

**SECTION 41: Reapproval of Contract.** In all respects, the Contract is reapproved and shall be and remain in full force as the agreement of the parties.

**SECTION 42: Incorporation of Findings and Determinations.** The findings and determinations of the Board of Directors of the Authority contained in the preamble hereof are hereby incorporated by reference and made a part of this Resolution for all purposes as if the same were restated in full in this Section.

**SECTION 43: Benefits of Resolution.** Nothing in this Resolution, expressed or implied, is intended or shall be construed to confer upon any person other than the Authority, the Paying Agent/Registrar and the Holders, any right, remedy, or claim, legal or equitable, under or by reason of this Resolution or any provision hereof, this Resolution and all its provisions being intended to be and being for the sole and exclusive benefit of the Authority, the Paying Agent/Registrar and the Holders.

**SECTION 44: Inconsistent Provisions.** All orders or resolutions, or parts thereof, that are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict and the provisions of this Resolution shall be and remain controlling as to the matters contained herein.

**SECTION 45: Governing Law.** This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

**SECTION 46: Severability.** If any provision of this Resolution or the application thereof to any circumstance shall be held to be invalid, the remainder of this Resolution and the application thereof to other circumstances shall nevertheless be valid, and this governing body hereby declares that this Resolution would have been enacted without such invalid provision.

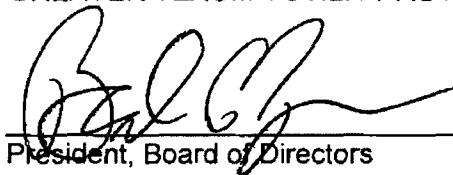
**SECTION 47: Public Meeting.** It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was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

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

*[The remainder of this page is intentionally blank]*

PASSED AND ADOPTED, this December 17, 2018.

GREATER TEXOMA UTILITY AUTHORITY

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

ATTEST:

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

Secretary, Board of Directors

(Seal)

EXHIBIT A

Paying Agent/Registrar Agreement

## PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT entered into as of December 17, 2018 (this "Agreement"), by and between the GREATER TEXOMA UTILITY AUTHORITY (the "Issuer"), and BOKF, NA, Dallas, Texas, a banking association duly organized and existing under the laws of the United States of America, (the "Bank").

### RECITALS

WHEREAS, the Issuer has duly authorized and provided for the execution and delivery of its "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2019 (Bear Creek Special Utility District Project)" (the "Securities"), dated January 1, 2019; such Securities to be issued in fully registered form only as to the payment of principal and interest thereon; and

WHEREAS, the Securities are scheduled to be delivered to the initial purchasers thereof on or about January 30, 2019; and

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

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

NOW, THEREFORE, it is mutually agreed as follows:

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

**Section 1.01 Appointment.** The Issuer hereby appoints the Bank to serve as Paying Agent with respect to the Securities, and, as Paying Agent for the Securities, the Bank shall be responsible for paying on behalf of the Issuer the principal, premium (if any), and interest on the Securities as the same become due and payable to the Holders thereof; all in accordance with this Agreement and the "Bond Resolution" (hereinafter defined). The Issuer hereby appoints the Bank as Registrar with respect to the Securities, and, as Registrar for the Securities, the Bank shall keep and maintain for and on behalf of the Issuer books and records as to the ownership of said Securities and with respect to the transfer and exchange thereof as provided herein and in the "Bond Resolution."

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

**Section 1.02 Compensation.** As compensation for the Bank's services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in **Annex A** attached hereto.

In addition, the Issuer agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements, and advances incurred or made by the Bank in accordance with any

of the provisions hereof (including the reasonable compensation and the expenses and disbursements of its agents and counsel).

## ARTICLE TWO DEFINITIONS

Section 2.01 Definitions. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

"Acceleration Date" on any Security means the date, if any, on and after which the principal or any or all installments of interest, or both, are due and payable on any Security that has become accelerated pursuant to the terms of the Security.

"Bank Office" means the principal offices of the Bank located at the address appearing in Section 3.01 hereof. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

"Bond Resolution" means the resolution, order, or ordinance of the governing body of the Issuer pursuant to which the Securities are issued, certified by the Secretary or any other officer of the Issuer and delivered to the Bank.

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

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

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

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

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

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

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

Section 2.02 Other Definitions. The terms "Bank", "Issuer", and "Securities (Security)" have the meanings assigned to them in the recital paragraphs of this Agreement.

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

### ARTICLE THREE PAYING AGENT

Section 3.01 Duties of Paying Agent. As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the principal of each Security at its Stated Maturity, Redemption Date, or Acceleration Date, to the Holder upon surrender of the Security to the Bank at the following address:

BOKF Corporate Trust Services  
111 Filmore Avenue East  
St. Paul, MN 55107-1402

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the interest on each Security when due, by computing the amount of interest to be paid each Holder and making payment thereof to the Holders of the Securities (or their Predecessor Securities) on the Record Date. All payments of principal and/or interest on the Securities to the Holders shall be accomplished (i) by the issuance of checks, payable to the Holders, drawn on the fiduciary account provided in Section 5.05 hereof, sent by United States mail, first class, postage prepaid, to the address appearing on the Security Register or (ii) by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder's risk and expense.

Section 3.02 Payment Dates. The Issuer hereby instructs the Bank to pay the principal of and interest on the Securities at the dates specified in the Bond Resolution.

### ARTICLE FOUR REGISTRAR

Section 4.01 Security Register - Transfers and Exchanges. The Bank agrees to keep and maintain for and on behalf of the Issuer at the Bank Office books and records (herein sometimes referred to as the "Security Register") for recording the names and addresses of the Holders of the Securities, the transfer, exchange, and replacement of the Securities and the payment of the principal of and interest on the Securities to the Holders and containing such other information as may be reasonably required by the Issuer and subject to such reasonable regulations as the Issuer and Bank may prescribe. All transfers, exchanges, and replacement of Securities shall be noted in the Security Register. A copy of the Security Register shall be located in Texas.

Every Security surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a federal or state bank or a member of the Financial Industry Regulatory

Authority, in form satisfactory to the Bank, duly executed by the Holder thereof or his agent duly authorized in writing.

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

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

**Section 4.02 Certificates.** The Issuer shall provide an adequate inventory of printed Securities to facilitate transfers or exchanges thereof. The Bank covenants that the inventory of printed Securities will be kept in safekeeping pending their use, and reasonable care will be exercised by the Bank in maintaining such Securities in safekeeping, which shall be not less than the care maintained by the Bank for debt securities of other governments or corporations for which it serves as registrar, or that which is maintained for its own securities.

**Section 4.03 Form of Security Register.** The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer, and exchange of the Securities in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Security Register in any form other than those that the Bank has currently available and currently utilizes at the time.

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

**Section 4.04 List of Security Holders.** The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the required fee, a copy of the information contained in the Security Register. The Issuer may also inspect the information contained in the Security Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

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

**Section 4.05 Return of Canceled Certificates.** The Bank will, at such reasonable intervals as it determines, surrender to the Issuer, Securities in lieu of which or in exchange for which other Securities have been issued, or which have been paid.

**Section 4.06 Mutilated, Destroyed, Lost, or Stolen Securities.** The Issuer hereby instructs the Bank, subject to the applicable provisions of the Bond Resolution, to deliver and issue Securities in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities as long as the same does not result in an over-issuance.

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

Section 4.07 Transaction Information to Issuer. The Bank will, within a reasonable time after the receipt of a written request from the Issuer, furnish the Issuer information as to the Securities it has paid pursuant to Section 3.01, Securities it has delivered upon the transfer or exchange of any Securities pursuant to Section 4.01, and Securities it has delivered in exchange for or in lieu of any mutilated, destroyed, lost, or stolen Securities pursuant to Section 4.06.

## ARTICLE FIVE THE BANK

Section 5.01 Duties of Bank. The Bank undertakes to perform the duties set forth herein and agrees to use reasonable care in the performance thereof.

### Section 5.02 Reliance upon Documents, Etc.

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

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

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

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



direction, consent, order, bond, note, security, or other paper or document supplied by the Issuer.

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

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

(g) The Bank is also authorized to transfer funds relating to the closing and initial delivery of the Bonds in the manner disclosed in the closing memorandum or letter as prepared by the Issuer, the Issuer's financial advisor or other agent. The Bank may act on a facsimile of e-mail transmission of the closing memorandum or letter acknowledged by the Issuer, the Issuer's financial advisor or other agent as the final closing memorandum or letter. The Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bank's reliance upon and compliance with such instructions.

Section 5.03 Recitals of Issuer. The recitals contained herein with respect to the Issuer and in the Securities shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

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

Section 5.04 May Hold Securities. The Bank, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar or any other agent.

Section 5.05 Moneys Held by Bank - Paying Agent Account/Collateralization. A paying agent account shall at all times be kept and maintained by the Bank for the receipt, safekeeping, and disbursement of moneys received from the Issuer hereunder for the payment of the Securities, and money deposited to the credit of such account until paid to the Holders of the Securities shall be continuously collateralized by securities or obligations that qualify and are eligible under both the laws of the State of Texas and the laws of the United States of America to secure and be pledged as collateral for paying agent accounts to the extent such money is not insured by the Federal Deposit Insurance Corporation. Payments made from such paying agent account shall be made by check drawn on such paying agent account unless the owner of such Securities shall, at its own expense and risk, request such other medium of payment.

The Bank shall be under no liability for interest on any money received by it hereunder.

Subject to the applicable unclaimed property laws of the State of Texas, any money deposited with the Bank for the payment of the principal, premium (if any), or interest on any Security and remaining unclaimed for three (3) years after final maturity of the Security has become due and payable will be paid by the Bank to the Issuer, and the Holder of such Security shall thereafter look only to the Issuer for payment thereof, and all liability of the Bank with respect to such moneys shall thereupon cease.

Section 5.06 Indemnification. To the extent permitted by law, the Issuer agrees to indemnify the Bank for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

Section 5.07 Interpleader. The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in the State and County where the administrative offices of the Issuer are located, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction within the State of Texas to determine the rights of any Person claiming any interest herein.

Section 5.08 DT Services. It is hereby represented and warranted that, in the event the Securities are otherwise qualified and accepted for "Depository Trust Company" services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the "Operational Arrangements", which establish requirements for securities to be eligible for such type depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

## ARTICLE SIX MISCELLANEOUS PROVISIONS

Section 6.01 Amendment. This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

Section 6.02 Assignment. This Agreement may not be assigned by either party without the prior written consent of the other.

