any stage thereof any proceedings taken hereunder by the Trustee, provided that the default upon which such proceedings were based and all other defaults hereunder shall have been remedied and made good.

(g) The Trustee, upon the written request of the holder or holders of a majority in principal amount of the Bonds then outstanding, shall waive any default hereunder and its consequences, except that a default in the payment of the Semi-Annual Facilities Charges, or the principal or interest on the Bonds when and as the same shall become due and payable by lapse of time, may be waived only if the default therein shall have been remedied and made good. In case of any such waiver, the Authority, The Corporations, the Trustee, and the holders of the Bonds shall be restored in their former position and rights hereunder, respectively, but such waiver shall not extend to any subsequent or other default or impair any right consequent thereon.

(h) In the event the Trustee shall receive conflicting or inconsistent requests and indemnity from two or more groups of bondholders, each representing less than a majority of the principal amount of Bonds then outstanding, the Trustee in its sole discretion may determine what action, if any, shall be taken.

(i) All money collected by the Trustee pursuant to the exercise of the remedies and powers in this Article provided, together with all other sums which then may be held by the Trustee under any provision of this Trust Indenture as security for the bonds, shall be applied as follows:

FIRST: To the payment of the costs and expenses of the proceedings whereunder such money was collected, including a reasonable compensation to the Trustee, its agents, attorneys, and counsel, and all other necessary or proper expenses, liabilities, and advances incurred or made by the Trustee under this Trust Indenture, and to the payment of all taxes, assessments, and liens superior to the lien of this Trust Indenture.

SECOND: To the payment of matured interest on the Bonds, including interest at the rate of 8% per annum on the matured interest from maturity thereof to date of payment.

THIRD: To the payment of principal of the Bonds which have become due in accordance with their stated maturities, and interest thereon at the rate of 8% per annum from maturity to date of payment.

FOURTH: To be deposited into the Debt Service Fund to bring this Fund to the amount then required to be on deposit therein.

FIFTH: To the payment of the surplus, if any, to whoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

If in making distribution pursuant to the order above stated, the amount available for distribution in a particular classification be insufficient to pay in full all of the items in such classification, the amount available for distribution to items in such classification shall be prorated among such items in the proportion that the amount each item bears to the total of all such items.

(j) All rights of action or other rights under this Trust Indenture or otherwise may be enforced by the Trustee without the possession of any of the Bonds or interest coupons appertaining thereto, or the production thereof on the trial or other proceedings relative thereto.

(k) It is expressly provided, however, that the holder or holders of 51% or more of the Bonds then outstanding, or a committee representing the holder or holders of 51% or more of the Bonds then outstanding, shall have the right to file any suit or action for the enforcement of their rights and remedies under the Contract, the Resolution, and this Trust Indenture, without the consent of or joinder by the Trustee, and may exercise any right or perform any action hereunder with the same effect as the Trustee under this Trust Indenture.

Article 6. CONCERNING THE TRUSTEE. The Trustee accepts the trusts imposed upon it by this Trust Indenture, but only upon and subject to the following express terms and conditions:

(a) The Trustee shall not be responsible for any recitals herein, in the Bonds, the interest coupons appertaining thereto, or the Resolution, or for the sufficiency of the security for the Bonds, or interest coupons appertaining thereto. The Trustee shall have no responsibility hereunder except to the extent of the duties placed upon the Trustee to hold, administer, deposit, secure, invest, and use the Debt Service Fund as required by the Resolution, to the extent funds for such purposes are received by the Trustee, and to perform the other express covenants and agreements made by the Trustee under the provisions of this Trust Indenture and the Resolution; and in no event shall the Trustee be liable except for its negligence or willful default in relation to its duties under this Trust Indenture and the Resolution.

(b) The Trustee shall not be accountable for the use of any of the proceeds of such Bonds except the portion thereof deposited with the Trustee.

(c) The Trustee shall be protected in acting in accordance with the provisions of this Trust Indenture and the Resolution upon any notice, requisition, request, consent, certificate, order, affidavit, letter, telegram, or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons, and the Trustee shall not be bound to recognize any person as a holder of any Bond or to take any action at his request, unless such Bond shall be deposited with the Trustee, or submitted to it for inspection. Any action taken by the Trustee pursuant to this Trust Indenture upon the request or authority or consent of any person who, at the time of making such request, or giving such authority or consent, is the owner of any Bond secured hereby,

shall be conclusive and binding upon all future owners of the same Bond and of Bonds issued in exchange therefor or in place thereof.

(d) Notwithstanding anything elsewhere in this Trust Indenture contained, the Trustee shall have the right, but shall not be required, to demand before the disbursement of any cash or in respect of any action whatsoever within the purview of this Trust Indenture, any reasonable showings, certificates, opinions, appraisals, or other information, or action or evidence thereof, in addition to that required by the terms hereof.

(e) The Trustee shall have a lien upon the Debt Service Fund for its reasonable compensation, and all reasonable expenses, advances and counsel fees and as indemnity for all liabilities incurred in and about the execution of the trusts hereby created and the exercise and performance of the powers and duties of the Trustee hereunder, and the reasonable cost and expenses, including counsel fees, of defending against any liability in the premises of any character whatsoever.

Article 7. SUCCESSOR TRUSTEE. (a) The Trustee at the time acting hereunder may at any time resign and be discharged from the trust hereby created by giving not less than sixty days written notice to the Authority, and such resignation shall take effect upon the day specified in such notice, unless a successor Trustee shall have been sooner appointed by the holders of Bonds or by the Authority as hereinafter provided, in which event such resignation shall take effect immediately upon the appointment of a successor Trustee.

(b) The Trustee may be removed at any time by an instrument or concurrent instruments in writing, delivered to the Trustee, and to the Authority and signed by the holders of a majority in principal amount of the outstanding Bonds.

(c) In case the Trustee hereunder shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case the Trustee shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the holders of a majority in principal amount of the then outstanding Bonds, by an instrument or concurrent instruments in writing, signed by such holders, or by their attorneys in fact duly authorized in writing; provided, nevertheless, that in any such event the Authority by an instrument executed by authority of a resolution of its Board of Directors and signed by the President and by the Secretary of said Board, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the bondholders in the manner above provided, and any such temporary Trustee so appointed by the Authority shall immediately and without further act be superseded by the Trustee so appointed by such bondholders. Every such successor or temporary Trustee shall be a trust company or bank in good standing, located in Dallas, Texas, and having a capital and surplus of not less than Twenty Five Million Dollars (\$25,000,000) if there be such a trust company or bank willing, qualified, and able to accept the trust upon reasonable or customary terms. In the event that no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Article within sixty days after a vacancy in the office of Trustee shall have occurred, the holder of any Bond or any retiring

Trustee may apply to any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice, if any, as it shall deem proper or prescribe, appoint a successor Trustee.

(d) Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the Authority, an instrument in writing accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, deed, or conveyance, shall become fully vested with all the estates, rights, powers, trusts, duties, and obligations thereunder of its predecessor; but such predecessor shall nevertheless, on the written request of the Authority, execute and deliver an instrument transferring to such successor Trustee all the estates, rights, powers, and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and money held by it to its successor; provided, however, that before any such delivery is required or made, all reasonable, customary, and legally accrued fees, advances, and expenses of the retiring or removed Trustee shall be paid in full. Should any deed, assignment, or instrument in writing from the Authority be required by any successor Trustee for more fully and certainly vesting in such Trustee the estates, rights, powers, and duties hereby vested or intended to be vested in the predecessor Trustee, any and all such deeds, assignments, and instruments in writing shall, on request, be executed, acknowledged, and delivered by the Authority.

(e) Any corporation or association into which the Trustee, or any successor to it in the trusts created by this Trust Indenture, may be merged or converted or with which it or any successor to it may be consolidated, or any corporation or association resulting from any merger, conversion, or consolidation to which the Trustee or any successor to it shall be a party, shall be the successor Trustee under this Trust Indenture without the execution or filing of any paper or any other act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

(f) The Trustee may, in relation to this Trust Indenture, act upon the professional opinion or advice of any attorney, legal counsel, engineer, accountant, or other expert, believed by the Trustee to be qualified in relation to the subject matter, whether retained by the Trustee or the Authority or otherwise, and shall not be responsible for anything suffered or done or not done by it in good faith in accordance with any such opinion or advice.

Article 8. RELEASE OF INDENTURE. If, when the Bonds shall have become due and payable in accordance with their terms or otherwise as provided in this Trust Indenture or shall have been duly called for redemption, and the whole amount of the principal, redemption premium, if any, and the interest so due and payable upon all of the Bonds, and interest coupons appertaining thereto, then outstanding shall be paid, or sufficient money shall be held by the Trustee for such purpose, and provision shall also be made for paying all other sums payable hereunder by The Corporations, then and in that case all right, title, and interest of the Trustee in the Semi-Annual Facilities Charges shall thereupon cease, determine, and become void, and the Trustee in such case, on demand of the Authority shall release this Trust Indenture and shall execute such documents to evidence such release as may be reasonably required by the Authority and shall turn over to the Authority or to such

officer, board, or body as may then be entitled by law to receive the same, any surplus in the Funds held by it; otherwise this Trust Indenture shall be, continue, and remain in full force and effect.

Article 9. MISCELLANEOUS PROVISIONS. Any request, direction, consent, or other instrument required by this Trust Indenture to be signed or executed by bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by such bondholders in person or by agent appointed in writing. Proof of the execution of any such instrument, or of the writing appointing such agent, and of the ownership of the Bonds, if made in the following manner, shall be sufficient for any purpose of this Trust Indenture and shall be conclusive in favor of the Trustee with regard to any action taken by it under such instrument:

(a) The fact and date of the execution by any person of any such instrument may be proved by the certificate of any officer in any jurisdiction, who, by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness to such execution.

(b) The fact of the holding of the Bonds by any bondholder and the amount and numbers of such Bonds, and the date of his holding same may be proved by the affidavit of the person claiming to be such holder, if such affidavit shall be deemed by the Trustee to be satisfactory, or by a certificate executed by any trust company, bank, banker, or any other depository, wherever situated, if such certificate shall be deemed by the Trustee to be satisfactory, showing that at the date therein mentioned such person had on deposit with such trust company, bank, banker, or other depository, the Bonds described in such certificate. The Trustee may conclusively assume that such ownership continued until written notice to the contrary is served upon the Trustee.

(c) Nothing contained in this Article shall be construed as limiting the Trustee to the proof hereinabove specified, it being intended that the Trustee may accept any other evidence of the matters herein stated which may be reasonably sufficient.

(d) Any request or consent of the holder of any Bond shall bind every future holder of the same Bond in respect of anything done by the Trustee in pursuance of such request or consent. In the event of the dissolution of the Authority, all of the covenants, stipulations, promises, and agreements in this Trust Indenture contained, by or on, in behalf of, or for the benefit of the Authority, shall bind or inure to the benefit of the successor or successors of the Authority from time to time and any officer, board, or commission to whom or to which any power or duty affecting such covenants, stipulations, promises, and agreements shall be transferred by or in accordance with law.

