PRELIMINARY OFFICIAL STATEMENT

Dated July 21, 2026

Rating:
S&P: "AA+"
See "OTHER INFORMATION – Ratings" herein

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, interest on the Bonds is excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on certain corporations.

THE BONDS WILL NOT BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

$8,140,000*
BRAZOS RIVER AUTHORITY
CONTRACT REVENUE BONDS, SERIES 2026
(WILLIAMSON COUNTY REGIONAL RAW WATER LINE PROJECT)

Dated Date: July 15, 2026; Interest Accrues From Date of Delivery **Due: September 1, as shown on the inside cover**

PAYMENT TERMS . . . Interest on the $8,140,000* Brazos River Authority Contract Revenue Bonds, Series 2026 (Williamson County Regional Raw Water Line Project) (the "Bonds") will accrue from the date of their initial delivery and will be payable March 1 and September 1 of each year, commencing March 1, 2027, and will be calculated on the basis of a 360-day year of twelve 30-day months. Brazos River Authority (the "Authority"), a political subdivision of the State of Texas, intends to utilize the Book-Entry-Only System of The Depository Trust Company ("DTC"), but reserves the right on its behalf or on the behalf of DTC to discontinue the use of such system. The Bonds will be initially issuable to Cede & Co., the nominee of DTC, pursuant to the book-entry-only system described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof within a maturity. **No physical delivery of the Bonds will be made to the purchasers thereof**. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the Bonds. See "THE BONDS – Book-Entry-Only System" herein. The initial Paying Agent/Registrar shall be the UMB Bank, N.A., Dallas, Texas (see "THE BONDS – Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and the general laws of the State of Texas, including the legislation creating and defining the powers of the Authority; Texas Government Code, Chapter 1371, as amended; and a bond resolution (and related covenants agreement) passed by the Board of Directors of the Authority in which the Authority delegated pricing of the Bonds and certain other matters to an "Authorized Officer" who is authorized to approve a "Pricing Certificate" (collectively, the "Resolution"). THE BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY PAYABLE, BOTH AS TO PRINCIPAL AND INTEREST, SOLELY FROM AND SECURED BY PAYMENTS TO BE RECEIVED BY THE AUTHORITY FROM THAT CERTAIN AMENDED AND RESTATED WILLIAMSON COUNTY REGIONAL RAW WATER LINE AGREEMENT (THE "A&R PROJECT AGREEMENT") WITH THE CITIES OF GEORGETOWN AND ROUND ROCK AND BRUSHY CREEK MUNICIPAL UTILITY DISTRICT (THE "PARTICIPANTS"). THE AUTHORITY HAS NOT COVENANTED OR OBLIGATED ITSELF TO PAY THE BONDS FROM MONIES RAISED OR TO BE RAISED FROM TAXATION OR FROM ANY OTHER SOURCE OF FUNDS OF THE AUTHORITY (SEE "THE BONDS - SECURITY FOR BONDS"). THE AUTHORITY HAS NO TAXING POWER.

PROCEEDS . . . Proceeds from the sale of the Bonds will be used to (i) design, construct and acquire facilities for transporting water from Lake Stillhouse Hollow committed to said Participants to Lake Georgetown known as the "Williamson County Regional Raw Water Line Project" for diversion by them for municipal purposes; and (ii) pay issuance costs on the Bonds (see "THE BONDS – Description of the Bonds" herein).

CUSIP PREFIX: 106207
SEE MATURITY SCHEDULE, 9 DIGIT CUSIP AND REDEMPTION PROVISIONS ON THE INSIDE COVER PAGE

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the initial purchaser (the "Purchaser") and subject to the approving opinion of the Attorney General of the State of Texas and of McCall, Parkhurst & Horton L.L.P., Bond Counsel, Dallas, Texas (see APPENDIX C - "Form of Bond Counsel's Opinion").

DELIVERY . . . It is expected that the Bonds will be available for delivery through DTC on or about August 25, 2026.

BIDS DUE ON TUESDAY, JULY 28, 2026, BY 10:00 AM, CENTRAL TIME

* Preliminary, subject to change (see "CONDITIONS OF THE SALE – Post Bid Modification of Principal Amounts" in the NOTICE OF SALE AND BIDDING INSTRUCTIONS).

CUSIP(1): 106207

MATURITY SCHEDULE*

Principal Amount	September 1 Maturity	Interest Rate	Initial Yield	CUSIP (1)
$ 135,000	2027			
140,000	2028			
145,000	2029			
155,000	2030			
160,000	2031			
165,000	2032			
175,000	2033			
180,000	2034			
185,000	2035			
195,000	2036			
205,000	2037			
210,000	2038			
220,000	2039			
230,000	2040			
240,000	2041			
255,000	2042			
265,000	2043			
280,000	2044			
290,000	2045			
305,000	2046			
320,000	2047			
335,000	2048			
350,000	2049			
370,000	2050			
385,000	2051			
405,000	2052			
425,000	2053			
450,000	2054			
470,000	2055			
495,000	2056			

(Accrued interest from date of delivery to be added)

* Preliminary, subject to change (see "CONDITIONS OF THE SALE – Post Bid Modification of Principal Amounts" in the NOTICE OF SALE AND BIDDING INSTRUCTIONS).

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. None of the Authority, the Financial Advisor or the Purchaser shall be responsible for the selection or correctness of the CUSIP numbers shown herein.

OPTIONAL REDEMPTION . . . The Authority reserves the right, at its option, to redeem Bonds having stated maturities on and after September 1, 2037, in whole or from time to time in part in principal amounts of $5,000 or any integral multiple thereof, on September 1, 2036, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS – Optional Redemption").

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document constitutes an OFFICIAL STATEMENT of the Authority with respect to the Bonds that has been deemed "final" by the Authority as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

This Preliminary Official Statement, which includes the cover page, and the Appendices hereto, does not constitute an offer to sell or solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale.

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon.

The information set forth herein has been obtained from the Authority and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not be to construed as the promise or guarantee of the Financial Advisor or the Purchaser. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

The Purchaser has provided the following sentence for inclusion in this Official Statement. The Purchaser has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Purchaser does not guarantee the accuracy or completeness of such information.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE BONDS HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, or other matters described.

TABLE OF CONTENTS

The cover page hereof, this page, the appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

PRELIMINARY OFFICIAL STATEMENT SUMMARY

The selected data on these pages is subject in all respects to the more complete information and definitions contained or incorporated in this Preliminary Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Preliminary Official Statement. No person is authorized to detach these data pages from this Preliminary Official Statement or to otherwise use them without the entire Preliminary Official Statement.

THE ISSUER .... The Brazos River Authority is an agency of the State created in 1929 by the Texas Legislature. It has statutory power and responsibility for developing and conserving the water resources of the entire Brazos River Basin. The River Basin is over 600 miles long, extending from the New Mexico border to the Gulf of Mexico, and includes 42,840 square miles (about 1/6th of the land area of the State), exclusive of associated coastal areas which include an additional 1,382 square miles. It was the first Authority in the United States created to manage the water resources of an entire major river basin.

THE BONDS .... The Bonds are being issued as $8,140,000* Brazos River Authority Contract Revenue Bonds, Series 2026 (Williamson County Regional Raw Water Line Project). The Bonds are issued as serial bonds maturing September 1, 2027 through and including September 1, 2056, unless the Purchaser designates one more consecutive maturities as one or more term bonds (see "THE BONDS – Description of the Bonds").

AUTHORITY FOR ISSUANCE .... The Bonds are issued pursuant to the Constitution and the general laws of the State of Texas, including the legislation creating and defining the powers of the Authority; Texas Government Code, Chapter 1371, as amended; and a bond resolution (and related covenants agreement) passed by the Board of Directors of the Authority in which the Authority delegated pricing of the Bonds and certain other matters to an "Authorized Officer" who is authorized to approve a "Pricing Certificate" (collectively, the "Resolution").

SECURITY FOR THE BONDS .... The Bonds constitute, and are, special obligations of the Authority payable, both as to principal and interest, solely from and secured by payments to be received by the Authority from that certain Amended and Restated Williamson County Regional Raw Water Line Agreement (the "A&R Project Agreement") with the Cities of Georgetown and Round Rock, and Brushy Creek Municipal Utility District (the "Participants"). The Authority has not covenanted or obligated itself to pay the Bonds from monies raised or to be raised from taxation or from any other source of funds of the Authority (see "THE BONDS - Security for Bonds"). The Authority has no taxing power.

OPTIONAL REDEMPTION .... The Authority reserves the right, at its option, to redeem Bonds having stated maturities on and after September 1, 2037, in whole or from time to time in part in principal amounts of $5,000 or any integral multiple thereof, on September 1, 2036, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption maturities (see "THE BONDS – Optional Redemption").

TAX EXEMPTION .... In the opinion of Bond Counsel, interest on the Bonds is excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on certain corporations.

USE OF BOND PROCEEDS .... Proceeds from the sale of the Bonds will be used to (i) design, construct and acquire facilities for transporting water from Lake Stillhouse Hollow committed to said Participants to Lake Georgetown known as the "Williamson County Regional Raw Water Line Project" for diversion by them for municipal purposes; and (ii) pay issuance costs on the Bonds (see "THE BONDS – Description of the Bonds" herein).

RATING .... The Bonds are rated "AA+" by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P").

BOOK-ENTRY-ONLY SYSTEM .... The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC, pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof within a maturity. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS - Book-Entry-Only System").

PAYMENT RECORD .... The Authority has never defaulted in the payment of its bonded indebtedness.

*Preliminary, subject to change.

BRAZOS RIVER AUTHORITY ADMINISTRATION

BOARD OF DIRECTORS

Director	City	Term of Service
Cynthia A. Flores, Presiding Officer	Round Rock	2021-2027
Wesley D. Lloyd, Assistant Presiding Officer	Waco	2025-2031
R. Wayne Wilson, Secretary	Bryan	2023-2029
Thomas Abraham	Sugar Land	2025-2031
Gary Boren	Lubbock	2025-2031
Christine Giese	Brenham	2021-2027
Jennifer “Jen” Henderson	Round Rock	2023-2029
Rick Huber	Granbury	2021-2027
Judy Ann Krohn, Ph.D.	Georgetown	2023-2029
Traci Garrett LaChance	Danbury	2023-2029
Jim Lattimore, Jr.	Graford	2025-2031
Catherine "Cat" Parks	Hamilton	2023-2029
Austin Ruiz, O.D.	Harker Heights	2021-2027
Jarrod D. Smith	Danbury	2023-2029
W. Wintford Taylor, III	Waco	2021-2027
Jerry "Kenny" Weldon, II	Stephenville	2024-2027
Lonnie Key	Lake Jackson	2025-2031
Stephen Luskey	Fort Worth	2025-2031
Jeff Tallas	Sugar Land	2025-2031
Brad Benham	Abilene	2025-2029
Frederick "Fred" Dodd, II	Bryan	2025-2027

ADMINISTRATIVE STAFF

Name	Position
David Collinsworth	General Manager/CEO
Matt Phillips	Deputy General Manager
Michele Giroir	Chief Financial Officer
Brad Brunett	Chief Operations Officer
Lauralee Vallon	General Counsel
Leah Clark	Legislative & Governmental Affairs Manager
Tiffany Malzahn	Chief Environmental Officer
Blake Kettler	Chief Planning Officer
Mike McClendon	Chief Projects Officer
Jon King	Chief Strategic Officer
Luke Collins	Chief Technology Officer
Judi Pierce	Public Information Officer
Aaron Abel	Water Services Manager
Crystal Wilde	Chief Human Resources Officer

CONSULTANTS AND ADVISORS

Auditors .... Baker Tilly US, LLP
Austin, Texas

Bond Counsel .... McCall, Parkhurst & Horton L.L.P.
Dallas, Texas

Financial Advisor .... Specialized Public Finance Inc.
Dallas, Texas

For additional information regarding the Authority, please contact:

Michele Giroir Chief Financial Officer Brazos River Authority 4600 Cobbs Drive Waco, Texas 76710 (254) 761-3100	or	Steven A. Adams, CFA Paul N. Jasin Specialized Public Finance Inc. 4925 Greenville Avenue, Suite 1350 Dallas, Texas 75206 (214) 373-3911

PRELIMINARY OFFICIAL STATEMENT

$8,140,000*
BRAZOS RIVER AUTHORITY
CONTRACT REVENUE BONDS, SERIES 2026
(WILLIAMSON COUNTY REGIONAL RAW WATER LINE PROJECT)

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of $8,140,000* Brazos River Authority Contract Revenue Bonds, Series 2026 (Williamson County Regional Raw Water Line Project) (the "Bonds"). The offering of the Bonds is being made hereby. Potential investors in the Bonds are urged to carefully read this Official Statement for the purpose of assessing an investment in the Bonds. Capitalized terms used in this Official Statement not otherwise defined herein have the same meanings assigned to such terms in the Resolution (defined herein), except as otherwise indicated herein (see "SELECTED PROVISIONS OF THE RESOLUTION").

There follows in this Official Statement descriptions of the Bonds and certain information regarding the Brazos River Authority (the "Authority") and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the Authority's Financial Advisor, Specialized Public Finance Inc., Dallas, Texas.

THE BONDS

PURPOSE . . . Proceeds from the sale of the Bonds will be used to (i) design, construct and acquire facilities for transporting water from Lake Stillhouse Hollow committed to said Participants to Lake Georgetown known as the "Williamson County Regional Raw Water Line Project" for diversion by them for municipal purposes; and (ii) pay issuance costs on the Bonds (see "THE BONDS – Description of the Bonds" herein).

DESCRIPTION OF THE BONDS . . . The Bonds will be dated as of July 15, 2026. The Bonds are stated to mature on September 1 in the years and in the principal amounts set forth on page 2 hereof. The Bonds shall bear interest from the date of their initial delivery on their unpaid principal amounts, and the amount of interest to be paid each payment period shall be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Bonds will be payable on March 1 and September 1 of each year commencing March 1, 2027. Principal and interest will be paid by UMB Bank, N.A., Dallas, Texas (the "Paying Agent/Registrar"). Subject to the requirements associated with the use of the Book-Entry-Only System (see "THE BONDS - Book-Entry-Only System" herein), interest will be paid by check dated as of the interest payment date and mailed first class, postage paid, on or before each interest payment date by the Paying Agent/Registrar to the registered owners appearing on the registration books of the Paying Agent/Registrar on the Record Date (herein defined), or by such other method acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense, of a registered owner. Principal will be paid to the registered owners at maturity or redemption upon presentation and surrender of the Bonds to the Paying Agent/Registrar. If the date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorize to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. The Authority will initially use the Book-Entry Only System of The Depository Trust Company ("DTC"), New York, New York, in regard to the issuance, payment and transfer of the Bonds. Such system will affect the timing and method of payment of the Bonds (see "THE BONDS - Book-Entry-Only System" herein).

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and the general laws of the State of Texas, including the legislation creating and defining the powers of the Authority; Texas Government Code, Chapter 1371, as amended; and a bond resolution (and related covenants agreement) passed by the Board of Directors of the Authority in which the Authority delegated pricing of the Bonds and certain other matters to an "Authorized Officer" who is granted authority to approve a "Pricing Certificate" (collectively, the "Resolution").

SECURITY FOR BONDS . . . The Bonds constitute, and are, special obligations of the Authority payable, both as to principal and interest, solely from and secured by payments to be received by the Authority (the "Net Revenues") pursuant to that certain Amended and Restated Williamson County Regional Raw Water Line Agreement (the "A&R Project Agreement") with the Cities of Georgetown and Round Rock, and Brushy Creek Municipal Utility District and amounts deposited into the funds created by the Resolution, including the Debt Service Fund (see "SELECTED PROVISIONS OF THE RESOLUTION" and "SUMMARY OF A&R PROJECT AGREEMENT"). The Authority has not covenanted or obligated itself to pay the Bonds from monies raised or to be raised from taxation or from any other source of funds of the Authority. The Authority has no taxing power.

*Preliminary, subject to change.

PERFECTION OF SECURITY INTEREST . . . Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the Net Revenues thereto, and such pledge is, therefore, valid, effective and perfected. Should Texas law be amended at any time while the Bonds are outstanding and unpaid, the result of such amendment being that the pledge of the Net Revenues is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, in order to preserve to the registered owners of the Bonds a security interest in such pledge, the Authority has covenanted to take such measures as it determines are reasonable and necessary to enable a filing of a security interest in said pledge to occur.

ADDITIONAL BONDS . . . In the Resolution, the Authority has reserved the right to issue additional parity revenue bonds (herein called "Additional Bonds") in any amounts for the purpose of refunding Outstanding Bonds and Additional Bonds and constructing extensions and improvements to, and acquiring equipment for, the Project, if and when authorized, issued and delivered in accordance with the provisions thereof, will be secured by and made payable equally and ratably on a parity with the Bonds, from a first lien on and pledge of the Net Revenues.

The Resolution provides that the Debt Service Fund established pursuant thereto will secure and be used to pay all Additional Bonds as well as the Bonds, all on a parity. However, each resolution under which Additional Bonds are issued will provide and require that, in addition to the amounts required by the provisions of the Resolution and the provisions of each resolution authorizing Additional Bonds to be deposited to the credit of the Debt Service Fund, the Authority will deposit to the credit of the Debt Service Fund at least such amounts as are required for the payment of all principal of and interest on said Additional Bonds then being issued, as the same come due.

OPTIONAL REDEMPTION . . . The Authority reserves the right, at its option, to redeem Bonds having stated maturities on and after September 1, 2037 in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on September 1, 2036, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the Authority may select the maturities of Bonds to be redeemed.

If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Bonds, the Authority shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN AND ANY OTHER CONDITION TO REDEMPTION SATISFIED, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE BONDS OR ANY PORTION THEREOF CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

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

DEFEASANCE . . . The Resolution provides for the defeasance of the Bonds when the payment of the principal of and premium, if any, on the Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with the Paying Agent/Registrar, or authorized escrow agent, in trust (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable, and thereafter the Authority will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such Defeased Bonds, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. The Resolution provides that "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharges obligations such as the Bonds. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of their acquisition or purchase by the Authority, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date of their acquisition or purchase by the Authority, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The Authority has the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the Authority moneys in excess of the amount required for such defeasance.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Resolution does not contractually limit such investments, registered owners will be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or that for any other Defeasance Security will be maintained at any particular rating category.

Upon defeasance, all rights of the Authority to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the Authority: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Upon making such deposit in the manner described, such defeased Bonds shall no longer be deemed outstanding obligations secured by the Resolution, but will be payable only from the funds and Defeasance Securities deposited in escrow and will not be considered debt of the Authority for purposes of taxation or applying any limitation on the Authority's ability to issue debt or for any other purpose.

AMENDMENTS . . . In the Resolution, the Authority has reserved the right to amend the Resolution without the consent of any holder of the Bonds for the purpose of amending or supplementing the Resolution to (i) impose upon the Authority conditions or restrictions additional to, but not in diminution of, those contained in the Resolution respecting the issuance of Additional Bonds, (ii) undertake covenants additional to but not inconsistent with those contained in the Resolution, or (iii) correct any ambiguity or correct or supplement any inconsistent or defective provision contained in Resolution or any amendatory resolution.

The Resolution further provides that the holders of the Bonds aggregating in principal amount 51% of the outstanding Parity Bonds shall have the right from time to time to approve any amendment not described above to the Resolution if it is deemed necessary or desirable by the Authority; provided, however, that without the consent of 100% of the holders in original principal amount of the then outstanding Parity Bonds, no amendment may be made for the purpose of: (i) making any change in the maturity of the Parity Bonds; (ii) reducing the rate of interest borne by the Parity Bonds; (iii) reducing the amount of the principal payable on the Parity Bonds; (iv) modifying the terms of payment of principal or of interest on the Parity Bonds, or imposing any condition with respect to such payment; or (v) changing the minimum percentage of the principal amount of the Parity Bonds necessary for consent to such amendment; or (vi) affecting the rights of the holders of less than all of the Parity Bonds then outstanding.

BOOK-ENTRY-ONLY SYSTEM . . . This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York ("DTC") while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Preliminary Official Statement. The Authority believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The Authority cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Preliminary Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

The DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between

Direct Participants' accounts. This eliminates the need for physical movement of certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Paying Agent/Registrar. Payments of principal and interest to Direct Participants will be the responsibility of DTC, and reimbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Paying/Agent Registrar. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is UMB Bank, N.A., Dallas, Texas. In the Resolution, the Authority retains the right to replace the Paying Agent/Registrar. The Authority covenants to maintain and provide a Paying Agent/Registrar at all times while the Bonds are outstanding and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the Authority agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. A Bond may be assigned by the execution of an assignment form on the Bond or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bond being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Bonds surrendered for exchange or transfer. See "THE BONDS - Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds.

RECORD DATE FOR INTEREST PAYMENT . . . The record date ("Record Date") for the interest payable on any interest payment date means the close of business on the 15th calendar day of the preceding month.

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

DEFEASANCE OF BONDS . . . In the Resolution, the Authority has reserved the right to defease the Bonds and thereby release the lien established by the Resolution with respect to the Net Revenues by funding an escrow account that is dedicated to the payment of the Bonds. See "SELECTED PROVISIONS OF THE RESOLUTION – ARTICLE XII; DEFEASANCE."

AMENDMENTS TO THE RESOLUTION . . . In the Resolution, the Authority has reserved the right to amend and supplement the Resolution under certain conditions. Amendments for certain purposes are prohibited unless the Authority has obtained the consent of certain percentages of the Bondholders of the applicable series of the Bonds. See "SELECTED PROVISIONS OF THE RESOLUTION" – ARTICLE IX; AMENDMENTS."

BONDHOLDERS' REMEDIES . . . The Resolution recognizes events of default with respect to the Bonds. If the Authority defaults in the payment of the principal of or interest on the Bonds when due or the Authority defaults in the observance or performance of any of the covenants, conditions, or obligations of the Authority, the failure to perform which materially, adversely affects the rights of the owners, including but not limited to, their prospect or ability to be repaid in accordance with the Resolution, the Resolution provides that registered owners owning not less than 25% of the Bonds are entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the Authority to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Bonds, and if the Resolution and the Authority's obligations thereunder are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. All legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. On June 30, 2006, the Texas Supreme Court ruled in Tooke v. City of Mexia, 197 S.W. 3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the Authority's sovereign immunity from a suit for money damages, holders of the Bonds may not be able to bring such a suit against the Authority for breach of the Bonds or covenants in the Resolution in the absence of Authority action. Chapter 1371, Texas Government Code ("Chapter 1371"), which pertains to the issuance of public securities by issuers such as the Authority, permits the Authority to waive sovereign immunity in the proceedings authorizing its bonds, but in connection with the issuance of the Bonds, the Authority has not waived sovereign immunity. Even if a judgment against the Authority could be obtained, it could not be enforced by direct levy and execution against the Authority's property. Further, the registered owners cannot themselves foreclose on property within the Authority or sell property within the Authority to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. Furthermore, the Authority is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, such as the Net Revenues, such provision is subject to judicial discretion. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bondholders of an entity which has sought protection under Chapter 9. Therefore, should the Authority avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bonds are qualified with respect to the customary rights of debtors relative to their creditors, by principles of governmental immunity, and by principles of equity that permit the exercise of judicial discretion. The Bonds are payable solely from Net Revenues derived from the A&R Project Agreement and the Authority's obligation to pay the Bonds is limited entirely to such sources. Any remedies regarding the payment of the Bonds would ultimately be limited to the same sources.