Section 6.03 Notices. Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown on the execution page hereof.

Section 6.04 Effect of Headings. The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 6.05 Successors and Assigns. All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

Section 6.06 Severability. In case any provision herein shall be held invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 6.07 Benefits of Agreement. Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

Section 6.08 Entire Agreement. This Agreement and the Bond Resolution constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar, and if any conflict exists between this Agreement and the Bond Resolution, the Bond Resolution shall govern.

Section 6.09 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.10 Termination. This Agreement will terminate (i) on the date of final payment of the principal of and interest on the Securities to the Holders thereof or (ii) may be earlier terminated by either party upon sixty (60) days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/ Registrar has been appointed by the Issuer and such appointment accepted and (b) notice given to the Holders of the Securities of the appointment of a successor Paying Agent/Registrar. Furthermore, the Bank and Issuer mutually agree that the effective date of an early termination of this Agreement shall not occur at any time that would disrupt, delay, or otherwise adversely affect the payment of the Securities.

Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Security Register (or a copy thereof), together with other pertinent books and records relating to the Securities, to the successor Paying Agent/Registrar designated and appointed by the Issuer.

The provisions of Section 1.02 and of Article Five shall survive and remain in full force and effect following the termination of this Agreement.

Section 6.11 No Boycott of Israel. To the extent this Agreement is a contract for goods or services within the meaning of Section 2270.002 of the Texas Government Code, as amended the Bank hereby verifies that the Bank is a company (as defined in Section 808.001(2), Texas Government Code) which does not boycott Israel and will not boycott Israel through the term of this Agreement. For purposes of this verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

Section 6.12 Iran, Sudan and Foreign Terrorists Organizations. To the extent this Agreement is a governmental contract, within the meaning of Section 2252.151 of the Texas Government Code, as amended, the Bank represents that it is not a company (as defined in Section 2270.0001(2), Texas Government Code) engaged in business with Iran, Sudan, or a foreign terrorist organization (as defined in Section 2252.151(2), Texas Government Code) and that it is not on a list prepared and maintained by the Comptroller of Public Accounts of the State of Texas under Sections 2270.0201 or 2252.153, Texas Government Code.

Section 6.13 Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

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

GREATER TEXOMA UTILITY AUTHORITY

By: \_\_\_\_\_  
President, Board of Directors

ATTEST:

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

Address:  
5100 Airport Drive  
Denison, Texas 75020

BOKF, NA, Dallas, Texas

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

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

ATTEST:

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

ANNEX A

**Fee Schedule**

EXHIBIT B

**Water Facilities Contract**

## WATER FACILITIES CONTRACT

THIS CONTRACT ("Contract") is made and entered into as of Oct. 9, 2018, between the GREATER TEXOMA UTILITY AUTHORITY (hereinafter referred to as the "Authority"), a conservation and reclamation authority, a governmental agency, a political subdivision of the State of Texas, and a body politic corporate, duly created, existing and acting by virtue of Texas Special District Local Laws Code, Chapter 8283 (the "Act"), and the BEAR CREEK SPECIAL UTILITY DISTRICT, a Texas political subdivision (hereinafter referred to as the "District"), duly created and existing under the laws of the State of Texas:

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

WHEREAS, the Authority, acting pursuant to the Act, has issued or proposes to issue, or both, its bonds for the purposes of providing an additional supply of water to the District and certain water supply facilities in order to store and transport such water to the District; and

WHEREAS, certain revenues to be received by the Authority from the District under this Contract are to be pledged to the payment and security of the bonds to be issued by the Authority and will constitute the basis for the Authority's credit in financing such facilities and issuing such bonds; and

WHEREAS, the Authority and the District, acting through their duly constituted governing bodies pursuant to authority granted by Texas Government Code, Section 791.026, as amended, have mutually agreed upon the terms and conditions of this Contract; now, therefore

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

### ARTICLE I DEFINITIONS

SECTION 1.01: Unless the context shall indicate a contrary meaning or intent, the terms below defined, for all purposes of this Contract and any contract amendatory or supplemental to this Contract shall be construed or used and are intended to have meanings as follows:

- (a) "Authority" shall mean the Greater Texoma Utility Authority, or its successor.
- (b) "Board" and "Board of Directors" shall mean the Board of Directors of the Authority.
- (c) "Bond Resolution" shall mean any resolution of the Board of Directors authorizing the issuance of the Bonds and providing for their security and payment, as such resolution(s) may be amended from time to time as therein permitted, where the proceeds from the sale of the Bonds will be used to discharge the cost of the Project.
- (d) "Bonds" shall mean any bonds payable from revenues to be received by the Authority from the District under this Contract and to be issued by the Authority for the purpose

of providing funds to pay the necessary costs of the Project, whether in one or more series or issues.

(e) "Cost of the Project" shall mean all cost and expense incurred in connection with the acquisition, construction, improvements, enlargement, extension and repair of the Project, including, without limiting the generality of the foregoing, the cost of the acquisition of all land, rights-of-way, property rights, easements, and interests, the cost of all machinery and equipment, financing charges, interest and administrative expenses expected to accrue during the period of construction, the funding of any reserve funds created by the Bond Resolution(s), cost of estimates and of engineering and legal services, plans, specifications, surveys, estimates of cost and of revenue, other expenses necessary or incident to determining the feasibility and practicability of acquiring, constructing, improving, enlarging, extending, or repairing the Project, and such other expense as may be necessary or incident to the acquisition, construction, improvement, enlargement, extension or repair of the Project and all legal fees, printing and other cost, fees and expenses necessary for or incident to the issuance of the Bonds.

(f) "District" shall mean the Bear Creek Special Utility District.

(g) "Engineer" shall mean a registered, professional engineer (who may be the District Engineer or the Authority's Engineer). The District and Authority agree that the Engineer may be a different firm on different aspects of the Project and that any Project will be acquired, constructed, improved, enlarged, extended and repaired in accordance with the plans and specifications prepared under the supervision of the Engineer. It is further agreed that an Engineer may be changed or added and the scope of duties adjusted by the Authority, subject to the consent of the District.

(h) "Fiscal Year" shall mean the twelve month operating period (under this Contract) commencing October 1<sup>st</sup> of each year, provided such twelve month period may be changed one time in any three calendar year period by agreement of the Authority and the District (which agreement, if made, shall be attached hereto as an exhibit).

(i) "Maintenance and Operation Expense of the Project" shall mean the expense of maintenance and operation of the Project including all salaries, labor, materials, interest, repairs, and replacements necessary to render efficient service, or which might be necessary to meet some physical accident or condition which would otherwise impair the security of the Bonds. Such term shall not include depreciation.

(j) "Operator" shall mean the party to the Contract who is designated, from time to time, by the parties with respect to each Project and, in the absence of such designation, shall mean the District.

(k) "Project" shall mean the water supply, storage and transmission facilities which are to be (i) constructed or acquired in order to meet the contractual obligations hereunder and (ii) financed by the Authority through the issuance of bonds or other obligations, to the extent the same are payable from the money paid or required to be paid by the District under this Contract or obtained as grant funds, from any source, for the purpose of paying all or part of the Cost of the Project described in each resolution or order of the District, duly passed prior to or subsequent to the date of this Contract, authorizing the issuance of Bonds by the Authority to finance the Costs of the Project.



**ARTICLE II  
REPRESENTATIONS AND AGREEMENTS**

**SECTION 2.01:**     **The District's Representations and Agreements.** In connection with its undertakings hereunder, the District represents to the Authority and agrees with the Authority as follows:

(a) In its capacity as a duly organized political subdivision of the State of Texas, it is empowered under applicable laws of Texas to enter into the engagements prescribed for it under this Contract and to perform all obligations which may result therefrom, and its governing body has duly authorized execution of this Contract. Pursuant to Texas Government Code, Section 791.026, as amended, and to the extent required by the terms of that Section, the District agrees not to obtain water supply or services from any other source than pursuant to this Contract.

(b) It will timely pay to the Authority the full amount it is required to pay under the provisions of this Contract for the services supplied by the Authority for the Project.

(c) That it will plan, construct, maintain, operate and finance its own Water System and set retail rates to individual customers for water service adequate to pay all District obligations secured by and made payable from the revenues derived from the operation of the District's Water System (the "Water System").

(d) That it will cooperate with the Authority in the performance of the duties and responsibilities assigned to the Authority by this Contract.

**SECTION 2.02:**     **Representations and Agreements of Authority.** In connection with its undertakings hereunder, the Authority represents to the District and agrees with the District as follows:

(a) In its capacity as a conservation and reclamation district created by the Act, pursuant to Article XVI, Section 59 of the Texas Constitution, it is empowered under applicable laws of the State of Texas, particularly under the Act, the Interlocal Cooperation Act, and the Texas Water Code, to enter into the engagements prescribed for it under this Contract and to perform all obligations which may result therefrom, and its governing body has duly authorized execution of this Contract.

(b) That it will finance all Costs of the Project not provided by the District and any grant secured for the construction of the Project.

**SECTION 2.03:**     **Construction.** The Operator agrees to assume responsibility for the construction of the Project and the Authority will enter into such contracts as are necessary to construct the Project. To this end, the Authority and the District agree that:

(a) Unless otherwise agreed by the parties, the District be responsible for the preparation of final plans and specifications for the Project.

(b) Final plans and specifications for the Project shall be subject to the approval of the Authority and the District.

(c) All construction contracts shall be let and awarded pursuant to the laws applicable to the Authority.

(d) The Authority shall let and award all construction contracts, subject to the approval of each contract by the District.

(e) The Authority shall deposit from the proceeds from the sale of its Bonds in a special Construction Fund to be created and established by the Bond Resolution(s), an amount of money which shall be specified in said Bond Resolution(s). The Authority shall draw on and use said Construction Fund to pay the cost of acquiring, constructing, improving, extending, enlarging and repairing the Project.

(f) Unless otherwise agreed by the parties, the District shall be responsible for the acquisition of all land, rights-of-way, property rights, easements and interest required to provide the Project, subject to the approval of the District and the Authority.