(e) Except as herein otherwise expressly provided, nothing in this Trust Indenture expressed or implied is intended or shall be construed to confer upon any person, firm, or corporation other than The Corporations, the Authority, the Trustee, and the holders of the Bonds, any right, remedy or claim, legal or equitable, under or by reason of this Trust Indenture or any covenant, condition, or stipulation.

(f) In case any one or more of the provisions of this Trust Indenture or of the Bonds, or interest coupons appertaining thereto, shall be held to be invalid or ineffective as to any person or circumstance, the remainder thereof and the application of such provision to persons or circumstances other than those as to which it is held invalid shall not be affected thereby.

IN WITNESS WHEREOF, the Authority acting through its Board of Directors, has caused this Trust Indenture to be executed in its name, and for and on its behalf, by the President of said Board and attested by the Secretary of said Board, and its corporate seal to be hereunto affixed, and the Trustee, to evidence its acceptance of the trusts hereby created and vested in it, has caused this Trust Indenture to be executed in its behalf by one of its Vice Presidents, attested by one of its Trust Officers, or its Cashier, or by one of its Assistant Cashiers, and its corporate seal to be hereunto affixed, all as of December 1, 1974.

SABINE RIVER AUTHORITY OF TEXAS

BY \_\_\_\_\_  
President, Board of Directors

APPROVED:

\_\_\_\_\_  
Executive Vice President and  
General Manager

ATTEST:

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

(SEAL)

REPUBLIC NATIONAL BANK OF DALLAS,  
DALLAS, TEXAS TRUSTEE

BY \_\_\_\_\_  
Vice President

ATTEST:

\_\_\_\_\_  
(SEAL)

CERTIFICATE FOR  
RESOLUTION AUTHORIZING THE ISSUANCE OF  
ADDITIONAL PARITY REVENUE BONDS  
(LAKE FORK PROJECT)

THE STATE OF TEXAS :  
SABINE RIVER AUTHORITY OF TEXAS :

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

1. The Board of Directors of said Authority convened in SPECIAL MEETING ON THE 15TH DAY OF JULY, 1975, at the designated meeting place, and the roll was called of the duly constituted officers and members of said Board, to-wit:

Guy Cowser, Secretary	E. A. Meek, President
Gus Morris	Charles T. Wickersham
D. W. Beasley	O. H. Pederson
C. C. Rice	Malcolm J. Henley
Benjamin B. Pegues	

and all of said persons were present, except the following absentees: None

thus constituting a quorum. Whereupon, among other business, the following was transacted at said Meeting: a written

RESOLUTION AUTHORIZING THE ISSUANCE OF  
ADDITIONAL PARITY REVENUE BONDS  
(LAKE FORK PROJECT)

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

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

NOES: None.

2. That a true, full, and correct copy of the aforesaid Resolution adopted at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; that said Resolution has been duly recorded in said Board's minutes of said Meeting; that the above and foregoing paragraph is a true, full, and correct excerpt from said Board's minutes of said Meeting pertaining to the adoption of said Resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified, and acting officers and members of said Board as indicated therein; and that each of the officers and members of said Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the aforesaid Meeting, and that said Resolution would be introduced and considered for adoption at said Meeting, and each of said officers and members consented, in advance, to the holding of said Meeting for such purpose; and that said Meeting was open to the public, and public notice of the time, place, and purpose of said meeting was given, all as required by Vernon's Ann. Civ. St. Article 6252-17.

SIGNED AND SEALED the 15th day of July, 1975.

Guy Cowser  
Secretary

E. A. Meek  
President

(SEAL)

SERIES 1975 BOND RESOLUTIONRESOLUTION AUTHORIZING THE ISSUANCE OF  
ADDITIONAL PARITY REVENUE BONDS  
(LAKE FORK PROJECT)

THE STATE OF TEXAS :  
SABINE RIVER AUTHORITY OF TEXAS :

WHEREAS, Sabine River Authority of Texas (the "Authority") is an agency and political subdivision of the State of Texas, being a conservation and reclamation district created and governed by Vernon's Ann. Civ. St. Article 8280-133, pursuant to Article 16, Section 59 of the Texas Constitution; and

WHEREAS, a "Bond Amortization Contract", dated as of February 12, 1974, (the "Contract") has been duly executed between the Authority and Dallas Power & Light Company, Texas Electric Service Company, and Texas Power & Light Company (collectively "The Corporations"), acting therein by and through Texas Utilities Generating Company (the "Agent") as their agent; and

WHEREAS, each of the Corporations and the Agent is a corporation duly incorporated under the laws of the State of Texas; and

WHEREAS, the Water Supply Facilities Agreement (the "Facilities Agreement"), described and adopted by reference in the Contract, was executed between the Authority and The Corporations, acting therein by and through the Agent, and was dated as of February 12, 1974; and provides for the acquisition, construction, operation, and maintenance by the Authority of the water supply facilities to be financed with the proceeds from the sale and delivery of the Bonds; and

WHEREAS, this preamble shall constitute an integral part of this bond resolution; and

WHEREAS, pursuant to the Contract there have been issued and are presently outstanding the bonds (the "Series 1974 Bonds") of that issue of Sabine River Authority of Texas Water Supply Facilities Revenue Bonds, Series 1974 (Lake Fork Project), dated as of December 1, 1974, in the principal amount of \$30,000,000, authorized by resolution (the "1974 Bond Resolution") adopted by the Board of Directors of the Authority on November 7, 1974; and

WHEREAS, pursuant to, and in the form prescribed by, the 1974 Bond Resolution, a trust indenture (the "Trust Indenture") dated as of December 1, 1974, was executed by and between the Authority and Republic National Bank of Dallas, Dallas, Texas, as Trustee, to provide additional security for the payment of the Series 1974 Bonds and all additional parity revenue bonds authorized to be issued by the 1974 Bond Resolution; and

WHEREAS, the Contract, the 1974 Bond Resolution, and the Trust Indenture are hereby adopted by reference for all purposes, with the same effect as if they had been set forth in their entirety in this 1975 Bond Resolution; and

WHEREAS, both the Contract and Section 14 of the 1974 Bond Resolution provide for the issuance by the Authority of additional parity revenue bonds for the purpose of completing the acquisition and construction of the water supply facilities for which the Series 1974 Bonds were issued, with such additional parity revenue bonds to be considered, constitute,

and be "Bonds" as defined in the 1974 Bond Resolution and in the Contract, to be, when issued and delivered, payable from and secured by a first lien on and pledge of the "Semi-Annual Facilities Charges" as provided in the Contract, and secured by the Trust Indenture, in the same manner and to the same extent as the Series 1974 Bonds; and

WHEREAS, the bonds (the "Series 1975 Bonds") authorized to be issued by this bond resolution (the "1975 Bond Resolution") are to be issued and delivered pursuant to Vernon's Ann. Civ. St. Article 8280-133, as amended; and

WHEREAS, the Series 1975 Bonds are required as, and will constitute, additional parity revenue bonds issued pursuant to the Contract, Section 14 of the 1974 Bond Resolution, and the Trust Indenture; and

WHEREAS, The Corporations, acting by and through the Agent, will duly approve this 1975 Bond Resolution, prior to the delivery of the Series 1975 Bonds, as required by the Contract and Section 14 of the 1974 Bond Resolution; and

WHEREAS, as provided in the Contract, by approving this 1975 Bond Resolution, The Corporations will have agreed and acknowledged that the Series 1975 Bonds are issued in accordance and compliance with the Contract, and that, upon the sale and delivery of the Series 1975 Bonds, The Corporations will be unconditionally obligated to the Authority to pay to the Trustee the "Semi-Annual Facilities Charges" as required by the Contract, the 1975 Bond Resolution, and the Trust Indenture, in amounts sufficient to pay and redeem, or provide for the payment and redemption of, the principal of, redemption premium, if any, and interest on the Series 1975 Bonds, in addition to the Series 1974 Bonds, when due, all as required by this 1975 Bond Resolution and the Trust Indenture.

THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF SABINE RIVER AUTHORITY OF TEXAS THAT:

Section 1. The Authority's negotiable bonds are authorized to be issued in the principal amount of \$40,000,000, FOR THE PURPOSE OF PROVIDING WATER SUPPLY FACILITIES BY PROVIDING FUNDS FOR COMPLETING THE ACQUISITION AND CONSTRUCTION OF A DAM AND RESERVOIR ON LAKE FORK CREEK, A TRIBUTARY OF THE SABINE RIVER, IN WOOD, RAINS, AND HOPKINS COUNTIES, TEXAS.

Section 2. The Series 1975 Bonds are designated and shall be known as the "SABINE RIVER AUTHORITY OF TEXAS WATER SUPPLY FACILITIES REVENUE BONDS, SERIES 1975 (LAKE FORK PROJECT)".

Section 3. The Series 1975 Bonds shall be dated JUNE 1, 1975, shall be in the denomination of \$5,000 each, shall be numbered consecutively from one upward, and shall mature, unless redeemed prior to maturity as hereinafter provided, on DECEMBER 1 in each of the years, and in the amounts, respectively, as set forth in the following schedule:

<u>YEARS</u>	<u>AMOUNTS</u>	<u>YEARS</u>	<u>AMOUNTS</u>	<u>YEARS</u>	<u>AMOUNTS</u>
1980	\$590,000	1988	\$1,050,000	1997	\$2,010,000
1981	630,000	1989	1,130,000	1998	2,165,000
1982	680,000	1990	1,215,000	1999	2,325,000
1983	730,000	1991	1,305,000	2000	2,500,000
1984	785,000	1992	1,400,000	2001	2,685,000
1985	845,000	1993	1,505,000	2002	2,890,000
1986	910,000	1994	1,620,000	2003	3,105,000
1987	975,000	1995	1,740,000	2004	3,340,000
		1996	1,870,000		

Section 4. The Series 1975 Bonds shall bear interest at the following rates per annum:

maturities 1980 through	1987,	8.00%
maturities	1988 through	1993, 6.80%
maturities	1994 through	1995, 7.00%
maturities	1996 through	1997, 7.10%
maturities	1998 through	1999, 7.20%
maturities	2000 through	2003, 7.30%
maturities	— through	2004, 6.50%

Said interest shall be evidenced by interest coupons which shall appertain to the Series 1975 Bonds, and which shall be payable in the manner provided and on the dates stated in the FORM OF BOND set forth in this 1975 Bond Resolution.

Section 5. The Series 1975 Bonds and the interest coupons appertaining thereto shall be issued, shall be payable, may be redeemed prior to their scheduled maturities, shall have the characteristics, and shall be signed and executed (and the Series 1975 Bonds shall be sealed), all as provided, and in the manner indicated, in the FORM OF BOND set forth in this 1975 Bond Resolution.