SOURCES AND USES OF FUNDS. . . The proceeds from the sale of the Bonds will be used approximately as follows:

SOURCES OF FUNDS:		
Par Amount of Bonds	$	-
Net Reoffering Premium		-
Total Sources of Funds	$	-
USES OF FUNDS:		
Deposit to Construction Fund	$	-
Costs of Issuance		-
Rounding Amount		-
Total Uses of Funds	$	-

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WILLIAMSON COUNTY REGIONAL RAW WATER LINE
(THE "PROJECT")

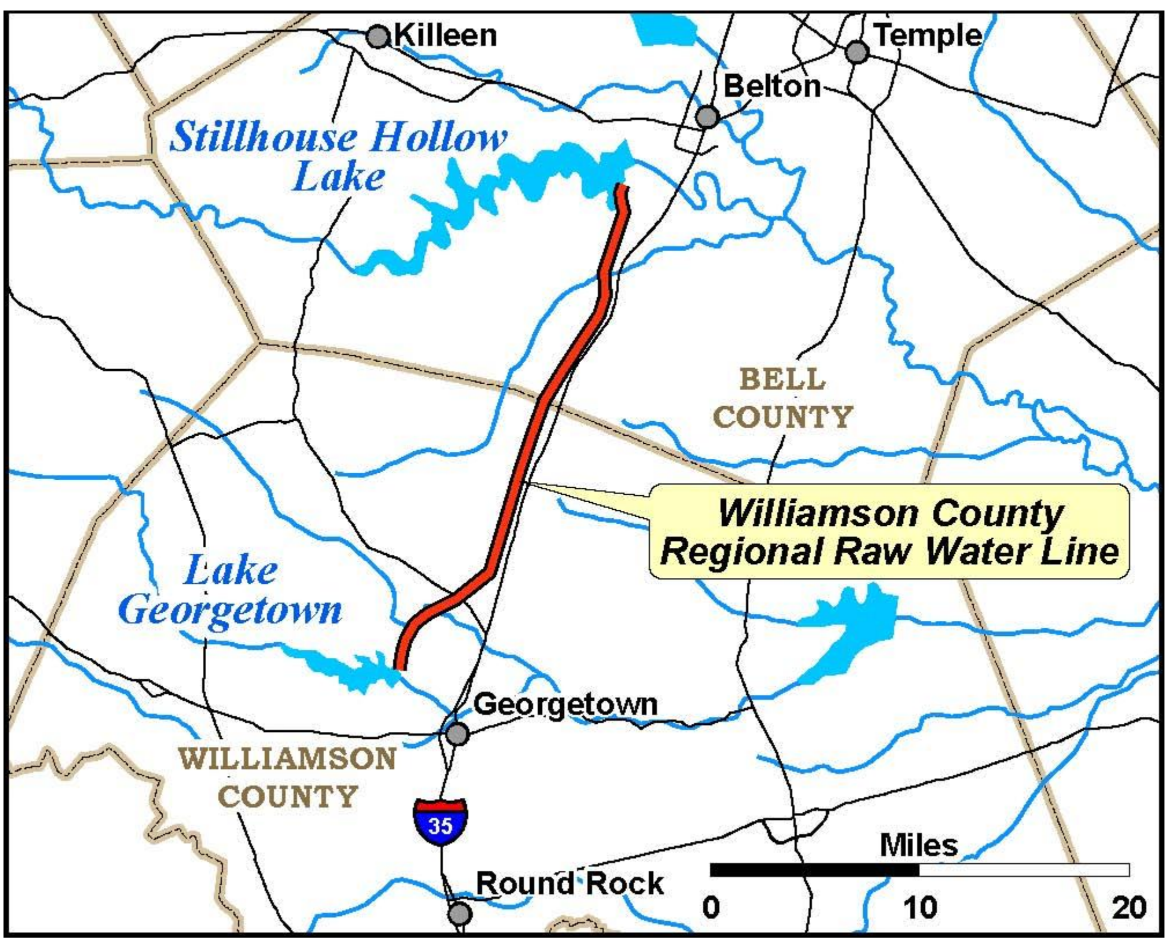
SUMMARY . . . The Authority operates and manages the Project, a 28-mile long, 48-inch diameter transmission pipeline which delivers raw water from an intake structure on Lake Stillhouse Hollow to an outlet works at Lake Georgetown for use by the Participants. A map showing the location of the Project is shown below. The Project is vital for maintaining adequate water supply in Lake Georgetown for the Participants. Currently, the Project intake has two-1,250 horsepower (HP) pumps and two-2,500 HP pumps that can transfer approximately 43 million gallons per day (mgd) under the maximum pumping scenario. The Bond funds will be used to pay the engineering and design costs of the "Phase III Pump Project", which consists of the construction and installation of four new 3,000 HP pumps to replace the four existing pumps and will increase the pumping capacity to approximately 56 mgd in order to meet the Participants' future demands, and which is expected to meet the ultimate design capacity of the Project. The Authority anticipates issuing Additional Bonds in future years to finance the construction of the Phase III Pump Project. See "SUMMARY OF A&R PROJECT AGREEMENT" herein.

The Project is a critical piece of infrastructure for meeting the needs of the Participants. Annual contracted water volumes and corresponding pipeline capacity for the Participants are presently as follows:

- City of Georgetown, 38,987 acre-feet (acft);
- City of Round Rock, 18,134 acft;
- Brushy Creek Municipal Utility District, 4,000 acft;

Collectively, these amounts total to 61,121 acft annually and equal a conveyance capacity of approximately 55 mgd. Current summer peak day demands on Lake Georgetown regularly exceed 60 mgd. Without the Project delivering raw water from Lake Stillhouse Hollow, Lake Georgetown would be unable to meet the annual water demands of the Participants. Additionally, the Authority has no remaining water supply available for sale in either Lake Stillhouse Hollow or Lake Georgetown, and the City of Georgetown has entered into a contract with the Authority to purchase additional raw water that may be diverted from Lake Belton, which would be delivered to Lake Stillhouse Hollow by another raw water pipeline to be constructed in the future. Such future pipeline will not be funded by the issuance of contract revenue bonds secured by the A&R Project Agreement.

WILLIAMSON COUNTY REGIONAL RAW WATER LINE MAP



DEBT INFORMATION

TABLE 1 – PRO-FORMA DEBT SERVICE REQUIREMENTS

Year Ending 8/31	The Outstanding Debt Principal	The Outstanding Debt Interest	The Outstanding Debt Total	The Bonds(1) Principal	The Bonds(1) Interest	The Bonds(1) Total	Total Debt Service Requirements	% of Principal Retired
2026	$ 2,455,000	$ 535,650	$ 2,990,650	$ -	$ -	$ -	$ 2,990,650	
2027	2,540,000	449,650	2,989,650	-	191,970	191,970	3,181,620	
2028	2,610,000	348,150	2,958,150	135,000	372,809	507,809	3,465,959	
2029	2,700,000	256,200	2,956,200	140,000	367,225	507,225	3,463,425	
2030	2,785,000	173,925	2,958,925	145,000	361,525	506,525	3,465,450	52.70%
2031	2,865,000	89,175	2,954,175	155,000	355,525	510,525	3,464,700	
2032	1,395,000	25,275	1,420,275	160,000	349,225	509,225	1,929,500	
2033	145,000	2,175	147,175	165,000	342,725	507,725	654,900	
2034	-	-	-	175,000	335,925	510,925	510,925	
2035	-	-	-	180,000	328,825	508,825	508,825	73.14%
2036	-	-	-	185,000	321,525	506,525	506,525	
2037	-	-	-	195,000	313,925	508,925	508,925	
2038	-	-	-	205,000	305,669	510,669	510,669	
2039	-	-	-	210,000	296,588	506,588	506,588	
2040	-	-	-	220,000	286,913	506,913	506,913	77.10%
2041	-	-	-	230,000	276,788	506,788	506,788	
2042	-	-	-	240,000	266,213	506,213	506,213	
2043	-	-	-	255,000	255,075	510,075	510,075	
2044	-	-	-	265,000	243,375	508,375	508,375	
2045	-	-	-	280,000	230,763	510,763	510,763	82.06%
2046	-	-	-	290,000	217,225	507,225	507,225	
2047	-	-	-	305,000	203,094	508,094	508,094	
2048	-	-	-	320,000	188,250	508,250	508,250	
2049	-	-	-	335,000	172,694	507,694	507,694	
2050	-	-	-	350,000	156,425	506,425	506,425	88.30%
2051	-	-	-	370,000	139,325	509,325	509,325	
2052	-	-	-	385,000	121,394	506,394	506,394	
2053	-	-	-	405,000	102,125	507,125	507,125	
2054	-	-	-	425,000	81,375	506,375	506,375	
2055	-	-	-	450,000	59,500	509,500	509,500	96.24%
2056	-	-	-	470,000	36,500	506,500	506,500	
2057	-	-	-	495,000	12,375	507,375	507,375	100.00%
	$ 17,495,000	$ 1,880,200	$ 19,375,200	$ 8,140,000	$ 7,292,867	$ 15,432,867	$ 34,808,067	

(1) Interest on the Bonds has been calculated as of the posted date of the Preliminary Official Statement for purposes of illustration. Preliminary, subject to change.

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SUMMARY OF A&R PROJECT AGREEMENT

The following summary is qualified in its entirety by the discussion immediately below and by reference to the full text of such agreements, copies of which may be obtained from the Authority.

On June 30, 1986 the Authority entered into a "Williamson County Regional Raw Water Line Agreement" under which the City of Georgetown, the City of Round Rock each became a Participant regarding the Project. Brushy Creek Municipal Utility District became a Participant on October 1, 1998 pursuant to a "Participation Agreement with respect to Williamson County Raw Water Line".

In August 2020, the various agreements among the parties were amended, superseded, and consolidated into a new "Amended and Restated Williamson County Regional Raw Water Line Agreement (the "A&R Project Agreement"). Under the terms of the A&R Project Agreement, each of the Participants agrees to pay the Authority a "Monthly Charge" which includes each Participant's respective share of the "Debt Service" for the "Project", a defined term that means the same facilities being financed or refinanced with the proceeds of the Bonds. "Debt Service" includes the amount due to the holders of the Bonds, or to be paid into any reserve fund or sinking fund for the Bonds. The Participants also agreed to pay their respective shares of Maintenance and Operation Expenses for the Project, to fund a Repair and Replacement Fund for the Project, and to pay a management fee to the Authority.

The amounts of available water and the proportionate obligations of each Participant have changed, and may continue to change, depending on agreements between the Participants and the Authority. In every event, the Participants are obligated for the total 100% of Debt Service charges. The current percentages agreed upon by the Participants and the Authority are as follows:

(a)	City of Georgetown	63.79%
(b)	City of Round Rock	29.67%
(c)	Brushy Creek Municipal Utility District	6.54%

The obligations of the Participants to make their respective shares of the Debt Service payments are several and not joint and several, meaning that each Participant is liable to pay its own share but not the share of the other Participants. However, under the terms of the A&R Project Agreement, should any Participant become bankrupt or otherwise financially unable to pay its allocated portion of the Debt Service charges, the amount due from such bankrupt or otherwise financially unable Participant shall be allocated among the other Participants and paid by them pro rata on the basis of the part of the Debt Service allocated to each Participant. The A&R Project Agreement further requires the Authority to terminate the rights of a non-paying Participant to use the Project once its share is reallocated.

The payment obligations of each Participant are not payable from taxes meaning that they can be paid solely from the revenues of such Participant's water utility system. The obligation of each Participant to make such payments from its utility system is treated as an operating expense of such Participant, meaning that the Participant's obligation to pay its share of the Debt Service payments to the Authority takes priority over the Participant's obligation to pay the debt service on its own outstanding indebtedness. Each Participant covenants to set rates sufficient to allow it to make its share of the Debt Service payments due to the Authority.

The obligation to make such payments is not conditioned upon whether such Participant receives water available to it from Lake Stillhouse Hollow as a result of operation of the Project.

The A&R Project Agreement continues in force and effect for so long as any Parity Bonds or bonds issued to refund the same are outstanding and unpaid. Upon termination of the A&R Project Agreement, all lands and personal property constituting a part of Project will be considered as having been purchased by the Participants and thereafter will be owned by the Participants as tenants-in-common.

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SELECTED PROVISIONS OF THE A&R PROJECT AGREEMENT

Following is a summary of certain material provisions of the A&R Project Agreement. Reference is hereby made to the full and complete A&R Project Agreement for further information, copies of which are available upon request from the Financial Advisor.

2. DEFINITIONS.

(a) "Additional Participants" means Participants other than those who are parties to this Agreement.

(b) "Agreement" means this Amended and Restated Williamson County Regional Raw Water Line Agreement, made by and among the Authority and each of the Participants.

(c) "Authority" means Brazos River Authority, a river authority established by a statute enacted by the Legislature of the State of Texas.

(d) "Board" means the Authority's Board of Directors.

(e) "Bonds" means revenue bonds or other obligations (whether one or more issues) issued by Authority to obtain funds for use in the design, construction, expansion, improvement, completion, repair, replacement and/or acquisition of Project or any undivided interest therein or to obtain funds for use in reimbursement of expenditures theretofore made by it for design and/or construction of Project or issued by Authority and delivered to TWDB in payment for undivided interests in Project acquired from TWDB, and bonds or other obligations issued for the purpose of refunding Bonds previously issued or obligations previously incurred for such purposes.

(f) "Bond Resolution" means any resolution of Board authorizing the issuance of Bonds and providing for their security and payment, as such resolution(s) may be amended from time to time as therein permitted.

(g) "Brushy Creek" means Brushy Creek Municipal Utility District, a municipal utility district established under the laws of Texas and operating pursuant to Chapters 49 and 54 of the Texas Water Code, as amended.

(h) "Capital Cost" means all sums of money which are required by the terms of a Bond Resolution to be paid to or on behalf of holders of Bonds or other obligations or to be paid into any reserve fund or sinking fund established by a Bond Resolution or which are required or permitted by the terms of any agreement between Authority and TWDB to be paid by Authority to TWDB as interest on or principal of amounts owing by Authority to TWDB on account of expenditures made by TWDB for acquisition of undivided interests in Project or as rental for use of any undivided interest therein owned by TWDB or as consideration for or on account of the acquisition by Authority of any undivided interest or interests in Project at any time owned by TWDB.

(i) "Copper Ion Generator Project" means the planning, engineering, design, acquisition of equipment, construction, and installation of a copper ion generator at the Project's water intake structure on Lake Stillhouse Hollow.

(j) "Corps" means the United States Army Corps of Engineers.

(k) "Debt Service" means the amounts of money required to pay Capital Costs plus fees, charges and cost such as those of paying agents, registrars and trustees which are incurred incident to the handling and servicing of Bonds or other obligations.

(l) "Financial Advisor" shall mean Specialized Public Finance Inc., Authority's financial advisor or its successor.

(m) "First Construction Issue" shall mean the first issue of Bonds made after April 17, 2000.

(n) "Fiscal Year" means the fiscal year of Authority, which is September 1 through August 31.

(o) "Future Improvement Project" shall have the meaning assigned said term in Section 11 hereof.

(p) "Georgetown" means the City of Georgetown, Williamson County, Texas.

(q) "Lake Georgetown" means Lake Georgetown constructed by the Corps on the North San Gabriel River in Williamson County, Texas.

(r) "Lake Stillhouse Hollow" means Lake Stillhouse Hollow constructed by the Corps on the Lampasas River in Bell County, Texas.

(s) "Maintenance and Operation Expense" means all costs of repairs and replacements of Project for which no special fund is created and all costs of maintenance and operation of Project including (for greater certainty but without limiting the generality of the foregoing) supervision, engineering, accounting, auditing and payments made by Authority in satisfaction of judgements resulting from claims not covered by Authority's insurance, legal expense, energy costs and any other labor, supplies, insurance, services and equipment necessary for the proper operation of the Project plus any additional direct cost(s) or expense(s) which may be imposed on Authority in connection with the fulfillment of its obligations under this Agreement by taxation or as the result of regulations or requirements lawfully imposed by the State of Texas, the United States or any state or federal agency subsequent to the execution of this Agreement plus an amount determined annually by Authority's certified public accountants to be appropriate to cover Authority's expenses of supervision and administration attributable to the obligation under this Agreement and an appropriate part of its unallocated general and administration expense. In making such determination, Authority's accountants shall utilize generally accepted accounting principles to allocate a percentage of unallocated expenses which is generally equivalent to the percentage of expenses incurred by Authority under this Agreement as compared to the overall expenses of Authority.

(t) "Monthly Charges" means the amount of the charge to be made monthly to Authority by each Participant for the services to be provided by Authority under this Agreement.

(u) "Participants" means Georgetown, Round Rock and Brushy Creek and parties who may become Additional Participants under the provisions of Paragraph 9, below.

(v) "Project" means the Williamson County Regional Raw Water Line, consisting of the facilities initially constructed to transport raw water from Lake Stillhouse Hollow to Lake Georgetown, as such facilities have been augmented by the Phase II Pump Project (as such term is defined in Amendment No. 4 to the Original Agreement), and as such facilities may be further augmented by any Future Improvement Project including the Phase III Pump Project and the Copper Ion Generator Project.

(w) "Repair and Replacement Fund" means the fund established by the Authority, the monies from which will be used for major repairs and replacements to the Project, for extraordinary or non-recurring expenses not budgeted as Maintenance and Operation Expense and for Maintenance and Operations Expenses in excess of the amounts budgeted.

(x) "Repair and Replacement Repayment" means the portion of the Monthly Charge required or necessary during such month to replenish and maintain the Repair and Replacement Fund.

(y) "Round Rock" means the City of Round Rock, Williamson County, Texas.

(z) "Stillhouse Supply Agreements" means the contracts for water supplied by the Authority from the Brazos River Authority water supply system which will be diverted from Lake Stillhouse Hollow and transported through the Project. The parties hereto acknowledge that the Authority may supply water under the Stillhouse Supply Agreements from multiple and varied Brazos River Authority water supply sources.

(aa) "TWDB" means Texas Water Development Board, an agency of the State of Texas, created pursuant to Article 3, Section 49-c of the Texas Constitution and operating according to Chapters 6, 15-17 of the Texas Water Code.

(bb) "Phase III Pump Project" means the planning, engineering, design, acquisition, equipment, construction, and installation of pumps to meet the ultimate design capacity of the intake structure on Lake Stillhouse Hollow, any associated appurtenances necessary to operate and maintain such pumps, any necessary structural improvements to the intake structure, and any other activities or purchases requested by the Participants to insure continued operations of the Project, including, but not limited to, spare parts for existing pumps or additional backup pumps.

3. OPERATION OF PROJECT. Authority agrees that Authority shall operate the Project to deliver water agreed to be made available from Lake Stillhouse Hollow under Stillhouse Supply Agreements to Lake Georgetown and will make such water available to Participants for diversion from Lake Georgetown.

4. BONDS. The Authority may issue additional Bonds from time to time as necessary to maintain and improve the Project. From the proceeds of Bonds issued to obtain funds for the initial construction of the Project, Authority has established a Repair and Replacement Fund in the amount of $500,000.00. The Bond Resolution providing for the issuance of such Additional Bonds may provide that such funds may be used for any Project-related purpose at the sole discretion of the Board. Upon final payment of all Bonds, the funds in the Repair and Replacement Fund shall be used for Project capital repair and replacement costs, to be replenished according to the requirements set forth elsewhere in this Agreement.

5. PAYMENT. (a) Each Participant shall pay to Authority a Monthly Charge each month during the term of this Agreement. The Monthly Charges to be paid by all Participants shall be the total of the amounts necessary to pay Debt Service, Maintenance and Operation Expenses and any Repair and Replacement Repayment payable during such month, plus a management fee described in subparagraph 5(e), below as compensation to Authority for managing the Project for the benefit of the Participants.

(b) (i) The Debt Service part of the Monthly Charge paid by each Participant each month shall be an amount which, when multiplied by the number of months between the dates on which the last and the next installments of Debt Service are payable by Authority, will result in a product which shall be 1/6 of the Participant's share of the next scheduled semi-annual Debt Service payments or the Participant's share of 1/12 pf the next annual Debt Service payments, adjusted for any excess/shortage in the Debt Service Fund from the previous year. Such amount shall be sufficient to produce the Participant's share of the amount of money which will be needed by Authority to pay the next installment of Debt Service when due.

(ii) Except as hereinafter provided, each Participant's share of the Debt Service part of the Monthly Charge for each month shall be a percentage of the total Debt Service part of all Monthly Charges for such month based on the percentage of the total amounts of water available to all Participants under Stillhouse Supply Agreements that is available to such Participant. The amounts of water available to each Participant each year and the percentages which the individual amounts represent of the total available under the Stillhouse Supply Agreements are as set forth in the following table:

PARTICIPANT	WATER (acre-feet per year)	PERCENTAGES (%)
Georgetown	38,987	63.79
Round Rock	18,134	29.67
Brushy Creek	4,000	6.54
Total	61,122	100.00

(c) The Board shall on or before July 31 of each year prepare a budget in which it estimates the amount of Maintenance and Operation Expense to be incurred during the next following Fiscal Year. The monthly Maintenance and Operation Expense part of the Monthly Charges for each Fiscal Year shall be that amount of money which, when multiplied by 12, shall equal the amount of Maintenance and Operation Expense budgeted by the Board for such Fiscal Year, adjusted upward or downward for any deviation in the amount of Maintenance and Operation Expense actually incurred in the preceding Fiscal Year over or under the amount budgeted by Board. The Maintenance and Operation Expense will be allocated among Participants on the basis of the amount of water, expressed in acre-feet, withdrawn by each Participant from Lake Georgetown pursuant to the Stillhouse Supply Agreements during the preceding twelve (12) month period ending June 30.

(d) The Repair and Replacement Repayment part of the Monthly Charge shall be payable only when expenditures from the Repair and Replacement Fund shall have reduced the amount of money in that fund below $500,000.00. Each expenditure from the Repair and Replacement Fund shall be paid back into the Repair and Replacement Fund in not more than thirty-six (36) equal monthly payments, starting with the beginning of the Fiscal Year after such expenditure is made. The Repair and Replacement Repayment part of the Monthly Charge during any Fiscal Year shall be the sum of the monthly payments into the Repair and Replacement Fund required during such Fiscal Year pursuant to the provisions of the sentence next preceding. The Repair and Replacement Repayment part of the Monthly Charge shall be allocated among Participants on the same basis as the Debt Service is allocated under the provisions of subparagraph (b) above.