### ARTICLE III FISCAL MATTERS

**SECTION 3.01:** Payment for Service. The Authority will provide from the proceeds received through the issuance and sale of its Bonds such funds as are necessary, when coupled with any funds or property provided by the District and any grant received, for the purpose of providing all or part of the Project. It is agreed that the District and its customers shall have the exclusive use of the entire Project for the useful life of the Project. In consideration for the Authority's obligation hereunder, the District recognizes and agrees that the Authority will acquire an undivided interest in the Project equivalent to the percentage of the total cost of the Project provided by the Authority through the issuance and sale of its Bonds. It is further agreed that the District's obligations to make any and all payments specified in this Article and the ownership interest of the Authority in the Project will terminate when all of the Authority's Bonds issued in connection with the Project have been paid in full and retired and are no longer outstanding. It is further understood and agreed that the Authority's only source of funds to pay the principal of and interest on its Bonds is from the payments to be made by the District to the Authority under this Contract, and the District agrees that it will make to the Authority the following payments:

(a) **Monthly amortization payment** — Such amounts, payable monthly on or before the 10th day of each month, in approximately equal installments, as are necessary to pay (i) the principal coming due on the Authority's Bonds on the next succeeding principal payment date; (ii) the interest coming due on the Authority's Bonds on the next succeeding interest payment date; and, (iii) the fees and charges of the Paying Agent(s) for paying or redeeming the Bonds and interest thereon coming due on each applicable date.

(b) **Reserve Fund Payment** — Such amount as is required to be paid into the Reserve Fund from the Revenue Fund (out of payments to be made by the District) under the Bond Resolution in order to establish, maintain or replenish the Reserve Fund for the security and payment of Bonds.

(c) **Administrative Payment** — An amount sufficient to pay the administrative and overhead expenses of the Authority, directly attributable and chargeable to the Bonds and the Project, including the cost of routine annual accounting reports and the costs of all continuing disclosure undertakings.

(d) **Extraordinary Expense Payment** — Such amounts, as are necessary to pay or reimburse the Authority for any extraordinary or unexpected expenses or costs reasonably and necessarily incurred by the Authority in connection with the Bonds and the Project, such as expenses of litigation, if any, and costs of special studies and special professional services, if and when required by any governmental directive or regulation or as may be agreed between the District and the Authority.

(e) The cost of Maintenance and Operation of the Project (for which provision is made in Section 3.03) if the Authority is the Operator under that Section.

**SECTION 3.02: Time for Making of Payments.** The District agrees to make the payments required by Section 3.01 at the times hereafter specified:

(a) **Monthly Amortization Payments** — the District shall commence making monthly amortization payments at such time as any amount required by the Bond Resolution(s) to be deposited into an escrow account for the payment of interest on the Bonds during the Project construction period has been fully exhausted; provided that such payments shall commence in no event later than the earlier of (i) twelve months prior to the first principal payment date specified in the Bond Resolution(s), or (ii) six months prior to the first interest payment date for which moneys are not set aside for the payment of the interest coming due on such date from the proceeds of the Bonds. Monthly amortization payments shall continue to be made throughout the term of the Contract and shall be adjusted by the District so as to provide for the accumulation of the full amount of debt service requirements (principal, interest and paying agent fees due on any given payment date) on or before the first day of the month such debt service requirements become due.

(b) **Reserve Fund Payment** — the District shall commence making these payments on the 10th day of the following month, as may be provided in the Bond Resolution, after the delivery of the initial series of Bonds issued to provide the Project, and upon the issuance of additional Bonds, shall increase the payments in accordance with the Resolution authorizing such additional Bonds.

(c) **Administrative Payment** — the District shall commence making the administrative payment on the 10th day of the month following the effective date of this Contract, and thereafter such payment shall be made on the 10th day of each month thereafter throughout the term of this Contract.

(d) **Extraordinary Expense Payment** — the District shall make any extraordinary expense payment immediately upon receipt of the statement therefor.

(e) **Maintenance and Operating Expenses:** (i) if the District is designated as the Operator, such expenses shall be paid by the District as the same become due; or (ii) if the Authority is designated as the Operator, the District shall pay (up to the amount annually budgeted for such expenses) the amount which the Authority determines shall be required in such months, such payments to be made on or before the 10th day of each month after the Project becomes operational. The annual budget shall be prepared by the Authority at least thirty (30) days prior to the date the Project is to become operational, or, thereafter prior to the beginning of each Fiscal Year; the budget shall then be submitted to the District which may indicate exceptions or suggestions, which shall then be considered by the Board. If an annual budget is found to be insufficient or excessive, the parties agree the same shall be taken into consideration by an amendment as well as the budget for the following year, with the view that

additional payments shall be made or credit shall be given so that expenditures match receipts over the Fiscal Year or an adjustment is made in the following month.

**SECTION 3.03: Maintenance and Operation of the Project.** Unless otherwise agreed by the parties, it is agreed that the District will be responsible for maintaining and operating the Project for the entire term of this Contract, and shall pay all costs and expenses incurred in regard to the maintenance and operation of the Project. The District hereby agrees and covenants to operate and maintain the Project in accordance with accepted good business and engineering practices and in accordance with all applicable federal and state laws, including any rules and regulations issued by appropriate agencies in the administration of said laws. If the District is the Operator under this Section, the District agrees, to the extent allowed by law, to indemnify and to save and hold harmless the Authority from any and all, exclusive of costs caused by or associated with the Authority's negligence, claims, damages, losses, costs and expenses, including reasonable attorney fees, arising at any time from the acquisition, existence, ownership, operation and maintenance of the Project.

**SECTION 3.04: Insurance.** The Operator specifically agrees to carry fire, casualty, public liability, or other insurance on the Project for purposes and in amounts which would ordinarily be carried by a state political subdivision owning and operating such facilities. Such insurance will provide, to the extent feasible and practicable, for the restoration of damages or destroyed properties and equipment so as to minimize the interruption of services of such facilities. All premiums for such insurance shall constitute a Maintenance and Operation Expense of the Project.

**SECTION 3.05: Covenant of Timely Payment.** The District covenants that it will timely make (i) the monthly amortization payments and (ii) the additional payments specified hereunder in accordance with the provisions of this Contract as the same shall become due and payable, irrespective of whether service of the Project has been abandoned or discontinued, or if the Project has been rendered wholly or partially unusable by reason of "force majeure". The District recognizes the fact that the Authority will use the payment received from the District hereunder to pay, secure and finance the issuance of the Bonds, and the holders of the Bonds shall be entitled to rely upon the foregoing covenant of payment regardless of any other agreement that may exist between the Authority and the District.

**SECTION 3.06: Late Payment Penalty.** Should the District fail to make any payment at the time herein specified, interest on such amounts shall accrue at the rate of ten percent (10%) per annum from the date such payment becomes due until paid in full with interest as herein specified. In the event such payment is not made within sixty (60) days from the date such payment becomes due, the Authority may institute a proceeding for a mandatory injunction requiring the payment of the amount due and interest thereon, such action to be instituted in a court of competent jurisdiction.

**SECTION 3.07: Priority of Charges - District to Fix Adequate Rates.**

(a) The District represents and covenants that all payments to be made by it hereunder shall constitute "operating expenses" of the District's Water System.

(b) The District further agrees to fix and collect such rates and charges for water and services to its customers as will make possible the prompt payment of all expenses of operating and maintaining its Water System, including all payments, obligations and indemnities contracted hereunder.

**SECTION 3.08:**      **Nature of Obligation of District.** The payments required to be made by the District under the terms of this Contract shall be due and payable in any and all events regardless of whether there shall be, for any reason, a delay in the completion of all or any part of the Project and regardless of whether the Project shall have been wholly or partially destroyed or damaged. The agreements of the District shall be and are separate and independent covenants and the District shall have no rights of set off, recoupment, or counterclaim. The Authority shall never have the right to demand payment of any amounts due hereunder by the District out of funds raised or to be raised by taxation. Any obligations assumed or imposed on either party hereto shall never be construed to be a debt of such party of a kind that would require it to levy and collect taxes to discharge any such obligation, it being expressly understood by the parties hereto that the funds required for all payments due from the District pursuant to this Contract are to be collected from the sources referenced herein, and from no other source.

#### ARTICLE IV MISCELLANEOUS PROVISIONS

**SECTION 4.01:**      **Contract Term.** The obligation of the District to promptly make all prescribed payments shall commence with the effective date of this Contract and continue for the period during which the Bonds are outstanding and unpaid.

**SECTION 4.02:**      **Useful Life of Project.** The District and Authority agree and mutually find that the anticipated useful life of the Project equals or exceeds the period specified in the Bond Resolution(s) for the maturity of all Bonds authorized to be issued.

**SECTION 4.03:**      **Abandonment of Use of Project.** Except as provided by this Contract, the District may not obtain services provided for in this Contract from a source other than a contracting party. It is specifically recognized by the parties hereto that the District, during the term of this Contract, may acquire other facilities so as to make the continued operation of the Project uneconomical so it will be to the best interest of the parties to discontinue the operation of the Project.

Should the District choose to discontinue the operation of all or part of the Project, the District shall have the exclusive right to the salvage of all of the properties and improvements constituting the Project so discontinued. Any cost of salvage will be a maintenance and operating expense of the District, and any money realized from such salvage will serve as a reduction of such expense. The District shall retain the use of the land where the Project is situated and all remaining improvements thereon for its corporate purposes.

The abandonment of the use of the Project shall have no effect upon the obligations of the District to the Authority provided for by this Contract and all payments provided for by this Contract shall remain obligations of the District of the same nature as provided for by this Contract.

**SECTION 4.04:**      **Modification of Provisions.** This Contract may be changed and modified only with the consent of the governing bodies of the Authority and the District. Such modification may be requested by either party, in which event a joint meeting of the governing bodies or of their duly authorized and appointed representative shall be held not less than thirty (30) days after the giving of such notice. At such joint meeting, the suggested changes or modifications shall be considered, discussed and settled. No such change or modification may be made which will affect adversely the payment when due of all moneys required to be paid by

the District under the terms of this Contract and no such change will be effective which affects adversely or causes a violation of any covenants contained in the Bond Resolution(s).

If for any reason the District may desire the construction of additional facilities over and above those now contemplated, and provided the same are within the legal and economic capabilities of the Authority, provision therefor shall be made by means of a supplement hereto, the terms of which are to be negotiated between the District and the Authority.

**SECTION 4.05:**      **Regulatory Provisions.** This Contract shall be subject to all valid rules, regulations and laws applicable thereto, as promulgated by the United States of America, the State of Texas, or any other governmental body or agency having lawful jurisdiction or any authorized representative or agency of any of them.