Section 6. The form of the Series 1975 Bonds, including the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be printed and endorsed on each of the Series 1975 Bonds, and the form of the afore-said interest coupons which shall appertain and be attached initially to each of the Series 1975 Bonds, shall be, respectively, substantially as follows:

FORM OF BOND:

NO. \_\_\_\_\_

\$5,000

UNITED STATES OF AMERICA  
STATE OF TEXAS  
SABINE RIVER AUTHORITY OF TEXAS  
SABINE RIVER AUTHORITY OF TEXAS WATER SUPPLY FACILITIES  
REVENUE BOND  
SERIES 1975  
(LAKE FORT PROJECT)

ON DECEMBER 1, \_\_\_\_\_, SABINE RIVER AUTHORITY OF TEXAS  
(the "Authority") hereby promises to pay to bearer hereof the principal amount of

FIVE THOUSAND DOLLARS

and to pay interest thereon, from date hereof, at the rate of \_\_\_\_\_% per annum, evidenced by interest coupons payable DECEMBER 1, 1975, and semiannually thereafter on each JUNE 1 and DECEMBER 1 while this Bond is outstanding; provided that such principal and interest are payable solely from the revenues or payments hereinafter described, and from no other source.

THE PRINCIPAL of this Bond and the interest coupons appertaining hereto shall be payable to bearer, in lawful money of the United States of America, without exchange or collection charges to the bearer, upon presentation and surrender of this Bond or proper interest coupon, at the following, which collectively shall constitute and be defined as the "Paying Agent" for this Series of Bonds:

REPUBLIC NATIONAL BANK OF DALLAS, DALLAS, TEXAS,  
OR, AT THE OPTION OF THE BEARER, AT  
IRVING TRUST COMPANY, NEW YORK, NEW YORK.

THIS BOND is one of a Series of Bonds (the "Series 1975 Bonds") dated as of JUNE 1, 1975, authorized and issued in the the principal amount of \$40,000,000, FOR THE PURPOSE OF PROVIDING WATER SUPPLY FACILITIES BY PROVIDING FUNDS FOR COMPLETING THE ACQUISITION AND CONSTRUCTION OF A DAM AND RESERVOIR ON LAKE FORK CREEK, A TRIBUTARY OF THE SABINE RIVER, IN WOOD, RAINS, AND HOPKINS COUNTIES, TEXAS (the "Water Supply Facilities").

ON DECEMBER 1, 1984, or on any interest payment date thereafter, the outstanding Series 1975 Bonds may be redeemed prior to their scheduled maturities, at the option of the Authority, in whole or in part, at the redemption prices (expressed as percentages of principal amount) set forth in the table below plus accrued interest to the redemption date.

Redemption Dates	Redemption Prices (%)
December 1, 1984 and June 1, 1985	103
December 1, 1985 and June 1, 1986	102-1/2
December 1, 1986 and June 1, 1987	102
December 1, 1987 and June 1, 1988	101-1/2
December 1, 1988 and June 1, 1989	101
December 1, 1989 and June 1, 1990	100-1/2
December 1, 1990, and each June 1 thereafter:	100

THE SERIES 1975 BONDS ALSO are subject to redemption prior to their scheduled maturities, at the option of the Authority, as a whole, at any time, for the principal amount thereof, and accrued interest thereon to the date fixed for redemption, and without premium, if one or more of the following events or circumstances shall have occurred or exist:

(1) The Water Supply Facilities shall have been damaged or destroyed (i) to such extent that they cannot be reasonably restored within six months to the condition thereof immediately preceding such damage or destruction, or (ii) to such extent that the Authority is thereby prevented from carrying on the normal operations of said facilities for a period of six months, or (iii) to such extent that the restoration cost of said facilities would exceed 25% of the cost of constructing said facilities.

(2) Title to, or the temporary use of, all or substantially all of said Water Supply Facilities, or such part thereof as shall, in the Authority's judgment, materially interfere with the operation of said facilities, for the purposes for which they are designed, shall have been taken under the exercise of the power of eminent domain (including such taking as results in the Authority being prevented from carrying on its normal operations of said facilities for a period of six months).

(3) As a result of changes in the Constitution of the United States, or of the State of Texas, or of legislative or administrative action of said State or any political subdivision thereof, or of the United States, or by final decree, judgment, or order of any court or administrative body entered after the contest thereof by the Authority in good faith, the operation and maintenance of said Water Supply Facilities by the Authority shall become, in the Authority's judgment, impracticable or impossible.

(4) The dam and reservoir proposed to be provided by the Authority as part of the Water Supply Facilities are not substantially completed by January 1, 1980, to the extent required to permit closure of the dam and commencement of impounding water in the reservoir in substantially the volume for which the dam and reservoir were designed, because of circumstances which the Authority could not reasonably control or overcome, including, but not limited to, the economic, legal, or other inability of the Authority to obtain the materials, supplies, labor, equipment, interests in land, and other things necessary to acquire and construct the dam and reservoir; and the Series 1975 Bonds may be so redeemed if the Authority files with the Trustee a certificate setting forth the pertinent circumstances, and stating that in the Authority's judgment it is not feasible to complete the dam and reservoir by January 1, 1981, under the circumstances, and such certificate shall be conclusive of the matters contained therein.

AT LEAST thirty days prior to the date fixed for any redemption of Series 1975 Bonds prior to their scheduled maturities a written notice of such redemption shall be published at least once in a financial publication published in the City of New York, New York, or in the City of Austin, Texas. By the date fixed for any such redemption due provision shall be made with the "Paying Agent" for the payment of the principal amount of the Series 1975 Bonds which are to be so redeemed and accrued interest thereon to the date fixed for redemption, plus any required premium. If such written notice of redemption is published and if due provision for such payment is made, all as provided above, the Series 1975 Bonds which are to be so redeemed thereby automatically shall be redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the bearer to receive the redemption price from the "Paying Agent" out of the funds provided for such payment.

IT IS HEREBY certified and covenanted that this Bond has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond is a special revenue obligation of said Authority with the principal of, redemption premium, if any, and interest on this Bond and the Series 1975 Bonds of which it is a part, together with the bonds of that issue of Sabine River Authority of Texas Water Supply Facilities Revenue Bonds, Series 1974 (Lake Fork Project), dated as of December 1, 1974, in the original principal amount of \$30,000,000 (the "Series 1974 Bonds"), being payable solely from, and secured equally and ratably on a parity by an irrevocable first lien on and pledge of, the revenues or payments designated as the "Semi-Annual Facilities Charges" to be made by Dallas Power & Light Company, Texas Electric Service Company, and Texas Power & Light Company (collectively "The Corporations") pursuant to a Bond Amortization Contract (the "Contract") dated as of February 12, 1974, between the Authority and The Corporations; and The Corporations have agreed, and are unconditionally obligated to the Authority, severally (but not jointly) to pay, in the percentages hereinafter stated, said "Semi-Annual Facilities Charges" to the Trustee, for deposit into a Debt Service Fund, in amounts

sufficient to pay and redeem, or provide for the payment and redemption of, the principal of, redemption premium, if any, and interest on this Bond, and the Series 1975 Bonds of which it is a part, and the Series 1974 Bonds, when due, as required by the Contract, the resolution dated July 15, 1975 authorizing the Series 1975 Bonds (the "1975 Bond Resolution"), the resolution dated November 7, 1974, authorizing the Series 1974 Bonds (the "1974 Bond Resolution"), and the Trust Indenture securing the Series 1975 Bonds and the Series 1974 Bonds, with each of The Corporations being unconditionally obligated to pay the percentage of the aggregate amount of each "Semi-Annual Facilities Charge" as follows:

Dallas Power & Light Company:	33-1/3%
Texas Electric Service Company:	33-1/3%
Texas Power & Light Company:	33-1/3%
<b>TOTAL: 100%</b>	

THE SERIES 1975 BONDS and the Series 1974 Bonds are further secured equally and ratably on a parity by a Trust Indenture, dated as of December 1, 1974, whereunder the REPUBLIC NATIONAL BANK OF DALLAS, DALLAS, TEXAS, or its successor, as Trustee, is custodian of the Debt Service Fund, and is obligated to enforce the rights of the holders of the Series 1975 Bonds and the Series 1974 Bonds, and to perform other duties, in the manner and under the conditions stated or referred to in said Trust Indenture and in the 1974 Bond Resolution and the 1975 Bond Resolution.

THE AUTHORITY has reserved the right, subject to the restrictions stated or referred to in the 1974 Bond Resolution and the 1975 Bond Resolution, to issue additional parity revenue bonds which also may be made payable from, and secured by a first lien on and pledge of, the aforesaid "Semi-Annual Facilities Charges".

THE AUTHORITY also has reserved the right to amend the 1974 Bond Resolution, the 1975 Bond Resolution, and the Trust Indenture, with the approval of the holders of two-thirds of the outstanding bonds secured by the Trust Indenture, subject to the restrictions stated or referred to in the 1974 Bond Resolution and the 1975 Bond Resolution.

THE HOLDER HEREOF shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation, or from any source whatsoever other than the pledged "Semi-Annual Facilities Charges".

IN WITNESS WHEREOF, this Bond and the interest coupons appertaining hereto have been signed with the facsimile signature of the President of the Board of Directors of said Authority, and countersigned with the facsimile signature of the Secretary of said Board of Directors, and the official seal of said Authority has been duly impressed, or placed in facsimile, on this Bond.

XXXXXXXXX  
Secretary, Board of Directors

XXXXXXXXX  
President, Board of Directors

#### FORM OF REGISTRATION CERTIFICATE:

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

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

the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this

XXXXXXXXXX  
Comptroller of Public Accounts of  
the State of Texas.

FORM OF INTEREST COUPON:

NO. \_\_\_\_\_

\$ \_\_\_\_\_

ON \_\_\_\_\_ 1, \_\_\_\_\_

SABINE RIVER AUTHORITY OF TEXAS  
promises to pay to bearer, but solely from the pledged revenues or payments specified in the Bond to which this coupon is attached, the amount shown on this interest coupon, in lawful money of the United States of America (without exchange or collection charges to the bearer); unless due provision has been made for the redemption prior to scheduled maturity of the Bond to which this interest coupon appertains, upon presentation and surrender of this interest coupon, at  
REPUBLIC NATIONAL BANK OF DALLAS, DALLAS, TEXAS,  
OR, AT THE OPTION OF THE BEARER, AT  
IRVING TRUST COMPANY, NEW YORK, NEW YORK;  
said amount being interest coming due that day on the Bond, bearing the number hereinafter designated, of that issue of SABINE RIVER AUTHORITY OF TEXAS WATER SUPPLY FACILITIES REVENUE BONDS, SERIES 1975 (LAKE FORK PROJECT), DATED JUNE 1, 1975. The holder hereof shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation, or from any source other than the pledged revenues or payments referred to above. Bond No. \_\_\_\_\_

XXXXXXXXXX  
Secretary, Board of Directors

XXXXXXXXXX  
President, Board of Directors

Section 7. PLEDGE. (a) The Series 1975 Bonds authorized by the 1975 Bond Resolution are additional parity revenue bonds issued pursuant to the Contract, Section 14 of the 1974 Bond Resolution, and the Trust Indenture.

(b) The Series 1975 Bonds and the Series 1974 Bonds, and the redemption premium thereon, if any, and the interest on the Series 1975 Bonds and the Series 1974 Bonds, are and shall be payable from, and secured equally and ratably on a parity by an irrevocable first lien on and pledge of, the payments designated as the "Semi-Annual Facilities Charges" to be made by The Corporations under the Contract, the 1974 Bond Resolution, this 1975 Bond Resolution, and the Trust Indenture, and any amendments of any of them; and said Semi-Annual Facilities Charges are further pledged irrevocably to the establishment and maintenance of the Debt Service Fund hereinafter described.