(e) Each Participant shall pay a portion of the total management fee due to Authority in each month in which such Participant is obligated to pay a Monthly Charge. The amount of the management fee payable by a Participant in any month in which such Participant is obligated to pay a management fee shall be equal to five one-hundredths (0.05) of the amounts such Participant is obligated to pay in such month to pay its share of Maintenance and Operation Expense, plus five one-thousandths (0.005) of the sum of the amounts such Participant is obligated to pay in such month to pay its share of Debt Service and Repair and Replacement Payment.

(f) The Monthly Charge for any month shall be payable on or before the 15th day of each month (the "due date").

(g) The Monthly Charge shall be payable at the central office of the Authority, Waco, McLennan County, Texas.

(h) Each Monthly Charge not paid before the due date shall bear interest at the lesser of the highest lawful rate or 18% per annum from the due date until the date paid.

(i) On or before each July 31 while this Agreement remains in force, Authority shall certify to each Participant the amount of its Monthly Charge for the next succeeding Fiscal Year.

6. INVESTMENT OF FUNDS. Pending expenditure, all proceeds of Bonds, including sums on deposit in funds required to be established under the terms of a Bond Resolution, shall be kept invested in revenue producing investments which Authority is permitted by law to make, with the objective of producing the maximum revenue which can be produced without impairing the exemption of interest on Bonds from federal income tax or the availability of such funds for expenditure by Authority as needed in the fulfillment of its obligations hereunder. The earnings on such investments shall be used to pay Debt Service and reduce the Debt Service part of the Monthly Charges to the Participants, except that to the extent necessary, such earnings may be used to complete construction of the improvement project, or phase or component thereof, for which the respective series of Bonds was issued.

8. PROJECTION INFORMATION. On or before November 1 of each year during which Project is being operated by Authority on such date, each Participant shall supply to Authority a written estimate of the amounts and times of withdrawals from Project and/or Lake Georgetown which it anticipates that it will make or request during the calendar year beginning on the next following January 1.

9. ADDITIONAL PARTICIPANTS. Authority may allow parties other than those who are listed as Participants under this Agreement to become Participants provided that service to be made available to such Additional Participants shall not interfere with or diminish Authority's ability to fulfill its obligations under this Agreement to the Participants which are parties to this Agreement and provided further that the provision of service to such Additional Participants shall not cause the Monthly Charges to any Participant which is a party to this Agreement at any time while this Agreement remains in force to be greater than it would have been if service to such Additional Participants had not been provided. In the event that Authority does provide service to Additional Participants, the Maintenance and Operation Expense part of the Monthly Charge and the Repair and Replacement Repayment part of the Monthly Charge becoming payable after service to such Additional Participants begin, shall be allocated as if the Additional Participants had been Participants under this Agreement. The Debt Service part of the Monthly Charge shall be allocated as if the Additional Participants had been Participants under this Agreement and as if the water supplied to them were being supplied under the Stillhouse Supply Agreements, with the amounts of water to be supplied and the percentages set forth in the table contained in subparagraph 5(b), above, being appropriately adjusted. The foregoing provisions with reference to allocations after service to such Additional Participants shall be modified during the initial years of service to such Additional Participants in order to prevent injustice to the Participants resulting from the fact of their payments of Debt Service part of the Monthly Charges for the period during which such Additional Participants shall not have participated in the payment of the Debt Service (if this shall occur) will have created the then present ability of Authority to provide service to the Additional Participants from the Project. The modification will be as follows:

(a) Each Additional Participant shall pay to Authority a sum of money, hereinafter called "Equity Payment", plus interest on the unpaid balance of such sum from the date on which such Additional Participant and Authority enter into a contract providing that Authority will supply service from Project to such Additional Participant, with the amount of the Equity Payment in each case to be determined by the Board, in its sole discretion, as being appropriate to prevent injustice to Participants.

(b) The Equity Payment and interest thereon shall be payable in not more than sixty (60) consecutive monthly installments, the first such installment to be payable with the first Monthly Charge required to be paid by such Additional Participant and with one additional installment to be payable with the payment of each Monthly Charge which thereafter becomes payable by such Additional Participant, until paid in full. The amount of each installment shall be:

(i) A fraction of the Equity Payment, the numerator of which shall be one and the denominator shall be the number of months over which the Equity Payment is to be amortized; plus
(ii) Accrued interest on the Equity Payment.

(c) During each Fiscal Year in which there remains an unpaid balance of Equity Payment, interest shall be payable on the unpaid balance at the rate of the lessor of:

(i) The base rate of interest, whether charged or not, established by TexPool, or any successor thereto, on June 1 of the Fiscal Year preceding the fiscal year during which such rate is payable, plus two percent (2.00%) per annum; or
(ii) The highest lawful rate.

(d) On or before August 1 of each year immediately preceding September 1 on which a Fiscal Year during which an Additional Participant shall be required to make Equity Payments shall begin, Authority shall notify such Additional Participant of the interest rate to be payable during such Fiscal Year on the unpaid balance of the Equity Payment and the amount of each installment which such Additional Participant shall be required to pay against the Equity Payment during such Fiscal Year.

(e) Equity Payments received by Authority shall be applied as received to reduce pro rata the next subsequent Debt Service part of the Monthly Charge allocable to each Participant based on each Participant's pro rata share of the Debt Service part of the Monthly Charge.

10. GENERAL PROVISIONS.

(a) The term of this Agreement shall continue in force and effect for so long as any Bonds or bonds issued to refund same are outstanding and unpaid. The term of this Agreement having expired, upon cessation of use of Project by all Participants, all lands and personal property constituting a part of Project shall be considered as having been purchased by the Participants by payments made hereunder, and thereafter shall be owned by Participants as tenants-in-common with their respective interest to be in proportion to their obligations to make payments with respect to Debt Service under Paragraph 5, above.

(c) It is recognized by the parties that payments made to Authority by Participants hereunder shall be the only resource of Authority for the payment of Maintenance and Operation Expense and Debt Service. It is further recognized that in order for Authority to be able to sell Bonds most advantageously, it is necessary that prospective purchasers of Bonds have assurance that each Participant is unconditionally obligated to pay its allocated part of the Debt Service. Therefore, it is agreed by each Participant that it will pay its allocated share of the Debt Service part of the Monthly Charges required under Subparagraph 5(b), above, whether or not it ever receives or continues to receive water available to it from the Authority water supply system at Lake Stillhouse Hollow under the Stillhouse Supply Agreements in Lake Georgetown as a result of operation of the Project. Further, each Participant agrees that should any Participant become bankrupt or otherwise financially unable to pay its allocated portion of the Debt Service Charges, the amount due from such bankrupt or otherwise financially unable Participant shall be allocated among the other Participants and paid by them pro rata on the basis of the part of the Debt Service part of the Monthly Charge allocated to each Participant under the provisions of subparagraph 5, above.

(d) This agreement shall be subject to all valid rules or regulations and laws applicable hereto passed or promulgated by the United States of America, the State of Texas or any governmental body or agency having lawful jurisdiction or any authorized representative or agency of any of them. Any tax or fee required to be paid by Authority on account of ownership or operation of Project shall be considered a part of Maintenance and Operation Expense.

(e) Authority shall not have the right to demand payment by any Participant of any obligation undertaken by or imposed upon any of them by virtue of this Agreement from funds raised or to be raised by taxation. The obligation of each Participant under this Agreement shall never be construed to be a debt of any of such kind as to require any such Participant under the Constitution and laws of the State of Texas to levy or collect a tax to discharge such obligation. Payments due by each Participant shall be made from the revenues of its water system. Each of such Participants represents and covenants to Authority that all payments to be made hereunder by it shall constitute "operating expenses" of its water system as authorized by statute. Each Participant further represents that the services to be provided by Project are absolutely necessary and essential to the present and future operation of its water distribution system and that Project constitutes the only reasonable method for obtaining the ability to transport water from Lake Stillhouse Hollow to Lake Georgetown and, accordingly, all payments required by this Agreement to be made by Participant shall constitute reasonable and necessary operating expenses of each Participant's water distribution system, with the effect that the obligation to make such payments from revenues of Participant's water distribution system shall have priority over any obligation to make any payments from such revenues of principal, interest, or otherwise, with respect to all bonds or other obligations hereafter issued by Participant, except any other contract under which Participant is required to make payments which constitute operation and maintenance expenses of Participant. Participant may not obtain the services or facilities project under this Agreement to transport water from Lake Stillhouse Hollow to Lake Georgetown from any other source than Authority without Authority's advance written consent.

(f) Each Participant agrees to fix and collect such rates and charges for water supplied through its water distribution system as will make possible the prompt payment of all expenses of operating and maintaining its water distribution system, including all monetary obligations to Authority incurred hereunder, and the prompt payment of the principal of and interest on its obligations payable from the revenues of its water distribution system.

(g) If by reason of force majeure, any party hereto shall be rendered unable, wholly or in part to carry out its obligations under this Agreement, then such party shall give notice and full particulars of such force majeure in writing to Authority if such party is a Participant or to each Participant if such party is Authority within reasonable time after occurrence of the event or cause relied on, and the obligations of the party giving such notice, insofar as they are affected by such force majeure, shall be suspended during the continuance of the inability thus claimed, but for no longer period, and any such party 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, lockouts, or other industrial disturbances, acts of public enemy, orders of any kind of the government of the United States or the State of Texas, or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraints by government, civil disturbances, explosions, breakages, or accidents to machinery, pipelines, pumps or other facilities, partial or entire failure of water supply or any other cause beyond the reasonable control of such party. It is understood and agreed that the settlement of strikes and lockouts 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 settlement of strikes and lockouts by acceding to demands of the opposing party or parties when such settlement is unfavorable to it in the judgment of the party having the difficulty. The provisions of this Subparagraph 16(g) notwithstanding force majeure shall not relieve any Participant of its obligations to make any payments to Authority as its share of the Debt Service as required under the provisions of subparagraph 5(a), above.

(h) Authority shall maintain financial records respecting its construction and operation of Project in accordance with the procedures used by it in maintaining records of its affairs which are audited annually by its certified public accountants. All such records and Authority's annual statement shall be available for inspection by any Participant at any reasonable time during business hours. Each Participant shall submit to Authority or its designee an annual audit of its affairs prepared by an independent certified public accountant or an independent firm of certified public accountants.

(i) Authority agrees that while this Agreement remains in force it will, for the purpose of assuring proper maintenance, operation, repair and replacement of Project from time to time, employ an independent engineer or engineering firm or corporation having favorable repute for skill and experience in such work and will, at all appropriate times, cause such consulting engineer to submit and give necessary or desirable advice and recommendations concerning operations, renewals, replacements, extensions, betterments, and improvements of the Project to the end that the Project shall be operated and maintained in the most efficient and satisfactory manner. Further, Authority shall cause the consulting engineer to make in writing a full survey, review and report of the physical condition of Project once every five (5) years, commencing five (5) years from the date when the Project becomes operational. A copy of such survey, review and report shall be available to any Participant at any reasonable time during business hours. Authority further agrees that it will cause such consulting engineer to include as part of the above report, such engineer's recommendations and advice as to the proper maintenance, repair and operation of the Project, including findings as to whether or not properties of the Project have been maintained in good repair and sound operating condition; the extension, improvements, renewals and replacements which should be made during the ensuing five (5) years; and the amounts and types of insurance which should be carried by Authority on the Project.

(j) In event of default by any Participant in making payments required of Participant under this Agreement, Authority may, at its option, terminate this Agreement and Stillhouse Supply Agreements with such Participant or it may recover amounts agreed to be paid by such Participant by appropriate legal action. Should other Participants be required to make increased payments to Authority pursuant to Subparagraph 16(c), above, on account of failure of defaulting Participant to make payments to Authority, Authority shall exercise the options to cancel provided in the preceding sentence. In the event of exercise by Authority of such options to cancel, the rights of the Participant with respect to which such options are exercised shall be made available to the other Participants who are willing to assumed the obligations of the cancelled Participant under this Agreement and under Stillhouse Supply Agreements pro rata on the basis of the percentages of total water available to each under Subparagraph 5(a), above.

(k) Any waiver at any time by any party of its rights with respect to default under this Agreement or with respect to any other matter arising in connection with this Agreement shall not be deemed the waiver with respect to any subsequent default or matter.

(l) Nothing contained in this Agreement shall be construed in any manner to abridge, limit or deprive any party hereto of any means which it would otherwise have of enforcing any remedy, in law or in equity, for breach of any of the provisions hereof, provided, however, that this provision shall not be deemed to eliminate or diminish the right of any party to arbitration and to enforcement of arbitration awards under subparagraph (h), above.

(m) This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the respective parties hereto, provided, however, that no assignment shall have the effect of relieving the party making such assignment of any liability hereunder. All assignments are subject to Authority approval, which approval shall not be unreasonably withheld.

(n) As between Authority on the one hand and each Participant on the other, each shall protect and save the other harmless from any loss or damage to persons or property occasioned on its own side of points of delivery of water into Lake Georgetown or in connection with apparatus or appurtenances including pumps, transmission lines and conduits operated by it, except as to loss or damage caused by the negligence of the other party, its agents, servants, or employees and except as to injury or death of employees of the other party.

(o) It is recognized by the parties that default by Authority in its obligations hereunder can result in injury to Participants which cannot be compensated by damages. Therefore, the remedy of specific performance shall be available to Participants and each of them for enforcement of Authority's obligations hereunder.

(r) This Agreement shall not prevent a Participant from selling or transferring its interest hereunder to Authority in the future as a part of a regional water supply agreement by which the Participant purchases a substitute water supply from Authority. It is understood, however, that Authority's willingness and ability to undertake such an arrangement in the future is contingent upon its ability to undertake such obligations without impairing bond obligations or its obligations to other Participants.

11. FUTURE IMPROVEMENT PROJECTS. The Participants acknowledge the need for additional improvements to the Project, both to maintain the operation of the Project and to increase or expand the capabilities of the Project, including without limitation the Copper Ion Generator Project and the Phase III Pump Project (collectively, "Future Improvement Projects"). Accordingly, the Participants agree that the Authority shall provide for the engineering, design, construction, and financing of any Future Improvement Project upon approval by all Participants.

All costs of any Future Improvement Project shall be the responsibility of the Participants. Costs of Future Improvement Projects shall be allocated to each Participant in proportion to the percentage of system water available to that Participant under the Stillhouse Supply Agreements, as reflected in Section 5(b) above.

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SELECTED PROVISIONS OF THE RESOLUTION

ARTICLE I

Section 1.1. Recitals. The recitals and definitions set forth in the preamble hereof, as they may hereafter be modified, are incorporated herein and shall have the same force and effect as if set forth in this Section.

Section 1.2. Definitions. Throughout this Agreement the following terms and expressions as used herein shall be construed and are intended to have the following meanings, to wit:

"Accountant" means an independent certified public accountant or an independent firm of certified public accountants or the State Auditor of the State of Texas;

"Act" means the Authority Act, Chapter 1371, Texas Government Code, as amended, and other applicable laws;

"Additional Bonds" means the additional revenue bonds on a parity with the Bonds which the Authority reserves the right to issue in the future, as provided in this Agreement;

"Additional Participants" means parties who become Participants pursuant to the provisions of the A&R Project Agreement;

"Amortization Installment" means, with respect to any Term Bonds, the amount of money which is required to be deposited into the "Mandatory Redemption Account" for retirement of such Term Bonds (whether at maturity or by mandatory redemption and including redemption premium, if any) provided that the total Amortization Installments for such Term Bonds shall be sufficient to provide for retirement of the aggregate principal amount of such Term Bonds;

"Authorized Officer" means the General Manager/CEO of the Authority;

"Board of Directors" or "Board" means the Board of Directors of the Authority;

"Bond" or "Bonds" means the Brazos River Authority Contract Revenue Bonds, Series 2026 (Williamson County Regional Raw Water Line Project), authorized to be issued and sold by the Resolution and this Agreement;

"Capital Costs" means those moneys received pursuant to the A&R Project Agreement and required hereby to be transferred to the Debt Service Fund and the Repair and Replacement Fund for the benefit of the owners of the Bonds and Additional Bonds;

"Code" means the Internal Revenue Code of 1986, and any amendments thereto;

"Construction Fund" means the Brazos River Authority Williamson County Regional Raw Water Line Project Series 2026 Construction Fund hereinafter created;

"Debt Service" means the amount of money required to pay Capital Costs, plus fees, charges, and costs such as those of the Paying Agent/Registrar, which are incurred incident to the handling and servicing of the Bonds and any Additional Bonds;

"Debt Service Fund" means the Brazos River Authority Williamson County Regional Raw Water Line Project Revenue Bonds Debt Service Fund created by the Series 2011 Resolution and reconfirmed herein;

"Depository" means the bank or banks which the Authority selects (whether one or more), in accordance with law, as its depository;

"Eligible Securities" means those investment securities described in the Public Funds Investment Act, Chapter 2256, Texas Government Code, from time to time, as amended;

"Fiscal Year" means the twelve-month period beginning September 1 of each year; "Funds" means, collectively, the Revenue Fund and the Debt Service Fund.

"Maintenance and Operation Expenses" means all costs of repairs and replacements of the Project for which no special fund is created and all costs considered by Authority to be required for proper maintenance and operation of Project, including (for greater certainty but without limiting the generality of the foregoing) supervision, engineering, accounting, auditing and payments made by Authority in satisfaction of judgments resulting from claims not covered by Authority's insurance, legal expense, energy costs and other costs of labor, supplies, insurance, services and equipment necessary for the proper operation of the Project plus any additional cost(s) or expense(s) which may be imposed on the Authority in connection with fulfillment of its obligations under the A&R Project Agreement by taxation or as the result of regulations or requirements lawfully imposed by the State of Texas, the United States, any state or federal agency, plus an amount determined annually by the Accountant to be appropriate to cover the

Authority's expense of supervision and administration attributable to its obligations under the A&R Project Agreement and an appropriate part of the Authority's unallocated general and administrative expense;

"Management Fees" means the fees by such name received by the Authority pursuant to the A&R Project Agreement;

"Mandatory Redemption Account" means the account by such name created by the Series 2011 Resolution and reconfirmed herein;

"Net Revenues" means Revenues less Maintenance and Operation Expenses;

"Parity Bonds" means, collectively, the Series 2019 Bonds, the Series 2020 Bonds, the Bonds, and any Additional Bonds;

"Participants" means the Participants defined in the preamble hereto and any parties who may become Additional Participants under the terms of the A&R Project Agreement;

"Paying Agent/Registrar" means the banking institution chosen by the Authorized Officer to act as the initial paying agent and registrar for the Bonds, and its herein permitted successors or assigns;

"Payments" means all payments required to be made to the Authority under the terms of the A&R Project Agreement;

"Person" shall be as defined in the Code Construction Act (Chapter 311, Texas Government Code);

"Recognized Investment Rating Firms" shall mean Moody's Investors Service, Inc. and Standard & Poor's Global Ratings, a business unit of Standard & Poor's Financial Services LLC, or their successors, or if only one successor exists, the existing successor, or if no existing successor, an equivalent organization;

"Registration Books" shall be the books so designated in Section 2.1(a);

"Repair and Replacement Fund Required Amount" means the amount of $500,000 to remain on deposit in the Repair and Replacement Fund or such increased amount or amounts as hereafter required from time to time by resolution or resolutions of the Board authorizing Additional Bonds;

"Repair and Replacement Fund" means the Brazos River Authority Williamson County Regional Raw Water Line Project Revenue Bonds Repair and Replacement Fund created by the Series 2011 Resolution and reconfirmed herein;

"Resolution" means the resolution authorizing the issuance of the Bonds adopted by the Board on June 8, 2026, and any amendments hereto;

"Revenue Fund" means the Brazos River Authority Williamson County Regional Raw Water Line Project Revenue Bonds Revenue Fund created by the Series 2011 Resolution, reconfirmed in the Series 2019 Resolution, and reconfirmed herein;

"Revenues" means the gross receipts and income from ownership or operation of the Project received by the Authority including Payments; such term, however, does not include Payments which are Management Fees or which are capital advances to the Authority for capital improvements or capital donations of property in lieu of payments of money;

"Series 2011 Bonds" means the Brazos River Authority Contract Revenue and Refunding Bonds, Series 2011 (Williamson County Regional Raw Water Line Project).

"Series 2011 Resolution" means the resolution of the Board adopted on July 26, 2010, as amended on October 25, 2010, authorizing the issuance of the Series 2011 Bonds, together with the 2011 Bond Covenants Agreement incorporated therein.

"Series 2019 Bonds" means the outstanding and unrefunded Brazos River Authority Contract Revenue Refunding Bonds, Series 2019 (Williamson County Regional Raw Water Line Project).

"Series 2019 Resolution" means the resolution of the Board adopted on July 26, 2010, as amended on July 29, 2019, authorizing the issuance of the Series 2019 Bonds, together with the 2019 Bond Covenants Agreement incorporated therein.

"Series 2020 Bonds" means the Brazos River Authority Contract Revenue Bonds, Series 2020 (Williamson County Regional Raw Water Line Project) issued pursuant to the Series 2020 Bond Resolution;

"Series 2020 Resolution" means the resolution of the Board adopted on July 27, 2020, authorizing the issuance of the Series 2020 Bonds, together with the 2020 Bond Covenants Agreement incorporated therein;

"Term Bonds" means any Bonds and those Additional Bonds which shall be subject to retirement by operation of the Mandatory Redemption Account.

Section 1.3. CONSTRUCTION. For all purposes of this Agreement, except where the context otherwise requires, (a) words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders and words of the neuter gender shall be deemed and construed to include correlative words of the masculine and feminine genders; and (b) words of the singular numbers shall be deemed and construed to include correlative words of the plural number and vice versa.

ARTICLE III

APPLICATION OF BOND PROCEEDS

From the proceeds of the sale of the Bonds to the purchaser, together with other funds on hand, thereof the following deposits shall be made:

(a) To the Debt Service Fund - the interest accrued on the Bonds received upon delivery of same to the purchaser, if any, plus any additional amount directed to be so deposited by an officer, employee or agent of the Authority pursuant to Section 2.7 hereof;

(b) To the Construction Fund - the amounts necessary to pay the costs of the improvements and extensions to the Project; and

(c) To the Authority - the balance to pay the costs of issuance of the Bonds, including the premiums for any bond insurance, and for any other lawful purpose.

ARTICLE IV

PLEDGE, FUNDS, APPLICATION OF REVENUES

Section 4.1. Pledge; Security Interest. (a) The outstanding Parity Bonds are and shall be secured by and payable from a first lien on and pledge of the Net Revenues including such revenues within the Funds created in the Series 2011 Resolution, reconfirmed in the Series 2019 Resolution, reconfirmed in the Series 2020 Resolution, and reconfirmed in this Agreement. The Series 2019 Bonds, the Series 2020 Bonds, the Bonds, and any Additional Bonds are and will be secured by and payable only from the Net Revenues, and are not secured by or payable from a mortgage or deed of trust on any properties, whether real, personal, or mixed, constituting the Project. The owners of the Parity Bonds shall never have the right to demand payment from taxes, nor shall they have the right to demand payment thereof out of any other funds of the Authority.