**SECTION 4.06:**      **Taxes.** In the event any sales or use taxes, or taxes of any nature, are hereafter imposed upon the Project or the Authority on account of the acquisition, existence, ownership, operation and maintenance of the Project, the amount of such taxes shall be treated as operating expenses of the Project.

**SECTION 4.07:**      **Title to Water and Sewage.** Title to all water and sewage put into the Project under this Contract shall be in the District.

**SECTION 4.08:**      **Notices.** Any notice, request, demand, statement or bill provided for in this Contract shall be in writing and shall be considered to have been fully delivered when sent by registered mail, addressed as follows:

To the Authority:                      5100 Airport Drive  
Denison, Texas 75020  
Attention: President, Board of Directors

To the District:                        16881 CR 541  
Lavon, Texas 75166  
Attention: General Manager

as the case may be, except that routine communications may be sent by ordinary mail and except that either party, by the filing of an appropriate written notice to the other, may specify some other individual to whom communications thereafter are to be addressed.

**SECTION 4.09:**      **Covenant to Enforce Contractual Obligations.** The Authority covenants that it will enforce the obligations of the District hereunder as may be required to accomplish the purpose of this Contract. Either party may enforce any obligations hereunder owed to it by the other party.

**SECTION 4.10:**      **Consequences of District Default.** The Authority and the District agree that in the event of default or threatened default, in the payment of principal of or interest on the Bonds, any court of competent jurisdiction upon petition of the holders of twenty-five percent (25%) of the principal amount of the then outstanding Bonds of the Authority shall appoint a receiver with authority to collect and receive all resources pledged to the payment of the Bonds, enforce all rights arising from default, if any, by the District in making payment under this Contract, and take charge of the pledged funds on hand and manage the proprietary affairs of the Authority insofar as such affairs relate to the Project. The court may further vest the

receiver with such powers and duties as the court may find necessary for the protection of the holders of the Bonds.

**SECTION 4.11: Further Agreements of the Parties.** The parties hereto specifically recognize that to the extent the District has heretofore issued, sold and delivered revenue bonds that were and are payable from and secured by a lien on and pledge of the net revenues of its Water System, and to the extent such bonds so issued and delivered are outstanding, the District has disclosed to the Authority the existence and terms of all such bonds.

Additionally, the District represents to the Authority that:

- (a) There is no provision in any resolution or order of the District which prohibits the District from entering into and executing this Contract.
- (b) The execution of this Contract and the operation thereunder will not in any way impair the obligation of contract by and between the District and any other person. The Project is in furtherance of governmental policy, not inconsistent with the existing contractual obligations of the District.

**SECTION 4.12: Control of Project by Operator.** The parties hereto recognize and it is specifically agreed that after completion of the Project and during the term of this Contract, the District shall have the exclusive right to the use and utilization of the Project, for the benefit of the District; that the District without hindrance from the Authority or the District, or the employees or other agents of either of them, may operate, maintain, repair, enlarge, improve, extend, provide for additions to or otherwise control, manage and keep up the said Project.

Except as specified in this Article, the abandonment of the use of all or part of such Project has no effect upon the obligations of the parties.

**SECTION 4.13: Force Majeure.**

(a) If for any reason of "force majeure" either of the parties hereto shall be rendered unable wholly or in part to carry out its obligation under this Contract, other than the obligation of District to make the payments required under the terms of Section 3.01 hereof, then if such party shall give notice and full particulars of such reasons in writing to the other party within a reasonable time after the occurrence of the event, or cause relied upon, the obligation of the party giving such notice, so far as it is affected by such "force majeure" shall be suspended during the continuance of the inability then claimed, but for no longer period, and any such parties shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "force majeure" as employed herein shall mean acts of God, strikes, lock-outs, or other industrial disturbances, acts of a public enemy, orders or actions of any kind of the Government of the United States of America or of the State of Texas or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraints of government and people, civil disturbances, explosions, breakages or accident to dams, machinery, partial or entire failure of water supply and inability on the part of the Authority to deliver water hereunder or to provide sewage treatment or of the District to receive water or to deliver sewage treatment, on account of any other cause not reasonably within the control of the party claiming such inability. It is understood and agreed that the settlement of strikes and lock-outs shall be entirely within the discretion of the party having the difficulty, and that the above requirement that any force majeure shall be remedied with all reasonable dispatch, shall not require the settlement of

strikes and lock-outs by acceding to the demands of the opposing parties when such settlement is unfavorable to it in the judgment of the party having the difficulty. No failure of Authority to meet any obligation by reason for force majeure shall relieve the District from its obligations to make the payments required under the terms of Section 3.01 hereof.

(b) No damage shall be recoverable from Authority by reason of the suspension of the operation of the Project due to any of the causes above mentioned. If Operator's ability to operate the Project is affected by any of such causes, the Operator shall promptly notify the other party in writing giving the particulars as soon as possible after the occurrence of the cause or causes for such interruption.

(c) It is expressly recognized by District that the Operator may be compelled to make necessary alterations, repairs or extensions of new or additional facilities from time to time during the life of this Contract, and any suspensions of the operation of the Project due to such operation shall not be cause for claim of damage on part of the Operator provided all reasonable effort is used by the Operator to provide District with the service afforded by the Project in accordance with this Contract. In such case, the Operator shall give the other party as much advance notice as may be practicable of the suspension of operation and of the estimated duration thereof.

**SECTION 4.14: Easements.** The District agrees that the Authority may have such easements over any easements, right of way or property held by the District so that the facilities herein anticipated and the placement thereof and of all required equipment may be appropriately provided.

**SECTION 4.15: Bond Approval by the District.**

(a) Prior to the issuance and delivery of any Bonds which are (i) payable as to principal, interest or redemption premium out of the debt service payments, or (ii) to provide facilities or service or any item which is to be maintained by the Authority utilizing any part of the base monthly payments, the District shall approve the issuance thereof as provided in this Section.

(b) If the Bonds are to be sold at a public sale, the governing body of the District shall, by resolution or order, approve (i) the "Notice of Sale" issued or proposed to be issued by the Authority prior to their delivery; and, (ii) the facilities to be constructed or acquired; or, if the Bonds are to be negotiated, or are refunding Bonds, the governing body of the District shall, by resolution or order approve either (i) the form of purchase agreement or (ii) the resolution authorizing the issuance of the Bonds.

(c) If the Bonds are to be exchanged for property or services or are to be privately placed, the governing body of the District shall, by resolution or order, approve (i) the form of the resolution adopted or to be adopted by the governing body of the Authority which authorizes the issuance of such Bonds; and (ii) the facilities to be constructed or acquired, or the services to be provided.

(d) The District and the Authority agree that the holders of the Bonds, and each party deemed a holder of a Bond by virtue of subrogation to the rights of the holders of the Bonds or otherwise, shall be express third-party beneficiaries of this Contract and shall have all available remedies pertaining to enforcement of this Contract.



**SECTION 4.16: Severability.** The parties hereto agree that if any of the provisions of this Contract contravene or be held invalid under the laws of the State, same shall not invalidate the whole Contract, but it shall be construed as though not containing that particular provision, and the rights and obligations of the parties shall be construed and in force accordingly.

*[remainder of page left blank intentionally]*

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

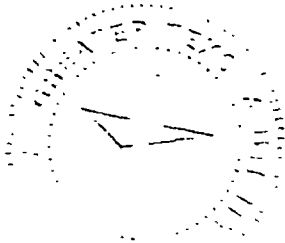
GREATER TEXOMA UTILITY AUTHORITY

(Authority Seal)

By:   
President, Board of Directors

ATTEST:

  
Secretary, Board of Directors



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BEAR CREEK SPECIAL UTILITY DISTRICT

By:   
President, Board of Directors

ATTEST:

  
Secretary, Board of Directors



EXHIBIT C  
Escrow Agreement

## **ESCROW AGREEMENT**

THIS ESCROW AGREEMENT, dated as of December 17, 2018, made by and between the Greater Texoma Utility Authority, a political subdivision of the State of Texas in Collin, Cooke, Fannin and Grayson Counties (the "*Authority*"), acting by and through the President and Secretary of the Board of Directors and BOKF, N.A., a banking association duly organized and existing under the laws of the United States of America, or its successors, as Escrow Agent (the "*Escrow Agent*") together with any successor in such capacity:

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

WHEREAS, pursuant to a resolution (the "*Resolution*") finally adopted on December 17, 2018, the Authority authorized the issuance of \$7,490,000 "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2019 (Bear Creek Special Utility District Project) " (the "*Bonds*") to obtain financial assistance from the Texas Water Development Board (the "*TWDB*") for the purpose of funding sewer system improvements (the "*Project*"); and

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

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

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

**SECTION 1: ESCROW ACCOUNT.** Upon the delivery of the Bonds described above, the Proceeds identified under TWDB Commitment No. L1000880 shall be deposited to the credit of a special escrow account(s) or escrow subaccount(s) (the "*Escrow Account*") maintained at the Escrow Agent on behalf of the Authority and the TWDB and shall not be commingled with any other accounts or with any other proceeds or funds. The Proceeds received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the Authority, and the Escrow Agent shall have no right to title with respect thereto except as Escrow Agent under the terms of this Agreement.

The Escrow Account shall be entitled "GREATER TEXOMA UTILITY AUTHORITY CONTRACT REVENUE BONDS, SERIES 2019 (BEAR CREEK SPECIAL UTILITY DISTRICT PROJECT) TEXAS WATER DEVELOPMENT BOARD L1000880 ESCROW ACCOUNT" and shall not be subject to warrants, drafts or checks drawn by the Authority but shall be disbursed or withdrawn to pay the costs of the project for which the Bonds were issued or other purposes in accordance with the Resolution and solely upon written authorization from the Executive

Administrator, or his/her designated representative. The Escrow Agent shall provide to the Authority and to the TWDB the Escrow Account(s) bank statements upon request.

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

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

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

**SECTION 5: UNEXPENDED FUNDS.** Any Proceeds remaining unexpended in the Escrow Account after completion of the Project and after the final accounting has been submitted to and approved by the TWDB shall be disposed of pursuant to the provisions of the Resolution. The Authority shall deliver a copy of such approval of the final accounting by the TWDB to the Escrow Agent together with instructions concerning the disbursement of unexpended Proceeds hereunder. The Escrow Agent shall have no obligation to ensure that such unexpended Proceeds are used as required by the provisions of the Resolution, that being the sole obligation of the Authority

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

**SECTION 7: LIABILITY OF ESCROW AGENT.** To the extent permitted by law, the Escrow Agent shall not be liable for any act done or step taken or omitted by it or any mistake of fact or law, except for its negligence or default or failure in the performance of any obligation imposed upon it hereunder. The Escrow Agent shall not be responsible in any manner for any proceedings in connection with the Bonds or any recitation contained in the Bonds.