Section 8. SPECIAL FUND. The separate and special trust Fund, designated and created as the "Debt Service Fund", by the Contract and the 1974 Bond Resolution, has been established by the Authority with the Trustee, and the Debt Service Fund is hereby confirmed and shall be maintained as provided in the 1974 Bond Resolution, this 1975 Bond Resolution, and the Trust Indenture, as long as any of the Series 1974 Bonds, Series 1975 Bonds, or interest coupons appertaining thereto, are outstanding and unpaid.

Section 9. DEBT SERVICE FUND. (a) The Corporations shall pay, or cause to be paid, to the Trustee, which shall deposit into the Debt Service Fund, the Semi-Annual Facilities Charges as follows:

- (1) on or before the last day of NOVEMBER, 1975, and semiannually, on or before the last day of each MAY and NOVEMBER thereafter, an amount which, together with any other amounts then on deposit therein for such purpose, will be sufficient to pay the interest coming due on the Series 1974 Bonds and the Series 1975 Bonds on the next succeeding interest payment date; and
- (2) on or before the last day of NOVEMBER, 1980, and annually, on or before the last day of each NOVEMBER thereafter, an amount which, together with any other amounts then on deposit therein for such purpose, will be sufficient to pay the principal of the Series 1974 Bonds and Series 1975 Bonds maturing on the next succeeding principal payment date; and
- (3) by the date fixed for redemption of any of the Series 1974 Bonds or Series 1975 Bonds called for redemption prior to their scheduled maturity, at the option of the Authority, as permitted in the FORM OF BOND set forth in the 1974 Bond Resolution or 1975 Bond Resolution, an amount equal to the required redemption price; and
- (4) on or before the last day of NOVEMBER, 1975, and semiannually, on or before the last day of each MAY and NOVEMBER thereafter, an amount equal to the charges of the Trustee for performing the duties of the Trustee, and the charges of the "Paying Agent" for the Series 1974 Bonds and Series 1975 Bonds for paying or redeeming the Series 1974 Bonds and Series 1975 Bonds and/or interest coupons appertaining thereto coming due on the next succeeding interest payment date; and
- (5) immediately, the principal amount of all Series 1974 Bonds and Series 1975 Bonds declared and becoming due and payable pursuant to the Trust Indenture because of an Event of Default, together with all interest accrued thereon.

(b) The Debt Service Fund shall be used by the Trustee only to pay the principal of, redemption premium if any, and interest on the Series 1974 Bonds and Series 1975 Bonds, and any other additional parity revenue bonds hereafter issued, when due, and the charges of the Trustee and "Paying Agent", and the Trustee shall make available to the "Paying Agent", out of the Debt Service Fund, the amounts required to pay or redeem all principal of, redemption premium, if any, and interest on the Series 1974 Bonds and Series 1975 Bonds, when due.

Section 10. THE CORPORATIONS' PAYMENTS. The Corporations have agreed in the Contract, and by approving this 1975 Bond Resolution The Corporations have further unconditionally obligated themselves and agreed severally (but not jointly) to make, or cause to be made, payments to the Trustee in amounts, in the percentages specified below, sufficient to enable the Trustee to make the deposits required by Section 9(a) hereof

to be made into the Debt Service Fund, and to make such payments on or before the dates specified in this 1975 Bond Resolution and the Trust Indenture; and said payments by The Corporations shall be and constitute the Semi-Annual Facilities Charges as contemplated and required by the Contract, this 1975 Bond Resolution, and the Trust Indenture; and each of The Corporations is unconditionally obligated to pay the percentage of the aggregate amount of each Semi-Annual Facilities Charge, as follows:

Dallas Power & Light Company:	33-1/3%
Texas Electric Service Company:	33-1/3%
Texas Power & Light Company:	33-1/3%
<b>TOTAL:</b>	<b>100%</b>

**Section 11. BONDHOLDERS MAY RELY.** The holders of the Series 1974 Bonds and the Series 1975 Bonds are and shall be entitled to rely unconditionally on the agreements, covenants, and representations set forth in the 1974 Bond Resolution, this 1975 Bond Resolution, and the Trust Indenture. It is understood and agreed, however, that each of The Corporations is obligated solely to pay its respective percentage of each Semi-Annual Facilities Charge as specified above; and none of The Corporations shall be obligated to pay any part of any Semi-Annual Facilities Charge, which any other of The Corporations is obligated to pay as specified above. It is further understood and agreed that each of The Corporations may prepay all or any part of its percentage of each Semi-Annual Facilities Charge, and any such prepayment, and any earnings thereon, shall be applied by the Trustee to the payment of the percentage of Semi-Annual Facilities Charges payable by the one of The Corporations which made such prepayment; provided that the redemption of any outstanding Series 1974 Bonds or Series 1975 Bonds prior to maturity at any time, with funds from any source (whether from Semi-Annual Facilities Charges or otherwise), shall not relieve any of The Corporations of the unconditional obligation to pay its percentage of each Semi-Annual Facilities Charge, as specified above, when due with respect to any remaining outstanding Series 1974 Bonds or Series 1975 Bonds.

**Section 12. 1974 BOND RESOLUTION AND TRUST INDENTURE.**  
(a) Sections 7 through 11 of this 1975 Bond Resolution are supplemental to and cumulative of Sections 7 through 11 of the 1974 Bond Resolution so as to be applicable to both the Series 1974 Bonds and the Series 1975 Bonds, and set forth the aggregate Semi-Annual Facilities Charges required for both the Series 1974 Bonds and the Series 1975 Bonds.

(b) Sections 12 through 17 of the 1974 Bond Resolution are hereby adopted by reference and shall be and are hereby made applicable to the Series 1974 Bonds and the Series 1975 Bonds equally and ratably on a parity for all purposes, and the term "Bonds" as used therein shall mean and include both the Series 1974 Bonds and the Series 1975 Bonds, and the term "Resolution" as used therein shall mean and include both the 1974 Bond Resolution and the 1975 Bond Resolution.

(c) The Trust Indenture authorized and executed pursuant to the 1974 Bond Resolution is hereby adopted by reference, made applicable to, and shall secure, the Series 1974 Bonds and the Series 1975 Bonds equally and ratably on a parity, in accordance with terms of the Contract, the Series 1974 Bond Resolution, and the Trust Indenture, with respect to additional parity revenue bonds issued pursuant to the Contract, Section 14 of the 1974 Bond Resolution, and the Trust Indenture.

(d) A certified copy of this 1975 Bond Resolution shall be delivered to the Trustee under the aforesaid Trust Indenture.

**Section 13. CONSTRUCTION FUND.** In accordance with the Contract and the Facilities Agreement, and immediately after the sale and delivery of the Series 1975 Bonds, the Authority shall deposit into the separate and special Construction Fund (which was created pursuant to Section 18 of the 1974 Bond Resolution, and which has been established at one or more of the Authority's official depositories) all of the proceeds from the sale of the Series 1975 Bonds. The Construction Fund shall be drawn on and used by the Authority to pay the costs of completing the acquisition and construction of the Authority's water supply facilities for which the Series 1975 Bonds are being issued, and to pay the costs and expenses of issuing the Series 1975 Bonds. As a part of the cost of constructing said facilities the Authority shall transfer from such proceeds of the Series 1975 Bonds, if any, then available in the Construction Fund, and deposit to the credit of the Debt Service Fund, on or before the last day of NOVEMBER, 1975, and semiannually on or before the last day of each MAY and NOVEMBER thereafter, to and including MAY, 1978, an amount sufficient to pay the interest coming due on the Series 1975 Bonds on the next succeeding interest payment date, and said deposits are intended to pay the interest coming due on the Series 1975 Bonds during the estimated period of construction of said facilities. Any surplus remaining in the Construction Fund after the completion of said facilities shall be deposited into the Debt Service Fund. All deposits actually made from the Construction Fund into the Debt Service Fund shall reduce, to the extent of such deposits, the amounts which otherwise would be required to be deposited into the Debt Service Fund from Semi-Annual Facilities Charges.

**Section 14. APPROVAL AND REGISTRATION OF BONDS.** The President of the Board of Directors of the Authority is hereby authorized to have control of the Series 1975 Bonds and all necessary records and proceedings pertaining to the Series 1975 Bonds pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Series 1975 Bonds, said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate prescribed herein to be printed and endorsed on each Series 1975 Bond, and the seal of said Comptroller shall be impressed, or printed, or lithographed on each of the Series 1975 Bonds.

**Section 15. NO ARBITRAGE.** That the Authority covenants to and with the purchasers of the Series 1975 Bonds that it will make no use of the proceeds of the Series 1975 Bonds at any time throughout the term of this issue of Series 1975 Bonds which, if such use had been reasonably expected on the date of delivery of the Series 1975 Bonds to and payment for the Series 1975 Bonds by the purchasers, would have caused the Series 1975 Bonds to be arbitrage bonds within the meaning of Section 103(d) of the Internal Revenue Code of 1954, as amended, or any regulations or rulings pertaining thereto; and by this covenant the Authority is obligated to comply with the requirements of the aforesaid Section 103(d) and all applicable and pertinent Department of the Treasury regulations relating to arbitrage bonds. The Authority further covenants that the proceeds of the Series 1975 Bonds will not otherwise be used directly or indirectly so as to cause all or any part of the Series 1975 Bonds to be or become arbitrage bonds within the meaning of the aforesaid Section 103(d), or any regulations or rulings pertaining thereto.

Section 16. EMERGENCY. It is hereby officially found and determined: that a case of emergency or urgent public necessity exists which requires the holding of the meeting at which this 1975 Bond Resolution is adopted, such emergency or urgent public necessity being that the proceeds from the sale of the Series 1975 Bonds are required as soon as possible and without delay for necessary and urgently needed public improvements; and that said meeting was open to the public, and public notice of the time, place, and purpose of said meeting was given, all as required by Vernon's Ann. Civ. St. Article 6252-17.

Section 17. SALE OF BONDS. The Series 1975 Bonds are hereby sold, in accordance with law, and shall be delivered to a Syndicate headed or managed by Smith, Barney & Co., Inc., for the price of par and accrued interest to the date of payment and delivery, plus a premium of \$4922.75, and it is hereby determined by the Board of Directors of the Authority that such price and terms are the most advantageous reasonably obtainable.

CERTIFICATE FOR  
RESOLUTION AUTHORIZING THE ISSUANCE OF  
ADDITIONAL PARITY REVENUE BONDS  
(LAKE FORK PROJECT)

THE STATE OF TEXAS :  
SABINE RIVER AUTHORITY OF TEXAS :

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

1. The Board of Directors of said Authority convened in SPECIAL MEETING ON THE 18TH DAY OF APRIL, 1978, at the designated meeting place, and the roll was called of the duly constituted officers and members of said Board, to-wit:

Guy Cowser, Secretary	O. N. Pederson, President
E. A. Meek	Benjamin B. Pegues
C. C. Rice	Juan D. Nichols
Gus Morris	John H. Butts
C. T. Wickersham	

and all of said persons were present, except the following absentees: Guy Cowser and C. T. Wickersham, thus constituting a quorum. Whereupon, among other business, the following was transacted at said Meeting: a written RESOLUTION AUTHORIZING THE ISSUANCE OF ADDITIONAL PARITY REVENUE BONDS (LAKE FORK PROJECT)

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

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

NOES: None.