(b) Chapter 1208, Government Code, applies to the issuance of the Bonds and the pledge of the Net Revenues granted by the Authority under this Section 4.1, and is therefore valid, effective, and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the Net Revenues granted by the Authority under this Section 4.1 is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the Authority agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

Section 4.2. Funds. The following special funds of the Authority have been ordered to be established and maintained by the adoption of the Series 2011 Resolution and are reconfirmed hereby and shall be maintained so long as any of the Parity Bonds shall be outstanding and unpaid:

(i) the "Brazos River Authority Williamson County Regional Raw Water Line Project Revenue Bonds Revenue Fund" (the "Revenue Fund");

(ii) the "Brazos River Authority Williamson County Regional Raw Water Line Project Revenue Bonds New Series Debt Service Fund" (the "Debt Service Fund") and created as an account therein there is hereby established the "Mandatory Redemption Account";

(iii) the "Brazos River Authority Williamson County Regional Raw Water Line Project Revenue Bonds New Series Repair and Replacement Fund" (the "Repair and Replacement Fund"); and

(iv) the "Brazos River Authority Williamson County Regional Raw Water Line Project New Series Construction Fund" (the "Construction Fund").

Monies in said Funds shall be maintained at a Depository of the Authority, and shall be charged with a lien in favor of the owners of the Parity Bonds until said monies are paid out in accordance with this Agreement.

Section 4.3. Revenue Fund. All Revenues other than Capital Costs and Management Fees received as Payments pursuant to the Project Agreement shall be deposited in the Revenue Fund as received and shall be used to pay as a first charge against said Fund, the Maintenance and Operation Expenses as they shall become due from time to time.

Section 4.4. Debt Service Fund. Monies in the Debt Service Fund shall be used for the sole purpose of paying the principal of (including Amortization Installments) and interest on all Parity Bonds, as the same shall mature and come due, together with the fees of the Paying Agent/Registrar and the costs of servicing the Parity Bonds.

Section 4.5. Repair and Replacement Fund. Monies in the Repair and Replacement Fund shall be used for the purpose of making major repairs and replacements of the Project, for extraordinary or non-recurring expenses not budgeted as Maintenance and Operation Expenses and for Maintenance and Operation Expenses in excess of the amounts budgeted.

Section 4.6. Flow of Funds. Capital Costs as received by the Authority and Net Revenues remaining on deposit in the Revenue Fund after payment of the Maintenance and Operation Costs shall be deposited to the following funds, at the times and in the order of priority listed below:

(1) To the Debt Service Fund - the amounts, at the times, as follows:

(i) such amount, deposited on or before each interest payment date, as will be sufficient, together with other amounts, if any, then on hand in the Debt Service Fund and available for such purpose, to pay the interest scheduled to accrue and come due on the Bonds on the next succeeding interest payment date;

(ii) such amounts, deposited on or before each principal payment date, as will be sufficient, together with other amounts, if any, then on hand in the Debt Service Fund and available for such purpose, to pay the principal scheduled to mature and come due on the Bonds on the next succeeding principal payment date;

(iii) such amounts, as shall be required as Amortization Installments for any Term Bonds of the Bonds, deposited in the Mandatory Redemption Account on or before each mandatory redemption date for any such Term Bonds, for the redemption of Term Bonds; and

(iv) such amounts required to pay the fees of the Paying Agent/Registrar and other costs of servicing the Bonds.

(2) Operation of Mandatory Redemption Account. As Amortization Installments of any Term Bonds there shall be deposited to the credit of the Mandatory Redemption Account, as sinking fund payments, respective amounts on the dates as required to pay the redemption price of any such Term Bonds.

The Authority shall redeem any Term Bonds on the dates in each of the years in which they are scheduled to be mandatorily redeemed. The principal amount of the Term Bonds required to be redeemed pursuant to the operation of such mandatory redemption provisions shall be reduced, at the option of the Authority, by the principal amount of any Term Bonds which, (1) shall have been acquired by the Authority at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the Authority with moneys in the Mandatory Redemption Account, at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, or (3) have been redeemed pursuant to any optional redemption provisions and not theretofore credited against a mandatory redemption requirement. On the maturity date of any Term Bonds, the Authority shall apply the monies on hand in the Mandatory Redemption Account for the payment of the principal of the maturing Term Bonds.

(3) To the Repair and Replacement Fund - an amount, if any, in equal payments, required on or before each interest payment date, beginning with the first such interest payment date following the occurrence of a deficiency in the Repair and Replacement Fund Required Amount, to restore any deficiency in the Repair and Replacement Fund Required Amount in not more than five (5) years. So long as the amount on deposit in the Repair and Replacement Fund equals or exceeds the Repair and Replacement Fund Required Amount, no transfers to the Repair and Replacement Fund shall be required.

Section 4.8. Deficiencies; Excess Net Revenues. (a) If on any occasion there shall not be sufficient Net Revenues to make the required deposits into the Debt Service Fund and the Repair and Replacement Fund, then such deficiency shall be made up as soon as possible from the next available Net Revenues, or from any other sources available for such purpose.

(b) Subject to making the required deposits to the credit of the Debt Service Fund and the Repair and Replacement Fund when and as required by this Agreement, or any resolution authorizing the issuance of Additional Bonds, the excess Net Revenues may be used by the Authority for any lawful purpose.

Section 4.9. Payment of Bonds. On or before each principal or interest payment date while any of the Bonds are outstanding and unpaid, the Authority shall make available to the Paying Agent/Registrar therefor, out of the Debt Service Fund money sufficient to pay such interest on and such principal of the Bonds as shall become due and mature on such dates, respectively, at stated maturity or by redemption prior to maturity. The Paying Agent/Registrar shall cancel or destroy all paid Bonds and furnish the Authority with an appropriate certificate of cancellation or destruction.

Section 4.10. Security and Investment of Funds. The Authority will cause the Depository to secure and keep secured, in the manner required by law, all cash funds on deposit in the Funds herein established with it, and will cause the Paying Agent/Registrar to secure all funds deposited with it as other trust funds are secured. Money in the Debt Service Fund and the Repair and Replacement Fund shall, to the extent practicable, be invested and reinvested in Eligible Securities. All interest and profits from such investments, to the extent not required to be rebated to the United States as provided in Section 13.3, shall be credited to the Debt Service Fund to the extent not needed to cure any deficiency, if any, within any such Funds and, to the extent necessary, such earnings may be used to complete expansion, extension, improvement, repair or replacement of the Project.

Section 4.11. Payments from Other Sources. Nothing in this Agreement prohibits the Authority from applying money other than Net Revenues to the payment of the Bonds, but if it does apply money from any of its funds other than Net Revenues, the Authority shall be entitled to reimburse such fund from Net Revenues thereafter received for the amount advanced plus interest lost by Authority on account of such advance.

ARTICLE V

THE A&R PROJECT AGREEMENT, ACCOUNTING, INSPECTION AND AUDITS

Section 5.1. The A&R Project Agreement, Fiscal Provisions. The Authority covenants and warrants that it has entered into the A&R Project Agreement with the Participants, and the A&R Project Agreement is enforceable in accordance with its terms.

Section 5.2 Enforcement. (a) The Authority covenants to and with the owners of the Bonds that it will keep in effect and enforce the A&R Project Agreement and that it will not voluntarily consent to or permit the rescission thereof or non-performance thereunder; and the Authority will not consent or agree to any amendment to the A&R Project Agreement which would (a) reduce the amounts payable thereunder for Capital Costs, (b) extend the time of such payments, (c) adversely affect the pledge of Net Revenues, (d) adversely affect the then outstanding ratings of the Bonds issued by Recognized Investment Rating Firms or (e) which would in any manner impair or adversely affect the rights of the owners of the Parity Bonds, if any, to payment thereof from the sources, and at the times, places and in the manner set forth herein. If any Participant fails to make Payments under the A&R Project Agreement as required thereby, the Authority will take all necessary action to preserve and protect the rights of the owners of the Bonds with respect thereto in order to assure the payment of the Bonds and the interest thereon when due.

(b) Subject to the foregoing provisions of this Section 5.2, the Authority reserves the right to amend or modify the A&R Project Agreement, in whole or in part, in any respect and to add or delete, or change the obligations of, any of the Participants with respect thereto, as may be deemed necessary or appropriate by the Authority.

Section 5.3. Project Agreement Payments. The Authority covenants to furnish any Participant with schedules of Payments to be made by the Participants to the Authority pursuant to the A&R Project Agreement during each succeeding Fiscal Year, all in accordance with the terms of the A&R Project Agreement.

Section 5.4. Accounting and Reporting. The Authority covenants that proper books of record and account will be kept in which true, full and correct entries will be made of all income, expense and transactions of and in relation to the Project, and each and every part thereof.

Section 5.5. Public Inspection. The Authority further covenants and agrees that the Project, and each and every part thereof, and all books, records, accounts, documents and vouchers relating to the construction, operation, maintenance, repair, improvement and extension thereof, will at all times be open to inspection by the Participants and the owners of Bonds and their respective representatives.

Section 5.6. Audits. Following the end of each Fiscal Year, the Authority, as part of the overall audit of the Authority, shall have an Accountant audit all Funds established by this Agreement and submit a written report of each such audit to the Authority each year. The scope of the audit shall be such that the Accountant can render an independent opinion as to the financial condition of Funds created herein and as to the adequacy and correctness of the accounting records pertaining thereto. The audit report shall recommend any activities which, in the professional judgment of the Accountant, may be advisable to assure compliance with the provisions of this Agreement.

Section 5.7. Payment for Audit. The costs of the audits prepared under this Article V shall constitute Maintenance and Operation Expenses.

Section 5.8. Copies of Audit. Upon request, the Authority shall furnish a copy of the audit to the initial purchaser of the Bonds and to the registered owners of the Bonds at the time outstanding requesting same in writing.

Section 5.9. Additional Participants. The A&R Project Agreement provides that Additional Participants may contract for the delivery of water, in accordance with the terms and subject to the conditions set forth in the A&R Project Agreement. The Authority covenants that the terms and conditions of any contract entered into by the Authority with any Additional Participant shall be in conformance with and substantially identical to the terms and conditions set forth in the A&R Project Agreement.

ARTICLE VI

INSURANCE

Section 6.1. Insurance. (a) The Authority covenants that it will at all times keep insured such parts of the Project as would usually be insured by corporations operating like properties, with a responsible insurance company or companies, against risks, accidents or casualties against which and to the extent insurance is usually carried by corporations operating like properties. At any time while any contractor engaged in construction work shall be fully responsible therefor, the Authority shall not be required to carry insurance on the work being constructed if the contractor is required to carry appropriate insurance. All such policies shall be open to the inspection of the owners of the Bonds and their representatives at all reasonable times. Upon the happening of any loss or damage covered by insurance from one or more of said causes, the Authority shall make due proof of loss and shall do all things necessary or desirable to cause the insuring companies to make payment in full directly to the Authority. The proceeds of insurance covering such property, together with any other funds necessary and available for such purpose, shall be used forthwith by the Authority for repairing the property damaged or replacing the property destroyed; provided, however, that if said insurance proceeds and other funds are insufficient for such purpose, then said insurance proceeds pertaining to the Project shall be used, at the option of the Board, promptly as follows:

(i) for the redemption prior to maturity of the Parity Bonds, ratably in the proportion that the outstanding principal of each series of Parity Bonds bear to the total outstanding principal of all Parity Bonds, provided that if on any such occasion the principal of any such series is not subject to redemption, it shall not be regarded as outstanding in making the foregoing computation; or

(ii) if none of the outstanding Parity Bonds is subject to redemption, then for the purchase on the open market and retirement of said Parity Bonds in the same proportion as prescribed in the foregoing clause (i), to the extent practicable; provided that the purchase price for any Parity Bond shall not exceed the redemption price of such Parity Bond on the first date upon which it becomes subject to redemption; or

(iii) the insurance proceeds, or the remainder thereof, shall be deposited in a special and separate fund, at a Depository of the Authority, to be designated the "Insurance Account". The Insurance Account shall be held until such time as the foregoing clauses (i) and/or (ii) can be complied with, or until other funds become available which, together with the Insurance Account, will be sufficient to make the repairs or replacements originally required, whichever of said events occurs first.

(b) The foregoing provisions of (a) above notwithstanding, the Authority shall have authority either to self-insure or enter into co-insurance or similar plans where risk of loss is shared in whole or in part by the Authority.

(c) The annual audit required by Section 5.6 shall contain a section commenting on whether the Authority has complied with the requirements of this Section with respect to the maintenance of insurance, and listing all policies carried, and whether all insurance premiums upon the insurance policies to which reference is hereinbefore made have been paid.

Section 6.2. Unused Insurance Proceeds. Any insurance proceeds remaining after the completion of and payment for any such reconstruction or repair shall be deposited to the credit of the Repair and Replacement Fund.

ARTICLE VII

ADDITIONAL BONDS AND REFUNDING BONDS

Section 7.1. Definitions. For the purpose of this Article VII, "Improvement Bonds" means bonds issued for improvements, betterments, extensions or replacements of the Project. Any bonds issued by Authority pursuant to agreements with non-Participants for whatever purpose shall not, for purposes of this Agreement, be considered Improvement Bonds.

Section 7.2. Improvement Bonds. Subject to the provisions of Section 7.3, the Authority reserves the right to issue Improvement Bonds which, in the discretion of the Authority, may be Additional Bonds or subordinate lien bonds junior to the Parity Bonds, or Improvement Bonds which a portion of same may be Additional Bonds or subordinate lien bonds.

Section 7.3. Requirements. Improvement Bonds may be issued under (i) the circumstances and subject to the limitations contained in the A&R Project Agreement, or (ii) under other circumstances considered desirable by the Authority if the Participants shall agree to an amendment of the A&R Project Agreement increasing Payments thereunder by aggregate amounts sufficient, with other revenues from the Project, to pay when due all interest on and principal of the Improvement Bonds at the time proposed to be issued and the maintenance of any special funds created in connection therewith.

Section 7.4. Refunding Bonds. The Authority reserves the right to issue refunding bonds, as Additional Bonds, to refund all or any part of the outstanding Parity Bonds (pursuant to any law then available), or for any other lawful purpose, upon such terms and conditions as the Authority may deem to be in the best interest of the Authority and the Participants.

Section 7.5. Authorization. Improvement Bonds and Refunding Bonds permitted by this Article to be issued shall be authorized by resolutions of the Board of Directors which shall prescribe the form and terms of such bonds.

ARTICLE VIII

REMEDIES

Section 8.1. Suits by Owners. In the event of a default hereunder by the Authority, any owner of a Parity Bond or group of owners of Parity Bonds owning no less than 25% of the aggregate principal amount of the outstanding Parity Bonds may file suit or action for the enforcement of any covenants of the Authority or rights of owners of Parity Bonds to require proper and efficient construction and/or operation of the Project and the application of any income therefrom. By such suit or action, the owners of Parity Bonds may enjoin any act or thing which may be unlawful or in violation of the rights of the owners of Parity Bonds. Provided, however, the foregoing shall not affect or impair the right of any owner of Parity Bonds to enforce the payment of the principal of and interest on Parity Bonds at and after the maturity thereof or the time the same comes due.

Section 8.2. Trustee. In the event of default, the owners of at least twenty-five percent (25%) in the aggregate principal amount of outstanding Parity Bonds are authorized to appoint a Trustee which shall be a national bank having trust powers and having a combined capital and surplus of not less than $10,000,000, and located either within or without the State of Texas. Not more than one Trustee shall serve at any one time. Such Trustee, with or without having possession of any Parity Bond, shall have the following powers:

(a) To direct the operation of the Project by the Authority and the application of Payments under the A&R Project Agreement, or take possession of and operate the Project and make proper application of any revenues thereof; or

(b) To file any suit or action which could be filed by the owners of Parity Bonds.

Section 8.3. Conclusion of Default. After such event of default has been cured and an additional event of default does not appear, in the discretion of the Trustee, to be imminent, the Trustee shall return the possession, operation and maintenance of the Project to the Board of Directors.

Section 8.4. Limitation of Trustee's Liability. Any Trustee appointed under this Article shall not be personally liable for any loss or damage whatsoever to any person whomsoever arising out of any action or failure on its part to act or for any error or judgment made in good faith except for fraud, willful misconduct or negligence.

Section 8.5. Other Remedies; Remedies Not Waived. No remedy herein specified is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other available remedy or remedies, now or hereafter existing at law or in equity, or by statute. No delay or omission to exercise any right or power shall impair any such right or power or shall be construed to be a waiver of any default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

ARTICLE IX

AMENDMENTS

Section 9.1. Amendment. (a) The owners of Parity Bonds aggregating in principal amount 51% of the aggregate principal amount of all Parity Bonds at the time outstanding (but not including in any case Parity Bonds which may then be held or owned by or for the account of the Authority) shall have the right from time to time to approve an amendment of this Agreement which may be deemed necessary or desirable by the Authority. For purposes of the preceding sentence only, 100% of the aggregate principal amount of Parity Bonds which are insured by a bond insurance provider at the time that the Authority seeks approval of an amendment shall be deemed to be owned by such bond insurance provider. The foregoing provisions of this Section 9.1 notwithstanding, nothing herein contained shall permit or be construed to permit the amendment of the terms and conditions contained in this Agreement or in the Parity Bonds so as to:

(i) Make any change in the maturity of the Parity Bonds;

(ii) Reduce the rate of interest borne by the Parity Bonds;

(iii) Reduce the amount of the principal payable on the Parity Bonds;

(iv) Modify the terms of payment of principal of or interest on the Parity Bonds, or any of them, or impose any conditions with respect to such payment;

(v) Change the minimum percentage of the principal amount of Parity Bonds necessary for consent to such amendment; or

(vi) Affect the rights of the holders of less than all of the Parity Bonds then outstanding;

unless such amendment or amendments be approved by the owners of all of the Parity Bonds at the time outstanding.

(b) The provisions of this Agreement notwithstanding, the Authority may, without the consent of any of the owners of Parity Bonds, pursuant to amendatory resolution, from time to time:

(i) impose upon the Authority conditions or restrictions additional to, but not in diminution of, those contained in this Agreement respecting the issuance of Additional Bonds;

(ii) undertake covenants additional to but not inconsistent with those contained in this Agreement; or

(iii) correct any ambiguity or correct or supplement any inconsistent or defective provision contained in this Agreement or any amendatory resolution.

Section 9.2. Notice Required. If at any time the Authority shall desire to amend this Agreement under this Article, the Authority shall cause notice of the proposed amendment to be published in a financial newspaper or journal published in The City of New York, New York or in the State of Texas, once during each calendar week for at least two successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal offices of the Authority, the Paying Agent/Registrar and with each of the Participants for inspection by all owners of Parity Bonds. Such publication is not required, however, if notice in writing by first-class mail, postage prepaid, is given to each owner of Parity Bonds or bond insurance provider, as appropriate.

Section 9.3. Adoption of Amendment. Whenever at any time within one year from the date of the first publication of said notice or other service or written notice the Authority shall receive an instrument or instruments executed by the owners of at least 51% in aggregate principal amount of Parity Bonds then outstanding, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file with the Paying Agent/Registrar, the Authority may adopt the amendatory resolution in substantially the same form.

Section 9.4. Effective Upon Adoption. Upon the adoption of any amendatory resolution pursuant to the provisions of this Article, this Agreement shall be deemed to be amended in accordance with such amendatory resolution, and the respective rights, duties and obligations under this Agreement of the Authority and all the owners of outstanding Parity Bonds shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such amendments.

Section 9.5. Revocation of Consent. Any consent given by an owner of a Parity Bond pursuant to the provisions of this Article shall be irrevocable for a period of six months from the date of the first publication of the notice provided for in this Article, and shall be conclusive and binding upon all future owners of the same bond during such period. Such consent may be revoked at any time after six months from the date of the first publication of such notice by the owner who gave such consent, or by a successor in title, by filing notice thereof with the Paying Agent/Registrar and the Authority, but such revocation shall not be effective if the owners of 51% aggregate principal amount of the Parity Bonds outstanding have, prior to the attempted revocation, consented to and approved the amendment.

Section 9.6. Proof of Ownership. For the purpose of this Article, ownership of any Parity Bond and the date of owning the same shall be proved by the entries in the Registration Books kept by the Paying Agent/Registrar.

ARTICLE X

GENERAL COVENANTS

Section 10.1. Payment of Bonds and Interest. The Authority covenants and agrees that it will establish Payments in amounts which will be sufficient to provide funds for the payment of all Maintenance and Operation Expenses and to duly and punctually pay the principal of every Parity Bond and the interest thereon, on the dates, at the place and in the manner specified in such bonds, and that it will faithfully do and perform and at all times fully observe any and all covenants, undertakings and provisions contained herein or in such bonds.

Section 10.2. Rate Covenant. The Board has fixed, established, and will maintain and collect such rates, charges and fees, including but not limited to the Payments, for the use and availability of the Project at all times as are necessary to produce Revenues in no less than amounts sufficient (1) to pay all current Maintenance and Operation Expenses, and (2) to produce Net Revenues for each Fiscal Year sufficient to pay the principal of and interest on the Parity Bonds as the same mature and come due, and all other amounts required by this Agreement and other resolutions authorizing such Parity Bonds.

Section 10.3. Legal Ability. The Authority represents that it is a governmental agency and body politic and corporate of the State of Texas, duly created, organized and existing under the Constitution and laws of the State of Texas and has proper authority from all other public bodies and authorities, if any, having jurisdiction thereof to execute and deliver the A&R Project

Agreement and to pledge the Net Revenues in the manner and form as herein done or intended, and that all corporate action on its part to that end has been duly and validly taken.

Section 10.4. Other Liens. The Authority further covenants that there is not now outstanding and that the Authority will not at any time create or allow to accrue or to exist any lien upon the Project, or any part thereof, or the revenues pledged herein to the payment of the principal of and interest on the Bonds, at any time derived from the operation thereof, or any of its funds, except as authorized by this Agreement; that the security of the Bonds will not be impaired in any way as a result of any action or any non-action on the part of the Authority, its Board of Directors or officers, or any thereof, and that the Authority will acquire and continuously preserve good and indefeasible title to the Project for so long as Parity Bonds are outstanding. The foregoing notwithstanding, the Authority reserves the right to create pledges and liens on the Net Revenues subordinate to the liens herein created.

Section 10.5. Keep Franchises and Permits in Effect. The Authority further covenants that it will use its best efforts to ensure that no franchises, permits, privileges, or easements will be allowed to lapse or be forfeited so long as the same shall be necessary for the Project.

Section 10.6. Governmental Requirements; Liens; Claims. The Authority covenants that it will use its best efforts to observe and comply with all valid requirements of any governmental authority relative to the Project or any part thereof, and that it will pay or cause to be discharged, or will make adequate provision to satisfy and discharge, within sixty (60) days after the same shall accrue, all lawful claims and demands for labor, materials, supplies, or other objects which, if unpaid, might by law become a lien upon such Project or any part thereof or the revenue therefrom; provided, however, that nothing in this Section contained shall require the Authority to pay or cause to be discharged, or make provision for any such lien or charge, so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings.