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



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

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

**SECTION 11: TERMINATION.** In the event that this Agreement is terminated by either the Authority or by the Escrow Agent, the Escrow Agent must report said termination in writing to the TWDB within five (5) business days of such termination. The Authority is responsible for ensuring that the following criteria are satisfied in selecting the successor escrow agent and notifying the TWDB of the change in escrow agents: (a) the successor escrow agent must be an FDIC-insured state or national bank designated by the Texas Comptroller as a state depository; (b) the successor escrow agent must retained prior to or at the time of the termination; (c) an escrow agreement must be executed by and between the Authority and the successor escrow agent and must contain the same or substantially similar terms and conditions as are present in this Agreement; and (d) the Authority must forward a copy of the executed escrow agreement with the successor escrow agent within 5 business days of said termination. No funds shall be released by the TWDB until it has received, reviewed and approved the escrow agreement with the successor escrow agent. If the Authority has not appointed a successor escrow agent within thirty (30) days of the notice of termination, the Escrow Agent may petition any court of competent jurisdiction in Texas for the appointment of a successor escrow agent or for other appropriate relief, and any such resulting appointment shall be binding upon the Authority. Whether appointed by the Authority or a court, the successor escrow agent and escrow agreement must be approved by the TWDB for the appointment to be effective. The Escrow Agent is responsible for performance under this Escrow Agreement until a successor has been approved by the TWDB and has signed an acceptable escrow agreement.

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

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

BOKF NA  
5956 Sherry Lane, Suite 1201  
Dallas, Texas 75225  
Attention: Biddel Tekeste

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

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

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

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

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

**SECTION 18: COMPENSATION FOR ESCROW SERVICES.** The Escrow Agent shall be entitled to compensation for its services as stated in Exhibit A, which compensation shall be paid by the Authority but may not be paid directly from the Escrow Account.

**SECTION 19: NO BOYCOTT OF ISRAEL.** To the extent this Agreement is a contract for goods or services within the meaning of Section 2270.002 of the Texas Government Code, as amended the Bank hereby verifies that the Bank is a company (as defined in Section 808.001(2), Texas Government Code) which does not boycott Israel and will not boycott Israel through the term of this Agreement. For purposes of this verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

**SECTION 20: IRAN, SUDAN AND FOREIGN TERRORISTS ORGANIZATIONS.** To the extent this Agreement is a governmental contract, within the meaning of Section 2252.151 of the Texas Government Code, as amended, the Bank represents that it is not a company (as defined in Section 2270.0001(2), Texas Government Code) engaged in business with Iran, Sudan, or a foreign terrorist organization (as defined in Section 2252.151(2), Texas Government Code) and that it is not on a list prepared and maintained by the Comptroller of Public Accounts of the State of Texas under Sections 2270.0201 or 2252.153, Texas Government Code.

*[remainder of page left blank intentionally]*

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

GREATER TEXOMA UTILITY AUTHORITY

By: \_\_\_\_\_  
President, Board of Directors

Address: 5100 Airport Drive  
Denison, Texas 75020

(Authority Seal)

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

BOKF NA, as Escrow Agent

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

(Bank Seal)

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

ATTEST:

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

EXHIBIT A  
Fee Schedule

EXHIBIT D

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 39 of this Resolution.

**Annual Financial Statements and Operating Data**

The financial information and operating data to be provided annually in accordance with such Section are the financial statements of the Authority and the financial statements of the District.

**Accounting Principles**

The accounting principles referred to in such Section are generally those described in the financial statements referenced above, as such principles may be changed from time to time to comply with state law or regulation.

**INDEPENDENT BANK  
LOAN AGREEMENT**

**THIS LOAN AGREEMENT** (this "Agreement") is made and entered into as of this 4th day of September, 2015, by and between **INDEPENDENT BANK** ("Lender") and **LAVON SPECIAL UTILITY DISTRICT** (the "Borrower").

**SECTION 1. The Loan.** On the terms and conditions set forth in this Agreement, Lender agrees to make a loan (the "Loan") to the Borrower, in the principal amount of **TWO MILLION THIRTY THOUSAND FOUR HUNDRED SIXTY SEVEN AND 82/100 DOLLARS (\$2,030,467.82)** (the "Commitment").

**SECTION 2. Purposes.** The purpose of the Loan is to refinance the current debt of the Borrower.

**SECTION 3. INTENTIONALLY DELETED.**

**SECTION 4. Interest Rates.**

(A) **Rate.** For the period from the date hereof until September 4, 2020, and except as otherwise provided herein, the unpaid principal balance of the Note shall bear interest from the date of advancement, at the rate of three and one-quarter percent (3.25%) per annum. From September 4, 2020, until the Maturity Date (as hereinafter defined), and except as otherwise provided herein, the unpaid principal balance of the Note shall bear interest at a variable rate per annum at all times equal to the Prime Rate (hereinafter defined), minus one percent (1.0%), with adjustments to such variable rate to be made on September 4, 2020, September 4, 2025 and September 4, 2030 ("Interest Rate Change Dates"). The variable rate shall never exceed nine percent (9.0%) per annum or be less than three and one-quarter percent (3.25%) per annum. The interest rate adjustment for each five (5) year period shall not exceed two percent (2.0%) for each adjustment period.

"Prime Rate" means the varying rate per annum equal to the "prime rate" published in the "Money Rates" table in The Wall Street Journal from time to time and if multiple rates are published, the highest such prime rate; provided, however, that in the event The Wall Street Journal should cease publishing such rate, then Payee may refer to another similar source that identifies the prime rate on corporate loans at large U.S. money center commercial banks.

(B) **Default Rate.** If prior to maturity the Borrower fails to make any payment or investment required to be made under the terms of this Agreement (including this Section), then at Lender's option in each instance, such payment or investment shall bear interest at 15% per annum. After maturity, whether by reason of acceleration or otherwise, the unpaid principal balance hereunder shall automatically bear interest at the greater of (i) 15% per annum, or (ii) the highest rate permitted by law. All interest provided for in this Subsection shall be payable on demand and shall be calculated from the date such payment was due to the date paid on the basis of a year of 360 days and the actual number of days elapsed.

**SECTION 5. Payment and Maturity.** The Loan is due and payable as follows: Principal and interest shall be amortized over twenty (20) years (the "Amortized Term") and shall be due and payable in monthly installments of ELEVEN THOUSAND FIVE HUNDRED SIXTY FIVE AND 53/100 DOLLARS (\$11,565.53), beginning October 4, 2015, and continuing regularly and monthly thereafter until and including September 4, 2020. Thereafter, on each Interest Rate Change Date, monthly installments in the succeeding sixty (60) month period shall be adjusted to equal the amount necessary to amortize the unpaid balance of the Note, at the then effective Interest Rate, over the remaining portion of the Amortized Term, beginning with the September 4, 2020 payment and continuing regularly and monthly thereafter. The Lender shall notify the Borrower of the amount of such monthly payment ten (10) days prior to each Interest Rate Change Date. On September 4, 2035 ("Maturity Date") the entire amount of any principal and interest then remaining unpaid, shall be then due and payable. Interest will be calculated on the unpaid principal to the date of each payment. Payments will be credited first to the accrued interest and then to reduction of principal.

**SECTION 6. Prepayment.** Maker reserves the right to prepay, prior to maturity, all or any part of the principal of this Note without penalty, and interest shall immediately cease on any amount so prepaid. Notwithstanding the foregoing, if Borrower refinances this indebtedness with another lender, Borrower shall be required to pay: (i) a 3% penalty on the amount so prepaid prior to September 4, 2016; (ii) a 2% penalty on the amount so prepaid after September 4, 2016, but prior to September 4, 2017; and (iii) a 1% penalty on the amount so prepaid after September 4, 2017, but prior to September 4, 2020.

**SECTION 7. Note.** The Borrower's obligation to repay the Loan shall be evidenced by a promissory note in form and content acceptable to Lender (the "Note").

**SECTION 8. Security.** In addition to the above, the Borrower's obligations hereunder and under all instruments and documents contemplated hereby shall be secured by a first priority lien on the assets owned and/or leased by the Borrower described in the security agreements, mortgages, and deeds of trust between Lender and Borrower

**SECTION 9. Conditions Precedent.**

**(A) Loan Advance.** Lender's obligation to make the loan hereunder is subject to satisfaction of each of the following conditions precedent on or before the date of such advance:

**(1) Loan Documents.** That Lender receive duly executed originals of this Agreement, the Note, a certified copy of the Combination Water Utility Deed of Trust and Security Agreement (the "Deed of Trust"), and all other instruments and documents contemplated hereby (collectively, the "Loan Documents").

**(2) Authorization.** That Lender receives copies of all corporate documents and proceedings of the Borrower authorizing the execution, delivery, and performance of the Loan Documents to which it is a party, certified to be true and correct by the Secretary of the Borrower.

(3) **Approvals.** That Lender receive evidence satisfactory to it that all consents and approvals which are necessary for, or required as a condition of, the validity and enforceability of the Loan Documents have been obtained and are in full force and effect.

(4) **Perfection and Priority of Liens.** That Lender receives evidence satisfactory to it that Lender has, as of the date of the initial advance, a duly perfected first priority lien on all security provided for herein.

(5) **Title Evidence.** Evidence of title satisfactory to Lender that Borrower is the owner of all of the assets being pledged, and that the liens being created in favor of Lender under the Deed of Trust will be valid, first and prior liens, free and clear of all defects and encumbrances except such as Lender shall approve, and the status of title to the Property shown therein shall otherwise be satisfactory to Lender.

(6) **Permits.** That Lender receive evidence satisfactory to it that the Borrower possesses all necessary operating permits, authorizations, approvals, and the like which are material to the conduct of the Borrower's business or which may otherwise be required by law.

(7) **Fees, Expenses and Capital.** That the Borrower pays the costs and expenses (including intangible and other taxes) incurred by Lender to obtain, perfect and determine the priority of any security herefore, and pay all fees and expenses of counsel retained by Lender in connection with this transaction. Further, if all costs and expenses of this transaction are not known at the time of the initial advance, Borrower agrees to pay such costs and expenses upon demand.