2. That a true, full, and correct copy of the aforesaid Resolution adopted at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; that said Resolution has been duly recorded in said Board's minutes of said Meeting; that the above and foregoing paragraph is a true, full, and correct excerpt from said Board's minutes of said Meeting pertaining to the adoption of said Resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified, and acting officers and members of said Board as indicated therein; and that each of the officers and members of said Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the aforesaid Meeting, and that said Resolution would be introduced and considered for adoption at said Meeting, and each of said officers and members consented, in advance, to the holding of said Meeting for such purpose; and that said Meeting was open to the public, and public notice of the time, place, and purpose of said meeting was given, all as required by Vernon's Ann. Civ. St. Article 6252-17.

SIGNED AND SEALED the 18th day of April, 1978.

Guy Cowser  
Secretary

O. N. Pederson  
President

(SEAL)

SERIES 1978 BOND RESOLUTION

RESOLUTION AUTHORIZING THE ISSUANCE OF  
ADDITIONAL PARITY REVENUE BONDS  
(LAKE FORK PROJECT)

THE STATE OF TEXAS :  
SABINE RIVER AUTHORITY OF TEXAS :

WHEREAS, Sabine River Authority of Texas (the "Authority") is an agency and political subdivision of the State of Texas, being a conservation and reclamation district created and governed by Vernon's Ann. Civ. St. Article 8280-133, pursuant to Article 16, Section 59 of the Texas Constitution; and

WHEREAS, a "Bond Amortization Contract", dated as of February 12, 1974, (the "Contract") has been duly executed between the Authority and Dallas Power & Light Company, Texas Electric Service Company, and Texas Power & Light Company (collectively "The Corporations"), acting therein by and through Texas Utilities Generating Company (the "Agent") as their agent; and

WHEREAS, each of The Corporations and the Agent is a corporation duly incorporated under the laws of the State of Texas; and

WHEREAS, the Water Supply Facilities Agreement (the "Facilities Agreement"), described and adopted by reference in the Contract, was executed between the Authority and The Corporations, acting therein by and through the Agent, and was dated as of February 12, 1974, and provides for the acquisition, construction, operation, and maintenance by the Authority of the water supply facilities to be financed with the proceeds from the sale and delivery of the Bonds; and

WHEREAS, this preamble shall constitute an integral part of this bond resolution; and

WHEREAS, pursuant to the Contract there have been issued and are presently outstanding the bonds (the "Series 1974 Bonds") of that issue of Sabine River Authority of Texas Water Supply Facilities Revenue Bonds, Series 1974 (Lake Fork Project), dated as of December 1, 1974, in the principal amount of \$30,000,000, authorized by resolution (the "1974 Bond Resolution") adopted by the Board of Directors of the Authority on November 7, 1974; and

WHEREAS, pursuant to, and in the form prescribed by, the 1974 Bond Resolution, a trust indenture (the "Trust Indenture") dated as of December 1, 1974, was executed by and between the Authority and Republic National Bank of Dallas, Dallas, Texas, as Trustee, to provide additional security for the payment of the Series 1974 Bonds and all additional parity revenue bonds authorized to be issued by the 1974 Bond Resolution; and

WHEREAS, the Contract, the 1974 Bond Resolution, and the Trust Indenture are hereby adopted by reference for all purposes, with the same effect as if they had been set forth in their entirety in this 1978 Bond Resolution; and

WHEREAS, both the Contract and Section 14 of the 1974 Bond Resolution provide for the issuance by the Authority of additional parity revenue bonds for the purpose of completing the acquisition and construction of the water supply facilities for which the Series 1974 Bonds were issued, with such additional parity revenue bonds to be considered, constitute,

and be "Bonds" as defined in the 1974 Bond Resolution and in the Contract, to be, when issued and delivered, payable from and secured by a first lien on and pledge of the "Semi-Annual Facilities Charges" as provided in the Contract, and secured by the Trust Indenture, in the same manner and to the same extent as the Series 1974 Bonds; and

WHEREAS, the bonds (the "Series 1975 Bonds") authorized to be issued by the bond resolution of the Board adopted on July 15, 1975 (the "1975 Bond Resolution") were duly issued and delivered pursuant to Vernon's Ann. Civ. St. Article 8280-133, as amended, as additional parity revenue bonds; and

WHEREAS, the bonds (the "Series 1978 Bonds") authorized by this Resolution (the "1978 Bond Resolution") are to be issued and delivered pursuant to Vernon's Ann. Civ. St. Article 8280-133, as amended, as additional parity revenue bonds; and

WHEREAS, the Series 1978 Bonds are required as, and will constitute, additional parity revenue bonds issued pursuant to the Contract, Section 14 of the 1974 Bond Resolution, and the Trust Indenture; and

WHEREAS, The Corporations, acting by and through the Agent, will duly approve this 1978 Bond Resolution, prior to the delivery of the Series 1978 Bonds, as required by the Contract and Section 14 of the 1974 Bond Resolution; and

WHEREAS, as provided in the Contract, by approving this 1978 Bond Resolution, The Corporations will have agreed and acknowledged that the Series 1978 Bonds are issued in accordance and compliance with the Contract, and that, upon the sale and delivery of the Series 1978 Bonds, The Corporations will be unconditionally obligated to the Authority to pay to the Trustee the "Semi-Annual Facilities Charges" as required by the Contract, the 1978 Bond Resolution, and the Trust Indenture, in amounts sufficient to pay and redeem, or provide for the payment and redemption of, the principal of, redemption premium, if any, and interest on the Series 1978 Bonds, in addition to the Series 1974 Bonds and the Series 1975 Bonds, when due, all as required by this 1978 Bond Resolution and the Trust Indenture.

THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF SABINE RIVER AUTHORITY OF TEXAS THAT:

Section 1. The Authority's negotiable bonds are authorized to be issued in the principal amount of \$10,000,000, FOR THE PURPOSE OF PROVIDING WATER SUPPLY FACILITIES BY PROVIDING FUNDS FOR COMPLETING THE ACQUISITION AND CONSTRUCTION OF A DAM AND RESERVOIR ON LAKE FORK CREEK, A TRIBUTARY OF THE SABINE RIVER, IN WOOD, RAINS, AND HOPKINS COUNTIES, TEXAS.

Section 2. The Series 1978 Bonds are designated and shall be known as the "SABINE RIVER AUTHORITY OF TEXAS WATER SUPPLY FACILITIES REVENUE BONDS, SERIES 1978 (LAKE FORK PROJECT)".

Section 3. The Series 1978 Bonds shall be dated MAY 1, 1978, shall be in the denomination of \$5,000 each, shall be numbered consecutively from one upward, and shall mature, unless redeemed prior to maturity as hereinafter provided, on DECEMBER 1 in each of the years, and in the amounts, respectively, as set forth in the following schedule:

<u>YEARS</u>	<u>AMOUNTS</u>	<u>YEARS</u>	<u>AMOUNTS</u>
1980	\$150,000	1993	\$400,000
1981	200,000	1994	400,000
1982	200,000	1995	425,000
1983	225,000	1996	475,000
1984	225,000	1997	500,000
1985	250,000	1998	525,000
1986	250,000	1999	550,000
1987	275,000	2000	575,000
1988	300,000	2001	625,000
1989	300,000	2002	650,000
1990	325,000	2003	700,000
1991	350,000	2004	750,000
1992	375,000		

Section 4. The Series 1978 Bonds shall bear interest at the following rates per annum:

maturities 1980 through 1999, 5.50%  
maturities 2000 through 2004, 5.60%

Said interest shall be evidenced by interest coupons which shall appertain to the Series 1978 Bonds, and which shall be payable in the manner provided and on the dates stated in the FORM OF BOND set forth in this 1978 Bond Resolution.

Section 5. The Series 1978 Bonds and the interest coupons appertaining thereto shall be issued, shall be payable, may be redeemed prior to their scheduled maturities, shall have the characteristics, and shall be signed and executed (and the Series 1978 Bonds shall be sealed), all as provided, and in the manner indicated, in the FORM OF BOND set forth in this 1978 Bond Resolution.

Section 6. The form of the Series 1978 Bonds, including the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be printed and endorsed on each of the Series 1978 Bonds, and the form of the aforesaid interest coupons which shall appertain and be attached initially to each of the Series 1978 Bonds, shall be, respectively, substantially as follows:

FORM OF BOND:

NO. \_\_\_\_\_

\$5,000

UNITED STATES OF AMERICA  
STATE OF TEXAS  
SABINE RIVER AUTHORITY OF TEXAS  
SABINE RIVER AUTHORITY OF TEXAS WATER SUPPLY FACILITIES  
REVENUE BOND  
SERIES 1978  
(LAKE FORK PROJECT)

ON DECEMBER 1, \_\_\_\_\_, SABINE RIVER AUTHORITY OF TEXAS  
(the "Authority") hereby promises to pay to bearer hereof the principal amount of

FIVE THOUSAND DOLLARS

and to pay interest thereon, from date hereof, at the rate of \_\_\_\_\_% per annum, evidenced by interest coupons payable DECEMBER 1, 1978, and semiannually thereafter on each JUNE 1 and DECEMBER 1 while this Bond is outstanding; provided that such principal and interest are payable solely from the revenues or payments hereinafter described, and from no other source.

THE PRINCIPAL of this Bond and the interest coupons ap-  
 pertaining hereto shall be payable to bearer, in lawful money  
 of the United States of America, without exchange or collection  
 charges to the bearer, upon presentation and surrender of this  
 Bond or proper interest coupon, at the following, which collec-  
 tively shall constitute and be defined as the "Paying Agent"  
 for this Series of Bonds:

REPUBLIC NATIONAL BANK OF DALLAS, DALLAS, TEXAS,  
 OR, AT THE OPTION OF THE BEARER, AT  
 IRVING TRUST COMPANY, NEW YORK, NEW YORK.

THIS BOND is one of a Series of Bonds (the "Series 1978  
 Bonds") dated as of MAY 1, 1978, authorized and issued in the  
 principal amount of \$10,000,000, FOR THE PURPOSE OF PROVIDING  
 WATER SUPPLY FACILITIES BY PROVIDING FUNDS FOR COMPLETING THE  
 ACQUISITION AND CONSTRUCTION OF A DAM AND RESERVOIR ON LAKE  
 FORK CREEK, A TRIBUTARY OF THE SABINE RIVER, IN WOOD, RAINS,  
 AND HOPKINS COUNTIES, TEXAS (the "Water Supply Facilities").

ON DECEMBER 1, 1987, or on any interest payment date there-  
 after, the outstanding Series 1978 Bonds may be redeemed prior  
 to their scheduled maturities, at the option of the Authority,  
 in whole or in part, at the redemption prices (expressed as  
 percentages of principal amount) set forth in the table below  
 plus accrued interest to the redemption date.