Section 10.7. Further Assurance. The Authority covenants that it will take such further action as may be required to carry out the purposes of this Agreement and to assure its validity.

Section 10.8. Sale and Lease of Property. (a) The Authority covenants that so long as the Bonds or any of them shall be outstanding, and except as in this Section otherwise permitted, it will not sell, lease or otherwise dispose of or encumber any part of the Project, or any of the Revenues derived therefrom except as provided herein. The Authority may from time to time sell any machinery, fixtures, apparatus, tools, instruments, or other movable property and any materials used in connection therewith, if the Authority shall determine that such articles are no longer needed or are no longer useful in connection with the operation and maintenance of the Project. The Authority may from time to time sell such real estate or interests therein that is not needed or serves no useful purposes in connection with the operation and maintenance of the Project. The proceeds of any sale of real property acquired from the proceeds of any Parity Bonds, if any, shall be deposited in the Debt Service Fund.

(b) The Authority may lease any of its lands (or its interest therein) comprising a part of the Project for any purpose, if such lease or the use of such lands will not be detrimental to the operation and maintenance of the Project. All rentals, revenues, receipts and royalties derived by the Authority from any and all leases so made, shall be deposited in the Revenue Fund.

(c) The foregoing provisions of this Section are subject to the provisions of Section 13.4 hereof.

ARTICLE XII

DEFEASANCE

(a) Any Parity Bond and the interest thereon shall be deemed to be paid, retired, and no longer outstanding (a "Defeased Bond") within the meaning of this Agreement, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Parity Bond, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Authority with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Parity Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Parity Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the Net Revenues herein levied and pledged as provided in this Agreement, and such principal and interest shall be payable solely from such money or Defeasance Securities. Notwithstanding any other provision of this Agreement to the contrary, it is hereby provided that any determination not to redeem Defeased Bonds that is made in conjunction with the payment arrangements specified in Article XII (a)(i) or (ii) shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the Authority expressly reserves the right to call the Defeased Bonds for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Bonds immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Authority also be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Parity Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Authority, or deposited as directed in writing by the Authority. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in Article XII (a)(i) or (ii). All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Bonds, with respect to which such money has been so deposited, shall be remitted to the Authority or deposited as directed in writing by the Authority.

(c) The term "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Bonds.

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

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

ARTICLE XIII

MISCELLANEOUS

Section 13.3. Covenants Regarding Tax-Exemption. The Authority covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Bonds as obligations described in the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Authority covenants as follows:

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

(b) to take any action to assure that in the event that the "private business use" described in subsection (a) hereof exceeds 5 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

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

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

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

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

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

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

(3) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Bonds;

(g) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage);

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

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

(j) to establish reasonable expectations to prevent using the proceeds of the Bonds in contravention of the requirements of section 149(g) of the Code (relating to hedge bonds).

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

The Authority understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Bonds. It is the understanding of the Authority that the covenants contained herein are intended to assure compliance with the Code and any Treasury Regulations promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Bonds, the Authority will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the Authority agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the Authority hereby authorizes and directs the General Manager/CEO to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Authority, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds. This Resolution is intended to satisfy the official intent requirements set forth in section 1.150-2 of the Treasury Regulations.

Section 13.4. Disposition of Project. The Authority covenants that the property constituting the Project financed with the proceeds of the Bonds or the Refunded Obligations will not be sold or otherwise disposed in a transaction resulting in the receipt by the Authority of cash or other compensation, unless the Authority obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Authority shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 13.5. Allocation of, and Limitation On, Expenditures for the Project. The Authority covenants to account for the expenditure of sale proceeds and investment earnings to be used for the Project on its books and records in accordance with the requirements of the Code. The Authority recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the Authority recognizes that in order for proceeds to be expended under the Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired. The Authority agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes hereof, the Authority shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

ARTICLE XIV

CONTINUING DISCLOSURE OF INFORMATION

Section 14.1. Definitions. As used in this Article, the following terms have the meanings ascribed to such terms below: "Financial Obligation" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

Section 14.2. -. Pursuant to a Continuing Disclosure Agreement by and between the Authority and the individual Participants, the Authority and the Participants have undertaken for the benefit of the beneficial owners of the Bonds, to the extent set forth therein, to provide continuing disclosure of financial information and operating data with respect to the Participants in accordance with the Rule as promulgated by the SEC.

Section 14.3. -. The Authority shall, for the benefit of the beneficial owners of the Bonds, undertake to notify the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, of any of the following events with respect to the Bonds:

A. Principal and interest payment delinquencies;
B. Non-payment related defaults, if material;
C. Unscheduled draws on debt service reserves reflecting financial difficulties;
D. Unscheduled draws on credit enhancements reflecting financial difficulties;
E. Substitution of credit or liquidity providers, or their failure to perform;
F. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
G. Modifications to rights of holders of the Bonds, if material;
H. Bond calls, if material, and tender offers;
I. Defeasances;
J. Release, substitution, or sale of property securing repayment of the Bonds, if material;
K. Rating changes;
L. Bankruptcy, insolvency, receivership or similar event of the Authority;
M. The consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
N. Appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material.
O. Incurrence of a Financial Obligation of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Authority, any of which affect security holders, if material; and
P. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Authority, any of which reflect financial difficulties.

As used in clause L. above, the phrase "bankruptcy, insolvency, receivership or similar event" means the appointment of a receiver, fiscal agent or similar officer for the Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court of governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if jurisdiction has been assumed by leaving the Board and officials or officers of the Authority in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority. The Authority intends the words used in the immediately preceding paragraphs (O) and (P) and the definition of Financial Obligation in this Section to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

Section 14.4. Enforcement. The Authority additionally covenants, for the benefit of the beneficial owners of the Bonds, to request and use its best efforts to obtain the financial information and operating data from the Participants of the type to be included in Appendix B of any official statements of the Authority relating to "Bonds" (as defined in the Continuing Disclosure Agreements), and to file, or cause to be filed, such financial information and operating data in the manner required by the Rule as if the Bonds had been initially sold pursuant to an "Offering" as defined in the Rule.

TAX MATTERS

OPINION . . . On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Bond Counsel to the Authority, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See "APPENDIX C – Form of Bond Counsel's Opinion."

In rendering its opinion, Bond Counsel will rely upon (a) certain information and representations of the Issuer, including information and representations contained in the Issuer's federal tax certificate, (b) covenants of the Issuer contained in the Bond documents relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the property financed or refinanced therewith and (c) the sufficiency certificate prepared by Specialized Public Finance Inc. Failure by the Issuer to observe the aforementioned representations or covenants could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel is conditioned on compliance by the Issuer with such requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Bond Counsel's opinion represents its legal judgement based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the Issuer with respect to the Bonds or the property financed or refinanced with proceeds of the Bonds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds. Bond Counsel's opinion is not binding on the Internal Revenue Service. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the Issuer as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

FEDERAL INCOME TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT...The initial public offering price to be paid for one or more maturities of the Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under existing law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under existing law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

COLLATERAL FEDERAL INCOME TAX CONSEQUENCES...The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Interest on the Bonds may be includable in certain corporation's "adjusted financial statement income" determined under section 56A of the Code to calculate the alternative minimum tax imposed by section 55 of the Code.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

STATE, LOCAL AND FOREIGN TAXES...Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

INFORMATION REPORTING AND BACKUPWITHHOLDING . . . Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to backup withholding under Section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of foreign investors, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

FUTURE AND PROPOSED LEGISLATION . . . .Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

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CONTINUING DISCLOSURE OF INFORMATION

In separate Continuing Disclosure Agreements entered into between the Authority and the Participants, the Participants have made the following agreements for the benefit of the holders and beneficial owners of the Bonds. The Participants and the Authority are required to observe the agreements for so long as the Participants remain obligated to advance funds to pay the Bonds. Under the agreement, the Participants will be obligated to provide certain updated financial information and operating data annually, and the Authority and the Participants will be obligated to provide timely notice of specified material events, to certain information vendors. This information will be available to securities brokers and others who subscribe to receive the information from the vendors.

ANNUAL REPORTS . . . The Participants will provide certain updated financial information and operating data to certain information vendors annually. The information to be updated includes all quantitative financial information and operating data with respect to the Participants of the general type included in APPENDIX B of this Official Statement. The Participants will update and provide this information within six months after the end of each fiscal year. The Participants will provide the updated information to the Municipal Securities Rulemaking Board (the "MSRB") through the "EMMA" information system in accordance with recent amendments to Rule 15c2-12 (the "Rule") promulgated by the United States Securities and Exchange Commission (the "SEC"). The Participants may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by the Rule. The updated information will include audited financial statements, if the Participants commission an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Participants will provide audited financial statements when and if the audit report becomes available. Any such financial statements will be prepared in accordance with the a counting principles described in APPENDIX B or such other accounting principles as the Participants may be required to employ from time to time pursuant to state law or regulation. The Participant's current fiscal year end is September 30. Accordingly, it must provide updated information by the last day of March in each year, unless the Participants changes their fiscal year. If the Participants change their fiscal year, it will notify the MSRB of the change.

NOTICE OF CERTAIN EVENTS . . . The Authority will also provide timely notices of certain events to the MSRB. The Authority will provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the Authority, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional Paying Agent/Registrar or the change of name of a Paying Agent/Registrar, if material; (15) incurrence of a financial obligation of the Authority (as defined by the Rule, which includes certain debt, debt-like, and debt-related obligations), if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation of the Authority, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such financial obligation of the Authority, any of which reflect financial difficulties. In addition, the Authority will provide timely notice of any failure by the Authority to provide annual financial information in accordance with its agreement described above under "Annual Reports".

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

AVAILABILITY OF INFORMATION . . . The Authority and the Participants have agreed to provide the foregoing information only to the MSRB. The information will be available to holders of bonds only if the holders comply with the procedures and pay the charges established by such information vendors or obtain the information through securities brokers who do so. The SEC has approved amendments to SEC Rule 15c2-12, which became effective July 1, 2009. To make such continuing disclosure information available to investors free of charge, the MSRB has established the Electronic Municipal Market Access ("EMMA") system. The Participants will be required to file their continuing disclosure information using the EMMA system. Investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

Limitations and Amendments . . . The Authority and the Participants have agreed to update information and to provide notices of material events only as described above. The Authority and the Participants have not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The Authority and the Participants make no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The Authority and the Participants disclaim any contractual or tort liability for damages resulting in whole or in part from any breach of their continuing disclosure agreement or from any statement made pursuant to their agreement, although holders of Bonds may seek a writ of mandamus to compel the Authority or the Participants to comply with its agreement. The Authority or the Participants may amend their continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Participants, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the Authority or the Participants (such as nationally recognized bond counsel) determine that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. If the Authority or the Participants so amend the agreement, the Participants have agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings . . . During the last five years, the Authority and the Participants have substantially complied in all material respects with all continuing disclosure agreements made by them in accordance with the Rule.

OTHER INFORMATION

Rating . . . The Bonds are rated "AA+" Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"). The Authority has various issues outstanding which are rated by various commercial insurance companies. An explanation of the significance of such rating may be obtained from the company furnishing the rating. The rating reflects only the respective view of such organization and the Authority makes no representation as to the appropriateness of any such rating. There is no assurance that such rating will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating company, if in the judgment of the company, circumstances so warrant. Any such downward revision or withdrawal of such rating, may have an adverse effect on the market price of the Bonds.

Litigation . . . The Authority is not a party to any litigation or other proceeding pending or to its knowledge, threatened, in any court, agency or other administrative body (either state or federal) which, if decided adversely to the Authority, would have a material adverse effect on the financial condition of the Authority.

Registration and Qualification of Bonds for Sale . . . The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any jurisdiction. The Authority assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

Legal Investments and Eligibility to Secure Public Funds in Texas . . . Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Bonds be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION - Rating" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the Authority has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

Legal Matters . . . The delivery of the Bonds is subject to the approval of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the Authority payable from the Net Revenues under the Participant Agreements and the approving legal opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel, to like effect and to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on corporations. The proposed forms of Bond Counsel's opinion is attached hereto as APPENDIX C. Though it may represent the Purchaser from time to time in matters unrelated to the issuance of the Bonds, in connection with the issuance of the Bonds, Bond Counsel was engaged by, and only represents, the Authority. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. The legal opinion of Bond Counsel will accompany the Bonds deposited with DTC or will be printed on the definitive Bonds in the event of the discontinuance of the Book-Entry-Only System.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

FINANCIAL ADVISOR . . . Specialized Public Finance Inc. is employed as Financial Advisor to the Authority in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Specialized Public Finance Inc., in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the Authority has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Authority and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

INITIAL PURCHASER . . . After requesting competitive bids for the Bonds, the Authority accepted the bid of _______________ the "Purchaser") to purchase the Bonds at the interest rates shown on page 2 of the Official Statement at a price of approximately ___% of par. The Purchaser can give no assurance that any trading market will be developed for the Bonds after their sale by the Authority to the Purchaser. The Authority has no control over the price at which the Bonds are subsequently sold and the initial yield at which the Bonds will be priced and reoffered will be established by and will be the responsibility of the Purchaser.

CERTIFICATION OF THE OFFICIAL STATEMENT . . . At the time of payment for and delivery of the Bonds, the Purchaser will be furnished a certificate, executed by the Authorized Officer acting in his or her official capacity, to the effect that to the best of his or her knowledge and belief: (a) the description and statements of or pertaining to the Authority contained in the Official Statement, and any addenda, supplement or amendment thereto, on the date of the Official Statement, on the date of the sale of the Bonds and the acceptance of the best bid therefor, and on the date of the initial delivery of the Bonds, were and are true and correct in all material respects; (b) insofar as the Authority and its affairs, including its financial affairs are concerned, the Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of circumstances under which they were made, not misleading; (c) to the best of his or her knowledge, insofar as the description and statements, including financial data, of or pertaining to entities other than the Authority, and their activities contained in the Official Statement are concerned, such statements and data have been obtained from sources which the Authority believes to be reliable and that the Authority has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the Authority since August 31, 2025, the date of the last audited financial statements of the Authority.

FORWARD-LOOKING STATEMENTS DISCLAIMER . . . The statements contained in this Official Statement, and in any other information provided by the Authority, that are not purely historical, are forward-looking statements, including statements regarding the Authority's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Authority on the date hereof, and the Authority assumes no obligation to update any such forward-looking statements. The Authority's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Authority. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

MISCELLANEOUS . . . The financial data and other information contained herein have been obtained from the Authority's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

The Resolution authorizing the issuance of the Bonds delegated to the Authorized Officer of the Authority to approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Bonds by the Purchaser.

General Manager/CEO
Brazos River Authority, as Authorized Officer

APPENDIX A

GENERAL INFORMATION REGARDING THE BRAZOS RIVER AUTHORITY

THE AUTHORITY

Brazos River Authority, created in 1929 by the Texas Legislature, is a conservation and reclamation district of the State of Texas acting pursuant to the provisions of Article XVI, Section 59 of the Texas Constitution. It has statutory power and responsibility for developing and conserving the water resources of the entire Brazos River Basin. The Brazos River Basin is over 600 miles long, extending from the New Mexico border to the Gulf of Mexico, and includes 42,840 square miles (about 1/6th of the land area of the State), exclusive of associated coastal areas which include an additional 1,382 square miles. It was the first Authority in the United States created to manage the water resources of an entire major river basin.

The Authority is governed by a Board of twenty-one directors appointed by the Governor and approved by the State Senate for six-year terms. The Authority was created to conserve, control and develop the surface water resources of the Brazos River Basin and make them available to help meet the water needs of the Brazos River Basin. The Authority has built, and now owns and operates, three major lakes within the Basin. It also has access to use the conservation storage space in eight Corps of Engineers lakes through contracts with the United States and water right permits issued by the State of Texas. Total conservation storage space in these 11 lakes is approximately 2 million acre-feet, with a dependable yield of approximately 600,000 acre-feet per year permitted to the Authority. The Authority also has a water right permit (Water Right 5851 – System Operation Permit) which allows the Authority's Water Supply System customers to divert certain flows in the basin above and beyond water stored in the reservoirs. The System Operation Permit represents roughly an additional 100,000 acre-feet of firm supply to the System.

The Authority supplies water from the reservoirs described above and the System Operation Permit to meet the municipal, industrial and agricultural needs of many cities, utility districts, water supply corporations, farmers, and industrial users across the Brazos Basin.

The Authority also owns and operates a regional water treatment and delivery system, known as the East Williamson County Regional Water System, which was purchased from the City of Taylor in 2004 and expanded in 2008. Additionally, the Authority has constructed a deep water intake on Lake Granger to meet future raw water delivery requirements at the East Williamson County plant.

The Authority operates nine wastewater treatment plants and one potable water treatment plant through service contracts with the owners of these facilities. Owners of the wastewater treatment plants include the Texas Cities of Temple, Belton, Hutto, Sugar Land, Clute and Richwood. The City of Leander, Texas owns the potable water treatment plant.

The Authority owns and operates the Williamson County Regional Raw Water Line, which is a 28-mile long pipeline that transfers water from Lake Stillhouse Hollow to Lake Georgetown. This pipeline is operated on behalf of the Participants.

Although a public agency of the State of Texas, the Authority carries out all of its activities without benefit of any tax money other than that made available through government grants to help pay the costs of specific projects. Except for such occasional grant assistance, the Authority is entirely self-supporting, utilizing revenues from its own operations to pay all of its costs.

Financial statements supporting the Authority have not been included since the Bonds are payable solely from payments to be made to the Authority by the Participants.

APPENDIX B

CERTAIN FINANCIAL AND OPERATING DATA OF THE PARTICIPANTS

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

DESCRIPTION OF THE DISTRICT

Brushy Creek Municipal Utility District (the "District"), which was originally created as Williamson County Municipal Utility District No. 2, was created by order of the Texas Water Commission, predecessor to TCEQ, adopted on October 27, 1977, and a confirmation election held within the District on January 21, 1978, and operates as a municipal utility district pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code and other general statutes of the State of Texas applicable to municipal utility districts. The District is subject to the continuing supervision of the TCEQ and is located entirely within the extraterritorial jurisdiction of the City and within the boundaries of Round Rock Independent School District.

The main portion of the District (southern) is located in Williamson County approximately four miles west of Interstate 35 and primarily on the north side of FM 620. The District is located approximately 1.5 miles west of the City of Round Rock and 19 miles north of the City of Austin. The northern portion of the District lies south of FM 1431 and approximately three miles west of Interstate 35. The District lies wholly within the extraterritorial jurisdiction of Round Rock, and entirely within Williamson County and Round Rock Independent School District. Approximately 416.683 acres within the District are referred to as the "Sendero Springs and Cornerstone Defined Area." The District is comprised of approximately 2,270 acres of which approximately 2,062 acres are developable excluding parkland. Access to the District is provided by Interstate Highway 35 and either FM 620 or FM 1431.

ELECTED OFFICIALS

Name	Length of Term
Rebecca Boatright Tullos Treasurer	November, 2022-2026
Michael Tucker President/Assistant Treasurer	November, 2024-2028
Kim Filiatrault Vice President	November, 2022-2026
Tracey Calloway Assistant Secretary	November, 2024-2028
Ken Reifschlager Secretary	November, 2022-2026

SELECTED ADMINISTRATIVE STAFF

Name	Position
Shean Dalton	General Manager
Bill Carr	Utilities Systems Manager

WATER SYSTEM

Currently the District has peak demands of 5.3 million gallons per day ("MGD") and an average demand of 2.93 MGD.

In 1994, the District purchased from the Brazos River Authority ("BRA") 4,000-acre feet of water per annum in Stillhouse Hollow Reservoir, and became part of the Williamson County Regional River Water Line Project ("Regional Project"). According to the contract with the BRA, the District is responsible for 6.54% of the Regional Project, and the District has been making payments to the BRA in accordance with the contract. Proceeds of certain of the Remaining Outstanding Bonds were used to finance and refinance the District's own water supply system which includes an 8.2 MGD water treatment plant, transmission line and related facilities. This water is delivered into Lake Georgetown by the Regional Project.

The District also owns five water wells with a capacity of about 1.7 MGD, three of which are active and are capable of producing 1.7 MGD. These wells are considered to be under the influence of surface water, and thus require treatment similar to that used for surface water.

The District has an intake structure and pumping facilities at Lake Georgetown, a raw water line to the District, raw water holding ponds, a drinking water treatment plant, clear well and water storage facilities, pump station, and the treated water lines and related system improvements necessary to furnish a drinking water supply to the District's customers. The intake has been constructed to provide 10 MGD of water. The raw water line has a capacity of 10 MGD.

The water treatment facility is a state-of-the-art micro/ultra-filtration plant with an initial capacity of 6 MGD, and expandable to 10 MGD by adding additional filters to the system. The clear well/ground storage facilities include two-one million gallon concrete tanks. The pump station is designed to meet the maximum daily and hourly needs of the District at full build-out. The maximum daily needs at full build-out are projected to be 8 MGD.

A 700,000-gallon composite elevated storage tank is located on Neenah Avenue. A 300,000-gallon spheroid elevated storage tank is located in Sendero Springs near FM 1431.

The District owns all the water supply, treatment, and delivery facilities required to provide drinking water for the District through full build-out. The water facility can currently accommodate 8.2 MGD production.

The Sendero Springs portion of the Defined Area is connected to the District's water distribution system and receives water from the District's 300,000 gallon elevated storage tank. The Cornerstone portion of the Defined Area is connected to the District's water distribution system and receives water through a transmission main and the District's 700,000 gallon elevated storage tank.

TABLE 1 - CURRENT MONTHLY WATER RATES

Water Monthly Billings for Residential and Commercial*

	In District	Out of District
Minimum Monthly Charge	$ 20.00	$ 40.51
Per 1,000 Gallons Used (Off Peak Rates, October-May)	$3.50 Per Gallon	$2.25 Per Gallon
Per 1,000 Gallons Used (Peak Rates, June-September)	$4.70 Per Gallon	$2.95 Per Gallon

*The minimum charges for commercial customers for water and sewer service are based on water meter sizes and LUEs.

TABLE 2 - LARGEST WATER AND SEWER CUSTOMERS (AS OF SEPTEMBER 30, 2025)

Customer	Water Consumption	Water Revenue	Wastewater Revenue
Landing at Round Rock Acquisition LLC - Office	16,893,000	$ 64,163	$ 67,771
The Marquis @ Brushy Creek C/O Rum	15,606,000	89,681	62,627
Landing at Round Rock Acquisition LLC - HEB	14,237,000	55,982	43,822
Cat Hollow at Brushy Creek	8,280,000	33,404	-
Cat Hollow Condos C/O Goodwin	6,745,000	25,553	19,549
Ignite Medical Resorts Round Rock	5,582,000	25,893	16,052
GO Car Wash	3,949,000	16,746	9,850
The Marquis @ Brushy Creek C/O Rum - Pool	3,431,000	15,805	-
The Marquis @ Brushy Creek C/O Rum - Irr	3,280,000	15,255	-
Landing at Round Rock Acquisition LLC - Irr	3,192,000	14,965	-
		$ 357,449	$ 219,672

WASTEWATER SYSTEM

Both of the District's wastewater treatment plants are now off-line and have been demolished. The District has entered into an agreement with the City of Round Rock ("CORR") for wholesale wastewater service through the Brushy Creek Regional Wastewater System ("Regional System"). Development of the Cornerstone area will be served by gravity to the District's F.M. 620 lift station which was relocated downstream in 2008 across F.M. 620 to the Cornerstone area. The Regional System is owned and operated by CORR, the City of Austin, and the City of Cedar Park for the purpose of wholesale wastewater collection and treatment for the customers within the upper Brushy Creek watershed. The District's contract with the CORR for wastewater service through the Regional System became effective January 2010 and continues for a term of forty years with renewal options. The District currently has the right to receive service for 7,587 Living Unit Equivalent ("LUEs") and is currently serving approximately 6,650 LUEs.

The Regional System has acquired the Round Rock East WWTP, now known as the Brushy Creek Regional WWTP, which will provide wastewater treatment for customers of the Regional System. This treatment plant is presently constructed and permitted to treat an average wastewater flow rate of 20.0 mgd. The Regional System plans to expand the plant as required to accommodate the demand for wastewater service.

The Sendero Springs portion is served by gravity wastewater lines in the District's wastewater collection system that connects to the Regional Wastewater System.

Development in Sendero Springs is served by gravity lines flowing into the Regional System. Development in Brushy Creek South is served by gravity lines flowing into existing District interceptor lines. Development of the Cornerstone area is served by the District's FM 620 lift station downstream (across FM 620 from the Cornerstone property), and the Cornerstone area is served by gravity to that lift station.

Storm Drainage

Storm water drainage is provided to the developed portions of the District by a series of storm sewers which convey storm water run-off to Brushy Creek and Lake Creek tributaries to the Brazos River.

100-Year Flood Plain

According to U.S.G.S. topographic maps and Federal Insurance Administration ("FIA") map, approximately 140 acres of undeveloped land in the District are located in the 100-year flood plain.

The National Weather Service recently completed a rainfall study known as Atlas 14 which shows that severe rainfall events are now occurring more frequently. Within Texas, the Atlas 14 study showed an increased number of rainfall events in a band extending from the upper Gulf Coast in the east and running west generally along the I-10 corridor to Central Texas. In particular the study shows that Central Texas is more likely to experience larger storms than previously thought. Based on this study, various governmental entities, including Williamson County, are contemplating amendments to their regulations that will potentially increase the size of the 100 year floodplain which interim floodplain is based on the current 500-year floodplain, resulting in the interim floodplain regulations applying to a larger number of properties, and potentially increasing the size of detention ponds and drainage facilities required for future construction in all areas (not just in the floodplain). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on the higher statistical rainfall amount, and could result in various changes including higher insurance rates and stricter building codes for any property located within the expanded boundaries of the floodplain.

TABLE 3 - CURRENT MONTHLY WASTEWATER RATES

Wastewater Monthly Billings for Residential and Commercial*

	In District	Out of District
Minimum Monthly Charge	$ 9.00	$ 12.00
Per 1,000 Gallons Used (Off Peak Rates, October-May)	$3.20 Per Gallon	$10.80 Per Gallon

Tap Fees	
Water Residential	$ 220.00
Sewer Residential	$ 60.00
Impact	
Water	$ 2,095.00
Wastewater	$ 1,804.00

*The minimum charges for commercial customers for water and sewer service are based on water meter sizes and LUEs.

TABLE 4 - VALUATION AND FUNDED DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population(1)	Taxable Assessed Valuation	Per Capita Taxable Assessed Valuation	Funded Debt Outstanding at End of Year(2)	Ratio of Funded Debt to Taxable Assessed Valuation	Funded Debt Per Capita
2021	21,786	$ 2,246,365,598	$ 103,111	$ 20,565,000	0.92%	$ 944
2022	21,786	2,491,434,408	114,359	17,950,000	0.72%	824
2023	31,523	2,931,304,495	92,989	15,255,000	0.52%	484
2024	31,422	2,923,458,606	93,039	12,530,000	0.43%	399
2025	31,422	3,052,844,901	97,156	9,730,000	0.32%	310
2026	31,422	3,126,121,995	99,488	6,745,000	0.22%	215

(1) Source: Municipal Advisory Council of Texas.
(2) Includes Revenue and Defined Area Debt.

TABLE 5 - TAX RATE, LEVY AND COLLECTION HISTORY

Tax Year	Assessed Vauation	Tax Rate	Tax Levy	% Current Collections	Current Year Ended 9/30
2021	$ 2,491,434,408	$ 0.4321	$ 10,764,467	99.95%	2022
2022	2,931,304,495	0.4195	12,298,083	99.86%	2023
2023	2,923,458,606	0.4195	12,265,166	99.82%	2024
2024	3,052,844,901	0.4017	12,970,052	99.19%	2025
2025	3,126,121,995	0.3868	12,092,997	In Process	2026

TABLE 6 - ESTIMATED DIRECT AND OVERLAPPING FUNDED DEBT PAYABLE FROM AD VALOREM TAXES (AS OF MAY 31, 2026)

Taxing Jurisdiction	Total Tax Supported Debt	Estimated % Applicable	District's Overlapping Tax Supported Debt as of 5/31/2026
Austin CCD	$657,685,000	0.80%	$ 5,261,480
Brushy Creek MUD-Sendero Springs & Cornerstone DA	7,220,000	100.00%	7,220,000
Round Rock ISD	1,179,285,000	5.10%	60,143,535
Upper Brushy Creek WCID	48,465,000	3.62%	1,754,433
Williamson County	1,261,500,000	2.27%	28,636,050
Total Overlapping Debt:			$ 103,015,498
Brushy Creek MUD:			9,730,000
Total Direct and Overlapping Debt:			$ 112,745,498
Total Direct and Overlapping Debt % of A.V.:			3.61%
Total Direct and Overlapping Debt per Capita:			$ 3,588

TABLE 7 - TEN LARGEST TAXPAYERS

Name of Taxpayer	2025 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Landing at Round Rock Acquisition LLC	$ 132,950,000	4.25%
CWS Brushy Creek LP	66,600,000	2.13%
Atmos Energy/ Mid-Tex Distribution	18,481,334	0.59%
HEB	13,650,000	0.44%
Beck Commons Investments LLC	12,700,000	0.41%
TXMS Real Estate Investments	11,496,989	0.37%
Great American Storage Partners	10,334,305	0.33%
Brushy Creek Texas LLC	8,085,000	0.26%
Airport Storage LLC	8,037,040	0.26%
MGP XXII LLC	5,700,000	0.18%
	$ 288,034,668	9.21%

TABLE 8 - TAX RATE LIMITATION

The Texas Water Code authorizes the levy of a maintenance tax by the District if approved by the voters. An election has been held at which a maintenance tax was approved not to exceed $1.00 per $100 assessed valuation.

TABLE 9 – CHANGES IN FUND BALANCES

	Fiscal Year Ending September 30,				
	2025	2024	2023	2022	2021
Revenues:					
Water and wastewater services	$ 7,595,062	$ 7,347,600	$ 7,385,191	$ 5,731,129	$ 5,408,639
Parks and recreation fees	2,519,471	2,616,917	2,414,578	2,133,310	1,560,908
Garbage collection	1,604,070	1,554,850	1,398,153	1,397,438	1,395,584
Capital recovery fees	91,452	63,723	117,698	3,899	3,899
Parks maintenance fees	356,812	-	-	-	-
Stormwater drainage fees	169,798	-	-	-	-
Emergency management and hazard mitigation fees	29,735	-	-	-	-
Inspection fees	29,090	47,170	47,060	24,075	21,675
Tap and other connection fees	35,799	26,471	50,791	1,325	1,296
Contributions	-	-	-	562	2,550
Property taxes, including penalties and interest	12,854,241	12,967,674	13,084,583	11,615,579	11,223,172
Investment earnings	1,662,718	2,205,910	1,461,659	(557,519)	90,800
Rental income	100,674	93,453	103,478	110,041	106,396
Grant revenue	3,079,130	321,461	-	-	-
Other	808,328	206,597	281,308	269,813	155,339
Total Revenues	$ 30,936,380	$ 27,451,826	$ 26,344,499	$ 20,729,652	$ 19,970,258
Expenditures:					
Salary and benefits	$ 8,080,460	$ 7,353,348	$ 6,418,648	$ 5,838,057	$ 5,200,496
Water and wastewater purchases	2,174,699	2,215,866	1,904,999	1,719,145	1,725,371
Garbage fees	1,298,494	1,259,223	1,318,212	1,179,427	1,146,332
Repairs and maintenance	1,536,247	1,120,808	1,004,808	1,045,010	1,385,387
Administrative	380,655	422,933	460,981	355,553	336,695
Utilities	703,931	660,444	615,908	644,156	585,697
Contracted services	1,068,070	966,505	868,070	788,505	515,883
Other consulting	-	-	-	-	-
Legal fees	184,714	163,060	170,046	199,649	169,912
Insurance	196,429	178,835	164,147	136,730	102,693
Engineering fees	258,213	343,955	326,643	185,699	147,775
Tax appraisal/collection fees	80,195	81,351	70,157	63,945	64,653
Audit fees	60,747	47,000	55,950	35,493	41,000
Financial advisor	20,000	20,000	20,000	20,000	20,000
Director's fees	35,209	36,000	29,036	32,850	34,050
Security fees	166,606	131,055	121,346	118,854	140,282
Other	1,214,494	947,673	950,190	754,867	614,486
Capital outlay	7,760,800	2,748,930	4,008,817	1,920,803	3,110,640
Debt service:					
Principal payments	3,915,000	3,800,000	3,740,000	3,625,000	4,335,000
Interest and fiscal charges	698,926	815,918	917,597	1,025,970	1,111,001
Bond issuance costs	-	-	-	-	102,981
Total Expenditures	$ 29,833,889	$ 23,312,904	$ 23,165,555	$ 19,689,713	$ 20,890,334
Excess (Deficiency) of revenues over (under) expenditures	$ 1,102,491	$ 4,138,922	$ 3,178,944	$ 1,039,939	$ (920,076)
Other Financing Sources (Uses):					
Issuance of bonds	$ -	$ -	$ -	$ -	$ -
Proceeds from bond refundings	-	-	-	-	1,850,000
Transfers in	-	-	-	-	-
Premium or discount on issuance of bonds	-	-	-	-	62,484
Transfers out	-	-	-	-	
Payment to bond refunding escrow agent	-	-	-	-	(1,874,403)
Proceeds from sale of property	-	-	-	-	-
Total Other Financing Sources (Uses)	$ -	$ -	$ -	$ -	$ 38,081
Net Change in Fund Balances	$ 1,102,491	$ 4,138,922	$ 3,178,944	$ 1,039,939	$ (881,995)

Source: District's audited financial statements.

CITY OF GEORGETOWN, TEXAS

THE CITY

The City of Georgetown, Texas (the "City"), is a political subdivision located in Williamson County operating as a home-rule city under the laws of the State of Texas and a charter approved by the voters in 1970, as subsequently amended (the "Home Rule Charter"). The City operates under the City Council/Manager form of government where the Mayor and seven City Councilmembers are elected for staggered three-year terms from seven single-member districts. The City Council formulates operating policy for the City while the City Manager is the chief administrative officer. The City is approximately 48 square miles in area.

ELECTED OFFICIALS

City Council	Length of Service	Term Expires	Occupation
Josh Schroeder Mayor	5½ Years	May 2029	Attorney
Kevin Pitts Mayor Pro-Tem, District 5	8 Years	May 2027	Commercial Banker
Amanda Parr Councilmember District 1	5 Years	May 2027	Senior Director of Development at Southwestern University
Doug Noble Councilmember District 2	Newly Elected	May 2029	Certified Financial Planner
Ben Butler Councilmember, District 3	1 Year	May 2028	Architect
Ron Garland Councilmember District 4	4 Years	May 2028	Retired
Jake French Councilmember District 6	4¼ Years	May 2029	Construction Project Manager
Ben Stewart Councilmember District 7	4 Years	May 2028	Technical Consultant

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Service
David Morgan	City Manager	11 Years
Laurie Brewer[(1)]	Assistant City Manager	17 Years
Leigh Wallace	Chief Financial Officer	10 Years
Skye Masson	City Attorney	5¾ Years
Robyn Densmore	City Secretary	7 Years

(1) Ms. Laurie Brewer has announced her retirement as of May 15, 2026. The City is utilizing an outside search firm to identify a replacement, with the goal of hiring a candidate in June 2026.

THE SYSTEM

Pursuant to its Home Rule Charter, the City currently owns and operates an electric utility and a water and wastewater utility.

The electric system, for the fiscal year ending September 30, 2025, served approximately 35,831 meters and accounted for approximately 46% of the operating revenues of the System. The water utility service territory covers approximately 440 square miles, and the wastewater utility covers approximately 70 square miles. For the fiscal year ending September 30, 2025, the water system served approximately 64,128 water customers and 42,477 wastewater customers and accounted for 54% of the operating revenues of the system. See "FINANCIAL INFORMATION – SYSTEM CONDENSED STATEMENT OF OPERATIONS."

WATERWORKS SUPPLY . . . The City's water needs are provided by surface and subsurface sources. Surface water is provided by water rights granted by the Brazos River Authority ("BRA") described below. Up to 45,707 acre-feet of water per year is available from the Brazos Basin within Lakes Georgetown, Stillhouse and Belton, through a total of seven different agreements. In addition, up to 1,200 acre-feet of water per year is available from the BRA Colorado River basin. In total, the surface water rights can supply an average daily demand of up to 40.8 million gallons per day ("MGD"). Subsurface sources are derived from eight (8) wells drawing from the Edwards Aquifer providing an average daily supply of up to 12.9 MGD.

The City has several water availability agreements with BRA for raw water resources and has acquired additional rights by purchasing rights in the BRA system from Jonah, and from the acquisition of the Chisholm Trail WSD territory. The City also purchased water rights from the BRA within the Colorado River Basin. This water is delivered to the City by an interlocal agreement with the City of Leander.

The City is a party to an agreement dated June 30, 1986, with the Brazos River Authority (BRA), City of Round Rock, Jonah Water Special Utility District, and Chisholm Trail Special Utility District (CTSUD). In August 2020, the various agreements among the parties were amended, superseded, and consolidated into a new "Amended and Restated Williamson County Regional Raw Water Line Agreement (the A&R Project Agreement)." The Brazos River Authority designed, constructed owns, and operates a pipeline to transport water from Lake Stillhouse Hollow to Lake Georgetown to benefit the parties in the agreement. Total project construction cost for the raw water line was approximately $40,000,000. In 2007, BRA refunded a portion of the original $89,000,000 in debt, leaving approximately $69,000,000 outstanding debt, including principal and interest. Each participant agreed to pay for the annual cost of debt and operations of the line. The City's obligation is $50,500,000, including principal and interest, to be repaid annually through 2032. The amount for fiscal year 2025 was $2,038,489.

The following schedule reflects the City's obligation:

Year Ending September 30	Total Amount
2026	$ 2,030,105
2027	2,015,618
2028	2,011,450
2029	2,016,185
2030	2,010,597
2031-2032	1,014,564
Total	$ 11,098,519

As part of the CTSUD acquisition that occurred on September 12, 2014, the City assumed the ownership interest and related obligations of CTSUD's portion of this project.

PLANNING FOR FUTURE WATER SUPPLY AND CCN SALE . . . In 2022, the City began updating its long-term water and wastewater planning to address faster than anticipated growth, modify long-term needs and recommend steps for securing the additional water sources necessary to meet those needs in the coming years and decades. Finalized and released publicly in May 2023, the City's Integrated Water Resource Plan concluded the total baseline demand for water in the City's approximately 440-square-mile utility service area—including water used for irrigation—will exceed the City's current water supply by 2030.

The City's current water sources are expected to continue to supply the City in the coming decades, but the population in the City's utility service area is projected to grow significantly. Without a significant new supply, the City's utility system will not run out of water in 2030, but the City would most likely have to impose system-wide water restrictions on irrigation year-round with even tighter restrictions during periods of drought.

On August 26, 2025, in an effort to better plan for future growth and manage the rising costs of water and infrastructure, the City Council directed City staff to pursue the sale of most of its water service area and water utility system located outside of its city limits and extraterritorial jurisdiction ("ETJ"). The City will retain all of its water service area within its city limits and ETJ, as well as a small portion west of its ETJ that extends to US-183. Out of a total of approximately 74,000 current water customers, the

City provides water to an estimated 11,502 water customers (based on meter connections) within the water service territory it is proposing to sell, which includes water service within the ETJs of the cities of Killeen, Salado, Florence, Jarrell, and Liberty Hill. The City created its municipal water utility to provide water to City residents. Currently, the City's water utility serves a 440-square-mile service territory that extends far beyond its ETJ all the way into Bell and Burnet Counties. Forty percent of the City's water customers now live outside of its city limits, with many in fast-growing areas located in other cities' ETJ. The City has little control over development that occurs outside of its city limits and ETJ, but is legally required to provide water to any residential and commercial user within its service area that requests service. Continuing to invest greater amounts to serve future water customers in other cities' ETJs places an undue burden on the City's rate payers and taxpayers.

After a competitive RFP process, the City selected National Utility Infrastructure ("NUI") as the proposed buyer and future water provider for the portion of its water service territory located within the ETJs of Florence, Liberty Hill, and Salado. As required by State law, the voters within the City authorized such sale at a price of no less than $20,000,000 pursuant to an election held on May 2, 2026. The City has also agreed to transfer the portion of its service territory within the ETJs of Killeen and Jarrell to those cities. The transfers to Killeen and Jarrell do not require voter approval under State law because those areas do not yet have any water customers or infrastructure. The Texas Public Utility Commission (the "PUC") must also approve the sale. The City estimates that the PUC approval process will take approximately two years. However, if an appeal to the State Office of Administration Hearings is filed during the PUC approval process, that timeline could be extended. The PUC will continue to regulate water rates regardless of whether the service areas are acquired by a public or private water utility.

The City will retain any areas that cannot be transferred through the sale and will continue to provide water service to all customers in those areas. In such event, the City would increase the rates for customers outside the ETJ significantly to pay for the continued growth and water demand in that area. However, the City currently expects that it will not retain any of the areas it is proposing to sell given that the selected buyer of the CCN ("Certificate of Convenience and Necessity") territory will more than pay off the debt issued to build infrastructure in the sale area and has considerable utility experience that is expected to be seen favorably at the PUC.

With respect to approval by the PUC, the City plans to avoid challenges by prioritizing the needs of transferred customers up front by selecting a utility based on service rather than price alone. Specifically, the City's primary considerations in selection included, among other factors, (1) the utility's ability to provide continuous and adequate service, (2) the utility's experience and qualifications, (3) the utility's water delivery plan, (4) the utility's plan to build out infrastructure, and (5) price, including the utility's ability to offer rate stabilization. By prioritizing these factors in selecting a new utility, the City believes that the sale will be approved by the PUC.

The value of the outstanding debt is approximately $20 million. NUI has agreed to pay the City $60 million. The City is currently assessing the value of the infrastructure to be transferred as part of the sale process, along with the associated revenues from such areas. The City will use sale proceeds in accordance with all covenants and requirements applicable to the debt used to build the infrastructure transferred, reinvesting any excess amounts into the utility system. The City will also obtain confirmations from each rating agency then maintaining a rating on its utility system revenue bonds that the sale will not cause the rating agency to withdraw or lower its current rating.

At this time, the City can make no guarantees as to the ultimate outcome or timing of the sales described herein. The City believes that the sales will not have a material adverse impact on the City's ability to operate its combined electric, waterworks and sewer system sufficient to (i) serve the utility needs of its utility customers, (ii) pay all required debt service on the City's utility system revenue bonds and (iii) comply with all covenants in the ordinances authorizing the City's utility system revenue bonds.

The City's sale of a portion of the CCN works in tandem with its efforts to procure new groundwater supplies. If the City were to retain its entire service territory, it would need multiple groundwater deals to supply the 100,000 acre-feet needed by 2070. This would require significantly higher capital costs to transport the groundwater from multiple different sources. With the transfer, however, instead of needing 100,000 acre-feet by 2070, the City anticipates it will need closer to 41,000 acre-feet long-term, allowing the City to pursue only one groundwater contract that will be sufficient to meet long-term demand.

To meet that demand, the City is pursuing multiple water supply options. First, to meet near-term demand by 2030, the City has secured a site in the Circleville area on which to drill up to four wells into the Hosston Aquifer with an approximately 30 mile pipeline to be constructed to transport water to the City. At this same site, the City will also have the ability to treat return flows once the City obtains a Bed and Banks permit from the Texas Commission on Environmental Quality.

Second, the City continues to advance two long-term groundwater supply options, the first of which is with Recharge Water, L.P. ("Recharge") for up to 34,800 acre-feet per year of water from Lee and Bastrop Counties. This supply option would involve an approximately 35-mile transmission line from the well field to the City's receiving site in Circleville. In August 2025, the parties entered into a memorandum of understanding outlining the initial deal terms. On May 12, 2026, the City Council approved a non-binding term sheet between the City and Recharge setting out the basic terms intended to be included in a future definitive agreement to be negotiated by the parties, which the City currently anticipates to be finalized and executed by the end of calendar year 2026. Such term sheet with Recharge imposes no financial obligations on the City and currently anticipates that additional water supply would be available to the City in phases beginning in calendar year 2030.

At the same time, the City continues to negotiate with the owner of groundwater in Robertson County ("Upwell Water") for up to 50,000 acre-feet per year of permitted water, which would be needed if the CCN sale does not go through or in the event that it can obtain better pricing than that proposed under the Recharge contract. EPCOR NR Holdings, Inc. originally contracted with Upwell Water to market the water, but after the marketing agreement expired in March 2026, the City began working directly with Upwell Water, cutting out expensive intermediary fees in an effort to explore lower project costs. This project would entail a 55-mile transmission pipeline to the City's receiving site in Circleville.

In either case, the City expects to sign a final water supply agreement within the year, at which time the City will begin paying reservation fees on the groundwater reserved. The City will only enter into a contract that is best for ratepayers long-term.

The City's payments under water supply agreements would be Maintenance and Operating Expenses payable from Gross Revenues of the City's System prior to the payment of debt service on the City's Parity Obligations, including the Bonds. Any purchase of assets by the City would be financed through a combination of debt and available cash that is not anticipated to adversely impact operations of the City's System.

Any one of these projects would diversify the City's raw water sources, which currently rely mostly on surface water. The City can provide no assurances at this time with respect to which alternative or combination thereof the City may ultimately pursue or the final terms of any agreement or amendments executed in connection therewith.

WATER SYSTEM . . . The City's water system currently serves approximately 64,128 customers. The City's water system is comprised of 5 treatment plants with a total capacity of 99.4 MGD with associated intake structures and wells (North Lake, South Lake, Park, Domel, and Southside), 19 storage tanks with total capacity of 25.6 MGD, 17 (seventeen) pumping stations and 1383 miles of water distribution piping serving 63,848 customers. The City has contracted with the Cities of Round Rock and Leander for additional treatment capacity. The contracts for Round Rock are for 3 MGD on the southeast side of the service territory known as Rabbit Hill and a 4.25 MGD contract consisting of two delivery points, both on the southwest side of the service territory, one location is in Highlands for 1 MGD and the other is CR 175 for 3.25 MGD. The Leander contract is for the treatment of 3 MGD, originating from the 1200 acre-ft of the BRA Colorado Basin water and has a delivery point on the west side of the system, known as Kauffmann Loop.

The City recently completed several capacity related projects. The City built a new 44 MGD water treatment plant south of Lake Georgetown to include full power back up. The first phase of this project or 22 MGD came online in June, 2025. The second phase is currently operational but will officially come online no later than June 2026 for an additional 22 MGD. The City is also in the process of building an additional elevated storage tank that will allow the utility to remove a hydropneumatics tank. This will add more resiliency and efficiency to the system.

The water distribution system is in good repair and the City is proceeding with regularly scheduled normal repair and replacement of water lines. In accordance with Senate Bill 3, the Water System is focusing on resiliency projects to include the North Lake Treatment Plant and back up power supplies for each of the City's eight critical pressure plains. These projects have been issued for construction and are nearing completion.

SEWER SYSTEM . . . The City's wastewater system currently serves approximately 42,477 customers. The existing treatment facilities consist of five (5) treatment plants with approximately 8.5 MGD of treatment capacity. The system also includes 537 miles of wastewater collection mains, 34 miles of force mains and 54 lift stations. The sewer collection system is in good repair and the City is proceeding with regularly scheduled normal repair and replacement of sewer lines. Two of the City's plants will have had major rehabilitation projects that started in fiscal year 2024 to maintain treatment capabilities and to extend their useful life. The City started 2 wastewater treatment plant design projects in fiscal year 2024, to include III Forks at 6.0 MGD, Northlands at 3.0 MGD, these plants are in the process of solicitation for a CMAR contractor. These expansions are planned to meet growth needs as outlined in the City's 2022 Water and Wastewater Master Plan.

TABLE 1 – WATER USAGE (GALLONS)

Fiscal Year Ended 9-30	Average Day Usage (1,000s)	Peak Day Usage (1,000s)	Total Usage (1,000s)
2021	19,580	38,420	7,146,831
2022	22,794	38,931	8,319,823
2023	21,497	46,410	7,846,401
2024	21,469	44,900	7,836,294
2025	23,350	48,400	8,522,874

TABLE 2 – TEN LARGEST WATER CUSTOMERS BY CONSUMPTION

Customer	% of Total Water Usage
Citicorp of North America, Inc.	0.63%
City of Georgetown	0.61%
Southwestern University	0.52%
Williamson County	0.43%
Pulte Homes of Texas LP	0.41%
DDC Merritt Heritage Ltd.	0.40%
Georgetown Independent School District	0.39%
Perry Homes	0.36%
City of Florence	0.32%
Villages of Georgetown	0.31%
	4.38%

TABLE 3 – MONTHLY WATER RATES (EFFECTIVE 10-1-2025)

Residential:

Customer Meter Size	Customer Charge per Month Inside City	Customer Charge per Month Outside City
5/8 inch	$ 33.25	$ 40.00
3/4 inch	49.85	60.00
1 inch	83.15	100.05
1 1/2 inch	166.20	200.00
2 inch	332.45	400.05
3 inch	797.90	960.05
4 inch	1,396.30	1,680.15
6 inch	3,058.50	3,680.25
8 inch	5,319.20	6,400.50

Non-Residential:

Customer Meter Size	Customer Charge per Month Inside City	Customer Charge per Month Outside City
3/4 inch	$ 45.75	$ 55.05
1 inch	76.25	91.75
1 1/2 inch	152.50	183.50
2 inch	305.00	367.00
3 inch	732.00	880.80
4 inch	1,281.00	1,541.40
6 inch	2,806.00	3,376.40
8 inch	4,880.00	5,872.00
Fire Hydrant Meter	732.00	880.80

TABLE 4 – VOLUMETRIC WATER RATES (EFFECTIVE 10-1-2025)

Residential Water Rates

Gallons	Volumetric Rate Inside City	Volumetric Rate Outside City
Up to and including 7,000 gallons	$ 2.80	$ 2.80
Over 7,001 gallons, up to and including 15,000 gallons	4.20	4.20
Over 15,001 gallons, up to and including 25,000 gallons	7.35	7.35
Over 25,001 gallons, up to and including 50,000 gallons	14.70	14.70
Over 50,001 gallons	18.40	18.40

TABLE 5 – DAILY FLOW (WASTEWATER TREATMENT)

Average Daily Wastewater Flow	
Fiscal Year	Gallons
2021	8,365,370
2022	10,521,384
2023	8,044,566
2024	10,558,470
2025	11,574,230

TABLE 6 – MONTHLY WASTEWATER RATES (EFFECTIVE 10-1-2025)

Residential Service:

A. Availability. This schedule applies to residential customers in single-family residences, or to residential locations that have domestic use only and one individual dwelling unit per water meter. This schedule is not available to multi-family dwellings of more than one dwelling unit per water meter.

B. Net monthly rates.

1. Flat rate inside city limits: $60.85 per month.
2. Flat rate outside city limits: $70.00 per month.

C. Residential customers may request a low-income sewer discount that is 20 percent below the current flat rate for the residential service that is applicable.

1. Request for low-income discount must be made in writing.
2. To qualify for the discount, customer or a permanent resident in the household must participate in the Medicaid Program and provide verifiable proof of that participation, such as a Medicaid card or official documentation.
3. Requests for the low-income discount must be renewed annually.

D. Any customer connected to the City sewer must pay the sewer charges in this Section.

Small commercial:

A. Availability. This schedule is available, by written request only, to nonresidential consumers that have a single water line to their location that is no larger than three-fourths-inch and serves only one unit; a single sewer line, no larger than four inches; no more than ten plumbing fixtures; and whose function, processes or product does not utilize or require water.

B. Net monthly rate.

1. Flat rate inside city limits: $60.85 per month.
2. Flat rate outside city limits: $70.00 per month.

Commercial:

A. Availability. This schedule applies to nonresidential customers at commercial or general service locations with a wastewater service line six inches or smaller.

B. Net monthly rate.

1. Inside city limits.
    a. Customer charge: $92.00 per month.
    b. Volumetric charge: $5.30 per 1,000 gallons.
2. Outside city limits.
    a. Customer charge: $105.90 per month.
    b. Volumetric charge: $6.05 per 1,000 gallons.

C. The volumetric charges in this Section are calculated using the actual water consumption billed per month.

Large commercial:

A. Availability. This schedule applies to nonresidential customers at commercial or general service locations with a wastewater service line eight inches or larger. Multifamily locations do not qualify.

B. Net monthly rate.

1. Inside city limits.
    a. Customer charge: $163.40 per month.
    b. Volumetric charge: $5.30 per 1,000 gallons.

2. Outside city limits.
    a. Customer charge: $188.05 per month.
    b. Volumetric charge: $6.05 per 1,000 gallons.

C. The volumetric charges in this Section are calculated using the actual water consumption billed per month.

Multifamily:

A. Availability. This schedule applies to multi-family residential customers with domestic use only and more than one individual dwelling unit per water meter.
B. Net monthly rate. Multifamily dwellings served by one master meter will be billed on a per unit basis. The minimum charge will be an amount equal to the applicable residential service rate multiplied by the number of dwelling units, multiplied by two-thirds.
C. Any nonresidential portion of a multi-family location with a separate meter shall be considered a small commercial, commercial, or large commercial consumer, depending upon the size of the line to said meter.

Industrial:

A. Availability. This schedule applies to any nonresidential customer with a wastewater service line six inches or small and whose Standard Industrial Classification (SIC) Code has the potential for discharges that exceed the limits of domestic sewage as defined in section 13.20.040 and is considered an industrial user and is subject to industrial waste permitting and wastewater strength sampling.
B. An annual wastewater sample and pretreatment permit renewal by the City is used to determine the industrial users wastewater strength factor. The wastewater strength factor remains in effect for a 12-month period following the sample results, or until replaced by a wastewater strength factor calculated as a result of a more recent sample.
C. If a customer believes that the calculated wastewater strength factor is incorrect, the customer may request a follow-up sample whose strength factor will be averaged with results of the normally scheduled sample and the averaged results will remain in effect for the original 12-month period from the prior sample. The customer will be charged a resample fee of $250.00.
D. Net monthly rate.
  1. Inside city limits.
      a. Customer charge: $127.30 per month.
      b. Volumetric charge: $5.30 per 1,000 gallons multiplied by the customer's wastewater strength factor.
  2. Outside city limits.
      a. Customer charge: $140.85 per month.
      b. Volumetric charge: $6.05 per 1,000 gallons multiplied by the customer's wastewater strength factor.

E. The volumetric charges in this Section are calculated using the actual water consumption billed per month.

Large industrial:

A. Availability. This surcharge applies to any nonresidential customer with a wastewater service line eight inches or larger and whose Standard Industrial Classification (SIC) Code has the potential for discharges that exceed the limits of domestic sewage as defined in section 13.20.040 and is considered an industrial user and is subject to industrial waste permitting and wastewater strength sampling.
B. An annual wastewater sample and pretreatment permit renewal by the City is used to determine the industrial users wastewater strength factor. The wastewater strength factor remains in effect for a 12-month period following the sample results, or until replaced by a wastewater strength factor calculated as a result of a more recent sample.
C. If a customer believes that the calculated wastewater strength factor is incorrect, the customer may request a follow-up sample whose strength factor will be averaged with results of the normally scheduled sample and the averaged results will remain in effect for the original 12-month period from the prior sample. The customer will be charged a resample fee of $250.00.
D. Net monthly rate.
  1. Inside city limits.
      a. Customer charge: $198.35 per month.
      b. Volumetric charge: $5.30 per 1,000 gallons multiplied by the customer's wastewater strength factor.
  2. Outside city limits.
      a. Customer charge: $222.90 per month.
      b. Volumetric charge: $6.05 per 1,000 gallons multiplied by the customer's wastewater strength factor.

F. The volumetric charges in this Section are calculated using the actual water consumption billed per month.

Evaporative cooling or wastewater diversion credit:

A. Availability. This schedule is available to nonresidential locations, with the exception of those qualifying for a flat small commercial sewer rate, which have installed qualifying evaporative cooling equipment or whose product or process diverts water from the wastewater collection system.

B. An evaporative cooling system or other qualifying water diversion is eligible for a reduced volumetric rate.
1. The rate reduction is equal to the average system evaporation or diversion, documented by a calculation signed and sealed by a licensed professional engineer, less an amount equal to two percent for error.

C. Volumetric evaporative cooling or product diversion credit.
1. With documented engineering calculation standard rate × (100% - (diversion % - 2%)).

D. Customer may request that the City adjust their diversion percent by providing documentation of an updated engineering calculation, no more than once annually.

E. City may require customer to provide documentation of an updated engineering calculation to maintain the existing credit if there have been changes to the equipment or location that may alter the evaporative cooling equipment or other water diversion process. City may also request documentation verifying compliance with industrial waste discharge regulations.

____

*The volumetric charges are calculated using the actual water consumption billed per month.

**Multifamily dwellings served by one master meter will be billed on a per unit basis. The minimum charge will be based on premises location and multiplied by number of dwelling units, multiplied by two-thirds (2/3). Any non-residential portion of a multifamily location with a separate meter shall be considered a small commercial, commercial, or large commercial consumer, depending upon the size of the line to said meter.

TABLE 7 – TEN LARGEST WASTEWATER CUSTOMERS

Customer	% of Total Wastewater Usage
Citicorp of North America Inc.	1.25%
Williamson County	0.74%
Georgetown Independent School District	0.68%
Southwestern University	0.52%
Perry Homes	0.49%
Pulte Homes of Texas LP	0.40%
Georgetown Infiniti	0.37%
City of Georgetown	0.34%
St. David's Georgetown Hospital	0.32%
Taylor Morrison	0.29%
	5.40%

ELECTRIC SYSTEM . . . In 1976, the Public Utility Commission (the "PUC") issued the City a Certificate of Convenience and Necessity ("CCN") to provide electric service to an approximately 10 square mile area encompassing the then boundaries of the City, plus its extraterritorial jurisdiction area ("ETJ") at the time. The City is the exclusive provider of electric services to 60% of the area included within the 1976 service territory. In the remaining 40% of the area included within the 1976 service territory dual certification was also granted to Pedernales Electric Cooperative in approximately 10% of the dual certified territory and Oncor Electric Delivery Company in approximately 90% of the dual certified area. Based on the historical customer growth data, the City owned electric utility has been competitive in acquiring new customers in the dual certified CCN.

The electric utility continues to experience robust load growth within the service area. In FY2025, customer growth rate was 2%. Over the past three fiscal years, the annual average customer growth rate has been 5%. The annual average kWh sales growth rate over the past two years has been around 5%. The load growth is well diversified, with growth in residential, commercial, and industrial customer classes. Commercial and Industrial load is poised to increase significantly in the next 3 -5 years.

Electric System Statistics as of December 31, 2025:

Residential Electric Meters	32,303
Commercial & Industrial	4,180
Total Electric Meters	**36,483**

The Georgetown Electric Utility System has the following Power Purchase Agreements.

The existing long term PPAs are as follows:

Counterparty	Resource Type	Capacity under Contract	Delivery Type	Expiry	Price
American Electric Power (AEP)	South Trent Wind Farm	30 MW(Max)	Variable (As Generated)	2028	Fixed
Boralex	Spinning Spur 3 Wind Farm	144 MW (Max)	Variable (As Generated)	2035	Fixed
Buckthorn Westex, LLC	Riggins Solar	150 MW (Max)	Variable (As Generated)	2043	Fixed

ERCOT LETTERS OF CREDIT . . . The current ERCOT electric market requires each market participant to meet certain credit thresholds to participate in the electric market. For a discussion of the ERCOT electric market, see APPENDIX C. To meet ERCOT's credit requirements, the City currently provides ERCOT a letter of credit which allows ERCOT to draw up to $10 million in the event of a payment or settlement deficiency by the City. At the option of the City the amount of such letter of credit may be increased up to $20 million. The related reimbursement agreement and the City's Utility System Subordinate Lien Revenue Notes (ERCOT Financial Security), Taxable Series (the "ERCOT Notes") which are automatically issued and delivered without any further action by the City pursuant to such reimbursement agreement in the event of an ERCOT draw on the letter of credit, constitute Subordinate Lien Obligations secured by a lien on and pledge of the Pledged Revenues of the City subordinate and inferior to the lien on and pledge of Pledged Revenues securing Parity Obligations. The letter of credit expires on November 30, 2026 and the City is currently considering options to renew or replace the letter of credit to meet future credit requirements. The City does not anticipate that ERCOT will draw against such letter of credit. The City may either increase or reduce the amount of future letters of credit provided to ERCOT as necessary. If a letter of credit is drawn upon by ERCOT, the City has 90 days to repay any ERCOT Notes issued as a result of such a draw, and the City may issue refunding bonds or utilize its operating reserves to repay such ERCOT Notes if issued.

ENERGY RISK MANAGEMENT . . . The City of Georgetown has a City Council-approved Energy Risk Management (ERM) Policy that supports the advancement of its strategic business plan and management of its energy risks. The Energy Risk Management and the supporting guidelines and policies outline specific guidelines for managing financial risk related to volumetric and congestion exposure to spot market energy prices associated with serving its load obligations. Consistent with the ERM, the City has entered into power supply agreements with counterparties to hedge against volumetric and congestion exposure to spot market energy prices. As of January 1, 2024, Georgetown is its own Qualified Scheduling Entity (QSE) in the ERCOT market. Shell Energy will be the agent QSE. As part of the comprehensive review in FY 2025, the ERM has been updated to address the risks associated with serving very large C&I customers.

As discussed above, in December 2023, the City closed on a $10 million Letter of Credit with Wells Fargo Bank to use as collateral for participation in the ERCOT market. After PUC updates, municipalities are no longer allowed unsecured credit with ERCOT. The utility is considering increasing the Letter of Credit facility to $30 million at the end of FY26 as part of the renewal process, with $15M posted with ERCOT.

ELECTRIC FINANCIAL STRATEGIES:

- The electric utility ended fiscal year 2025 with unrestricted cash and investments of $49.2 million.
- The electric utility ended the 2024-2025 fiscal year with fully funded reserves. The City's net purchased power expenses for fiscal year 2025 totaled $73 million which was lower than the anticipated budget of $77 million.
- The financial policies are regularly reviewed to ensure adequate fund reserves are maintained to provide reliable service delivery, meet future needs, and protect against financial risks.
- The electric utility continuously updates all our cost recovery models, including the Financial Forecast Model, Cost of Service/Revenue requirements studies, to ensure that the retail rates and fees generate the revenues required to meet the financial and operational objectives of the electric utility.
- With the projected increase in Commercial and Industrial loads, a comprehensive review of risks associated with these loads has been completed.
- A Very Large Commercial & Industrial rate rider (VLC&I ERR) was implemented in June 2025 to assign and recover the energy costs incurred in serving the very large C&I customers. The ERR is designed to ensure full recovery of purchased power costs associated with serving VLC&I customers.
- A simplified version of the ERR calculation formula is:

  Forecasted ERR ($/kWh) = ((VLC&I PP Cost – Energy Charge Revenue) + (Target ERR Account Balance – Actual ERR Account Balance))/(VLC&I kWh)

- A codified rate structure and policy for very large commercial and industrial customers with peak demands of 10,000 kW or greater ensure these customers fully cover capacity improvements and energy costs.

- Risk mitigation measures for very large customers include cash collateral requirements, letters of credit, binding energy forecasts, and minimum demand charges to address financial exposure.
- The electric utility recovers all costs associated with line extensions and infrastructure additions, including substation and distribution backbone infrastructure, distribution system upgrades, and retirements required to serve
    - The Line Extension Application Fee ($8,800 for the first MW, then $4,400/MW for each incremental MW of requested load) ensures recovery of engineering costs before collecting project payment.
    - The Plant Investment Fee recovers substation and feeder capacity costs.
- For FY26 a new reserve, the Substation Transformation Reserve "Reserve," is being explored by staff. The reserve is established to provide a dedicated funding mechanism to offset increases in transformation costs associated with substation infrastructure required to serve system load growth. The Reserve shall be funded only from the transformer and substation feeder exit related component of the PIF, as determined through the Utility's cost allocation methodology.
- Strategic partnerships with vendors help the utility navigate supply chain challenges effectively.

ELECTRIC ENGINEERING AND OPERATIONAL STRATEGIES:

- Considering increased weather-related emergencies and the changing customer base, the electric utility system has a heightened focus on power quality, system hardening and resiliency. The System maintenance programs include:
    - **Tree trimming:** A 3-year Cycle which covers all of the primary feeder rights-of-way with more susceptible feeders being trimmed annually.
    - **Pole inspection:** A multi-year cycle where about 2200 poles are inspected annually for serviceability. On average, about 14% of the inspected poles are replaced.
    - **Underground asset management:** Underground Residential Distribution (URD) inspections target aging infrastructure and this program inspects about 800 single and three phase units per year.
    - **Critical 3 phase padmount inspection programs:** The annual inspection program involves detailed inspections of all roughly 900 3-phase padmount transformers during peak summer months.
    - **Overhead switch testing and maintenance programs:** The annual switch testing program involves detailed inspections and servicing of both overhead and underground switching devices of which there are 350 switching devices in total.

In FY26, the Electric Utility budgeted to spend approximately $2,055,000 on these system maintenance efforts annually.

- Electric Utility continues to maintain high levels of employee safety, power quality and reliability of the electric service. These high levels of service quality have been rewarded by two national recognitions:
    - Georgetown Electric Utility achieved and maintains diamond-level status under the American Public Power Association's (APPA) Reliable Public Power Provider (RP3) program. An RP3 designation is a sign of a utility's dedication to operating an efficient, safe, and reliable distribution system.
    - Georgetown Electric Utility achieved and maintains diamond-level status under the American Public Power Association's (APPA) Safety Award of Excellence for safe operating practices.
- Our employees are our biggest asset, and we continue to develop strategic competencies essential for providing safe, reliable and competitive retail electric service.

See "FEDERAL REGULATION OF ELECTRIC TRANSMISSION SERVICES" and "APPENDIX C – FACTORS AND REGULATORY MATTERS AFFECTING THE ELECTRIC UTILITY INDUSTRY" herein.

CONTRIBUTIONS TO THE CITY OF GEORGETOWN . . . The City's electric system enterprise fund annually transfers an amount to the General Fund of the City to reimburse for the electric system's share of administrative overhead of the City, such amount being $798,837 in fiscal year ended 2025. The amount transferred to the General Fund for administrative overhead is an operating expense of the City's electric system. The City's electric system also makes an annual transfer to the General Fund as payment in lieu of taxes, such amount being $6,815,917 in fiscal year ended 2025; this is paid after the City's electric system has provided for the payment of operating expenses and debt service requirements and does not affect coverage calculations.

The City's water and sewer system enterprise fund annually transfers an amount to the General Fund of the City to reimburse for the water and sewer system's share of administrative overhead of the City, such amount being $818,243 in fiscal year ended 2025. The amount transferred to the General Fund for administrative overhead is an operating expense of the City's water and sewer system. The City's water and sewer system also makes an annual transfer to the General Fund in lieu of taxes, such amount being $8,932,012 in fiscal year ended 2025; this is paid after the City's water and sewer system has provided for the payment of operating expenses and debt service requirements and does not affect coverage calculations.

TABLE 8 – MONTHLY ELECTRIC RATES (EFFECTIVE 10-1-2025)

<u>All Customers</u>	
Purchased Power Cost Adjustment:	$0.01375 per kWh
Transmission Cost of Service:	$0.0000 per kWh
Residential Sales Tax:	2.00% of total electric charges; outside City limits: None
Commercial Sales Tax:	8.25% of total electric charges; outside City limits: 6.25%
<u>Residential Service</u>	
Customer Charge:	$25.32 per month
Energy Charge:	$0.09780 per kWh
<u>Small General Service</u>	
Customer Charge:	$51.05 per month
Energy Charge:	$0.0921 per kWh
Minimum Bill:	$51.05
<u>School Services</u>	
Customer Charge:	$204.02 per month
Energy Charge:	$0.1174 per kWh
Minimum Bill:	$204.02
<u>Municipal Water & Wastewater Pumping Service</u>	
Customer Charge:	$199.10 per month
Demand Charge:	$19.99 per kW
Energy Charge:	$0.0460 per kWh
Minimum Bill:	$199.10
<u>Large General Service</u>	
Customer Charge:	$178.68 per month
Demand Charge:	$11.23 per kWh (50 kW minimum)
Energy Charge:	$0.0668 per kWh
Minimum Bill:	$740.18
<u>Commercial & Industrial (C&I) Service</u>	
Customer Charge:	$357.35 per month
Demand Charge:	$16.34 per kW (500 kW minimum)
Energy Charge:	$0.0577 per kWh
Minimum Bill:	$8,527.35
<u>Large Commercial & Industrial (C&I) Service</u>	
Customer Charge:	$520.71 per month
Demand Charge:	$19.65 per kW (2000 kW minimum)
Energy Charge:	$0.0543 per kWh
Minimum Bill:	$39,820.71

<u>Street Lighting Services:</u>

Security Lighting Service		High Pressure Sodium	Municipal Street	Retail Street
100 Watt HPL	per light (35 kWh)	$8.50 per month	$5.09 per month	$5.26 per month
200 Watt HPL	per light (71 kWh)	$14.50 per month	$9.29 per month	$9.75 per month
250 Watt HPL	per light (86 kWh)	$16.70 per month	$11.13 per month	$11.64 per month
400 Watt HPL	per light (137 kWh)	$23.50 per month	$17.33 per month	$18.17 per month

TABLE 9 – TEN LARGEST ELECTRIC CUSTOMERS

Customer	% of Total kWh Consumed
Citicorp of North America Inc.	10.54%
City of Georgetown	4.46%
Findlay Machine and Tool	3.18%
ZT Systems	2.42%
Southwestern University	2.21%
Williamson County	1.88%
Scott & White Medical Center	1.46%
Georgetown Independent School District	1.36%
Round Rock Premium Outlets	1.14%
HEB Grocery Company	1.14%
	29.78%

TABLE 10 – UTILITY SYSTEM REVENUE DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Outstanding Debt		
	Principal	Interest	Total
2026	$ 17,760,000	$ 28,506,472	$ 46,266,472
2027	24,160,000	48,385,737	72,545,737
2028	28,595,000	43,789,311	72,384,311
2029	29,950,000	42,477,704	72,427,704
2030	31,240,000	41,096,415	72,336,415
2031	31,195,000	39,634,251	70,829,251
2032	31,385,000	38,174,358	69,559,358
2033	33,555,000	36,700,171	70,255,171
2034	35,610,000	35,114,470	70,724,470
2035	36,745,000	33,425,973	70,170,973
2036	36,425,000	31,677,300	68,102,300
2037	36,095,000	29,900,631	65,995,631
2038	36,175,000	28,128,819	64,303,819
2039	37,525,000	26,326,744	63,851,744
2040	39,395,000	24,450,494	63,845,494
2041	41,365,000	22,480,744	63,845,744
2042	43,435,000	20,412,494	63,847,494
2043	42,870,000	18,240,744	61,110,744
2044	39,000,000	16,154,131	55,154,131
2045	34,035,000	14,260,494	48,295,494
2046	27,715,000	12,636,019	40,351,019
2047	22,980,000	11,330,181	34,310,181
2048	24,050,000	10,264,419	34,314,419
2049	25,250,000	9,055,244	34,305,244
2050	26,555,000	7,756,744	34,311,744
2051	27,920,000	6,387,975	34,307,975
2052	29,360,000	4,949,288	34,309,288
2053	18,810,000	3,436,106	22,246,106
2054	17,790,000	2,478,019	20,268,019
2055	15,895,000	1,611,750	17,506,750
2056	16,340,000	817,000	17,157,000
	$ 939,180,000	$ 690,060,199	$ 1,629,240,199

TABLE 10A – ELECTRIC SYSTEM SUBORDINATE LIEN OBLIGATIONS DEBT SERVICE REQUIREMENTS[(1)]

Fiscal Year Ending 9/30	PPFCO Debt[(2)] Principal	Interest	Total
2026	$ 4,780,000	$ 518,827	$ 5,298,827
2027	4,860,000	436,133	5,296,133
2028	4,945,000	352,055	5,297,055
2029	5,030,000	266,507	5,296,507
2030	5,120,000	179,488	5,299,488
2031	5,255,000	45,456	5,300,456
	$ 29,990,000	$ 1,798,465	$ 31,788,465

(1) Excludes any payment obligations on the City's ERCOT Notes authorized up to $20 million in the event of draws by ERCOT on the related letter of credit. No ERCOT Notes are currently outstanding, and the City does not anticipate that ERCOT will draw against such letter of credit. See "THE SYSTEM – ERCOT LETTERS OF CREDIT."

(2) Comprised of the City's Combination Tax and Surplus Revenue Public Property Finance Contractual Obligation, Taxable Series 2021 (the "2021 PPFCO") which is secured by and payable from a pledge of annual ad valorem taxes and from a pledge of the surplus revenues of the City's Electric System, after payment of all operation and maintenance expenses or collections thereof, and all debt service, reserve and other requirements in connection with all of the City's revenue bonds or other obligations (now or hereafter outstanding) which are payable from all or any part of the net revenues of the City's Electric System. The 2021 PPFCOs have been paid entirely from the surplus revenues of the City's Electric System, and the City currently expects to continue making payments solely from surplus revenues of the City's Electric System.

TABLE 11 – SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2025	2024	2023	2022	2021
Revenue					
Water and Sewer System	$ 123,780,168	$ 92,101,774	$ 74,815,224	$ 64,358,893	$ 56,268,199
Electric System	105,834,126	97,596,894	91,457,318	86,877,653	80,933,054
Miscellaneous	14,909,052	13,790,255	12,480,835	16,175,137	16,331,769
Interest Earnings	26,396,075	28,689,981	19,644,597	2,641,666	464,333
Total Revenues	$ 270,919,421	$ 232,178,904	$ 198,397,974	$ 170,053,349	$ 153,997,355
Expenses:[(1)]					
Water and Sewer System	$ 41,975,369	$ 36,712,665	$ 34,690,382	$ 28,321,528	$ 24,643,443
Electric System	24,222,990	21,232,166	19,780,078	17,524,284	17,702,987
Utility Contracts	88,674,624	88,749,436	81,689,907	78,588,958	71,031,640
Total Expenses	$ 154,872,983	$ 146,694,267	$ 136,160,367	$ 124,434,770	$ 113,378,070
Net Available for Debt Service	$ 116,046,438	$ 85,484,637	$ 62,237,607	$ 45,618,579	$ 40,619,285
Debt Service	$ 39,047,414	$ 31,915,240	$ 24,523,071	$ 10,099,721	$ 10,181,528
Debt Service Coverage:	2.97x	2.68x	2.54x	4.52x	3.99x

(1) Excludes depreciation costs and plant management.

Table 12 – Coverage

Average Annual Principal and Interest Requirements (2026-2056)	$ 52,556,135
Coverage of Average Annual Requirements by 2025 Net Revenues	2.21 Times
Maximum Principal and Interest Requirements, 2027	$ 72,545,737
Coverage of Maximum Requirements by 2025 Net Revenues	1.60 Times
Utility System Bonds Outstanding (as of July 1, 2026)	$ 939,180,000

Additional System Revenue Debt

The City does anticipate the issuance of approximately $117 million in one or more issuances of additional debt payable from revenues of the System within the next twelve months to fund water supply projects.

Table 13 – City's Equity in the System

	Fiscal Year Ended September 30,				
	2025	2024	2023	2022	2021
Utility System[1]	$ 999,419,269	$ 905,321,087	$ 825,369,288	$ 745,750,539	$ 693,019,892
Less: Accumulated Depreciation	(293,264,104)	(261,576,273)	(239,430,504)	(219,203,897)	(200,858,513)
Net Value of System	$ 706,155,165	$ 643,744,814	$ 585,938,784	$ 526,546,642	$ 492,161,379
Plus: Construction Fund	514,987,092	319,215,479	162,977,727	56,910,557	29,392,041
Net Plant	$ 1,221,142,257	$ 962,960,293	$ 748,916,511	$ 583,457,199	$ 521,553,420
Plus: Working Capital	542,490,590	537,669,619	529,100,424	472,563,790	210,105,683
Total	$ 1,763,632,847	$1,500,629,912	$ 1,278,016,935	$ 1,056,020,989	$ 731,659,103
Revenue Bond Debt[2]	585,780,000	499,085,000	398,235,000	301,600,000	88,515,000
CITY'S EQUITY IN SYSTEM	$ 1,177,852,847	$1,001,544,912	$ 879,781,935	$ 754,420,989	$ 643,144,103
Percentage City's Equity in System	66.79%	66.74%	68.84%	71.44%	87.90%

(1) Electric, water and wastewater funds only.
(2) Revenue Bond Debt excludes public property finance contractual obligations.

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CITY OF ROUND ROCK, TEXAS

THE CITY

The City of Round Rock, Texas (the "City"), is a political subdivision located in Williamson and Travis Counties operating as a home-rule city under the laws of the State of Texas and a charter approved by the voters in August, 1977, as subsequently amended in May, 2004 (the "Home Rule Charter"). The City operates under the City Council/Manager form of government where the Mayor and six City Councilmembers are elected for staggered three-year terms. The City Council formulates operating policy for the City while the City Manager is the chief administrative officer.

The City is located 15 miles north of Austin and 85 miles south of Waco on Interstate Highway 35. The City is also situated on U.S. Highway 79, which runs east and west. Both U.S. Highway 79 and I-35 are main traffic arteries within Texas.

ELECTED OFFICIALS

City Council	Length of Service	Term Expires	Occupation
Craig Morgan Mayor	14 Years, 11 Months	May 2029	Attorney, McCreary, Veselka, Bragg & Allen, P.C.
Hilda Montgomery Mayor Pro-Tem	8 Years, 11 Months	May 2028	Project Manager, Dell Computers
Michelle Ly Council Member	5 Years, 11 Months	May 2029	Businessowner
Rene Flores Council Member	9 Years, 11 Months	May 2028	Commercial Lender, Amplify Credit Union
Melissa Fleming Council Member	1 Year, 1 Month	May 2027	Wealth Advisor, IronBridge Private Wealth
Frank Ortega Council Member	5 Years, 4 Months	May 2029	Real Estate Agent, Keller Williams Realty
Kristin Stevens Council Member	4 Years, 11 Months	May 2027	Pediatric Speech Language Pathologist

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Service With the City
Brooks Bennett	City Manager	21 Years, 10 Months
Brad Wiseman	Assistant City Manager	18 Years, 7 Months
Kevin Klosterboer	Chief Financial Officer	1 Year
Ann Franklin	City Clerk	1 Year, 6 Months

WATERWORKS SYSTEM

The City continues to plan ahead to ensure its utility system will serve the future citizens of Round Rock. With multiple contracts in place with the Brazos River Authority, the City has secured its water supply through expected buildout in 2050. Water from Lake Georgetown and Stillhouse Hollow Lake in the Brazos River Basin provide water to the City's current 52 million gallons per day (MGD) water treatment plant. The City also secured water from Lake Travis in the Lower Colorado River Basin. In order to treat water from Lake Travis, the City partnered with the Cities of Cedar Park and Leander to form the Brushy Creek Regional Utility Authority (BCRUA). The BCRUA system will ultimately pump and treat 105.6 MGD which meets all three Cities' supply needs through buildout. A deep-water intake and underground raw waterline tunnel contract was awarded in the summer of 2022 is on schedule to start construction and projected to be completed in 2027. The City's cost share in the project is budgeted at $84.7 million.

WATER SUPPLY AGREEMENTS . . . On May 2, 1978, the City entered into the "Water Supply Contract" with the Brazos River Authority (Authority), providing the City the right to purchase 6,720 acre-feet of water per year from Lake Georgetown. A new agreement, "System Water Availability Agreement for Lake Georgetown" dated September 1, 2001, replaced that agreement. The new agreement revised the rate methodology from a tiered system rate, wherein rates change based upon the City's consumption, to a level system rate. For the fiscal year ended September 30, 2025, the City's cost under this contract was $668,640.

On September 12, 1991, the City entered into the "Replacement Water Supply Agreement" with the BRA, wherein it received the right to purchase 8,134 acre-feet of water per year from Stillhouse Hollow Lake. Rights for an additional 10,000 acre-feet of water were acquired in the November 13, 1996, "System Water Supply Agreement". These agreements were replaced with the "System Water Availability Agreement for Lake Stillhouse Hollow" dated September 1, 2001. Under this agreement, the City purchases 18,134 acre-feet per year at the new system rate. For the fiscal year ended September 30, 2025, the City's cost under this contract was $1,804,333.

Effective September 1, 2001, the City entered into a "System Water Availability Agreement for Colorado River Basin Water" with the BRA, wherein it received reserved water rights for an additional 6,944 acre-feet of water. Two subsequent agreements granted Round Rock rights to 13,984 additional acre-feet of water per year from the Colorado River Basin. For the fiscal year ended September 30, 2025, the City's cost under these contracts was $2,184,898.

Future annual charges under the Water Supply Agreements will be based upon the system rate periodically set by the Authority.

SERVICE AREA

The City service area covers approximately 55 square miles and is bounded by several cities and municipal utility districts. The estimated population of the City for 2025 was 136,383.

WASTEWATER SYSTEM

In December 2009, the Cities of Round Rock, Austin and Cedar Park purchased the Brushy Creek Regional Wastewater System (BCRWWS) assets from the Lower Colorado River Authority and entered into a Master Contract for the Financing, Construction, Ownership and Operation of the BCRWWS. The Master Contract provided for the terms and conditions by which the cities would jointly own and operate the BCRWWS.

In June 2010 and September 2023, the Cities of Round Rock, Austin and Cedar Park sold a share of the BCRWWS assets to the City of Leander, and all parties entered into the Amended and Restated Master Contract for the Financing, Construction, Ownership and Operation of the Brushy Creek Regional Wastewater System.

The BCRWWS treatment plant ownership is allocated based on the amount of reserved capacity each city has in the system. The system currently has a total treatment capacity of 33.0 MGD which is sufficient to meet future projected flows through 2030. The City of Round Rock's current reserved capacity in the system is 20.05 MGD, or 60.76%, of total treatment capacity.

The Cities of Round Rock, Austin, Cedar Park and Leander entered into an interlocal agreement in July 2018 for the City of Round Rock to take over operations and maintenance of the BCRWWS effective October 1, 2018. Previously, the BCRWWS was operated by the Brazos River Authority on behalf of the cities.

The cost of the BCRWWS operation and maintenance expenses are allocated based on each city's annual flow percentage into the system. For fiscal year ended September 30, 2025, the City of Round Rock's allocated share of operation and maintenance expenses was 68.26%.

TABLE 1 - WATER USAGE (GALLONS)

Fiscal Year	Avg. Month Usage (000's)	Total Usage (000's)
2020	620,081	7,440,969
2021	622,781	7,473,376
2022	773,701	9,284,418
2023	802,576	9,630,908
2024	671,803	8,061,636
2025	774,906	9,298,869

TABLE 2 - TEN LARGEST WATER CUSTOMERS (as of SEPTEMBER 30, 2025)

Name of Customer	Type of Business	Water Consumption in Gallons	% of Total Water Consumption in Gallons
City of Georgetown, Texas	Municipality	1,619,159,700	17.412%
Fern Bluff MUD	Municipal Utility District	284,828,800	3.063%
Paloma Lake MUD	Municipal Utility District	267,671,900	2.879%
Williamson County MUD #10	Municipal Utility District	210,970,400	2.269%
Williamson County MUD #11	Municipal Utility District	191,369,500	2.058%
Chandler Creek MUD	Municipal Utility District	145,262,800	1.562%
Kalahari Resorts & Conventions	Hotel	144,776,300	1.557%
Vista Oaks MUD	Municipal Utility District	107,996,800	1.161%
Mid America Apartments, LP	Multi-Family Housing	85,155,200	0.916%
Dell, Inc.	Electronic Equipment	78,597,500	0.845%
		3,135,788,900	33.722%

TABLE 3 - MONTHLY WATER AND SEWER RATES (EFFECTIVE NOVEMBER 1, 2025)

Customer Meter Size	Customer Charge per Water	Sewer
5/8 inch	$ 18.21	$ 14.91
3/4 inch	25.36	19.45
1 inch	40.04	27.89
1 1/2 inch	76.72	50.85
2 inch	120.73	78.42
3 inch	223.45	142.71
4 inch	370.21	234.55
6 inch	1154.16	691.32
8 inch	2,017.32	1,206.38
10 inch	3,168.22	1,893.10
12 inch	3,887.54	2,322.30
Cost per thousand gallons	$ 3.02	$ 3.21

TABLE 4 – WASTEWATER USAGE (GALLONS)

Average Monthly Wastewater Flow	
Fiscal Year	Gallons (000's)
2020	372,851
2021	397,964
2022	445,619
2023	487,922
2024	499,360
2025	464,222

TABLE 5 - UTILITY SYSTEM REVENUE DEBT SERVICE REQUIREMENTS

Year Ending 9/30	Outstanding Obligations		
	Principal	Interest	Total
2026	$ 4,045,000	$ 1,908,950	$ 5,953,950
2027	3,350,000	1,715,100	5,065,100
2028	3,440,000	1,629,175	5,069,175
2029	3,530,000	1,540,331	5,070,331
2030	3,640,000	1,440,906	5,080,906
2031	3,715,000	1,338,356	5,053,356
2032	3,590,000	1,224,975	4,814,975
2033	3,705,000	1,114,600	4,819,600
2034	3,850,000	969,200	4,819,200
2035	3,400,000	818,125	4,218,125
2036	3,765,000	682,125	4,447,125
2037	3,925,000	522,113	4,447,113
2038	4,095,000	355,300	4,450,300
2039	4,265,000	181,263	4,446,263
	$ 52,315,000	$ 15,440,519	$ 67,755,519

TABLE 6 - UTILITY SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ending September 30,				
	2025	2024	2023	2022	2021
Revenues:					
Charges for services	$ 65,460,046	$ 58,952,865	$ 61,870,880	$ 60,923,212	$ 55,106,110
Licenses, permits and fees	7,832,616	6,447,691	6,394,076	6,302,178	5,472,368
Interest income and other	21,895,674	14,432,338	7,289,303	90,182	2,363,247
Total	$ 95,188,336	$ 79,832,894	$ 75,554,259	$ 67,315,572	$ 62,941,725
Expenses(1):					
Personnel services	$ 19,201,634	$ 18,437,608	$ 16,702,089	$ 13,633,693	$ 12,896,946
Contracted services	25,621,177	21,436,997	17,758,878	18,392,887	16,476,180
Materials and supplies	3,949,916	4,545,633	4,319,533	4,234,393	3,051,250
Heat, light and power	2,847,327	2,901,029	3,109,243	2,891,204	2,404,405
Total	$ 51,620,054	$ 47,321,267	$ 41,889,743	$ 39,152,177	$ 34,828,781
Net available for Debt Service	$ 43,568,282	$ 32,511,627	$ 33,664,516	$ 28,163,395	$ 28,112,944
Metered Water Customers	38,855	38,441	37,659	37,324	36,593
Metered Sewer Customers	38,028	37,635	36,883	36,581	35,879

(1) Excludes depreciation costs.

TABLE 7 - COVERAGE AND FUND BALANCES(1)

Average Annual Principal and Interest Requirements, 2026 – 2039 .... $	4,839,680
Coverage of Average Requirements by fiscal 2025 Net Revenue	9.00 Times
Maximum Principal and Interest Requirements, 2026 .... $	5,953,950
Coverage of Maximum Requirements by 2025 Net Revenue	7.32 Times

(1) Coverage of City Utility System Revenue Bond debt service. Contract payment obligations to the Authority are included in "contracted service" operating expenses of the Utility System of the City.

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APPENDIX C

FORM OF BOND COUNSEL'S OPINION

An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.

$__________
BRAZOS RIVER AUTHORITY
CONTRACT REVENUE BONDS, SERIES 2026
(WILLIAMSON COUNTY REGIONAL RAW WATER LINE PROJECT)
DATED JULY 15, 2026

AS BOND COUNSEL FOR THE ISSUER (the "Issuer") of the Bonds described above (the "Bonds"), we have examined into the legality and validity of the Bonds, which mature and bear interest from the dates specified in the text of the Bonds, until maturity or redemption, at the rates and payable on the dates as stated in the text of the Bonds, all as provided in the resolution of the Issuer authorizing the issuance of the Bonds, the 2026 Bond Covenants Agreement and the Certificate of General Manager/CEO authorized thereby (collectively, the "Bond Resolution").

WE HAVE EXAMINED the Constitution and laws of the State of Texas, certified copies of the proceedings of the Issuer and other documents authorizing and relating to the issuance of said Bonds, including one of the executed Bonds (Bond Number T-1).

BASED ON SAID EXAMINATION, it is our opinion that the Bonds have been authorized, issued and duly delivered in accordance with law; and that except as may be limited by laws applicable to the Issuer relating to governmental immunity of political subdivisions, federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, which rights may be limited by general principles of equity which permit the exercise of judicial discretion, (i) the covenants and agreements in the Bond Resolution constitute valid and binding obligations of the Issuer, and the Bonds, together with other outstanding parity bonds, constitute valid and legally binding special obligations of the Issuer secured by and payable from and secured by a first lien on and pledge of the "Net Revenues", as defined in the Bond Resolution, and (ii) the A&R Project Agreement, as defined in the Bond Resolution, are authorized by law, have been duly executed, and are valid and legally binding upon and enforceable by the parties thereto in accordance with their terms and provisions. It is specifically provided in the A&R Project Agreement that the Participants, as defined in the Bond Resolution, are obligated to make payments in amounts sufficient to pay the principal of and interest on the Bonds, and other amounts, when due.

THE ISSUER has reserved the right, subject to the restrictions stated in the Bond Resolution, to issue additional parity revenue bonds which also may be secured by and made payable from a first lien on and pledge of the aforesaid Net Revenues on a parity with the Bonds.

THE ISSUER also has reserved the right, subject to the restrictions stated in the Bond Resolution and in the A&R Project Agreement, respectively, to amend the Bond Resolution and the A&R Project Agreement.

THE REGISTERED OWNERS of the Bonds shall never have the right to demand payment of the principal thereof or interest thereon from any source whatsoever other than specified in the Bond Resolution.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual or corporate alternative minimum tax preference item under Section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on the certification by the Issuer's Financial Advisor verifying the sufficiency of the amounts deposited to the escrow fund to pay the principal of and interest on the refunded obligations on their redemption date, and assume compliance by the Issuer with, certain covenants regarding the use and investment of the proceeds of the Bonds and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon failure by the Issuer to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Bonds, is includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering an opinion with respect to the legality and validity of the bonds described above under the Constitution and laws of the State of Texas, and with respect to the exemption of the interest on such bonds from federal income taxes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We express no opinion and make no comment with respect to the marketability of the Bonds and have not been requested to investigate or verify, and have not investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer or the Participants, and have not assumed any responsibility with respect to the availability or adequacy of the "Net Revenues". Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of a result and are not binding on the Internal Revenue Service (the "Service"). Rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

Very truly yours,