(8) **Insurance.** Evidence of insurance in such amount and covering such risks as are usually carried by companies engaged in the same or similar business.

(9) **Fidelity Bond Insurance Coverage.** Borrower shall maintain adequate fidelity bond coverage during the term of the Loan, said coverage to be on the following persons in the amounts set forth below:

- (a) President - \$50,000.00
- (b) Secretary-Treasurer - \$50,000.00
- (c) Vice President - \$50,000.00
- (d) One (1) Bookkeeper - \$35,000.00

and in no event shall the bonds be less than stated above with the prior written consent of Lender.



**(10) Engineer's Certification.** That Lender receive evidence satisfactory to it prepared by a qualified engineer certifying that the Borrower's facilities reasonably meet all present and expected demand, are in good working order and condition, and comply with all federal, state and local laws, and similar matters, which certification shall be provided at the Borrower's expense in form and content acceptable to Lender.

**(B) Advances Generally.** Lender's obligation to make the advance hereunder, subject to the satisfaction of each of the following conditions precedent on or before the date of such advance:

**(1) Event of Default.** That no Event of Default (as that term is defined in Section 13 hereof) exists, and that there has occurred no event which with the passage of time or the giving of notice, or both, could become an Event of Default (each such event hereafter being referred to as a "Default").

**(2) Continuing Representations and Warranties.** That representations and warranties of the Borrower contained in this Agreement be true and correct on and as of the date of the initial advance as though made on and as of such date.

**SECTION 10. Representations and Warranties.** To induce Lender to make advances hereunder, and recognizing that Lender is relying hereon, the Borrower represents and warrants as follows:

**(A) Organization; Power; Etc.** The Borrower (i) is duly organized, validly existing, and in good standing under the laws of Texas; (ii) is duly qualified to do business and is in good standing in each jurisdiction in which the transaction of its business makes such qualification necessary; (iii) has all requisite legal power to own and operate its assets and to carry on its business and to enter into and perform the Loan Documents to which it is a party, (iv) has duly and lawfully obtained and maintained all licenses, certificates, permits, authorizations, approvals, and the like which are material to the conduct of its business or which may be otherwise required by law; and (v) is eligible to borrow from Lender.

**(B) Due Authorization; No Violations; Etc.** The execution and delivery by the Borrower of, and the performance by the Borrower of its obligations under, the Loan Documents have been duly authorized by all requisite corporate action on the part of the Borrower and do not and will not (i) violate any provision of any law, rule or regulation, any judgment, order or ruling of any court or governmental agency, the articles of incorporation or bylaws of the Borrower, or any agreement, indenture, mortgage, or other instrument to which the Borrower is a party or by which the Borrower or any of its properties is bound or (ii) be in conflict with, result in a breach of, or constitute with the giving of notice or lapse of time, or both, a default under any such agreement, indenture, mortgage, or other instrument. No action on the part of any shareholder or member of the Borrower is necessary in connection with the execution and delivery by the Borrower of and the performance by the Borrower of its obligation's under the Loan Documents.

**(C) Consents.** No consent, permission, authorization, order, or license of any governmental authority is necessary in connection with the execution, delivery, performance, or enforcement of the Loan Documents to which the Borrower is a party, except such as have been obtained and are in full force and effect.

**(D) Binding Agreement.** Each of the Loan Documents to which the Borrower is a party is, or when executed and delivered will be, the legal, valid, and binding obligation of the Borrower, enforceable in accordance with its terms, subject only to limitations on enforceability imposed by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting creditors' rights generally.

**(E) Compliance with Laws.** The Borrower is in compliance in all material respects with all federal, state, and local laws, rules, regulations, ordinances, codes, and orders (collectively, "Laws") the failure to comply with which could have a material adverse effect on the condition, financial or otherwise, operations, properties, or business of the Borrower, or on the ability of the Borrower to perform its obligations under the Loan Documents.

**(F) Environmental Compliance.** Without limiting the provisions of Subsection (E) above, all property owned or leased by the Borrower, including, without limitation, the Property and the Improvements, and all operations conducted by it are in compliance in all material respects with all Laws and all Project Approvals relating to environmental protection, the failure to comply with which could have a material adverse effect on the condition, financial or otherwise, operations, properties, or business of the Borrower, or on the ability of the Borrower to perform its obligations under the Loan Documents.

**(G) Litigation.** There are no pending legal, arbitration, or governmental actions or proceedings to which the Borrower is a party or to which any of its Property is subject which, if adversely determined, could have a material adverse effect on the condition, financial or otherwise, operations, properties, or business of the Borrower, or on the ability of the Borrower to perform its obligations under the Loan Documents, and to the best of the Borrower's knowledge, no such actions or proceedings are threatened or contemplated.

**(H) Title to Property.** The Borrower holds good and marketable title to all of its real property and owns all of its personal property free and clear of any lien or encumbrance, except the liens and encumbrances specifically identified in the UCC Report.

**(I) Financial Statements; No Material Adverse Change; Etc.** All financial statements submitted to Lender in connection with the application for the Loan or in connection with this Agreement fairly and fully present the financial condition of the Borrower and the results of the Borrower's operations for the periods covered thereby, and are prepared in accordance with generally accepted accounting principles ("GAAP") consistently applied. Since the dates thereof, there has been no material adverse change in the financial condition or operations of the Borrower. All budgets, projections, feasibility studies, and other documentation submitted by the Borrower to Lender are based upon assumptions that are reasonable and realistic, and as of the date hereof, no

fact has come to light, and no event or transaction has occurred, which would cause any assumption made therein not to be reasonable or realistic.

**(J) Principal Place of Business; Records.** The principal place of business and chief executive office of the Borrower and the place where the records required by Section 11(I) are kept is at the address of the Borrower shown in Section 17 hereof.

**(K) Subsidiaries.** The Borrower has no subsidiary.

**(L) Water Rights and System Condition.** The Borrower has water rights with such amounts, priorities and qualities as are necessary to adequately service the Borrower's customers and members. The Borrower controls, owns, or has access to all such water rights free and clear of the interest of any third party and has not suffered or permitted any transfer or encumbrance of such water rights, and has not abandoned such water rights, or any of them, nor has done any act or thing which would impair or cause the loss of any such water rights. The Borrower's utility facilities reasonably meet present demand in all material respects, are constructed in a good and workmanlike manner, are in good working order and condition, and comply in all material respects with all applicable laws.

**(M) Rate Matters.** The Borrower's rates for the provision of water and/or waste water services have been approved, if applicable, by any and all necessary governmental regulatory authorities, including without limitation, each public service commission or public utilities commission, which may have jurisdiction over the operations and rates of the Borrower. Borrower agrees to set and maintain its rates at a level to ensure that sufficient revenue will be generated to service its indebtedness. Further, there are no pending, nor to the Borrower's knowledge any threatened, proceedings before any governmental authority the objective or result of which is nor could be to materially reduce or otherwise materially change adversely any of the Borrower's rates for the provision of water and/or waste water services.

**SECTION 11. Affirmative Covenants.** Unless otherwise agreed to in writing by Lender, while this Agreement is in effect, whether or not any advance is outstanding, the Borrower agrees to:

**(A) Existence.** Preserve and keep in full force and effect its existence and good standing in the State of Texas, and its qualification to transact business and good standing in all places required by law.

**(B) Compliance with Laws and Agreements.** Comply in all material respects with (i) all laws, the failure to comply with which could have a material adverse effect on the condition, financial or otherwise, operations, properties, or business of the Borrower, or on the ability of the Borrower to perform its obligations under the Loan Documents; (ii) all regulatory guidelines, including but not limited to those set by the Texas Commission on Environmental Quality; and (iii) all agreements, indentures, mortgages, and other instruments to which it is a party or by which it or any of its property is bound.

**(C) Compliance with Environmental Laws.** Without limiting the provisions of subsection (B) above, comply in all material respects with, and cause all persons occupying or present on any properties owned or leased by the Borrower to so comply with all laws relating to environmental protection, the failure to comply with which could have material adverse effect on the condition, financial or otherwise, operations, properties, or business of the Borrower, or on the ability of the Borrower to perform its obligations under the Loan Documents.

**(D) Licenses; Permits; Etc.** Duly and lawfully obtain and maintain in full force and effect all licenses, certificates, permits, authorizations, approvals, and the like which are material to the conduct of the Borrower's business or which may be otherwise required by Law.

**(E) Insurance.** Maintain insurance with insurance companies or associations in such amounts and covering such risks as are usually carried by companies engaged in the same or similar business and similarly situated, and make such increases in the type or amount of coverage as Lender may reasonably request. All such policies insuring any collateral provided for herein, shall provide for loss payable clauses or endorsements in form and content acceptable to Lender. At the request of Lender, all policies (or such other proof of compliance with this Section as may be satisfactory) shall be delivered to Lender.

**(F) Property Maintenance.** Maintain and preserve at all times its property, and each and every part and parcel thereof, in good repair, working order and condition and in compliance with all applicable laws, regulations and orders.

**(G) Books and Records.** Keep adequate records and books of account in accordance with GAAP consistently applied.

**(H) Inspection.** Permit Lender or its agents, during normal business hours or at such other times as the parties may agree, to examine the Borrower's properties, books, and records, and to discuss the Borrower's affairs, finances, operations, and accounts with its respective officers, directors, employees, and independent certified public accountants.

**(I) Reports and Notices.** Furnish to Lender:

**(1) Annual Financial Statements.** As soon as available, but in no event later than 135 days after the end of any fiscal year of the Borrower occurring during the term hereof (December 31), annual audited financial statements of the Borrower. Such annual financial statements shall: (i) be audited by independent certified public accountants selected by the Borrower; (ii) be prepared in reasonable detail and in comparative form; and (iii) include a balance sheet, a statement of income, a statement of retained earnings, a statement of cash flows, and all notes and schedules relating thereto.

**(2) Annual Budget.** Annual Budget not later than 90 days after fiscal year end in form and substance acceptable to Lender including capital expenditures and expected operating costs for the next calendar year.

**(3) TECQ Inspection Reports.** As soon as available, but in no event more than 60 days after receipt, inspection reports as provided by the TECQ.