Redemption Dates	Redemption Prices (%)
December 1, 1987 and June 1, 1988:	103
December 1, 1988 and June 1, 1989:	102-1/2
December 1, 1989 and June 1, 1990:	102
December 1, 1990 and June 1, 1991:	101-1/2
December 1, 1991 and June 1, 1992:	101
December 1, 1992 and June 1, 1993:	100-1/2
December 1, 1993, and each June 1 and December 1 thereafter :	100

THE SERIES 1978 BONDS ALSO are subject to redemption prior  
 to their scheduled maturities, at the option of the Authority,  
 as a whole, at any time, for the principal amount thereof, and  
 accrued interest thereon to the date fixed for redemption, and  
 without premium, if one or more of the following events or cir-  
 cumstances shall have occurred or exist:

(1) The Water Supply Facilities shall have been  
 damaged or destroyed (i) to such extent that they can-  
 not be reasonably restored within six months to the  
 condition thereof immediately preceding such damage  
 or destruction, or (ii) to such extent that the Author-  
 ity is thereby prevented from carrying on the normal  
 operations of said facilities for a period of six months,  
 or (iii) to such extent that the restoration cost of said  
 facilities would exceed 25% of the cost of constructing  
 said facilities.

(2) Title to, or the temporary use of, all or sub-  
 stantially all of said Water Supply Facilities, or such  
 part thereof as shall, in the Authority's judgment, ma-  
 terially interfere with the operation of said facilities,  
 for the purposes for which they are designed, shall have  
 been taken under the exercise of the power of eminent  
 domain (including such taking as results in the Author-  
 ity being prevented from carrying on its normal operations  
 of said facilities for a period of six months).

(3) As a result of changes in the Constitution of the United States, or of the State of Texas, or of legislative or administrative action of said State or any political subdivision thereof, or of the United States, or by final decree, judgment, or order of any court or administrative body entered after the contest thereof by the Authority in good faith, the operation and maintenance of said Water Supply Facilities by the Authority shall become, in the Authority's judgment, impracticable or impossible.

(4) The dam and reservoir proposed to be provided by the Authority as part of the Water Supply Facilities are not substantially completed by January 1, 1980, to the extent required to permit closure of the dam and commencement of impounding water in the reservoir in substantially the volume for which the dam and reservoir were designed, because of circumstances which the Authority could not reasonably control or overcome, including, but not limited to, the economic, legal, or other inability of the Authority to obtain the materials, supplies, labor, equipment, interests in land, and other things necessary to acquire and construct the dam and reservoir; and the Series 1978 Bonds may be so redeemed if the Authority files with the Trustee a certificate setting forth the pertinent circumstances, and stating that in the Authority's judgment it is not feasible to complete the dam and reservoir by January 1, 1981, under the circumstances, and such certificate shall be conclusive of the matters contained therein.

AT LEAST thirty days prior to the date fixed for any redemption of Series 1978 Bonds prior to their scheduled maturities a written notice of such redemption shall be published at least once in a financial publication published in the City of New York, New York, or in the City of Austin, Texas. By the date fixed for any such redemption due provision shall be made with the "Paying Agent" for the payment of the principal amount of the Series 1978 Bonds which are to be so redeemed and accrued interest thereon to the date fixed for redemption, plus any required premium. If such written notice of redemption is published and if due provision for such payment is made, all as provided above, the Series 1978 Bonds which are to be so redeemed thereby automatically shall be redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the bearer to receive the redemption price from the "Paying Agent" out of the funds provided for such payment.

IT IS HEREBY certified and covenanted that this Bond has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond is a special revenue obligation of said Authority with the principal of, redemption premium, if any, and interest on this Bond and the Series 1978 Bonds of which it is a part, together with the bonds of that issue of Sabine River Authority of Texas Water Supply Facilities Revenue Bonds, Series 1974 (Lake Fork

Project, dated as of December 1, 1974, in the original principal amount of \$30,000,000 (the "Series 1974 Bonds"), and that issue of Sabine River Authority of Texas Water Supply Facilities Revenue Bonds, Series 1975 (Lake Fork Project), dated as of June 1, 1975, in the original principal amount of \$40,000,000 (the "Series 1975 Bonds"), being payable solely from, and secured equally and ratably on a parity by an irrevocable first lien on and pledge of, the revenues or payments designated as the "Semi-Annual Facilities Charges" to be made by Dallas Power & Light Company, Texas Electric Service Company, and Texas Power & Light Company (collectively "The Corporations") pursuant to a Bond Amortization Contract (the "Contract") dated as of February 12, 1974, between the Authority and The Corporations; and The Corporations have agreed, and are unconditionally obligated to the Authority, severally (but not jointly) to pay, in the percentages hereinafter stated, said "Semi-Annual Facilities Charges" to the Trustee, for deposit into a Debt Service Fund, in amounts sufficient to pay and redeem, or provide for the payment and redemption of, the principal of, redemption premium, if any, and interest on this Bond, and the Series 1978 Bonds of which it is a part, and the Series 1974 Bonds and the Series 1975 Bonds, when due, as required by the Contract, the resolution dated April 18, 1978, authorizing the Series 1978 Bonds (the "Series 1978 Bond Resolution"), the resolution dated July 15, 1975 authorizing the Series 1975 Bonds (the "1975 Bond Resolution"), the resolution dated November 7, 1974, authorizing the Series 1974 Bonds (the "1974 Bond Resolution"), and the Trust Indenture securing the Series 1974 Bonds, the Series 1975 Bonds, and the Series 1978 Bonds, with each of The Corporations being unconditionally obligated to pay the percentage of the aggregate amount of each "Semi-Annual Facilities Charge" as follows:

Dallas Power & Light Company:	33-1/3%
Texas Electric Service Company:	33-1/3%
Texas Power & Light Company:	33-1/3%
<b>TOTAL:</b>	<b>100%</b>

THE SERIES 1978 BONDS, the Series 1975 Bonds, and the Series 1974 Bonds are further secured equally and ratably on a parity by a Trust Indenture, dated as of December 1, 1974, whereunder the REPUBLIC NATIONAL BANK OF DALLAS, DALLAS, TEXAS, or its successor, as Trustee, is custodian of the Debt Service Fund, and is obligated to enforce the rights of the holders of the Series 1978 Bonds, the Series 1975 Bonds, and the Series 1974 Bonds, and to perform other duties, in the manner and under the conditions stated or referred to in said Trust Indenture and in the 1974 Bond Resolution, the 1975 Bond Resolution, and the Series 1978 Bond Resolution.

THE AUTHORITY has reserved the right, subject to the restrictions stated or referred to in the 1974 Bond Resolution, the 1975 Bond Resolution, and the Series 1978 Bond Resolution, to issue additional parity revenue bonds which also may be made payable from, and secured by a first lien on and pledge of, the aforesaid "Semi-Annual Facilities Charges".

THE AUTHORITY also has reserved the right to amend the 1974 Bond Resolution, the 1975 Bond Resolution, the 1978 Bond Resolution, and the Trust Indenture, with the approval of the holders of two-thirds of the outstanding bonds secured by the Trust Indenture, subject to the restrictions stated or referred to in the 1974 Bond Resolution, the 1975 Bond Resolution, and the 1978 Bond Resolution.

THE HOLDER HEREOF shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation, or from any source whatsoever other than the pledged "Semi-Annual Facilities Charges".

IN WITNESS WHEREOF, this Bond and the interest coupons appertaining hereto have been signed with the facsimile signature of the President of the Board of Directors of said Authority, and countersigned with the facsimile signature of the Secretary of said Board of Directors, and the official seal of said Authority has been duly impressed, or placed in facsimile, on this Bond.

XXXXXXX  
Secretary, Board of Directors      XXXXXXXX  
President, Board of Directors

FORM OF REGISTRATION CERTIFICATE:

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

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

Witness my signature and seal this

XXXXXXX  
Comptroller of Public Accounts of  
the State of Texas.

FORM OF INTEREST COUPON:

NO. \_\_\_\_\_ \$ \_\_\_\_\_  
ON \_\_\_\_\_ 1, \_\_\_\_\_

SABINE RIVER AUTHORITY OF TEXAS  
promises to pay to bearer, but solely from the pledged revenues or payments specified in the Bond to which this coupon is attached, the amount shown on this interest coupon, in lawful money of the United States of America (without exchange or collection charges to the bearer), unless due provision has been made for the redemption prior to scheduled maturity of the Bond to which this interest coupon appertains, upon presentation and surrender of this interest coupon, at  
REPUBLIC NATIONAL BANK OF DALLAS, DALLAS, TEXAS,  
OR, AT THE OPTION OF THE BEARER, AT  
IRVING TRUST COMPANY, NEW YORK, NEW YORK,  
said amount being interest coming due that day on the Bond, bearing the number hereinafter designated, of that issue of SABINE RIVER AUTHORITY OF TEXAS WATER SUPPLY FACILITIES REVENUE BONDS, SERIES 1978 (LAKE FORK PROJECT), DATED MAY 1, 1978. The holder hereof shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation, or from any source other than the pledged revenues or payments referred to above. Bond No. \_\_\_\_\_.

XXXXXXX  
Secretary, Board of Directors      XXXXXXXX  
President, Board of Directors

Section 7. PLEDGE. (a) The Series 1978 Bonds authorized by the 1978 Bond Resolution are additional parity revenue bonds issued pursuant to the Contract, Section 14 of the 1974 Bond Resolution, and the Trust Indenture.

(b) The Series 1978 Bonds, the Series 1975 Bonds, and the Series 1974 Bonds, and the redemption premium thereof, if any, and the interest on the Series 1978 Bonds, the Series 1975 Bonds, and the Series 1974 Bonds, are and shall be payable from, and secured equally and ratably on a parity by an irrevocable first lien on and pledge of, the payments designated as the "Semi-Annual Facilities Charges" to be made by The Corporations under the Contract, the 1974 Bond Resolution, the 1975 Bond Resolution, this 1978 Bond Resolution, and the Trust Indenture, and any amendments of any of them; and said Semi-Annual Facilities Charges are further pledged irrevocably to the establishment and maintenance of the Debt Service Fund hereinafter described.

Section 8. SPECIAL FUND: The separate and special trust fund, designated and created as the "Debt Service Fund", by the Contract and the 1974 Bond Resolution, has been established by the Authority with the Trustee, and the Debt Service Fund is hereby confirmed and shall be maintained as provided in the 1974 Bond Resolution, the 1975 Bond Resolution, this 1978 Bond Resolution, and the Trust Indenture, as long as any of the Series 1974 Bonds, Series 1975 Bonds, Series 1978 Bonds, or interest coupons appertaining thereto, are outstanding and unpaid.

Section 9. DEBT SERVICE FUND: (a) The Corporations shall pay, or cause to be paid, to the Trustee, which shall deposit into the Debt Service Fund, the Semi-Annual Facilities Charges as follows:

- (1) on or before the last day of NOVEMBER, 1978, and semiannually, on or before the last day of each MAY and NOVEMBER thereafter, an amount which, together with any other amounts then on deposit therein for such purpose, will be sufficient to pay the interest coming due on the Series 1974 Bonds, the Series 1975 Bonds, and the Series 1978 Bonds on the next succeeding interest payment date; and
- (2) on or before the last day of NOVEMBER, 1980, and annually, on or before the last day of each NOVEMBER thereafter, an amount which, together with any other amounts then on deposit therein for such purpose, will be sufficient to pay the principal of the Series 1974 Bonds, the Series 1975 Bonds, and the Series 1978 Bonds maturing on the next succeeding principal payment date; and
- (3) by the date fixed for redemption of any of the Series 1974 Bonds, Series 1975 Bonds, or Series 1978 Bonds called for redemption prior to their scheduled maturity, at the option of the Authority, as permitted in the FORM OF BOND set forth in the 1974 Bond Resolution, or 1975 Bond Resolution, or 1978 Bond Resolution, an amount equal to the required redemption price; and
- (4) on or before the last day of NOVEMBER, 1978, and semiannually, on or before the last day of each MAY and NOVEMBER thereafter, an amount equal to the charges of the Trustee for performing the duties of the Trustee, and the charges of the

"Paying Agent" for the Series 1974 Bonds, the Series 1975 Bonds, and Series 1978 Bonds for paying or redeeming the Series 1974 Bonds, the Series 1975 Bonds, and Series 1978 Bonds and/or interest coupons appertaining thereto coming due on the next succeeding interest payment date; and

- (5) immediately, the principal amount of all Series 1974 Bonds, Series 1975 Bonds, and Series 1978 Bonds declared and becoming due and payable pursuant to the Trust Indenture because of an Event of Default, together with all interest accrued thereon.

(b) The Debt Service Fund shall be used by the Trustee only to pay the principal of, redemption premium, if any, and interest on the Series 1974 Bonds, Series 1975 Bonds, and Series 1978 Bonds, and any other additional parity revenue bonds hereafter issued, when due, and the charges of the Trustee and "Paying Agent", and the Trustee shall make available to the "Paying Agent", out of the Debt Service Fund, the amounts required to pay or redeem all principal of, redemption premium, if any, and interest on the Series 1974 Bonds, Series 1975 Bonds, and Series 1978 Bonds, when due.

Section 10. THE CORPORATIONS' PAYMENTS. The Corporations have agreed in the Contract, and by approving this 1978 Bond Resolution The Corporations have further unconditionally obligated themselves and agreed severally (but not jointly) to make, or cause to be made, payments to the Trustee in amounts, in the percentages specified below, sufficient to enable the Trustee to make the deposits required by Section 9(a) hereof to be made into the Debt Service Fund, and to make such payments on or before the dates specified in this 1978 Bond Resolution and the Trust Indenture; and said payments by The Corporations shall be and constitute the Semi-Annual Facilities Charges as contemplated and required by the Contract, this 1978 Bond Resolution, and the Trust Indenture; and each of The Corporations is unconditionally obligated to pay the percentage of the aggregate amount of each Semi-Annual Facilities Charge, as follows:

Dallas Power & Light Company:	33-1/3%
Texas Electric Service Company:	33-1/3%
Texas Power & Light Company:	33-1/3%
TOTAL:	100%

Section 11. BONDHOLDERS MAY RELY. The holders of the Series 1974 Bonds, the Series 1975 Bonds, and the Series 1978 Bonds are and shall be entitled to rely unconditionally on the agreements, covenants, and representations set forth in the 1974 Bond Resolution, the 1975 Bond Resolution, this 1978 Bond Resolution, and the Trust Indenture. It is understood and agreed, however, that each of The Corporations is obligated solely to pay its respective percentage of each Semi-Annual Facilities Charge as specified above; and none of The Corporations shall be obligated to pay any part of any Semi-Annual Facilities Charge which any other of The Corporations is obligated to pay as specified above. It is further understood and agreed that each of The Corporations may prepay all or any part of its percentage of each Semi-Annual Facilities Charge, and any such prepayment, and any earnings thereon, shall be applied by the Trustee to the payment of the percentage of Semi-Annual Facilities Charges payable by the one of The Corporations which made such prepayment; provided that the redemption of any outstanding Series 1974 Bonds, Series 1975 Bonds, or Series 1978

Bonds prior to maturity at any time, with funds from any source (whether from Semi-Annual Facilities Charges or otherwise), shall not relieve any of The Corporations of the unconditional obligation to pay its percentage of each Semi-Annual Facilities Charge, as specified above, when due with respect to any remaining outstanding Series 1974 Bonds, Series 1975 Bonds, or Series 1978 Bonds.

Section 12. 1974 AND 1975 BOND RESOLUTIONS AND TRUST INDENTURE. (a) Sections 7 through 11 of this 1978 Bond Resolution are supplemental to and cumulative of Sections 7 through 11 of the 1974 Bond Resolution and the 1975 Bond Resolution so as to be applicable to the Series 1974 Bonds, the Series 1975 Bonds, and the Series 1978 Bonds, and set forth the aggregate Semi-Annual Facilities Charges required for the Series 1974 Bonds, the Series 1975 Bonds, and the Series 1978 Bonds.

(b) Sections 12 through 17 of the 1974 Bond Resolution are hereby adopted by reference and shall be and are hereby made applicable to the Series 1974 Bonds, the Series 1975 Bonds, and the Series 1978 Bonds, equally and ratably on a parity for all purposes, and the term "Bonds" as used therein shall mean and include the Series 1974 Bonds, the Series 1975 Bonds, and the Series 1978 Bonds, and the term "Resolution" as used therein shall mean and include the 1974 Bond Resolution, the 1975 Bond Resolution, and the 1978 Bond Resolution.

(c) The Trust Indenture authorized and executed pursuant to the 1974 Bond Resolution is hereby adopted by reference, made applicable to, and shall secure, the Series 1974 Bonds, the Series 1975 Bonds, and the Series 1978 Bonds equally and ratably on a parity, in accordance with terms of the Contract, the Series 1974 Bond Resolution, and the Trust Indenture, with respect to additional parity revenue bonds issued pursuant to the Contract, Section 14 of the 1974 Bond Resolution, and the Trust Indenture.

(d) A certified copy of this 1978 Bond Resolution shall be delivered to the Trustee under the aforesaid Trust Indenture.

Section 13. CONSTRUCTION FUND. In accordance with the Contract and the Facilities Agreement, and immediately after the sale and delivery of the Series 1978 Bonds, the Authority shall deposit into the separate and special Construction Fund (which was created pursuant to Section 18 of the 1974 Bond Resolution, and which has been established at one or more of the Authority's official depositories) all of the proceeds from the sale of the Series 1978 Bonds. The Construction Fund shall be drawn on and used by the Authority to pay the costs of completing the acquisition and construction of the Authority's water supply facilities for which the Series 1978 Bonds are being issued, and to pay the costs and expenses of issuing the Series 1978 Bonds. As a part of the cost of constructing said facilities the Authority shall transfer from such proceeds of the Series 1978 Bonds, if any, then available in the Construction Fund, and deposit to the credit of the Debt Service Fund, on or before the last day of NOVEMBER, 1978, and semiannually on or before the last day of each MAY and NOVEMBER thereafter, an amount sufficient to pay the interest coming due on the Series 1978 Bonds on each interest payment date during the period of construction of said facilities. Any surplus remaining in the Construction Fund after the

completion of said facilities shall be deposited into the Debt Service Fund. All deposits actually made from the Construction Fund into the Debt Service Fund shall reduce, to the extent of such deposits, the amounts which otherwise would be required to be deposited into the Debt Service Fund from Semi-Annual Facilities Charges.

Section 14. APPROVAL AND REGISTRATION OF BONDS. The President of the Board of Directors of the Authority is hereby authorized to have control of the Series 1978 Bonds and all necessary records and proceedings pertaining to the Series 1978 Bonds pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Series 1978 Bonds, said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate prescribed herein to be printed and endorsed on each Series 1978 Bond, and the seal of said Comptroller shall be impressed, or printed, or lithographed on each of the Series 1978 Bonds.

Section 15. NO ARBITRAGE. That the Authority covenants to and with the purchasers of the Series 1978 Bonds that it will make no use of the proceeds of the Series 1978 Bonds at any time throughout the term of this issue of Series 1978 Bonds which, if such use had been reasonably expected on the date of delivery of the Series 1978 Bonds to and payment for the Series 1978 Bonds by the purchasers, would have caused the Series 1978 Bonds to be arbitrage bonds within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended, or any regulations or rulings pertaining thereto; and by this covenant the Authority is obligated to comply with the requirements of the aforesaid Section 103(c) and all applicable and pertinent Department of the Treasury regulations relating to arbitrage bonds. The Authority further covenants that the proceeds of the Series 1978 Bonds will not otherwise be used directly or indirectly so as to cause all or any part of the Series 1978 Bonds to be or become arbitrage bonds within the meaning of the aforesaid Section 103(c), or any regulations or rulings pertaining thereto.

Section 16. EMERGENCY. It is hereby officially found and determined: that a case of emergency or urgent public necessity exists which requires the holding of the meeting at which this 1978 Bond Resolution is adopted, such emergency or urgent public necessity being that the proceeds from the sale of the Series 1978 Bonds are required as soon as possible and without delay for necessary and urgently needed public improvements; and that said meeting was open to the public, and public notice of the time, place, and purpose of said meeting was given, all as required by Vernon's Ann. Civ. St. Article 6252-17.

Section 17. SALE OF BONDS. The Series 1978 Bonds are hereby sold, in accordance with law, and shall be delivered to Texas Commerce Bank, N.A., Houston, Texas, for the price of par and accrued interest to the date of payment and delivery, and it is hereby determined by the Board of Directors of the Authority that such price and terms are the most advantageous reasonably obtainable.

WHEREAS, the Sabine River Authority of Texas (the "Authority"), a governmental agency and body politic and corporate of the State of Texas, created as a conservation and reclamation district (pursuant to Article 16, Section 59, of the Texas Constitution) by Article 8280-1337, Vernon's Texas Civil Statutes, and Dallas Power & Light Company, Texas Electric Service Company, and Texas Power & Light Company (collectively "The Corporation"), acting by and through Texas Utilities Generating Company (the "Agent"), as their agent, have entered into a Bond Amortization Contract, dated as of February 12, 1974 (the "Contract"), pursuant to which the Authority will issue its bonds, the proceeds of which are to be used to provide certain water supply facilities; and

WHEREAS, pursuant to the Contract and by a certain Resolution Authorizing the Issuance of Additional Parity Revenue Bonds (Lake Fork Project) adopted by the Board of Directors of the Authority on April 18, 1978 (the "1978 Bond Resolution"), the Authority has authorized the issuance of its revenue bonds designate as the SABINE RIVER AUTHORITY OF TEXAS WATER SUPPLY FACILITIES REVENUE BONDS, SERIES 1978 (LAKE FORK PROJECT), in the principal amount of \$10,000,000 (the "Series 1978 Bonds"), for the purpose of providing water supply facilities by providing funds for completing the acquisition and construction of a dam and reservoir on Lake Fork Creek, a tributary of the Sabine River, in Wood, Rains, and Hopkins Counties, Texas; and

WHEREAS, pursuant to Section 2(b) of the Contract, the Agent has requested and hereby requests that the Authority issue and sell the Series 1978 Bonds; and

WHEREAS, the 1978 Bond Resolution has been submitted by the Authority to the Agent for written approval by the President or any Vice President of the Agent, in accordance with the Contract and the "1974 Bond Resolution" hereinafter described.