**(4) Notice of Default.** Promptly after becoming aware thereof, notice of (i) the occurrence of any Default or Event of Default or (ii) the occurrence of any breach, default, event of default, or event which with the giving of notice or lapse of time, or both, could become a breach, default, or event of default under any agreement, indenture, mortgage, or other instrument (other than the Loan Documents) to which it is a party or by which it or any of its property is bound or affected if the effect of such breach, default, event of default or event is to accelerate, or to permit the acceleration of, the maturity of any indebtedness under such agreement, indenture, mortgage, or other instrument; provided, however, that the failure of the Borrower to give such notice shall not affect the right and power of Lender to exercise any and all of the remedies specified herein.

**(5) Notice of Non-Environmental Litigation.** Promptly after the commencement thereof, notice of the commencement of all actions, suits, or proceedings before any court, arbitrator, or governmental department, commission, board, bureau, agency, or instrumentality affecting the Borrower which, if adversely determined, could have a material adverse effect on the condition, financial or otherwise, operations, properties, or business of the Borrower, or in the ability of the Borrower to perform its obligations under the Loan Documents.

**(6) Notice of Environmental Litigation.** Without limiting the provisions of subsection (7) above, promptly after receipt thereof, notice of the receipt of all pleading, orders, complaints, indictments, or other communication alleging a condition that may require the Borrower to undertake or to contribute to a cleanup or other response under Laws relating to environmental protection, or which seeks penalties, damages, injunctive relief, or criminal sanctions related to alleged violation of such Laws, or which claims personal injury or property damage to any person as result of environmental factors or conditions or which, if adversely determined, could have a material adverse effect on the condition, financial or otherwise, operations, properties, or business of the Borrower, or on the ability of the Borrower to perform its obligations under the Loan Documents.

**(7) Regulatory and Other Notices.** Promptly after receipt or submission thereof, copies of any notices or other communications received from or directed to any governmental authority with respect to any matter or proceeding the effect of which could have a material adverse effect on the condition, financial or otherwise, operations, properties, or business of the Borrower, or the ability of the Borrower to perform its obligations under the Loan Documents, or reveals a substantial non compliance with any law, regulation or rule.

**(8) Material Adverse Change.** Prompt notice of any matter which has resulted or may result in a material adverse change in the condition, financial or otherwise, operations, properties, or business of the Borrower, or the ability of the Borrower to perform its obligations under the Loan Documents.

**(9) Compliance Certificates.** Concurrent with each statement required to be furnished pursuant to Section 11(I)(1) and (3) above, a certificate of a responsible officer or employee of the Borrower acceptable to Lender, certifying that such financial statements are prepared in accordance with GAAP consistently applied (except as may be noted therein) and fairly present its financial condition during the periods covered thereby and as of the dates thereof (subject to normal year-end adjustment).

**(10) Other Information.** Such other information regarding the condition, financial or otherwise, or operation of the Borrower as Lender may, from time to time, reasonably request.

**(J) Water Rights.** Maintain or procure water rights with such amounts, priorities and qualities as are necessary to adequately service the Borrower's customers and members. The Borrower will continue to control, own or have access to all such water rights free and clear of the interest of any third party, will not suffer or permit any transfer or encumbrance of such water rights, will not abandon such water rights, or any of them, nor do any act or thing which would impair or cause the loss of any such water rights.

**(K) Further Assurances.** To execute, acknowledge, deliver, and do all and every such further actions, conveyances, mortgages, financing statements, other documents (which are not inconsistent with the Agreement or any of the Loan Documents) and assurances as Lender shall require for accomplishing the purposes of this Agreement.

**SECTION 12. Negative Covenants.** Unless otherwise agreed to in writing by Lender, while this Agreement is in effect, whether or not any advance is outstanding, the Borrower shall not:

**(A) Borrowings.** Create, incur, assume, or allow to exist, directly or indirectly, any indebtedness or liability for borrowed money, for the deferred purchase price of property or services, or for the lease of real or personal property which lease is required to be capitalized under GAAP or which is treated as an operating lease under regulations applicable to the Borrower but which otherwise would be required to be capitalized under GAAP (a "Capital Lease"), except for: (1) accounts payable to trade creditors and current operating liabilities (other than for borrowed money) incurred in the ordinary course of the Borrower's business; (2) Capital Leases, the aggregate amount of which does not exceed \$50,000.00 any one time; and (3) total short-term borrowings with a maturity of one year or less, in an aggregate of \$200,000.00.

**(B) Liens.** Create, incur, assume, or allow to exist any mortgage, deed of trust, deed to secure debt, pledge, lien (including the lien of an attachment, judgment, or execution), security interest, or other encumbrance of any kind upon any of its property, real or personal. The foregoing

restrictions shall not apply to (1) liens in favor of Lender; (2) liens for taxes, assessments, or governmental charges that are not past due; (3) liens, pledges, and deposits under workers' compensation, unemployment insurance, and social security laws; (4) liens, deposits, and pledges to secure the performance of bids, tenders, contracts (other than contracts for the payment of money), and like obligations arising in the ordinary course of the Borrower's business as conducted on the date hereof; (5) liens imposed by law in favor of mechanics, materialmen, warehousemen, and like persons that secure obligations that are not past due; or (6) loans for the acquisitions of additional parcels, which shall not exceed \$50,000.00 for each parcel, or exceed \$200,000.00 total.

**(C) Mergers; Acquisitions; Etc.** Merge or consolidate with any other entity, or acquire all or substantially all of the assets of any person or entity, or form or create any new subsidiary or affiliate, or commence operations under any other name, organization, or entity, including any joint venture; provided, however, that Borrower may, without Lender's consent, apply to change its name pursuant to Texas Water Code Section 49.071. Should Borrower change its name, Borrower will notify Lender of such changes and execute any and all documents required by the Bank to acknowledge the name change.

**(D) Transfer of Assets.** Sell, transfer, lease, or otherwise dispose of any of the Borrower's assets, except when the principal of the Loan is reduced in an amount acceptable to Lender.

**(E) Loans and Investments.** Make any loan or advance to, or make any investment, in or purchase or make any commitment to purchase any stock, bonds, notes, or other securities of, or guarantee, assume, or otherwise become obligated or liable with respect to the obligations of, any person or entity, exceeding at any one time outstanding an aggregate of \$10,000.00, other than: (1) securities or deposits issued, guaranteed or fully insured as to payment by the United States of America or any agency thereof; (2) stock or other securities of Lender.

**(F) Change in Business.** Engage in any business activities or operations substantially different from (or unrelated) to the Borrower's present business activities or operations.

**(G) Change in Management and/or Service Contracts.** Make any change in management contracts.

**(H) Leases.** Create, incur, assume, or permit to exist any obligations as lessee for the rental or hire of any real or personal property, except leases which do not in the aggregate require the Borrower to make payments (including, without limitation, taxes, insurance maintenance, and other charges) in any fiscal year of the Borrower occurring during the term hereof in excess of \$50,000.00.

**SECTION 13. Events of Default.** Each of the following shall constitute an "Event of Default" hereunder:

**(A) Payment Default.** Failure by the Borrower to make any payment or investment required to be made hereunder, under the Note, or under any other Loan Documents when due.

**(B) Representations and Warranties.** Any representation or warranty made by the Borrower herein or in any other Loan Documents shall prove to have been false or misleading in any material respect on or as of the date made.

**(C) Certain Affirmative Covenants.** Failure by the Borrower to perform or comply with any covenant set forth in Section 11 hereof (other than Section 11(I)(5), (6), (7), (8), and (9)), and such failure continues for fifteen (15) days after written notice thereof shall have been delivered by Lender to the Borrower.

**(D) Other Covenants and Agreements.** The Borrower should fail to perform or comply with any other covenants or agreement contained herein, including, without limitation, any covenant excluded under subsection (C) above.

**(E) Cross-Default.** The Borrower should, after any applicable grace period, breach or be in default under the terms of any Loan Documents or any other agreement between the Borrower and Lender, including, without limitation, any loan agreement, security agreement, mortgage, deed to secure debt, or deed of trust.

**(F) Other Indebtedness.** The occurrence of any breach, default, event of default, or event which with the giving of notice or lapse of time, or both, could become a default or event of default under any agreement, indenture, mortgage, or other instrument by which the Borrower or any of its property is bound or affected (other than the Loan Documents) if the effect of such breach, default, event of default or event is to accelerate, or to permit the acceleration, of, the maturity of any indebtedness under such agreement, indenture, mortgage or other instrument.

**(G) Insolvency, Etc.** The Borrower (1) shall become insolvent or shall generally not, or shall be unable to, or shall admit in writing its ability to, pay its debts as they come due; or (2) shall suspend its business operations or a material part thereof or make an assignment for the benefit of creditors; or (3) shall apply for, consent to, or acquiesce in the appointment of a trustee, receiver, or other custodian for it or any of its property or, in the absence of such application, consent, or acquiescence, a trustee, receiver, or other custodian is so appointed; or (4) shall commence with respect to it or have commenced against it any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution, or liquidation law or statute of any jurisdiction.

**(H) Material Adverse Change.** Any material adverse change occurs, as reasonably determined by Lender, in the Borrower's condition, financial or otherwise, operations, properties, or business, or the Borrower's ability to perform its obligations under the Loan Documents.

#### **SECTION 14. Remedies Upon Event of Default.**

**(A) No Obligation to Make Advances.** During the continuation of any Default or Event of Default, Lender shall have no obligation to make advances hereunder.

**(B) Termination; Etc.** Lender shall have no obligation to make advances hereunder, and, upon notice to the Borrower, may terminate the Commitment and declare the entire unpaid



principal balance of the Note, all accrued interest thereon and all other amounts payable under this Agreement and all other agreements between Lender and the Borrower, to be immediately due and payable. Upon such a declaration, the unpaid principal balance of the Note and all such other amounts shall become immediately due and payable, without protest, presentment, demand, or further notice of any kind, all of which are hereby expressly waived by the Borrower.

(C) **Enforcement.** Lender may proceed to protect, exercise, and enforce such rights and remedies as may be provided by agreement or under law, including, without limitation, the rights and remedies provided for in the Note. Each and every one of such rights and remedies shall be cumulative and may be exercised from time to time, and no failure on the part of Lender to exercise, and no delay in exercising, any right or remedy shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy preclude any other or future exercise thereof, or the exercise of any other right. In addition, Lender may hold and/or set off and apply against the Borrower's indebtedness any and all cash, accounts, securities, or other property in Lender's possession or under its control.

(D) **Application of Payments.** After termination and acceleration of the Loan, all amounts received by Lender shall be applied to the amounts owing hereunder and under the Note in whatever order and manner as Lender shall in its sole discretion elect.

**SECTION 15. Complete Agreement; Amendment.** This Agreement, the Note and the other Loan Documents are intended by the parties to be a complete and final expression of their agreement. No amendment, modification, or waiver of any provision hereof or thereof, nor any consent to any departure of the Borrower herefrom or therefrom, shall be effective unless approved by Lender and contained in a writing signed by or on behalf of Lender and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

**SECTION 16. Applicable Law.** Except to the extent governed by applicable federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without reference to choice of law doctrine.

**SECTION 17. Notices.** All notices hereunder shall be in writing and shall be deemed to be duly given upon delivery, if delivered by "Express Mail," overnight courier, messenger or other form of hand delivery or sent by telegram or facsimile transmission, or three (3) days after mailing if sent by certified or registered mail, to the parties in the following address (or such other address for a party as shall be specified by like notice): If to Lender, as follows:

INDEPENDENT BANK  
P.O. Box 592  
Farmersville, Texas 75442  
Attn: Johnny Bratcher

If to the Borrower, as follows:

Lavon Special Utility District  
P. O. Box 188, 16881 CR 541  
Lavon, Texas 75166

Attn: Manager  
Fax No.: 972-853-2505

With a copy to:

Angela Stepherson  
Coats Rose  
5420 LBJ Freeway, Suite 600  
Dallas, Texas 75240

**SECTION 18. Costs and Expenses.** To the extent allowed by law, the Borrower agrees to pay to Lender, on demand, all out-of-pocket costs and expenses incurred by Lender (including, without limitation, the reasonable fees and expenses of counsel retained by Lender) in connection with the enforcement of Lender's rights under the Loan Documents in the event of a default by Borrower.

**SECTION 19. Effectiveness and Severability.** This Agreement shall continue in effect until all indebtedness and obligations of the Borrower hereunder and under all other Loan Documents shall have been repaid or the Commitment shall expire, whichever is later. Any provision of the Loan Documents which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or thereof.

**SECTION 20. Successors and Assigns.** The Agreement shall be binding upon and inure to the benefit of the Borrower and Lender and their respective successors and assigns, except that the Borrower may not assign or transfer its rights or obligations hereunder without the prior written consent of Lender. Notwithstanding anything to the contrary herein contained, Borrower shall specifically have the right to assign its rights and obligations under this Agreement to a Special Utility District formed by Borrower under Chapter 65 of the Texas Water Code.

**IN WITNESS WHEREOF,** the Borrower has caused this Agreement to be executed, attested, and sealed and Lender has caused this Agreement to be executed by their duly authorized officers as of the date shown above.

LOAN AGREEMENT - Page 13  
#654045.4

**THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN AGREEMENTS BETWEEN THE PARTIES.**

**BORROWER:**

LAVON SPECIAL UTILITY DISTRICT

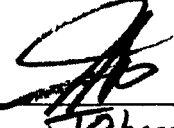
By:   
HERMAN STORK, President

**ATTEST:**

By: 

**LENDER:**

INDEPENDENT BANK

By:   
Name: Johnny Brudcher  
Title: E.V.P.

**RESPONSIVE TO COMMISSION STAFF'S  
RFI 2-9**

**APPENDIX D**  
**NTMWD MEMBER CITY AND CUSTOMER WATER CONSERVATION REPORT**  
**Due: March 31 of every year**

<b>Water Utility Reporting:</b>	<u>Bear Creek SUD</u>
<b>Filled Out By:</b>	<u>Amber Wright</u>
<b>Phone Number:</b>	<u>972-843-2101</u>
<b>Email:</b>	<u>anwright@bearcreeksud.com</u>
<b>Date Completed:</b>	<u>3/23/2018</u>
<b>Year Covered:</b>	<u>2017</u>
<b># of Connections</b>	<u>2,253</u>
<b>Estimated Population</b>	<u>6,759</u>
<b>Source:</b>	<u>Number of Connections * 3</u>
<b># of Backflow Preventers:</b>	<u>1,143</u>

**Recorded Deliveries and Sales by Month (in Million Gallons):**

Month	Deliveries from NTMWD	Other Supplies	Sales by Category							Total
			Residential	Commercial	Public/ Institutional	Industrial	Metered Irrigation	Wholesale	Other	
January	12.522		10.547	0.347	0.181	0.103	0.016			11.193
February	10.721		10.092	0.491	0.173	0.124	0.022			10.902
March	13.644		9.375	0.332	0.118	0.096	0.685			10.606
April	14.316		10.166	0.407	0.176	0.135	1.367			12.252
May	16.426		12.183	0.720	0.131	0.101	1.118			14.253
June	15.834		13.845	0.626	0.137	0.087	0.933			15.628
July	22.604		13.266	0.639	0.138	0.061	1.080			15.184
August	26.678		17.752	1.075	0.756	0.380	1.240			21.202
September	24.988		17.733	1.052	0.426	0.399	1.532			21.142
October	23.898		15.861	0.708	0.187	0.244	1.742			18.741
November	19.175		14.117	0.572	0.302	0.168	1.665			16.824
December	13.543		11.385	0.484	0.226	0.315	1.247			13.657
<b>TOTAL</b>	<b>214.349</b>		<b>156.322</b>	<b>7.452</b>	<b>2.951</b>	<b>2.211</b>	<b>12.647</b>			<b>181.583</b>

**RESPONSIVE TO COMMISSION STAFF'S  
RFI 2-11**

**DOCUMENTS TO BE PRODUCED PURSUANT TO PROTECTIVE ORDER**

**RESPONSIVE TO COMMISSION STAFF'S  
RFI 2-13**

# Kimley»Horn

Invoice for Professional Services

BEAR CRK SPECIAL UTILITY  
ATTN: MRS. CAMILLE REAGAN  
168661 C.R. 541  
P.O. BOX 188  
LAVON, TX 75166

Invoice No: 064474180-0319  
Invoice Date: Mar 31, 2019  
Invoice Amount: \$250.00  
Project No: 064474180  
Project Name: 2019 RATE APPEAL  
Project Manager: HELMBERGER, JOE

Please send payments to:  
KIMLEY-HORN AND ASSOCIATES, INC.  
P.O. BOX 951640  
DALLAS, TX 75395-1640

Client Reference:

For Services Rendered through Mar 31, 2019

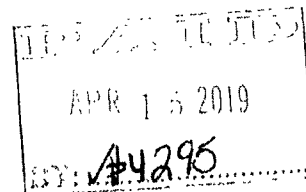
Federal Tax Id: 56-0885615

## HOURLY

KHA Ref # 064474180.2-13489727

Description	Current Amount Due
SERVICES RENDERED	250.00
<b>Total HOURLY</b>	<b>250.00</b>

Total Invoice: \$250.00





BEAR CRK SPECIAL UTILITY  
ATTN: MRS. CAMILLE REAGAN  
168661 C.R. 541  
P.O. BOX 188  
LAVON, TX 75166

Invoice No: 064474180-0319  
Invoice Date: Mar 31, 2019  
Project No: 064474180  
Project Name: 2019 RATE APPEAL  
Project Manager: HELMBERGER, JOE

### HOURLY

KHA Ref # 064474180.2-13489727

Task	Description	Hrs/Qty	Rate	Current Amount Due
LABOR	SENIOR PROFESSIONAL I	1.0	250.00	250.00
<b>TOTAL LABOR</b>		<b>1.0</b>		<b>250.00</b>
<b>TOTAL LABOR AND EXPENSE DETAIL</b>				<b>250.00</b>

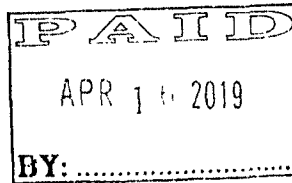
*This page is for informational purposes only. Please pay amount shown on cover page.*

## Time Collection Hours & Notes by PM/Proj/Empl (day prompt)

Employee Name	Line Comments	Hours Date	Cell Comments	Entered Hours
<b>HELMBERGER, JOE</b>				
<b>064474180.2 2019 RATE APPEAL</b>				
<b>064474180.2.001 2019 RATE APPEAL/LABOR</b>				
HELMBERGER, JOE		03/21/2019	Coordination with Camille and GTUA	1.0
				<b>1.0</b>
				<b>1.0</b>



4301 Westbank Drive, Suite B-130  
Austin, Texas 78746  
Phone: 512-614-0901



# INVOICE

Invoice # 4627  
Date: 04/04/2019

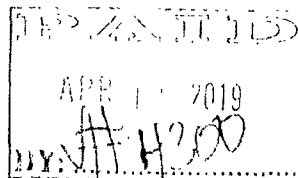
Bear Creek Special Utility District  
P.O. Box 188  
Lavon, Texas 75166

APR 16 2019  
#4300

## 0102 - 2019 Ratepayers' Appeal

Date	Attorney	Description	Quantity	Total
03/18/2019	JJC	Review ratepayer petition; draft correspondence to C. Reagan and J. Wilson regarding same.	0.30	\$99.00
03/26/2019	JJC	Receive and review correspondence from C. Reagan regarding rate increase documents; draft response.	0.30	\$99.00
03/26/2019	AAS	Review file and draft detailed timeline of rate payer's appeal history.	1.00	\$150.00
03/26/2019	KEH	Review Order No. 1 and calendar associated deadlines; confer and prepare notes to file regarding same; receive and brief review of client documents received.	1.00	\$175.00
03/27/2019	AAS	Continue drafting detailed timeline of rate payer's appeal history.	1.40	\$210.00
03/27/2019	JJC	Review summary of events leading to rate increase.	0.60	\$198.00
03/28/2019	AAS	Review 2019 Complaint.	0.60	\$90.00
03/28/2019	KEH	Office conference regarding deadlines per Order No. 1.	0.10	\$17.50
03/29/2019	AAS	Review 2017 Petition; draft timeline for case.	0.50	\$75.00
03/29/2019	JJC	Work regarding 2019 appeal; review order from PUC.	0.40	\$132.00

Time Keeper	Quantity	Rate	Total
John Carlton	1.6	\$330.00	\$528.00
Andrew Snyder	3.5	\$150.00	\$525.00
Katy Hennings	1.1	\$175.00	\$192.50
		<b>Subtotal</b>	<b>\$1,245.50</b>



CD ATTACHED

TO VIEW PLEASE CONTACT  
CENTRAL RECORDS  
512-936-7180