NOW THEREFORE, the undersigned President of the Agent hereby approves the 1978 Bond Resolution in the form and substance as shown in Exhibit "A", attached hereto and incorporated herein by reference as if copied in full.

THIS APPROVAL is given pursuant to Section 2(b) of the Contract, and Section 14(c) of the resolution adopted on November 7, 1974, authorizing that issue of Sabine River Authority of Texas Water Supply Facilities Revenue Bonds, Series 1974 (Lake Fork Project) (the "1974 Bond Resolution"); and this approval constitutes the acknowledgment and agreement of The Corporations and the Agent that the Series 1978 Bonds are issued in accordance and compliance with the Contract, the Water Supply Facilities Agreement (the "Facilities Agreement") described therein, the 1974 Bond Resolution, and the Trust Indenture dated as of December 1, 1974, executed and delivered pursuant to the 1974 Bond Resolution; and the holders of the Series 1978 Bonds are entitled to rely on this approval, notwithstanding any other provision of the Contract, the Facilities Agreement, or any other agreement or contract to the contrary. Also, this approval of the 1978 Bond Resolution shall, upon delivery of the Series Bonds, cause all covenants and provisions of the 1978 Bond Resolution contemplated or provided therein to be observed and performed by The Corporations, including the obligations of The Corporations to pay the Semi-Annual Facilities Charges specified therein, to become the absolute, unconditional, valid, and binding covenants and obligations of The Corporations, so long as the Series 1978 Bonds or any interest coupons appertaining thereto are outstanding and unpaid.

SIGNED AND SEALED this 18th day of April, 1978

TEXAS UTILITIES GENERATING COMPANY

By Perry G. Brittain  
Perry G. Brittain, President

ATTEST:

LE Mueller  
Secretary

for and on behalf of, and as agent for  
DALLAS POWER & LIGHT COMPANY  
TEXAS ELECTRIC SERVICE COMPANY

CERTIFICATE FOR  
RESOLUTION AUTHORIZING THE ISSUANCE OF SABINE RIVER AUTHORITY  
OF TEXAS WATER SUPPLY FACILITIES REVENUE BONDS, SERIES 1979  
(LAKE FORK PROJECT), \$10,000,000

THE STATE OF TEXAS  
SABINE RIVER AUTHORITY OF TEXAS

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

1. The Board of Directors of said Authority convened in SPECIAL MEETING ON THE 20TH DAY OF MARCH, 1979, at the designated meeting place, and the roll was called of the duly constituted officers and members of said Board, to-wit:

John H. Butts, Secretary	Juan Nichols, President
C. C. Rice	Benjamin B. Pegues, Vice Presiden
James E. Campbell	O. N. Pederson
E. A. Meek	Gus Morris
Charles T. Wickersham	

and all of said persons were present, except the following absentees: Edison

thus constituting a quorum. Whereupon, among other business, the following was transacted at said Meeting: a written

RESOLUTION AUTHORIZING THE ISSUANCE OF SABINE RIVER  
AUTHORITY OF TEXAS WATER SUPPLY FACILITIES REVENUE  
BONDS, SERIES 1979 (LAKE FORK PROJECT), \$10,000,000

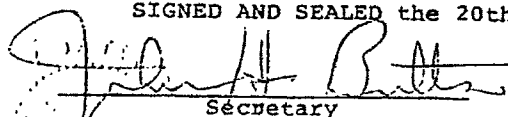
was duly introduced for the consideration of said Board and read in full. It was then duly moved and seconded that said Resolution be adopted; and, after due discussion, said motion, carrying with it the adoption of said Resolution, prevailed and carried by the following vote:

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

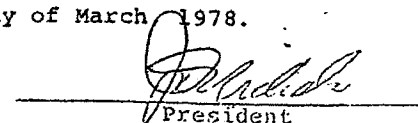
NOES: None.

2. That a true, full, and correct copy of the aforesaid Resolution adopted at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; that said Resolution has been duly recorded in said Board's minutes of said Meeting; that the above and foregoing paragraph is a true, full, and correct excerpt from said Board's minutes of said Meeting pertaining to the adoption of said Resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified, and acting officers and members of said Board as indicated therein; and that each of the officers and members of said Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the aforesaid Meeting, and that said Resolution would be introduced and considered for adoption at said Meeting, and each of said officers and members consented, in advance, to the holding of said Meeting for such purpose; and that said Meeting was open to the public, and public notice of the time, place, and purpose of said Meeting was given, all as required by Vernon's Ann. Civ. St. Article 6252-17.

SIGNED AND SEALED the 20th day of March 1978.

  
Secretary

(SEAL)

  
President

SERIES 1979 BOND RESOLUTION

RESOLUTION AUTHORIZING THE ISSUANCE OF  
ADDITIONAL PARITY REVENUE BONDS  
(LAKE FORK PROJECT)

THE STATE OF TEXAS :  
SABINE RIVER AUTHORITY OF TEXAS :

WHEREAS, Sabine River Authority of Texas (the "Authority") is an agency and political subdivision of the State of Texas, being a conservation and reclamation district created and governed by Vernon's Ann. Civ. St. Article 8280-133, pursuant to Article 16, Section 59 of the Texas Constitution; and

WHEREAS, a "Bond Amortization Contract", dated as of February 12, 1974, (the "Contract") has been duly executed between the Authority and Dallas Power & Light Company, Texas Electric Service Company, and Texas Power & Light Company (collectively "The Corporations"), acting therein by and through Texas Utilities Generating Company (the "Agent") as their agent; and

WHEREAS, each of The Corporations and the Agent is a corporation duly incorporated under the laws of the State of Texas; and

WHEREAS, the Water Supply Facilities Agreement (the "Facilities Agreement"), described and adopted by reference in the Contract, was executed between the Authority and The Corporations, acting therein by and through the Agent, and was dated as of February 12, 1974, and provides for the acquisition, construction, operation, and maintenance by the Authority of the water supply facilities to be financed with the proceeds from the sale and delivery of the Bonds; and

WHEREAS, this preamble shall constitute an integral part of this bond resolution; and

WHEREAS, pursuant to the Contract there have been issued and are presently outstanding the bonds (the "Series 1974 Bonds") of that issue of Sabine River Authority of Texas Water Supply Facilities Revenue Bonds, Series 1974 (Lake Fork Project), dated as of December 1, 1974, in the principal amount of \$30,000,000, authorized by resolution (the "1974 Bond Resolution") adopted by the Board of Directors of the Authority on November 7, 1974; and

WHEREAS, pursuant to, and in the form prescribed by, the 1974 Bond Resolution, a trust indenture (the "Trust Indenture") dated as of December 1, 1974, was executed by and between the Authority and Republic National Bank of Dallas, Dallas, Texas, as Trustee, to provide additional security for the payment of the Series 1974 Bonds and all additional parity revenue bonds authorized to be issued by the 1974 Bond Resolution; and

WHEREAS, the Contract, the 1974 Bond Resolution, and the Trust Indenture are hereby adopted by reference for all purposes with the same effect as if they had been set forth in their entirety in this 1979 Bond Resolution; and

WHEREAS, both the Contract and Section 14 of the 1974 Bond Resolution provide for the issuance by the Authority of additional parity revenue bonds for the purpose of completing the acquisition and construction of the water supply facilities for which the Series 1974 Bonds were issued, with such additional parity revenue bonds to be considered, constitute,

and be "Bonds" as defined in the 1974 Bond Resolution and in the Contract, to be, when issued and delivered, payable from and secured by a first lien on and pledge of the "Semi-Annual Facilities Charges" as provided in the Contract, and secured by the Trust Indenture, in the same manner and to the same extent as the Series 1974 Bonds; and

WHEREAS, the bonds (the "Series 1975 Bonds") authorized to be issued by the bond resolution of the Board adopted on July 15, 1975 (the "1975 Bond Resolution"), and the bonds (the "Series 1978 Bonds") authorized by the bond resolution of the Board adopted on April 18, 1978 (the "Series 1978 Bond Resolution") were duly issued and delivered pursuant to Vernon's Ann. Civ. St. Article 8280-133, as amended, as additional parity revenue bonds; and

WHEREAS, the bonds (the "Series 1979 Bonds") authorized by this Resolution (the "1979 Bond Resolution") are to be issued and delivered pursuant to Vernon's Ann. Civ. St. Article 8280-133, as amended, as additional parity revenue bonds; and

WHEREAS, the Series 1979 Bonds are required as, and will constitute, additional parity revenue bonds issued pursuant to the Contract, Section 14 of the 1974 Bond Resolution, and the Trust Indenture; and

WHEREAS, The Corporations, acting by and through the Agent, will duly approve this 1979 Bond Resolution, prior to the delivery of the Series 1979 Bonds, as required by the Contract and Section 14 of the 1974 Bond Resolution; and

WHEREAS, as provided in the Contract, by approving this 1979 Bond Resolution, The Corporations will have agreed and acknowledged that the Series 1979 Bonds are issued in accordance and compliance with the Contract, and that, upon the sale and delivery of the Series 1979 Bonds, The Corporations will be unconditionally obligated to the Authority to pay to the Trustee the "Semi-Annual Facilities Charges" as required by the Contract, the 1979 Bond Resolution, and the Trust Indenture, in amounts sufficient to pay and redeem, or provide for the payment and redemption of, the principal of, redemption premium, if any, and interest on the Series 1979 Bonds, in addition to the Series 1974 Bonds, the Series 1975 Bonds, and the Series 1978 Bonds, when due, all as required by this 1979 Bond Resolution and the Trust Indenture.

THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF SABINE RIVER AUTHORITY OF TEXAS THAT:

Section 1. The Authority's negotiable bonds are authorized to be issued in the principal amount of \$10,000,000, FOR THE PURPOSE OF PROVIDING WATER SUPPLY FACILITIES BY PROVIDING FUNDS FOR COMPLETING THE ACQUISITION AND CONSTRUCTION OF A DAM AND RESERVOIR ON LAKE FORK CREEK, A TRIBUTARY OF THE SABINE RIVER, IN WOOD, RAINS, AND HOPKINS COUNTIES, TEXAS.

Section 2. The Series 1979 Bonds are designated and shall be known as the "SABINE RIVER AUTHORITY OF TEXAS WATER SUPPLY FACILITIES REVENUE BONDS, SERIES 1979 (LAKE FORK PROJECT)".

Section 3. The Series 1979 Bonds shall be dated MARCH 1, 1979, shall be in the denomination of \$5,000 each, shall be numbered consecutively from one upward, and shall mature, unless redeemed prior to maturity as hereinafter provided, on DECEMBER 1 in each of the years, and in the amounts, respectively, as set forth in the following schedule: