

TO: THE BOARD OF DIRECTORS OF LAKE DUNLAP WATER CONTROL AND IMPROVEMENT DISTRICT, TEXAS, AND TO ALL OTHER INTERESTED PERSONS:

Notice is hereby given that the Board of Directors of Lake Dunlap Water Control and Improvement District will hold a special meeting on December 4, 2020 at 10:00 a.m. **In accordance with the Governor's emergency proclamation suspending certain provisions of the Texas Open Meetings Act effective March 16, 2020 in response to the COVID-19 virus, the meeting will be conducted remotely. Individual members of the Board of Directors of the District and the District may participate in the meeting telephonically or by weblink using the instructions below.**

**Weblink Instructions:**

Members of the public may join the meeting through the following web link:  
<https://global.gotomeeting.com/join/888196085>

**Telephonic Instructions:**

**Members of the public may join the meeting telephonically by dialing the following telephone number: [+1 \(571\) 317-3112](tel:+15713173112).**

**When your call is answered and when prompted, enter in the following Meeting ID below followed by the pound sign (#): 888-196-085#**

**Meeting Topics:**

The meeting will be held for the following purposes:

1. Receive Public Comments.
2. Consider and take action regarding approval of the minutes from the November 17, 2020 Board of Directors' meeting.
3. Consider and take action relating to Funding and Construction of Improvements to the Lake Dunlap Dam Facilities:
  - a. Status of award of contract by Guadalupe-Blanco River Authority ("GBRA") for construction of Improvements to the Lake Dunlap Dam Facilities;
  - b. Approve final Contract between District and GBRA for Financing and Operation of Lake Dunlap Dam and Hydroelectric Facilities, and authorize execution thereof;
  - c. Discuss and approve principal amount of GBRA contract revenue bonds to be issued for financing of Improvements to the Lake Dunlap Dam Facilities;
  - d. Adopt Resolution Approving the Issuance by the Guadalupe-Blanco River Authority of Up to \$40,000,000 in Aggregate Principal Amount of Guadalupe-Blanco River Authority Contract Revenue Bonds, Series 2021 (Lake Dunlap Dam and Hydroelectric Facilities Project), Approving the Form of the Related Bond Resolution, and Authorizing Certain District Officials to Approve the Final Terms of Such Series 2021 Bonds, All in Accordance with the Contract for Financing and Operation of Lake Dunlap Dam and Hydroelectric Facilities Between the Lake Dunlap Water Control and Improvement District and GBRA; and Approving Other Related Matters; and

- e. Authorize such action as may be necessary or convenient to the financing and construction of the Lake Dunlap Dam Facilities.
4. Consider and take action regarding adoption of Resolution and/or Policies relating to public communications from members of the Board of Directors relating to District business and affairs.

Anthony S. Corbett

The Board of Directors may go into Executive Session if necessary, pursuant to the applicable section of Subchapter D, Chapter 551, Texas Government Code, of the Texas Open Meetings Act, on any of the above matters. No final action, decision or vote will be taken on any subject or matter in Executive Session.

The District is committed to compliance with the Americans with Disabilities Act. Reasonable modifications and equal access to communications will be provided upon request. Please call 512-328-2008 for further information.



seconded the motion, which carried unanimously (4-0). A copy of the Resolution and adopted Budget is attached to these meeting minutes.

4. The Board considered approval of the minutes from the Board's October 20, 2020 meeting. Upon a motion made by Director Moeller that was seconded by Director Schaub, the Board unanimously approved the meeting minutes as presented (4-0).

5. The Board then consider adoption of an Order Canvassing the Returns and Declaring Results of the Confirmation Election, Director Election, Maintenance Tax Election, and Contract Tax Election (the "Canvassing Order"). After discussion, Director Schaub moved that the Board adopt the Canvassing Order as presented. Director Moeller seconded the motion, which carried unanimously (4-0). A copy of the Canvassing Order adopted by the Board is attached to these meeting minutes.

6. The Board then considered issuance of the Certificates of Election, approval of the Oaths of Officers, and approval of the Statements of Officers for the newly elected directors. After discussion, Director Harmon moved that the Board approve the issuance of the Certificates of Election, approval of the Oaths of Officers, and approval of the Statements of Officers for the newly elected directors. Director Harrison seconded the motion, which carried unanimously (4-0).

[Editor's Note- Larry Johnson joined the Board and assumed the duties of director at this point of the meeting.]

7. The Board then considered the election of officers. Director Moeller moved that the Board approve the following officer positions:

President-	Doug Harrison
Vice President	J Raymond Harmon
Secretary	Laurence Johnson
Treasurer	Gary Schaub
Assistant Secretary	Harry Moeller

Director Schaub seconded the motion, which carried unanimously (5-0).

8. The Board then considered adoption of a Resolution approving the actions taken by the temporary Board of Directors appointed by TCEQ. After discussion, Director Schaub moved that the Board adopt the Resolution. Director Moeller seconded the motion, which carried unanimously (5-0). A copy of the Resolution is attached to these meeting minutes.

9. Upon a motion to be Director Johnson that was seconded by Director Schaub, the Board unanimously authorized the District's legal counsel to prepare and file a District Registration Form with TCEQ.

10. Upon a motion by Director Harmon that was seconded by Director Harrison, the Board unanimously approved the District Information Form as presented and authorized filing thereof.

11. The Board then considered matters relating to the funding and construction of improvements to the Lake Dunlap Dam Facilities. Director Moeller provided a report regarding the status of review of contractor bids. He noted that interviews with the contractors were scheduled, that he anticipated award of a contract by GBRA in December, and that notice to proceed would be issued after bonds were issued to finance the project.

12. The Board then considered approval of the contract between GBRA and the District for financing the Lake Dunlap Dam Improvement Project. Mr. Corbett reported that TCEQ had issued an Order approving the contract, and the voters approved the contract. After discussion, Director Harmon moved that the Board approve the contract and authorize execution thereof by the District's officers. Director Johnson seconded the motion, which carried unanimously (5-0). A copy of the contract is attached to these meeting minutes.

13. The Board then discussed the principal amount of bonds to be issued by GBRA for financing the dam project. After discussion, Director Johnson moved that the Board approve the issuance of \$39,500,000 in contract revenue bonds by GBRA. Director Schaub seconded the motion, which carried unanimously (5-0).

14. The Board then considered adoption of a Resolution Approving the Issuance by GBRA of up to \$39,500,000 in Contract Revenue Bonds for the Project and containing other matters relating to thereto. Directors Schaub moved that the Board adopt the Resolution subject to removal of the statements that bond proceeds would be used to finance design costs. Director Moeller seconded the motion, which carried unanimously (5-0).

15. By unanimous acclamation, the Board adjourned the meeting at approximately 6:35 p.m.

(SEAL)

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Secretary, Board of Directors

**CONTRACT FOR FINANCING AND OPERATION OF LAKE DUNLAP DAM AND  
HYDROELECTRIC FACILITIES**

**STATE OF TEXAS** §

**COUNTIES OF GUADALUPE AND COMAL** §

This Contract for Financing and Operation of Lake Dunlap Dam and Hydroelectric Facilities (this "Contract") by and between **Lake Dunlap Water Control and Improvement District**, a conservation and reclamation district of the State of Texas organized and operating as a water control and improvement district under Chapters 49 and 51 of the Texas Water Code (the "WCID") and **Guadalupe-Blanco River Authority**, a conservation and reclamation district and political subdivision of the State of Texas organized and operating by special act of the Texas Legislature ("GBRA") is made and entered into effective as of the last date of execution below (the "Effective Date"). WCID and GBRA are individually referred to herein as a "Party" and collectively as the "Parties".

**RECITALS**

**WHEREAS**, GBRA's governmental authorizations include the control, storing, preservation and distribution of storm and flood waters, the waters of rivers and streams, including the Guadalupe and Blanco Rivers and their tributaries for irrigation, power, and all other useful purposes, and the conservation and development of the forests, water and hydro-electric power of the State of Texas and the navigation of inland waters, and the preservation and conservation of all such natural resources;

**WHEREAS**, pursuant to the foregoing authority, GBRA owns and operates multiple dam and hydroelectric facilities along the Guadalupe River within the State of Texas;

**WHEREAS**, on May 14, 2019, one of the Lake Dunlap Dam spillway gates failed causing Lake Dunlap to dewater;

**WHEREAS**, the WCID's governmental purposes include: (i) the control, storage, preservation, and distribution of its water and floodwater and the water of its rivers and streams for irrigation, power, and all other useful purposes; (ii) the reclamation, drainage, conservation, and development of its forests, water, and hydroelectric power; (iii) the control, abatement, and change of any shortage or harmful excess of water; and (iv) the preservation and conservation of all natural resources of the state. In particular, the WCID was created to finance, build, construct, improve, reconstruct, repair and maintain dams, structures, facilities and equipment in aid thereof, in order to store and preserve the waters within Lake Dunlap, after the existing Lake Dunlap dam facilities failed;

**WHEREAS**, GBRA has completed the necessary preliminary engineering studies to determine the nature of the dam improvements required to be constructed in order to restore proper operation of the dam facilities and water levels within Lake Dunlap, and has agreed to construct such improvements and thereafter own, operate and maintain such facilities, all in accordance with the terms and conditions of this Contract;

**WHEREAS**, GBRA has informed the WCID that GBRA cannot pay for the repair, rehabilitation, and improvements, and future Capital Repairs and Replacements necessary to restore Lake Dunlap;

**WHEREAS**, GBRA and the WCID desire to contract for the funding, repair, rehabilitation, improvement and operation of the Lake Dunlap Dam Facilities and related improvements in order to restore Lake Dunlap; and

**WHEREAS**, GBRA and the WCID are authorized to enter into this Contract pursuant to the provisions of Texas law, including Chapters 49 and 51 of the Texas Water Code, Chapter 791 of the Texas Government Code, and VCS Art. 820-106.

## **AGREEMENT**

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

### **ARTICLE I RECITALS AND DEFINITIONS**

Section. 1.1. **Recitals.** The Parties agree that the recitals above, including defined terms, are incorporated herein by reference for all purposes as if copied verbatim.

Section. 1.2. **Definitions.**

- A. “*Annual GBRA Payment*” means the annual payment to be made by GBRA to the WCID in accordance with the terms of Article V of this Contract.
- B. “*Annual Payment Period*” means GBRA's Fiscal Year, which currently begins on September 1 of each calendar year and ends on August 31 of the next following calendar year, but which may be any twelve consecutive month period fixed by GBRA.
- C. “*Annual Requirement*” means the total amount required to be paid by the WCID to GBRA during an Annual Payment Period, which shall be equal to the sum of: (i) the Debt Service Requirement for such Annual Payment Period; (ii) the CRR Requirement as defined below, (iii) the Reserve Requirement for such Annual Payment Period; and (iv) the Repayment Requirement.
- D. “*Annual WCID Payment*” means the amount of money to be paid by the WCID to GBRA during each Annual Payment Period, which shall be an amount equal to the Annual Requirement.
- E. “*Authorized Investments*” means all investments which the WCID and GBRA are is authorized to make by the laws of the state of Texas currently existing and as may exist during the term of this Contract
- F. “*Board*” means the governing body of GBRA.
- G. “*Bond Resolution*” means any resolution or other financing documents of GBRA which authorizes any Bonds.
- H. “*Bonds*” means all bonds, notes, or other debt obligations payable from and secured, in whole or in part, from the payments to GBRA under this Contract, and the interest thereon, hereafter issued by GBRA to finance the costs to acquire, construct, expand, renovate, improve, and equip the Project, and/or all bonds, notes, or other obligations issued

subsequently to finance costs to improve and extend the Project, and any bonds or other obligations issued to refund any bonds, notes, or other obligations relating to the Project. Any bonds or other evidences of indebtedness issued or incurred by GBRA unrelated to the Project, or related to the Project but in excess of the Maximum Principal Amount, shall not qualify as Bonds for purposes of this Contract.

- I. “Capital Costs” shall include all costs attributable to the acquisition, construction, improvement, repair or replacement of the Project to be funded with proceeds of the Bonds.
- J. “Capital Projects Fund” means the separate and distinct fund to be created by GBRA with proceeds of the Bonds and used for payment of the Project.
- K. “Capital Repair and Replacement Costs” means the cost of repairing, modernizing, improving and upgrading the Project subsequent to the initial completion of the Dam Facilities. Capital Repair and Replacement Costs shall not include any Operation and Maintenance Expenses nor depreciation.
- L. “CRR Contribution” means the Excess Hydro Revenues up to \$100,000 per fiscal year to be deposited by the WCID into the CRR Fund for purposes of funding Capital Repair and Replacement Costs for the Project, including repayment of any GBRA CRR Contribution plus accrued interest thereon. The Parties may mutually agree in writing to modify the CRR Contribution from time to time.
- M. “CRR Fund” shall mean the separate and distinct fund to be created by the WCID for deposit of certain Excess Hydro Revenues for purposes of funding Capital Repair and Replacement Costs.
- N. “CRR Requirement” means the total amount required to be paid by the WCID to GBRA during an Annual Payment Period to reimburse Capital Repair and Replacement Costs (including any GBRA CRR Contribution, plus accrued interest thereon), but which amount shall not exceed the balance of the CRR Fund without the WCID’s prior approval, which shall not be unreasonably withheld.
- O. “Code” means the Internal Revenue Code of 1986, and any amendments thereto, as in force and effect on the date of delivery of any series of Bonds.
- P. “Commission” or “TCEQ” means the Texas Commission on Environmental Quality or any successor entity thereto.
- Q. “Contract” means this Contract for Financing and Operation of Lake Dunlap Dam and Hydroelectric Facilities, as initially executed and as it may be amended from time to time.
- R. “Credit Agreement” means any credit agreement, as defined in and authorized by the provisions of Chapter 1371, as amended, Texas Government Code which GBRA enters into relating to its obligations with respect to the Bonds.
- S. “Dam Facilities” means the improvements to be constructed by GBRA to repair, restore and improve the Lake Dunlap dam, as more particularly described in the Dunlap Engineering Documents, together with other improvements deemed necessary and appropriate by GBRA to restore the proper operation of the dam facilities and water levels within Lake Dunlap, and any subsequent repairs, extensions and improvements thereto

deemed necessary and appropriate by GBRA, and approved by the WCID (to the extent the WCID will fund any costs thereof), to maintain the proper operation of such facilities.

- T. “Debt Service Fund” means the separate and distinct fund to be created by GBRA into which all funds received from the WCID for Debt Service Requirement shall be deposited.
- U. “Debt Service Requirement” shall mean (a) the principal, interest and redemption requirements of Bonds issued in accordance with the provisions of Article III, (b) charges and expenses of paying agents and registrars utilized in connection with such bonds, and (c) all amounts required to establish and maintain funds established under the resolution(s) or indenture(s) of trust authorizing the issuance of the Bonds.
- V. “Dunlap Engineering Documents” means the following engineering documentation prepared for GBRA by Black and Veatch for the improvements to the Dam Facilities: (i) the preliminary plans labeled “Lake Dunlap Spillgate Replacement and Dam Armoring” (B&V Project No. 402834) dated February 2020 (90%); (ii) the preliminary electrical plans dated February 2020 for the Dam Facilities; (iii) the preliminary electrical specifications labeled “26 05 11 Electrical” dated February 2020 (90%); (iv) the “Estimate Basis” dated February 28, 2020; and (v) the Technical Specifications and Drawings dated February 2020 (90% Submittal). Such Dunlap Engineering Documents are incorporated herein by reference for all purposes.
- W. “EMMA” means the MSRB 's Electronic Municipal Market Access system, accessible by the general public, without charge, on the internet through the uniform resource locator (URL) <http://www.emma.msrb.org>.
- X. “Excess Hydro Revenues” means Hydro Revenues collected by GBRA during the twelve (12) month period expiring ninety (90) days prior to the commencement of the GBRA Fiscal Year in excess of \$650,000.
- Y. “Fiscal Year” means GBRA's fiscal year, which currently begins on September 1 of each year and ends on August 31 of the following year, as it may be changed from time to time by GBRA with notice to the WCID.
- Z. “GBRA CRR Contribution” shall have the meaning set forth in Section 7.2(A)(iii) of this Contract.
- AA. “GBRA DS Contribution” shall have the meaning set forth in Section 5.2(B) of this Contract.
- BB. “GBRA Minimum Payment” shall have the meaning set forth in Section 5.2(A) of this Contract.
- CC. “Hydroelectric Supply Agreement” means an agreement between GBRA and a public or private entity for the sale to such entity by GBRA of electricity generated by the Hydro Facilities on commercially reasonable terms acceptable to GBRA and the WCID.
- DD. “Hydro Facilities” or “Hydroelectric Facilities” means those certain hydro-electric facilities owned by GBRA and being more particularly described in **Exhibit “A”** attached hereto, together with all improvements, additions and replacements thereto.

- EE. “Hydro Fund” shall have the meaning set forth in Section 5.5 of this Contract.
- FF. “Hydro Revenues” means all income, receipts and revenues of every nature derived or received from the operation and ownership of the Lake Dunlap Hydro Facilities, as more particularly described in **Exhibit “B”** attached hereto.
- GG. “Maximum Principal Amount” means the maximum principal amount of the Bonds authorized to be issued pursuant to this Contract, which shall be \$40,000,000.
- HH. “MSRB” means the Municipal Securities Rulemaking Board and any successor to its duties.
- II. “Operation and Maintenance Expenses” means all costs and expenses (excluding depreciation) of operation and maintenance of the Project, including (for greater certainty but without limiting the generality of the foregoing) repairs and replacements which are not paid from the CRR Fund, a special fund created in a Bond Resolution, proceeds of Bonds, or other Project debt instruments, employee salaries, benefits and other expenses, the cost of utilities, the costs of supervision, engineering, accounting, auditing, legal services, other services, supplies, charges by GBRA for administrative and general expenses, and equipment necessary for proper operation and maintenance of the Project; provided, however, any individual repair or replacement of the Project, or any combination of repairs or replacements resulting from the occurrence of the same event, the cost of which exceeds \$25,000, shall qualify as Capital Repair and Replacement Costs, and not Operation and Maintenance Expenses, for purposes of this Contract. The term also includes the charges of the bank or banks where the Bonds are payable.
- JJ. “Person” means any individual, public or private corporation, district, authority, political subdivision or other agency or entity of the State of Texas or the United States of America; the State of Texas; the United States of America; any incorporated city, town or village, whether operating under general law or under its home-rule charter; and any co-partnership, association, firm, trust, estate or any other entity whatsoever.
- KK. “Project” means the Dam Facilities and the Hydro Facilities, collectively.
- LL. “Regulatory Requirements” means the requirements and provisions of any state or federal law, and any permits, rules, orders or regulations issued or adopted from time to time by any state, federal or other regulatory authority having jurisdiction concerning the Project, including without limitation, jurisdiction obtained by virtue of the acceptance of grants by GBRA or others to finance Capital Costs of the Project.
- MM. “Repayment Requirement” means the total amount required to be paid by the WCID to reimburse the GBRA DS Contribution, plus accrued interest thereon, but which shall not cause the balance of the Hydro Fund to fall below \$300,000 without the WCID’s prior written approval.
- NN. “Reserve Requirement” means the amount, if any, required to fund or replenish during the applicable Annual Payment Period the amount required to be on deposit in any debt service reserve fund or contingency fund pursuant to a Bond Resolution.
- OO. “Sale and Offering Documents” means any official notice of sale, official bid form, preliminary official statement, official statement, application to the Texas Water Development Board, or other offering document for the Bonds.

- PP. “WCID” means the Lake Dunlap Water Control and Improvement District and includes any other municipal corporation, public body or other public agency at any time succeeding to the property and principal rights, powers and obligations of the Lake Dunlap Water Control and Improvement District and, where appropriate, means the Board of Directors or governing body of the Lake Dunlap Water Control and Improvement District or any successor municipal corporation, public body or public agency.

Section. 1.3. **Interpretations.** This Contract and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of this Contract. The Parties agree that this Contract shall not be construed in favor of or against either Party on the basis that the Party did or did not author the Contract. Nothing in this Contract shall be construed to violate any state or federal statutory provision or any provision of the state or federal Constitutions and all acts done pursuant to this Contract shall be performed in such manner as to conform thereto whether expressly provided or not.

## ARTICLE II INITIAL CONSTRUCTION OF DAM FACILITIES

Section. 2.1. **General Statement.** Subject to the terms and conditions of this Contract, GBRA shall acquire, construct and improve various facilities in order to restore proper operation of the Dam Facilities and water levels within Lake Dunlap. GBRA agrees that the acquisition, construction and improvement of the Dam Facilities has been and will be accomplished in accordance with generally accepted engineering practices, and subject to the issuance of the Bonds to provide part or all of the source of funds, will be completed and operational as soon as reasonably practicable.

### Section. 2.2. **Design and Construction of Dam Facilities.**

- A. **Plans and Specifications.** GBRA shall cause its engineers to promptly prepare plans and specifications for the Dam Facilities. The Parties contemplate that the Dam Facilities shall be designed in accordance with the Dunlap Engineering Documents attached hereto, but GBRA shall retain ultimate discretion to determine the final design of the Dam Facilities. GBRA shall be responsible for funding all costs and expenses associated with the preparation of such plans and specifications, and the WCID shall not be responsible for payment of any such costs.
- B. **Construction.** Upon satisfaction of all conditions precedent set forth herein, GBRA shall follow all legal requirements applicable to the advertisement, bidding and award of one or more contracts for construction of the Dam Facilities. If after receiving bids or proposals GBRA is satisfied with the bids or proposals received, GBRA shall award a contract for construction of the Dam Facilities, and shall then proceed with construction of the Dam Facilities with diligence following the receipt of sufficient funds to pay the estimated Capital Costs of the Dam Facilities. If GBRA is not satisfied with the bids or proposals received, it shall promptly solicit and secure other bids or proposals.
- C. **Inspections.** GBRA shall allow the WCID’s representatives, at their own risk, to have access at all reasonable times to construction in progress of the Dam Facilities and to make such inspections as may be deemed necessary or desirable. The WCID shall also have all reasonable access to GBRA’s contracts, books and records relating to the construction of the Dam Facilities.

- D. Regulatory Permits and Approvals. GBRA shall promptly prepare and prosecute all applications and take such lawful actions as may be necessary to obtain permits and approvals required to proceed with construction of the Dam Facilities. Subject to Section 2.2(E), GBRA shall fund all costs and expenses associated with such regulatory permits and approvals, and the WCID shall not pay any costs or expenses associated therewith.
- E. Conditions Precedent to Construction. GBRA shall initiate construction of the Dam Facilities upon satisfaction of the following conditions precedent:
- (i) Availability of sufficient Bond proceeds to fund Capital Costs;
  - (ii) Approval of this Contract by TCEQ;
  - (iii) Approval of this Contract by the eligible voters within the WCID in accordance with the requirements of Section 49.108 of the Texas Water Code;
  - (iv) Receipt of all permits and approvals applicable to construction of the Dam Facilities under applicable Regulatory Requirements; and
  - (v) Execution of a Hydroelectric Supply Agreement.

Section. 2.3. **Participation by WCID in Dam Facilities.** In recognition of the WCID's role and funding of the Project, GBRA shall provide for the following minimum WCID participation in the Dam Facilities:

- (i) GBRA shall provide reasonable prior notice of, and allow the WCID's representatives to participate in, meetings relating to the review and evaluation of proposals and bids received from contractors for the Dam Facilities, including scoring meetings, contractor interviews, and other meetings regarding the selection of Dam Facilities contractors.
- (ii) GBRA shall provide reasonable prior notice of, and allow the WCID's representatives to participate in, periodic design review meetings with the Dam Facilities design engineers;
- (iii) GBRA shall provide reasonable prior notice of, and allow the WCID's representatives to participate in, scheduled meetings with Dam Facilities contractors during Dam Facilities construction;
- (iv) GBRA shall schedule and conduct Dam Facilities review meetings with WCID's representatives on a regular basis but not less than monthly until the construction is complete and the Dam Facilities are in operation. Such meetings shall include review of actual costs compared to budget, design and construction status, design modifications/change order review, key project issues, permitting status, historical and projected operating costs, Dam Facilities Gantt chart review and safety; and
- (v) The WCID shall have reasonable access to copies of all Dam Facilities design documents, construction documents, all correspondence with design engineers and contractors whether complete or in draft process.

Section. 2.4. **Ownership of Dam Facilities.** GBRA shall be the owner of the Dam Facilities constructed and acquired by GBRA, including all related appurtenances, sites, rights-of-way, easements and all enlargements, extensions or improvements thereto. Notwithstanding the foregoing, to the extent that it is determined that the WCID must have an ownership interest or contract rights in the Dam Facilities in order to lawfully fund any payments for which it is responsible hereunder, GBRA agrees to convey to the WCID such undivided ownership interest or contract rights in the facilities constructed. Any such conveyance shall not alter GBRA's right and authority to operate and maintain the Dam Facilities in its sole and absolute discretion. Under such circumstances, GBRA shall cause the WCID to be named as an additional insured on all insurance and risk pool coverages that pertain to the Dam Facilities.

### ARTICLE III ISSUANCE OF BONDS BY GBRA

Section. 3.1. **General Statement.** Subject to the terms and provisions of this Contract, GBRA will provide and pay for the costs of the Dam Facilities through the issuance of the Bonds.

Section. 3.2. **Authority to Issue Bonds.**

- A. GBRA shall have the power, with prior approval of the WCID, to issue from time to time the Bonds (subject to obtaining the opinion of the Attorney General approving such bonds), payable from and secured by a pledge of the Debt Service Requirement component of the Annual WCID Payments from this Contract, in such amount as the Board of Directors of GBRA shall determine necessary or desirable, but not to exceed the Maximum Principal Amount, to obtain funds:
  - (i) To pay all Capital Costs relating to acquiring, constructing, extending, enlarging, repairing, renovating, equipping, and otherwise improving the Project;
  - (ii) To pay all capitalized interest costs on the Bonds;
  - (iii) To provide such reserve or contingency funds as the Board, in its judgement, deems necessary; and
  - (iv) To pay all costs incurred in connection with the issuance of the Bonds.
- B. The par amount of the Bonds shall not exceed the Maximum Principal Amount. This limitation that the Bonds shall not exceed the Maximum Principal Amount shall not be construed to prevent or impair GBRA's authority to issue other bonds or evidences of indebtedness to fund costs of the Dam Facilities or other Project components and GBRA shall retain full authority to incur such indebtedness, but the WCID shall have no obligation to pay any debt service costs associated therewith. The Parties acknowledge and agree that GBRA's ability to issue other bonds or evidences of indebtedness is discretionary and GBRA is not obligated to incur Capital Costs that exceed the Maximum Principal Amount. As provided in Section 7.2(A)(iv) below, if sufficient funds are not available in the CRR Fund to pay a Capital Repair and Replacement Cost and the Parties do not otherwise reach agreement concerning the payment of such costs, then GBRA shall be under no obligation to perform the repair or replacement under this Contract.
- C. GBRA is authorized to refund or refinance any Bonds issued in any manner provided by law.

Section. 3.3. **Issuance of Bonds.**

- A. Each Bond Resolution of GBRA shall specify the maximum principal amount of the series of Bonds to be issued thereunder, which Bonds shall mature within the 40 years from the date of issuance or such shorter period as determined by GBRA and shall bear interest not exceeding the maximum allowable rates, all as permitted by law, and each Bond Resolution shall contain such other terms and provisions pertaining to the security and payment of Bonds and the operation and maintenance of the Dam Facilities and other Project components as may be necessary for the marketing and sale of the Bonds. Subject to approval by the WCID, GBRA may from time to time issue its Bonds in such amounts as are within its judgment and discretion sufficient to achieve full implementation of the Project.
- B. Prior to the final adoption of a Bond Resolution or any amendment of a Bond Resolution by the Board, a draft of the proposed Bond Resolution, and the Sale and Offering Documents shall be presented to the WCID for review and approval. Within sixty (60) days of receipt of the drafts, the WCID shall either approve or disapprove the proposed documents by written notice to GBRA. If approved, the approval shall be evidenced by a resolution of the Board of Directors of the WCID approving the issuance of Bonds and delegating to an authorized representative the approval of the final terms and provisions of the Bonds, including the principal amount, as reflected in the final Bond Resolution. If not approved, GBRA shall be released of any obligation to construct the Dam Facilities or other Project improvements that are the subject of the proposed Bonds.
- C. Upon the WCID approval of (i) each form of Bond Resolution hereafter adopted by GBRA, (ii) any amendments to any Bond Resolution, and (iii) the Sale and Offering Documents and the delivery to GBRA of a certification signed by the authorized representative of the WCID to the effect that the Bond Resolution and the Sale and Offering Documents comply with this Contract, then upon the adoption and approval of the Bond Resolution in such final form by GBRA's Board, the execution of an approval certificate by the authorized representatives of the WCID approving the final terms and provisions of the Bonds and the Bond Resolution, and the issuance and delivery of the Bonds to the purchaser thereof, the Bond Resolution shall for all purposes be deemed to be in compliance with this Contract in all respects, and the Bonds issued thereunder will constitute Bonds as defined in this Contract for all purposes. Any owner of Bonds is entitled to rely fully and unconditionally on any such approval.
- D. All covenants and provisions in the Bond Resolution affecting, or purporting to bind, the WCID, shall, upon the delivery of a series of Bonds, become absolute, unconditional, valid, and binding covenants and obligations of the WCID so long as any Bonds and interest thereon are outstanding and unpaid, and may be enforced as provided in this Contract and the Bond Resolution. Particularly, the obligation of the WCID to make, promptly when due, all Annual WCID Payments specified in this Contract shall be absolute and unconditional, and said obligation may be enforced as provided in this Contract. In addition, subject to the approval of the WCID, GBRA may enter into Credit Agreements, to the extent permitted by law, for the purpose of achieving the lowest financing costs for the Project.
- E. Within sixty (60) days after issuance of each series of Bonds, GBRA shall provide the WCID with a copy of the final transcript of proceedings relating to such series of Bonds. If such transcript is not available for any reason, then GBRA shall provide the WCID within

such time period with an executed copy of (a) the applicable Bond Resolution; (b) the debt service schedule for such series of Bonds; (c) a combined debt service schedule that reflects the combined debt service for all outstanding Bonds; and (d) the amount of all sinking funds and/or all reserve fund payments to be made in respect of the Bonds, or other amounts necessary to fulfill the terms of any agreements or covenants made with the holders of the Bonds and/or any person on their behalf. The final transcript shall thereafter be provided to the WCID as soon as it is available.

Section. 3.4. **Sale of Bonds to TWDB.** GBRA agrees to use good faith efforts to sell the Bonds to the Texas Water Development Board or similar body to achieve the lowest interest costs practicable.

Section. 3.5. **Tax-Exempt Bonds.** The Parties hereto understand and agree that GBRA will use its best efforts to provide for, but will not be liable for a failure to produce, the lowest overall debt service cost for the Bonds to be issued for the Project. In connection therewith, the Parties intend that GBRA will issue Bonds the interest on which is excludable from the gross income of the owners thereof for federal income tax purposes. The Parties hereto acknowledge their understanding that the federal income tax laws impose certain restrictions on the use and investment of proceeds of such tax-exempt bonds and on the use of the property financed therewith and the output produced therefrom. Accordingly, the Parties agree and covenant that if the Bonds are offered to investors with the understanding that the interest will be exempt from federal income taxation, then the Parties, their assigns and agents, will take such action to assure, and refrain from such action which will adversely affect the treatment of such Bonds as obligations described in section 103 of the Code. Should either Party fail to comply with such covenant, the effect of which being that the Bonds no longer qualify as obligations described in the Code, such defaulting Party shall be liable for all costs resulting from the loss of the tax-exempt status of the Bonds. The Parties hereby agree and covenant to comply with all of the representations and covenants relating to such exemptions which are set out in any Bond Resolution. The Parties further agree and covenant that in the event the Bonds issued are to be tax-exempt, they will modify such agreements, make such filings, restrict the yield on investments, and take such other action necessary to fulfill the applicable provisions of the Code. For these purposes, the Parties may rely on the respective opinion of any firm of nationally-recognized bond attorneys selected by them. In the event that a conflict arises in the opinions of the respective firms of each of the Parties, the Parties will identify a different firm that is mutually acceptable to both Parties, in order to resolve the conflict of opinion.

Section. 3.6. **Payment to Rebate Fund.** In the event that tax-exempt Bonds are issued as provided in Section 3.5, GBRA hereby covenants and agrees to make the determinations and to pay any amounts due into a rebate fund, at the times and as described in the Bond Resolution to comply with the provisions of section 148(f)(2) of the Code. In any event, if the amount of cash held in the rebate fund shall be insufficient to permit payment to the United States of America of any amount due on any date under section 148(f)(2) of the Code, GBRA forthwith shall pay the amount of such insufficiency on such date in immediately available funds for such purpose.

Section. 3.7. **Sale and Offering Documents.** At the request of GBRA, the WCID shall provide to GBRA such information concerning the WCID as GBRA shall deem advisable for inclusion in the Sale and Offering Documents for the Bonds of each series and shall certify to GBRA and the underwriters (or to the Texas Water Development Board, if applicable) of any offering of Bonds to be made by means of such Sale and Offering Documents when and if the WCID deems such Sale and Offering Documents to be complete and final for purposes of the Rule. The WCID represents and warrants that all statements concerning the WCID that are contained in any Sale and Offering Document shall be true in all material respects and shall not omit to state any material fact necessary to make the statements made in such Sale and Offering Document, in the light of the circumstances in which they are made, not misleading.

**ARTICLE IV  
WCID ELECTION AND TAXES**

Section. 4.1. **WCID Election.** The WCID will call an election, or elections, in accordance with the provisions of any law authorizing such an election, for the approval of this Contract and the authorization to levy, assess and collect ad valorem taxes on all taxable property within the boundaries of the WCID, without limit as to rate or amount, sufficient to make timely payment of all charges under this Contract to GBRA. Notwithstanding any provision of this Contract to the contrary, if such election does not pass, GBRA shall have no obligations to the WCID under this Contract.

Section. 4.2. **WCID Proceedings.** Upon request by GBRA, the WCID shall provide certified copies of all proceedings pertaining to the creation and confirmation of the WCID and authorization and execution of this Contract.

Section. 4.3. **Duty to Levy Tax.** Subject to the passage of the election required in Section 4.1, the WCID agrees to levy and hereby levies and shall annually assess and collect a continuing, direct ad valorem tax on all taxable property within the boundaries of the WCID to make timely payments of all charges required under this Contract to GBRA, without limitation as to rate or amount, sufficient to pay the Annual Requirement for the applicable Annual Payment Period, except to the extent the WCID has available funds which may be lawfully used for such purposes.

**ARTICLE V  
ANNUAL GBRA PAYMENT**

Section. 5.1. **General Statement.**

- A. The Parties acknowledge and agree that GBRA will contribute to the Project. The Parties further acknowledge and agree that GBRA's willingness to make the financial commitment set forth in this Article V is based upon a reasonable expectation of its ability to receive Hydro Revenues through the sale of electricity generated from the Hydro Facilities in accordance with the terms of a Hydroelectric Sales Agreement and the requirement for the WCID to reimburse GBRA pursuant to Section 5.2(B) below. Therefore, notwithstanding anything set forth in this Contract to the contrary, the obligation of GBRA to tender all or any portion of the GBRA Minimum Payment to the WCID each year from any sources as set forth in this Article is conditioned on the existence of a Hydroelectric Sales Agreement being in full force and effect. GBRA further agrees to use its best efforts to negotiate, execute, enforce and maintain a Hydroelectric Sales Agreement that maximizes Hydro Revenues as long as this Contract is in effect and the Bonds are outstanding.
- B. GBRA specifically acknowledges and agrees that for so long as this Contract remains in effect and the Bonds remain outstanding, it shall not enter into, or modify, a Hydroelectric Sales Agreement without the prior written approval of the WCID.

Section. 5.2. **Amount of Annual GBRA Payment.**

- A. For so long as any Bonds remain outstanding and the Debt Service Requirement remains in effect, the Annual GBRA Payment shall be an amount equal to all Hydro Revenues

received by GBRA during the twelve (12) month period expiring ninety (90) days prior to the commencement of the GBRA Fiscal Year. For so long as any Bonds remain outstanding, under no circumstances shall the Annual GBRA Payment be less than \$500,000 (the “*GBRA Minimum Payment*”) except as provided in Section 5.2(C) and (D) below. In the event the Hydro Revenues received by GBRA during the 12 month period are less than the GBRA Minimum Payment, then GBRA shall supplement the Hydro Revenues from other monies lawfully available to GBRA so as to ensure that the amount of the Annual GBRA Payment is not less than the GBRA Minimum Payment except as otherwise provided in Section 5.2(C) and (D) below.

- B. To the extent that the Hydro Revenues for the twelve (12) month period expiring ninety (90) days prior to the commencement of the GBRA Fiscal Year are less than the GBRA Minimum Payment required to be made by GBRA to the WCID for the subsequent Annual Payment Period such that GBRA must contribute other monies to the GBRA Minimum Payment (the “*GBRA DS Contribution*”), then the WCID shall reimburse the GBRA DS Contribution, together with interest calculated from the respective dates of payment of the GBRA DS Contribution to the WCID to the date of reimbursement at an annual interest rate equal to the net effective interest rate on the Bonds. GBRA may invoice the WCID for repayment of the GBRA DS Contribution or may recover such costs as the Repayment Requirement; provided, however, except as otherwise agreed by the WCID, the WCID’s obligation to repay the GBRA DS Contribution shall be limited in all cases to monies on deposit in the Hydro Fund in excess of \$300,000. GBRA agrees to provide written notification to the WCID of the total outstanding amount of the GBRA DS Contribution, together with accrued interest thereon, upon receipt of a written request from time to time by the WCID.
- C. Notwithstanding the provisions of Section 5.2(A) and (B) above, to the extent that the Hydro Revenues for the twelve (12) month period expiring ninety (90) days prior to the commencement of the GBRA Fiscal Year are less than the GBRA Minimum Payment required to be made by GBRA to the WCID for the subsequent Annual Payment Period and the WCID has monies on deposit in the Hydro Fund in excess of \$300,000, then GBRA shall have no obligation to supplement the Hydro Revenues to the extent it notifies the WCID that it elects for the WCID to fund the difference between the Hydro Revenues and the GBRA Minimum Payment with monies on deposit in the Hydro Fund in excess of a \$300,000 fund balance.
- D. Notwithstanding any provision in this Contract to the contrary, to the extent that sufficient funds are not available in the CRR Fund to pay a Capital Repair and Replacement Cost for the Hydro Facilities and the Parties do not otherwise reach agreement concerning the payment of such costs, and GBRA subsequently elects to not proceed with the repair or replacement of the Hydro Facilities thereby directly resulting in the loss of all Hydro Revenues, then GBRA shall no longer be obligated to fund the GBRA Minimum Payment until and unless the repair is completed.
- E. The WCID acknowledges and agrees that in the event of termination of the Hydroelectric Sales Agreement, then GBRA shall have no obligation to make the GBRA Minimum Payment (including any GBRA DS Contribution) except as otherwise agreed by the Parties.
- F. To the extent that the Hydro Revenues for the twelve (12) month period expiring ninety (90) days prior to the commencement of the GBRA Fiscal Year are greater than

\$650,000.00, then the WCID shall deposit such excess revenues into the CRR Fund and the Hydro Fund in accordance with Section 5.5 of this Contract.

- G. After the Bonds are no longer outstanding and the Debt Service Requirement no longer remains in effect, GBRA's obligation to make the Annual GBRA Payment shall terminate unless the Parties enter into a separate written agreement, or amendment to this Contract, pursuant to which the WCID has assumed the obligation to fund all Operation and Maintenance Expenses as well as Capital Repair and Replacement Costs relating to the Project. If the WCID has assumed the obligation to fund all Operation and Maintenance Expenses as well as Capital Repair and Replacement Costs, then the Annual GBRA Payment shall be an amount equal to all Hydro Revenues received by GBRA during the twelve (12) month period expiring ninety (90) days prior to the commencement of the GBRA Fiscal Year. If the WCID has not agreed to assume the obligation to pay Operation and Maintenance Expenses and Capital Repair and Replacement Costs, then GBRA's obligation to make the Annual GBRA Payment to the WCID shall terminate after the Bonds are no longer outstanding, and GBRA shall have no obligation to operate or maintain the Project under this Contract. Upon termination, all funds in the Hydro Fund and CRR Reserve Fund shall be provided by the WCID to GBRA, which funds shall be restricted to future Capital Repair and Replacement Costs for the Dam Facilities for so long as the Dam Facilities remain in place. The foregoing restriction shall survive termination of this Agreement.

Section. 5.3. **Timing of Payment.** GBRA shall tender the Annual GBRA Payment to the WCID simultaneously with the preliminary annual budget to be furnished pursuant to Section 6.2 below (not later than 60 days prior to the commencement of each Annual Payment Period). The first Annual GBRA Payment shall be tendered by GBRA to the WCID immediately preceding the first Annual Payment Period for which the District is responsible for funding the Annual Requirement.

Section. 5.4. **Unconditional Obligation to Pay.** Subject to the terms of Section 5.1 hereof conditioning GBRA's payment obligation on the Hydroelectric Sales Agreement, the Annual GBRA Payment shall be made by GBRA without set-off, counterclaim, abatement, suspension or diminution, and this Contract shall not terminate, nor shall GBRA have any right to terminate this Contract nor be entitled to the abatement of any such payment or any reduction thereof nor shall the obligations of GBRA under this Article V be otherwise affected for any reason, including without limitation, failure of the WCID to perform and observe any agreement, whether expressed or implied, or any duty, liability or obligation arising out of or connected with this Contract, it being the intention of the Parties that the Annual GBRA Payment shall continue to be payable in all events and the obligations of GBRA hereunder shall continue unaffected, unless the requirement to pay the same shall be reduced or terminated pursuant to an express provision of this Contract. If GBRA disputes the amount to be paid to the WCID, GBRA shall nonetheless promptly make payments, and if it is subsequently determined by agreement, arbitration, regulatory decision, or court decision that such disputed payment should have been less, the Parties will then make proper adjustments so that GBRA will receive credit for its overpayments. Nothing contained in this Section shall be construed to release the WCID from performance of any of the agreements on its part in this Contract and in the event the WCID shall fail to perform any such agreement, GBRA may seek such relief against the WCID pursuant to Section 10.13 of this Contract as GBRA deems necessary so long as same does not abrogate GBRA's obligation to make the payments set out in this Section.

Section. 5.5. **Authorized Uses for Excess Hydro Revenues.** The Annual GBRA Payment shall be used by the WCID to fund all or a portion of the payment of the Annual Requirement for the next Annual Payment Period; provided, however, to the extent the Annual GBRA Payment received by the WCID in any year exceeds \$650,000.00, then the Excess Hydro Revenues shall be deposited and restricted as follows:

- (i) The first \$100,000 of the Excess Hydro Revenues shall be deposited by the WCID into the CRR Fund, and shall be restricted to payment of the CRR Requirement, including repayment of any GBRA CRR Contribution; and
- (ii) Any additional Excess Hydro Revenues shall be deposited by the WCID into a dedicated fund (the “*Hydro Fund*”), invested only in Authorized Investments, that may be used only in accordance with Section 5.6 below.

Section. 5.6. **Authorized Uses for Hydro Fund.** Monies in the Hydro Fund may be used by the WCID only for the following purposes:

- (i) the repayment of the GBRA DS Contribution plus accrued interest thereon but only for monies in the Hydro Fund in excess of \$300,000;
- (ii) to offset GBRA’s obligation to supplement the Hydro Revenues to meet the GBRA Minimum Payment but only for monies in the Hydro Fund in excess of \$300,000;
- (iii) to supplement Hydro Revenues received from GBRA to fund the Annual Requirement during an Annual Payment Period if the Hydro Revenues received from GBRA are less than \$650,000, but only in an amount equal to the difference between the Hydro Revenues received from GBRA and \$650,000;
- (iv) monies in the Hydro Fund in excess of \$1,000,000 may be used by the WCID for any lawful purpose; and
- (v) if the Hydroelectric Sales Agreement is terminated prior to the termination of this contract for any reason, then the WCID may use the monies in the Hydro Fund for any lawful purpose.

## ARTICLE VI ANNUAL WCID PAYMENT

Section. 6.1. **Annual Requirement.** The Parties acknowledge and agree that payments by the WCID to GBRA under this Contract will be the sole source of funds available to GBRA to provide the Annual Requirement. The WCID will be obligated to pay the full amount of the Annual Requirement. The Annual Requirement shall be identified in each annual budget of GBRA and shall at all times be not less than an amount sufficient to pay or provide for the payment of the following during the applicable Annual Payment Period:

- (i) the Debt Service Requirement; and
- (ii) the Reserve Requirement; and
- (iii) the CRR Requirement; and
- (iv) the Repayment Requirement.

Section. 6.2. **Annual Budgets.**

- A. **WCID Budget.** Each annual budget of the WCID shall provide for amounts sufficient to pay the Annual Requirement. The WCID hereby acknowledges its obligation to pay the Annual Requirement from available funds budgeted therefor.
- B. **GBRA Budget.** Not later than sixty (60) days before the commencement of each Annual Payment Period beginning after completion and acceptance of the Dam Facilities, GBRA shall prepare and furnish to the WCID an annual preliminary budget which shall contain the following information:
- (i) The following information concerning for the next Annual Payment Period:
- (1) the total Debt Service Requirement on the Bonds for the Annual Payment Period after allowance for fund balances resulting from capitalized interest;
  - (2) any amounts required for repayment of a GBRA CRR Contribution plus accrued interest; provided, however, the CRR Requirement shall not exceed the balance of the CRR Fund except as otherwise agreed upon by the Parties;
  - (3) the total Repayment Requirement for GBRA DS Contributions for the Annual Payment Period; provided, however, that such amount shall not exceed a sum that would cause the balance of the Hydro Fund to fall below \$300,000 except as otherwise agreed upon by the Parties;
  - (4) the total projected Operation and Maintenance Expenses projected to be funded by GBRA for the Annual Payment Period; and
  - (5) summary of all amounts due from the WCID for the Annual Payment Period and the dates on which such amounts are due and payable; and
- (ii) a summary of the following information with respect to the twelve (12) month period expiring ninety (90) days prior to the commencement of the Annual Payment Period:
- (1) GBRA CRR Contribution and GBRA DS Contribution funded by GBRA and the total outstanding GBRA CCR Contribution and GBRA DS Contribution for which GBRA has not yet been reimbursed;
  - (2) the actual Capital Repair and Replacement Costs funded by GBRA during such period;
  - (3) the Operation and Maintenance Expenses funded by GBRA during such period; and
  - (4) the amount of the Annual GBRA Payment made by GBRA to the WCID for such period.

- C. **GBRA Board Approval.** If the WCID disputes any information in the GBRA preliminary budget, it shall submit written comments, questions or requests for clarification to GBRA not less than thirty (30) days before the commencement of the Annual Payment Period. The Board may adopt the preliminary budget or may make such amendments it deems proper; provided, however, no change or amendment to the preliminary budget will be made without resubmitting such amended preliminary budget to the WCID not less than 10 days prior to the date of the Board meeting scheduled for approval of the annual budget. The Board shall thereupon approve the annual budget. The annual budget thus approved by the Board shall be the annual budget for the next ensuing Annual Payment Period. The annual budget may be amended by the Board at any time but any such amendment shall not increase the Annual Requirement or the WCID's obligations hereunder. Notwithstanding anything herein to the contrary, no failure of GBRA to estimate, and no mistake by GBRA in any estimate of, the amount of or schedule for Annual WCID Payments due from the WCID in any Fiscal Year shall relieve the WCID from its absolute and unconditional obligation to make all Annual WCID Payments in full when due.

Section. 6.3. **Billing.** GBRA shall promptly render monthly bills to the WCID for any portion of the Debt Service Requirement that becomes due and payable during the monthly period pursuant to the terms of the applicable bond resolution. GBRA shall, until further notice, render such bills on or before the 1<sup>st</sup> day of each month and such bills shall be due and payable on or before the 1<sup>st</sup> day of the succeeding month or thirty-five (35) days after such bill is deposited in the United States Mail, properly stamped and addressed to the WCID, whichever is later, and interest shall accrue thereon at the rate of five percent (5%) per annum if not paid after such bill is due and payable until paid in full. GBRA may, from time to time, with forty-five (45) days' written notice and consent of the WCID, change the monthly date by which it shall render bills, and all bills shall thereafter be due and payable thirty (30) days after such dates or thirty-five (35) days after deposit in the United States mail, properly stamped and addressed to the WCID, whichever is later.

Section. 6.4. **Delinquency in Payment.** In the event the WCID fails to pay any bills when due and payable, GBRA shall give written notice of such delinquency to the WCID, and if all bills due and unpaid, including interest thereon, are not paid within forty-five (45) days after delivery of such notice, then the WCID agrees that GBRA shall be authorized, at its option, to institute arbitration or suit for collection thereof and to collect any amounts due and unpaid, together with interest thereon at the rate of five percent (5%) per annum and reasonable attorneys' fees.

Section. 6.5. **Covenant to Maintain Sufficient Income.** The WCID recognizes its duty to, and covenants and agrees that at all times it will, levy taxes such that the gross revenues therefrom together with funds received from any other lawful source will be sufficient at all times to pay the WCID's obligations to GBRA under this Contract.

Section. 6.6. **Unconditional Obligation to Pay.**

- A. It is hereby agreed that the WCID shall be unconditionally obligated to pay the Annual Requirement without set-off, counterclaim, abatement, suspension or diminution, and this Contract shall not terminate, nor shall the WCID have any right to terminate this Contract nor be entitled to the abatement of any such payment or any reduction thereof nor shall the obligations of the WCID under this Article VI be otherwise affected for any reason, including without limitation acts or conditions of GBRA that might be considered failure of consideration, destruction or damage to the Project, failure of GBRA to perform and observe any agreement, whether expressed or implied, or any duty, liability or obligation arising out of or connected with the Contract, it being the intention of the Parties that all

sums required to be paid by the WCID to GBRA for such purposes shall continue to be payable in all events and the obligations of the WCID hereunder shall continue unaffected, unless the requirement to pay the same shall be reduced or terminated pursuant to an express provision of this Contract.

- B. If the WCID disputes the amount to be paid to GBRA, the WCID shall nonetheless promptly make payments as billed by GBRA, and if it is subsequently determined by agreement, arbitration, regulatory decision, or court decision that such disputed payment should have been less, GBRA will then make proper adjustments so that the WCID will receive credit for its overpayments.
- C. Nothing contained in this Article shall be construed to release GBRA from performance of any of the agreements on its part in this Contract and in the event GBRA shall fail to perform any such agreement, the WCID may seek such relief against GBRA pursuant to Section 10.13 of this Contract as the WCID deems necessary so long as same does not abrogate the WCID's obligation to make the payments set out in this Article.
- D. In the event that the WCID pays more or less than the actual amount for which it is responsible, then the overpayment or underpayment shall be credited against or added to the Annual Requirement for the next Annual Payment Period.

Section. 6.7. **Authorized Uses.** Except as otherwise provided herein, the Annual WCID Payment shall be deposited by GBRA into the following funds, and may only be used by GBRA as follows:

- (i) the Debt Service Requirement component of the Annual WCID Payment shall be deposited into the Debt Service Fund to pay the Debt Service Requirement on outstanding Bonds when due;
- (ii) the CRR Requirement of the Annual WCID Payment (excluding any portion thereof collected and used to reimburse any GBRA CRR Contribution and interest) shall be deposited by GBRA into a dedicated fund to pay Capital Repair and Replacement Costs only;
- (iii) the Reserve Requirement component of the Annual WCID Payment shall be deposited into the appropriate fund established and maintained pursuant to the Bond Resolutions; and
- (iv) Funds collected by GBRA as reimbursement for the GBRA DS Contribution and the GBRA CRR Contribution (together with interest thereon) shall be unrestricted and may be deposited and used at GBRA's discretion for any lawful purpose.

## **ARTICLE VII OPERATION, MAINTENANCE, REPAIR AND REPLACEMENT OF PROJECT**

Section. 7.1. **General Statement.** For so long as this Contract remains in effect and except as otherwise provided in Section 5.2, GBRA shall be solely responsible for operation, maintenance, repair and replacement of the Project; provided, however, except as otherwise agreed by the Parties, in no event shall GBRA be obligated to use any funds other than amounts on deposit in the CRR Fund, or available Bond proceeds, to pay Capital Repair and Replacement Costs .

Section. 7.2. **Capital Repair and Replacement Costs.**

A. It is the Parties' mutual intent that Capital Repair and Replacement Costs shall be funded from monies collected by the WCID for such purposes and deposited into the CRR Fund from Excess Hydro Revenues as defined in this Contract. Notwithstanding the foregoing, the Parties agree as follows with respect to Capital Repair and Replacement Costs:

- (i) GBRA shall be solely responsible for funding all Capital Repair and Replacement Costs related to the Dam and Hydroelectric Facilities until the elapse of one year after final completion of construction and acceptance by GBRA of the initial improvements to the Dam Facilities as generally described in the Dunlap Engineering Documents. Any monies collected by GBRA from the WCID during such period shall not be utilized to fund Capital Repair and Replacement Costs but may be used to fund other costs of the Project authorized by this Contract;
- (ii) Individual repairs or equipment replacements shall not be aggregated by GBRA for purposes of causing an Operation and Maintenance Expense to qualify as a Capital Repair and Replacement Cost; provided, however, that multiple repairs or replacements aggregating more than \$25,000 that result from a single event shall qualify as a Capital Replacement and Repair Cost;
- (iii) The Parties recognize that it is neither practicable nor possible to predict the timing or amount of Capital Repair and Replacement Costs. Although the Parties intend for the WCID to fund Capital Repair and Replacement Costs by contributions of a portion of the Excess Hydro Revenues and the CRR Contribution into CRR Fund, not all Capital Repair and Replacement Costs may be predicted. In such an event, GBRA may fund any Capital Repair and Replacement Costs in excess of monies received from the WCID with the proceeds of Bonds (upon approval by the WCID); with other monies available to GBRA not funded by the WCID (the "GBRA CRR Contribution"); or by invoicing the WCID for payment with funds from the CRR Fund. In the event of any GBRA CRR Contribution, then the WCID shall reimburse the GBRA CRR Contribution, together with interest calculated from the respective dates of payment to the date of reimbursement at an annual interest rate equal to the net effective interest rate on the Bonds, with available monies in the CRR Fund. Such repayment amount shall be included in the CRR Requirement for the next subsequent Annual Payment Period; and
- (iv) Except as otherwise agreed by GBRA, in no event shall GBRA be obligated to use any funds of GBRA to pay Capital Repair and Replacement Costs that cannot be repaid with funds on deposit in the CRR Fund or proceeds of Bonds. Similarly, except as otherwise agreed by the WCID, in no event shall the WCID be obligated to fund any Capital Repair and Replacement Costs in excess of funds available in the CRR Fund. Accordingly, if sufficient funds are not available in the CRR Fund to pay a Capital Repair and Replacement Cost and the Parties do not otherwise reach agreement concerning the payment of such costs, then GBRA shall be under no obligation to perform the repair or replacement under this Contract.

B. Documentation of Capital Repair and Replacement Costs. GBRA shall maintain and furnish to the WCID written documentation evidencing all Capital Repair and Replacement Costs. The information shall be sufficiently detailed to allow a determination by the WCID or any third party that the funds in question were spent for proper Capital Repair and

Replacement Costs under this Contract. If it is subsequently determined by agreement, arbitration, regulatory decision, or court decision that any payments from the CRR Fund were spent by GBRA for purposes other than proper Capital Repair and Replacement Costs, then GBRA replenish the CRR Fund accordingly.

Section. 7.3. **Disclosure of Capital Repair and Replacement Costs.** GBRA represents and warrants to the WCID that as of the Effective Date and except for the condition of the Dam Facilities to be corrected in accordance with the improvements identified in the Dunlap Engineering Documents, the Project facilities are, to GBRA's actual knowledge, adequate for their intended uses, without the need for material repair or replacement. Without limitation, GBRA represents it has no knowledge of any known condition relating to the Hydro Facilities that necessitate Capital Repair and Replacement Costs except as set forth in said schedule. GBRA covenants and agrees that it shall promptly and regularly report to the WCID any additional conditions that it identifies relating to the Project that will necessitate funding of Capital Replacement and Replacement Costs.

Section. 7.4. **Insurance.** GBRA shall cause the WCID to be added as an additional named insured on all liability insurance policies or risk pool coverages held by the GBRA, specifically including (but not limited to) any liability insurance or risk pool coverage that relates to the Project.

## **ARTICLE VIII FUNDS, RECORDS, AUDITS AND INSURANCE**

Section. 8.1. **Creation of Funds.** GBRA shall establish the Capital Projects Fund and the Debt Service Fund. Such funds shall be kept separate and apart from all other funds of GBRA. GBRA reserves the right to create additional funds pursuant to the terms of the Bond Resolution. The WCID shall establish the CRR Fund and the Hydro Fund. Such funds shall be kept separate and apart from all other funds of the WCID. The WCID reserves the right to create additional funds. The GBRA funds and WCID funds referenced above are collectively referred to hereinafter as the "*Funds*".

Section. 8.2. **Security of Funds.** Any cash balance in the shall be continuously secured in the manner required by the applicable laws of the State of Texas as such laws now exist or may exist during the term of this Contract.

Section. 8.3. **Fund Restrictions.**

- A. All monies deposited into the CRR Fund by the WCID shall be used for the purpose of paying Capital Repair and Replacement Costs, including repayment of the GBRA CRR Contribution, together with accrued interest.
- B. All monies deposited into the Hydro Fund by the WCID shall be used for the purpose of repaying the GBRA DS Contribution, together with accrued interest.
- C. GBRA shall deposit, as collected, that portion of the Annual WCID Payment that represents the Debt Service Requirement into the Debt Service Fund. All monies deposited into the Debt Service Fund shall be used for the purpose of paying the debt service on the Bonds only.

Section. 8.4. **Investments.** Monies deposited into the Funds may be invested or reinvested in Authorized Investments and all investments shall belong to such fund.

Section. 8.5. **Earnings from Investments.** The interest accruing on and any profits realized from investing monies in any of the Funds shall be credited to the applicable fund.

Section. 8.6. **Accounts, Records and Accounting Records.** The Parties covenant and agree that they shall each maintain books of records and accounts in which full, true and proper entries will be made of all dealings, transactions, business, and any other matters which in any way affect or pertain to the Project and the Funds, including earnings from investments. Such books and accounts will be available for inspection by the other Party at reasonable hours and under reasonable circumstances.

Section. 8.7. **Audit.** After the end of each Fiscal Year, each Party will have an audit by a certified public accountant, not in the regular employ of such Party, for its last Fiscal Year, which shall be submitted to the other Party within one hundred and twenty (120) days after the end of the Fiscal Year. With respect to GBRA, the audit shall include all debt service payments on the Bonds and Operation and Maintenance Expenses, funded by GBRA, and all Hydro Revenues collected by GBRA during its Fiscal Year.

Section. 8.8. **Insurance.** GBRA covenants that it will at all times keep insured the Project with a responsible insurance company or companies (or interlocal governmental risk pool) against risk, accidents or casualties; provided, however, that at any time while any contractor engaged in construction work shall be fully responsible therefore, GBRA shall not be required to carry insurance. All such insurance policies shall be open to inspection to the WCID and its representatives at all reasonable times. The Parties acknowledge that flood insurance is not available for Dam Facilities located within the floodplain or flood way.

Section. 8.9. **Insurance Proceeds.** In the event of any loss or damage, GBRA covenants that, to the extent proceeds of insurance policies are available for such purpose, it will reconstruct or repair the destroyed or damaged portion of the Project and will apply the proceeds of the insurance policies covering such loss or damage solely for that purpose. GBRA covenants that it will begin such work or reconstruction or repair promptly after such loss or damage shall occur and will continue and properly complete the same as expeditiously as possible and will pay, or cause to be paid, all costs and expenses in connection therewith out of the insurance proceeds to the extent insurance proceeds are available. In the event available insurance proceeds are not sufficient to fully pay for the costs to reconstruct or repair the destroyed or damage portion of the Project, the Parties shall endeavor in good faith to amend this Contract to provide for the issuance of Bonds to fund such insufficiency.

Section. 8.10. **Excess Insurance Proceeds.** Any insurance proceeds remaining after the completion of and payment for any such reconstruction or repairs shall be deposited with GBRA and restricted for use only on Capital Repair and Replacement Costs.

## ARTICLE IX CONTINUING DISCLOSURE

Section. 9.1. **Annual Reports.**

- A. Following the issuance of any series of Bonds, the offer or sale of which is not exempt from the Rule and, until the WCID is no longer obligated, contingently or otherwise to make payments in respect of such series of Bonds, GBRA and the WCID undertake to and shall provide annually to the MSRB, within six months after the end of each Fiscal Year: (i) financial information and operating data of the general type included in the Sale and Offering Documents for the series of Bonds, as specified in its approval of such Sale and Offering Documents pursuant to Section 3.3 hereof; and (ii) audited general purpose

financial statements of the WCID, if then available. However, GBRA and the WCID only undertake to provide the information in the preceding sentence that is customarily prepared and publicly available. Any financial statements so to be provided shall be (i) prepared in accordance with generally accepted accounting principles for governmental agencies or such other accounting principles as the WCID may be required to employ from time to time pursuant to state law or regulations, and (ii) audited, if the WCID commissions an audit of such statements and the audit is completed within the period during which it must be provided. If the audit of such financial statement is not completed within such period, then the WCID shall provide unaudited financial statements within the required period, and shall provide audited financial statements for the applicable Fiscal Year to the MSRB, when and if the audit report on such statements become available.

- B. If the WCID changes its fiscal year, it will file notice of such change (and of the date of the new Fiscal Year end) with GBRA and the MSRB prior to the next date by which the WCID otherwise would be required to provide financial information and operating data pursuant to this Section.
- C. The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be incorporated by specific reference to any document or specific part thereby (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB or filed with the SEC. Copies of such information and operating data shall be furnished to GBRA at the same time the information and data are furnished to the MSRB.

Section. 9.2. **Material Event Notices.**

- A. The following are the events with respect to any series of bonds which GBRA must agree to disclose in a timely manner pursuant to the Rule, if “material” under applicable federal securities laws and regulations promulgated thereunder:
  - (i) Principal and interest payment delinquencies;
  - (ii) Non-payment related defaults, if material;
  - (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
  - (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
  - (v) Substitution of credit or liquidity providers, or their failure to perform;
  - (vi) 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;
  - (vii) Modifications to rights of holders of the Bonds, if material;
  - (viii) Bond calls, if material, and tender offers;
  - (ix) Defeasances;

- (x) Release, substitution, or sale of property securing repayment of the Bonds, if material;
  - (xi) Rating changes;
  - (xii) Bankruptcy, insolvency, receivership, or similar event of GBRA, which shall occur as described below;
  - (xiii) The consummation of a merger, consolidation, or acquisition involving GBRA 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;
  - (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
  - (xv) Incurrence of financial obligations of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
  - (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties. The terms “financial obligation” and “material” when used in this paragraph shall have the meanings ascribed to them under federal securities laws.
- B. The WCID shall, promptly after obtaining actual knowledge of the occurrence of any of the events enumerated above (including but not limited to clauses (xv) and (xvi) of Section 9.2.A above with respect to financial obligations it may incur), notify GBRA of such event and provide all information in the format required to satisfy the requirements of the Rule. Further, the WCID shall provide, in a timely manner, notice of any failure to provide audited financial statements, financial information, and operating data in accordance with this Contract to the MSRB.

Section. 9.3. **Limitations, Disclaimers, and Amendments.**

- A. The WCID shall be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the WCID remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that GBRA in any event will give notice of any deposit that causes the Bonds to be no longer outstanding.
- B. The provisions of this Article are for the sole benefit of the holders and beneficial owners of the Bonds, and nothing in this Article, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The WCID undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Article and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the WCID’s financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Article or otherwise,

except as expressly provided herein. The WCID does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

- C. UNDER NO CIRCUMSTANCES SHALL THE WCID BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE WCID, WHETHER NEGLIGENT OR WITH OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS ARTICLE, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.
- D. No default by the WCID in observing or performing its obligations under this Article shall constitute a breach of or default under this Contract for purposes of any other provision of this Contract.
- E. Nothing in this Article is intended or shall act to disclaim, waive, or otherwise limit the duties of the WCID under federal and state securities laws.
- F. The provisions of this Article may be amended by GBRA and the WCID 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 GBRA or the WCID, but only if (1) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Contract that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with GBRA or the WCID (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. If GBRA and the WCID so amend the provisions of this Article, the WCID shall include with any amended financial information or operating data next provided in accordance with this Article an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided. GBRA and the WCID may also amend or repeal the provisions of this Article if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of each series of Bonds.

Section. 9.4. **Information Format - Incorporation by Reference.**

- A. Information required under this Article shall be filed with the MSRB through EMMA in such format and accompanied by such identifying information as may be specified from time to time thereby. Under the current rules of the MSRB, continuing disclosure documents submitted to EMMA must be in word-searchable portable document format (PDF) files that permit the document to be saved, viewed, printed, and retransmitted by electronic means and the series of obligations to which such continuing disclosure documents relate must be identified by CUSIP number or numbers.

- B. Financial information and operating data to be provided pursuant to this Article may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document) available to the public through EMMA or filed with the SEC.

## ARTICLE X GENERAL PROVISIONS

### Section. 10.1. **Term.**

- A. Unless terminated earlier as permitted pursuant to Section 10.2 hereof, this Contract shall be in force and effect until the latter of 11:59 pm on December 31, 2059, or as it may be extended pursuant to subsection(b) and(c) below ("Termination Date").
- B. Unless written notice to terminate this Contract is provided by either Party to the other Party at least two (2) years before the Termination Date, this Contract shall automatically renew for an additional ten (10) year period. Unless notice is provided as described in this subsection (b), this Contract will automatically renew for perpetual successive renewal periods of ten (10) years.
- C. Notwithstanding subsections (a) and (b) of this Section, if all the Bonds (including principal and interest) will not be fully paid by the Termination Date then the Termination Date shall be extended to December 31 of the year in which the Bonds are to be paid.

Section. 10.2. **Termination.** After the Bonds are no longer outstanding, the GBRA CRR Contribution and interest thereon have been fully repaid and the GBRA DS Contribution and interest thereon have been fully repaid, the WCID may terminate this Contract at any time by providing not less than 12 months prior written notice of termination to GBRA. In the event of such termination, the WCID shall no longer be entitled to any Hydro Revenues, and GBRA shall be entitled to all Hydro Revenues.

Section. 10.3. **Approvals by WCID or GBRA.** Whenever this Contract requires or permits approvals or consents to be hereafter given by the WCID or by GBRA, the Parties agree that such approval or consent shall not be unreasonably withheld. Such approval or consent may be evidenced by an order or resolution adopted by the governing body or by an appropriate certificate executed by a person, firm, or entity authorized to determine and give approval or consent on behalf of the WCID or GBRA pursuant to an order or resolution adopted by the governing body. Such approval or consent shall be effective without regard to whether given before or after the time required herein and no such approval or consent of the WCID shall be required as a condition to any action by GBRA except as expressly required in this Contract.

Section. 10.4. **Force Majeure.** In the event either Party is rendered unable, wholly or in part, by force majeure to carry out any of its obligations under this Contract, then the obligation of such Party, to the extent affected by such force majeure and to the extent that due diligence is being used to resume performance at the earliest practicable time, shall be suspended during the continuance of any inability so caused to the extent provided but for no longer period. As soon as reasonably possible after the occurrence of the force majeure relied upon, the Party whose contractual obligations are affected thereby shall give notice and full particulars of such force majeure to the other Party. Such cause, as far as possible, shall be remedied with all reasonable diligence. The term "force majeure", as used herein, shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, orders of any kind of the government of the United States or the state of Texas or any civil or military authority other than a Party to

this contract, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, partial or entire failure of water supply, and any other inabilities of either Party, similar to those enumerated, which are not within the control of the Party claiming such inability and which such Party could not have avoided. by the exercise of due diligence and care. 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, but shall not require the settlement of strikes and lockouts by acceding to the demands of the opposing Party or Parties when such settlement is unfavorable to it in the judgment of the Party having the difficulty.

Section. 10.5. **Remedies upon Default.** It is not intended hereby to specify (and this Contract shall not be considered as specifying) an exclusive remedy for any default, but all remedies, other than termination, existing at law or in equity, including specific performance and mandamus, may be availed of by either Party and shall be cumulative; provided, however, that except as otherwise provided in this Contract the manner of proceeding to settle any controversy, claim or dispute arising out of or relating to this Contract, or any breach thereof, shall be by arbitration as provided in Section 10.13 of this Contract.

Section. 10.6. **No Additional Waiver Implied.** No waiver or waivers of any breach or default (or any breaches or defaults) by either Party hereto of any term, covenant, condition, or liability hereunder, or of performance by the other Party of any duty or obligation hereunder, shall be deemed or construed to be a waiver of subsequent breaches or defaults of any kind, under any circumstances.

Section. 10.7. **Addresses and Notice.** All notices and other communications hereunder will be in writing and will be delivered by one of the following means: hand delivery; expedited courier delivery; mailed by registered or certified mail, return receipt requested, postage prepaid; or, electronic mail, *provided*, that a duplicate of the same notice or communication is also mailed by first-class mail on the same date of the electronic mail. All notices and communications hereunder will be addressed as follows, and will be effective upon actual delivery if delivered by hand or by expedited courier delivery or, if mailed, three (3) business days after deposit in the United States mail:

(a) If to the WCID, to:

Lake Dunlap Water Control and Improvement District  
c/o McLean & Howard, LLP  
Barton Oaks Plaza, Building II  
901 South MoPac Expy., Suite 225  
Austin, Texas 78746

(b) If to GBRA, to:

Guadalupe-Blanco River Authority  
933 East Court Street  
Seguin, TX 78155  
Attn: General Manager/CEO

Any Party may change its address for receiving notice by giving notice of a new address in the manner herein; *provided, however*, if mailed, notice of such new address will be effective only upon actual receipt by the other Parties.

Section. 10.8. **Modification.**

- A. This Contract shall be subject to change or modification only with the mutual written consent of the governing bodies of GBRA and the WCID; provided, however, no amendment to this Contract shall impair the rights of any holder of any of the Bonds. No change, amendment or modification shall be made or be effective which will adversely effect the prompt payment when due of all money required to be paid by the WCID under this Contract, and no such change, amendment or modification shall be made or be effective which would cause a violation of any provisions of any Bond Resolution.
- B. In accordance with the authority set forth in Section 49.108(b) of the Texas Water Code, this Contract may be modified or amended by the Board of Directors of the WCID without voter approval.

Section. 10.9. **Assignability.** This Contract shall not be assignable by GBRA without the prior written consent of the Board of Directors of the WCID except as GBRA may pledge the payments to be received from the WCID hereunder to pay debt service on the Bonds.

Section. 10.10. **Parties in Interest.** This Contract shall be for the sole and exclusive benefit of GBRA, the WCID, and the owners or holders of the Bonds issued hereunder from time to time and shall not be construed to confer any benefit or right upon any other persons.

Section. 10.11. **Severability.** The provisions of this Contract are severable, and if any word, phrase, clause, sentence, paragraph, section or other part of this Contract or the application thereof to any person or circumstance shall ever be held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Contract and the application of such word, phrase, clause, sentence, paragraph, section or other part of this Contract to other persons or circumstances shall not be affected thereby.

Section. 10.12. **Sale or Encumbrance of Project.** GBRA will not sell, dispose of or encumber any of the Project while this Contract is in force and effect; provided, however, that this provision shall not prevent GBRA from disposing of any portion of the Project which has been declared surplus or is no longer needed or useful for the proper operation of the Project. Any monies received from the sale of surplus properties may be used for the replacement of the properties sold. Unless it is so used, it shall be deposited with GBRA and restricted for use only on Capital Repair and Replacement. Issuance of bonds, contracts payable from the Capital Projects Fund, or an agreement wherein GBRA employs any person to operate the Project shall not be considered an encumbrance of the Project.

Section. 10.13. **Arbitration.** Except as otherwise provided in this Contract, any controversy, dispute or claim arising out of or relating to this Contract, or any breach thereof, shall be settled by arbitration in accordance with the Commercial Rules of Arbitration of the American Arbitration Association; provided, however, that the arbitrator to whom any controversy, which is subject to arbitration under the terms of this Contract, shall be submitted in accordance with the provisions hereof, shall have jurisdiction and authority to interpret and apply the applicable provisions of this Contract in accordance with the laws of the State of Texas. Such application or interpretation of the provisions of this Contract must be in accordance with the spirit and letter of this Contract. No arbitrator shall have the jurisdiction or authority to add to, take from, nullify, or modify any of the terms of this Contract directly or indirectly, under the guise of interpretation. The arbitrator shall be bound by the facts and evidence submitted to him in the hearing and may not go beyond the terms of this Contract in rendering his award. It is further understood and agreed that the power of the arbitrator shall be strictly limited to determining the meaning and interpretation of the explicit terms of this Contract as herein expressly set forth and that no arbitrator

shall have the power to base any award on any alleged practices or oral understandings not incorporated herein. Any award rendered in arbitration proceedings under this Contract shall be subject to judicial review at the instance of either Party for the purpose of determining whether the arbitrator exceeded his power as herein limited, and neither Party shall be deemed to have waived its right to such review by proceeding to arbitration. Within his power as herein limited, the arbitrator may enter an award based upon any remedy available to the Parties as provided in this Section 10.13 of this Contract. Judgment upon the award may be entered in any court having jurisdiction thereof. Any such arbitration proceeding shall be held at the principal offices of GBRA, or such other place in Guadalupe County or Comal County as is designated by GBRA, and any expenses incurred by GBRA in connection with any such arbitration proceeding shall constitute an Operation and Maintenance Expense.

Section. 10.14. **Merger**. This Contract together with the exhibits attached hereto and made a part hereof for all purposes, constitutes the entire agreement between the Parties relative to the subject matter hereof.

Section. 10.15. **Headings and Defined Terms**. Descriptive headings are for convenience only and will not control or affect the meaning or construction of any provision of this Contract.

Section. 10.16. **Assignment**. Assignment of this Contract by the Parties is prohibited without the prior written consent of the other Party. This Contract will be binding upon and inure to the benefit of the Parties and their successors and assigns.

Section. 10.17. **Time of Essence**. Time is of the essence of this Contract.

Section. 10.18. **Entire Agreement**. This Contract, including the Exhibits hereto, constitutes the entire agreement among the Parties pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings of the Parties in connection therewith. No representation, warranty, covenant, agreement, or condition not expressed in this Contract will be binding upon the Parties hereto or will affect or be effective to interpret, change, or restrict the provisions of this Contract except by an amended agreement in writing signed by the Parties.

Section. 10.19. **Partial Invalidity**. If any clause or provision of this Contract is or should ever be held to be illegal, invalid, or unenforceable under any present or future law applicable to the terms hereof, then and in that event, it is the intention of the Parties hereto that the remainder of this Contract will not be affected thereby, and that in lieu of each such clause or provision of this Contract that is illegal, invalid, or unenforceable, there be added as part of this Contract a clause or provision as similar in terms to such illegal, invalid, or unenforceable clause or provision as may be possible and be legal, valid, and enforceable such that the intention of the Parties is effected as closely as is possible.

Section. 10.20. **Counterpart Execution**. This Contract may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which shall constitute but one agreement. Delivery of a signature to this Contract by facsimile transmission or electronic mail in "portable document format" shall have the same effect as physical delivery of the paper document bearing the original signature.

IN WITNESS WHEREOF, each Party hereto has signed this Contract or caused this Contract to be signed in its corporate name by its officer thereunto duly authorized, all as of the date first above written.

*[Signature pages to follow]*

**LAKE DUNLAP WATER CONTROL AND  
IMPROVEMENT DISTRICT**

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

Name: \_\_\_\_\_

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

\_\_\_\_\_  
Secretary

**ACKNOWLEDGEMENT**

**STATE OF TEXAS**

§

**COUNTIES OF GUADALUPE AND COMAL**

§

§

This instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by \_\_\_\_\_, \_\_\_\_\_ of Lake Dunlap Water Control and Improvement District, a Texas conservation and reclamation district, on behalf of said district.

\_\_\_\_\_  
Notary Public, State of Texas

(seal)

**GUADALUPE-BLANCO RIVER  
AUTHORITY**

By: \_\_\_\_\_  
Kevin Patteson  
General Manager/CEO

**ACKNOWLEDGEMENT**

**STATE OF TEXAS**                   §  
   §  
**COUNTY OF \_\_\_\_\_**       §

This instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by \_\_\_\_\_, \_\_\_\_\_ of the Guadalupe-Blanco River Authority, a political subdivision of the State of Texas, on behalf of said political subdivision.

\_\_\_\_\_  
Notary Public, State of Texas

(seal)

## **EXHIBIT A**

### **Description of Hydro Facilities**

The hydroelectric powerhouse associated with, and downstream of Lake Dunlap, together with turbines and other machinery located therein.

Additionally included are easements, lines and poles owned by GBRA which are used to transmit electricity generated at the hydroelectric powerhouse at Lake Dunlap to the point of delivery to Guadalupe Valley Electric Cooperative. Provided, however, if any easements, lines or poles are also used to transmit electricity from other GBRA Hydroelectric Lakes, those easements, shall be jointly held by GBRA or the successor to its interest to the other Hydroelectric Facilities unless an agreement is made for separate lines and easements.

## **EXHIBIT B**

### **Description of Hydro Revenues**

Hydro Revenues shall consist of all revenues specifically related to and received by the Guadalupe-Blanco River Authority (GBRA) as a result of the sale of electricity at the hydroelectric generating facilities at Lake Dunlap. Such revenues may include hydroelectric power sales and renewable energy credits. It may also include any grant income for the electric generating and electric transmission facilities.

The principal source of such revenues is hydroelectric power sales resulting from the generation of electricity and subsequent sale to the Guadalupe Valley Electric Cooperative (GVEC). GBRA is in the process of finalizing a new agreement with GVEC. The expected payments under the agreement for the first 10 years include a capacity payment of \$347,000.00 per year, and an Energy Payment of \$0.036 per kWh.

**Lake Dunlap Water Control & Improvement District  
Capital Improvement Program Analysis**

**\$40,000,000 Contract Tax Bonds, Series 2020**

CYE 12/31	Taxable Assessed Value	Estimated Debt Service; Contract Tax Bonds, Series 2021				Estimated Required I&S Rate
		Dated: Jan '21 Principal	Rate	TIC: 0.16% Interest	Total D/S	
2021	\$ 298,717,665	\$ -	-	\$ 24,077	\$ 24,077	\$0.0082
2022	298,717,665	-	-	41,079	41,079	0.0140
2023	298,717,665	1,420,000	-	41,079	1,461,079	0.4991
2024	298,717,665	1,420,000	-	41,079	1,461,079	0.4991
2025	298,717,665	1,420,000	-	41,079	1,461,079	0.4991
2026	298,717,665	1,420,000	-	41,079	1,461,079	0.4991
2027	298,717,665	1,420,000	-	41,079	1,461,079	0.4991
2028	298,717,665	1,420,000	-	41,079	1,461,079	0.4991
2029	298,717,665	1,420,000	-	41,079	1,461,079	0.4991
2030	298,717,665	1,420,000	-	41,079	1,461,079	0.4991
2031	298,717,665	1,420,000	-	41,079	1,461,079	0.4991
2032	298,717,665	1,420,000	-	41,079	1,461,079	0.4991
2033	298,717,665	1,420,000	-	41,079	1,461,079	0.4991
2034	298,717,665	1,425,000	-	41,079	1,466,079	0.5008
2035	298,717,665	1,425,000	-	41,079	1,466,079	0.5008
2036	298,717,665	1,425,000	-	41,079	1,466,079	0.5008
2037	298,717,665	1,425,000	-	41,079	1,466,079	0.5008
2038	298,717,665	1,425,000	0.03%	41,079	1,466,079	0.5008
2039	298,717,665	1,425,000	0.07%	40,651	1,465,651	0.5007
2040	298,717,665	1,425,000	0.11%	39,654	1,464,654	0.5003
2041	298,717,665	1,425,000	0.15%	38,086	1,463,086	0.4998
2042	298,717,665	1,430,000	0.19%	35,949	1,465,949	0.5008
2043	298,717,665	1,430,000	0.22%	33,232	1,463,232	0.4998
2044	298,717,665	1,435,000	0.25%	30,086	1,465,086	0.5005
2045	298,717,665	1,435,000	0.28%	26,498	1,461,498	0.4992
2046	298,717,665	1,440,000	0.29%	22,480	1,462,480	0.4996
2047	298,717,665	1,445,000	0.30%	18,304	1,463,304	0.4999
2048	298,717,665	1,450,000	0.31%	13,969	1,463,969	0.5001
2049	298,717,665	1,455,000	0.32%	9,474	1,464,474	0.5003
2050	298,717,665	1,460,000	0.33%	4,818	1,464,818	0.5004
		<b>\$ 40,000,000</b>		<b>\$ 1,035,610</b>	<b>\$ 41,035,610</b>	

Assumptions:

Taxable Assessed Value is based on preliminary estimates from Comal and Guadalupe County Appraisal Districts.

Estimated collection rate: 98%

**RESOLUTION AUTHORIZING THE ISSUANCE OF \$40,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF *GUADALUPE-BLANCO RIVER AUTHORITY CONTRACT REVENUE BONDS, SERIES 2021 (LAKE DUNLAP DAM AND HYDROELECTRIC FACILITIES PROJECT)*; AUTHORIZING THE SALE THEREOF TO THE TEXAS WATER DEVELOPMENT BOARD (TWDB) THROUGH ITS CLEAN WATER STATE REVOLVING FUND PROGRAM; APPROVING AND AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT AND AN ESCROW AGREEMENT; APPROVING AND AUTHORIZING ALL OTHER INSTRUMENTS AND PROCEDURES RELATED THERETO; AND PROVIDING FOR AN IMMEDIATE EFFECTIVE DATE**

DATE OF APPROVAL: DECEMBER 16, 2020

**WHEREAS**, the Board of Directors of GBRA now desires to authorize the issuance of \$40,000,000 in aggregate principal amount of *Guadalupe-Blanco River Authority Contract Revenue Bonds, Series 2021 (Lake Dunlap Dam and Hydroelectric Facilities Project)* (herein referred to, and defined in Section 7 hereof, as the "**Series 2021 Bonds**"); and

**WHEREAS**, in order to fund the Project, the Board of Directors of GBRA finds and declares a public purpose and deems it advisable and in the best interests of GBRA and the WCID to issue the Series 2021 Bonds payable from and secured by a lien on and pledge of certain revenues received by GBRA from the WCID (as further described and defined herein as the "**Pledged Revenues**"); and

**WHEREAS**, the Contract requires the WCID to pay an amount sufficient to cover the annual debt service requirements on all bonds and other obligations issued or entered into by GBRA to finance the ~~planning~~ acquisition, construction, repairing and equipping of the Project, which amount is collected through, and as a component of, the payment by the WCID of the "Annual WCID Payment" in accordance with Article VI of the Contract, and which shall be derived from the payment of ad valorem taxes levied annually by the WCID on all taxable property within the WCID in an amount sufficient to pay the Annual WCID Payment in accordance with Section 4.3 of the Contract; and

**WHEREAS**, Section 10 of the GBRA Act provides that "*[a]ny and every indebtedness, liability or obligation of the District, for the payment of money, however entered into or incurred, and whether arising from contract, implied contract or otherwise, shall be payable (1) out of the revenues received by the District in respect to its properties, subject to any prior lien thereon conferred by any resolution or resolutions theretofore adopted as in this Act provided, authorizing the issuance of bonds or (2), if the Board shall so determine, out of the proceeds of sale by the District of bonds payable solely from such revenues*"; and

**WHEREAS**, GBRA is authorized by Section 11(c) of the GBRA Act to pledge to the payment of the principal of and the interest on bonds "*all or any part of the gross or net revenues thereafter received by the District in respect of the property, real, personal or mixed, to be acquired and/or constructed with such bonds or the proceeds thereof, or all or any part of the gross or net revenues thereafter, received by the District from whatever source derived*"; and

**WHEREAS**, Section 1201.042(a), Texas Government Code, provides that "*[a]n issuer may use the proceeds of a public security issued to finance the acquisition, construction, or improvement of a project or facility to: (1) pay interest on the public security while the project or facility is being acquired, constructed, or improved and for the year after it is acquired, constructed, or improved; (2) operate and maintain the project or facility during the estimated period of acquisition, construction, or improvement of the project or facility and for one year after it is acquired, constructed, or improved; (3) finance other funds relating to the public security, including debt service reserve and contingency; and (4) pay the cost or expense of the issuance of the public security*"; and

**RESOLUTION AUTHORIZING THE ISSUANCE OF \$40,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF *GUADALUPE-BLANCO RIVER AUTHORITY CONTRACT REVENUE BONDS, SERIES 2021 (LAKE DUNLAP DAM AND HYDROELECTRIC FACILITIES PROJECT)*; AUTHORIZING THE SALE THEREOF TO THE TEXAS WATER DEVELOPMENT BOARD (TWDB) THROUGH ITS CLEAN WATER STATE REVOLVING FUND PROGRAM; APPROVING AND AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT AND AN ESCROW AGREEMENT; APPROVING AND AUTHORIZING ALL OTHER INSTRUMENTS AND PROCEDURES RELATED THERETO; AND PROVIDING FOR AN IMMEDIATE EFFECTIVE DATE**

DATE OF APPROVAL: DECEMBER 16, 2020

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**RESOLUTION AUTHORIZING THE ISSUANCE OF \$40,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF GUADALUPE-BLANCO RIVER AUTHORITY CONTRACT REVENUE BONDS, SERIES 2021 (LAKE DUNLAP DAM AND HYDROELECTRIC FACILITIES PROJECT); AUTHORIZING THE SALE THEREOF TO THE TEXAS WATER DEVELOPMENT BOARD (TWDB) THROUGH ITS CLEAN WATER STATE REVOLVING FUND PROGRAM; APPROVING AND AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT AND AN ESCROW AGREEMENT; APPROVING AND AUTHORIZING ALL OTHER INSTRUMENTS AND PROCEDURES RELATED THERETO; AND PROVIDING FOR AN IMMEDIATE EFFECTIVE DATE**

**STATE OF TEXAS** :  
**GUADALUPE-BLANCO RIVER AUTHORITY** :

**WHEREAS**, the **GUADALUPE-BLANCO RIVER AUTHORITY** ("**GBRA**") is an agency and political subdivision of the State of Texas, being a conservation and reclamation district created and functioning under Article 16, Section 59, of the Texas Constitution, pursuant to the provisions of Chapter 75, Acts of the 43rd Legislature, First Called Session, 1933, as amended (the "**GBRA Act**"); and

**WHEREAS**, Section 1 of the **GBRA Act** provides that "*the creation of the District is hereby determined to be essential to the accomplishment of the purposes of Section 59 of Article 16 of the Constitution of the State of Texas, including (to the extent hereinafter authorized) the control, storing, preservation and distribution of storm and flood waters, the waters of rivers and streams, including the Guadalupe and Blanco Rivers and their tributaries for irrigation, power, and all other useful purposes, the reclamation and irrigation of arid, semiarid and other lands needing irrigation, the reclamation and drainage of overflowed lands, and other lands needing drainage (but not to reclaim or drain coastal wetlands or inland marshes), the conservation and development of the forests, water and hydro-electric power of the State of Texas and the navigation of inland waters, and the preservation and conservation of all such natural resources of the State are hereby declared public rights and duties of the District*" (emphasis added); and

**WHEREAS**, among numerous powers granted under the **GBRA Act**:

- (i) Section 2(a) thereof authorizes **GBRA** to "*control, store and preserve, within or adjoining the boundaries of the District, the waters of any rivers and streams, including the waters of the Guadalupe and Blanco Rivers and their tributaries, for all useful purposes, and to use, distribute and sell the same, within the boundaries of the District, for any such purposes*";
- (ii) Section 2(c) thereof authorizes **GBRA** to "*acquire water, water supply facilities and conservation storage capacity within or without the District from any person, including the State or any of its agencies and subdivisions and the United States of America and any of its agencies and subdivisions*";

- (iii) Section 2(l) thereof authorizes GBRA to "*acquire by purchase, lease, gift or in any other manner (otherwise than by condemnation)<sup>1</sup> and to maintain, use and operate any and all property of any kind, real, personal, or mixed, or any interest therein, within or without the boundaries of the District, necessary or convenient to the exercise of the powers, rights, privileges and functions conferred upon it by this Act*";
- (iv) Section 2(p) thereof authorizes GBRA to "*construct, extend, improve, maintain, and reconstruct, to cause to be constructed, extended, improved, maintained, and reconstructed, and to use and operate, any and all facilities of any kind necessary or convenient to the exercise of such powers, rights, privileges and functions*";
- (v) Section 2(v) thereof authorizes GBRA to "*make contracts and to execute instruments necessary or convenient to the exercise of the powers, rights, privileges, and functions conferred upon it by this Act or General Law for such term and with such provisions as the Board hereinafter referred to may determine to be in the best interest of the District, including, without in any way limiting the generality of the foregoing, contracts with persons, including the State of Texas, the United States of America and any corporation or agency thereof and districts, cities, towns, persons, organizations, associations, firms, corporations, entities or others, as such Board may deem necessary or proper for, or in connection with, any corporate purpose to provide for the construction, acquisition, ownership, financing, operation, maintenance, sale, leasing to or from, or other use or disposition of any facilities authorized to be developed, preserved, conserved, acquired, or constructed under this Act or General Law, including any improvements, structures, facilities, equipment and all other property of any kind in connection therewith and any lands, leaseholds, easements and any interest in any of the foregoing*"; and
- (vi) Section 2(x) thereof authorizes GBRA to "*borrow money for its corporate purposes and, without limitation of the generality of the foregoing, to borrow money and accept grants from persons, including the State of Texas, the United States of America, or from any corporation or agency created or designated by the State of Texas or the United States of America, and, in connection with any such loan or grant, to enter into such agreements as the State of Texas or the United States of America or such corporations or agency may require; and to make and issue its negotiable bonds or notes for moneys borrowed, in the manner and to the extent provided in this Act, and to refund or refinance any outstanding bonds or notes and to make and issue its negotiable bonds or notes thereof in the manner and to the extent provided in this Act. Nothing in this Act shall authorize the issuance of any bonds, notes, or other evidences of indebtedness of the District, except as specifically provided in this Act, and no issuance of bonds, notes, or other evidences of indebtedness of the District shall ever be authorized except by this Act or General Law*; and

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<sup>1</sup>The power to condemn property is granted by Section 2(m) of the GBRA and other applicable state law.

**WHEREAS**, Lake Dunlap is a lake located along the Guadalupe River in Comal and Guadalupe Counties, Texas that was formed with river water impounded by dam facilities constructed in the 1920's; and

**WHEREAS**, on May 14, 2019, one of the spillway gates of the Lake Dunlap dam facilities collapsed, which resulted in a rapid dewatering of Lake Dunlap; and

**WHEREAS**, the **LAKE DUNLAP WATER CONTROL AND IMPROVEMENT DISTRICT** (the "**WCID**") is a conservation and reclamation district of the State of Texas created under Article 16, Section 59 of the Texas Constitution by an order approved by the Texas Commission on Environmental Quality (the "**TCEQ**") on February 7, 2020, and confirmed by the voters of the WCID at an election held on November 3, 2020 (the "**WCID Confirmation Election**"), all in accordance with Chapter 51 of the Texas Water Code; and

**WHEREAS**, the WCID was created primarily for the purpose of providing a source of funds to support and finance the repair, rehabilitation, and improvement of facilities in order to restore proper operation of the dam facilities and water levels within Lake Dunlap; and

**WHEREAS**, GBRA and the WCID have entered into a *Contract for Financing and Operation of Lake Dunlap Dam and Hydroelectric Facilities*, dated as of \_\_\_\_\_, 2020 (the "**Contract**"), in part for the purpose of setting forth the duties and responsibilities of the parties to acquire, construct, equip, and finance improvements necessary to repair, restore and improve dam facilities and hydroelectric facilities located on Lake Dunlap; and

**WHEREAS**, the Contract contains numerous provisions relating to repairing, rehabilitating, and improving the Lake Dunlap dam facilities and hydroelectric facilities, including, for example, the following provisions which are particularly relevant to financing such facilities with bonds issued by GBRA and other actions being taken by GBRA pursuant to this Resolution:

- (1) GBRA is authorized, with prior approval of the WCID, to issue bonds from time to time (subject to obtaining the opinion of the Attorney General approving such bonds) which are payable from and secured by a pledge of the "Debt Service Requirement" component of the "Annual WCID Payment" under the Contract, in such amount as the Board of Directors of GBRA determines necessary or desirable, but not to exceed the "Maximum Principal Amount" (as defined in Section 1.2 of the Contract), to obtain funds to (A) pay all "Capital Costs" (as defined in the Contract) relating to acquiring, constructing, extending, enlarging, repairing, renovating, equipping, and otherwise improving the "Project" (as defined in the Contract and in Section 7 of this Resolution); (B) pay all capitalized interest costs on such bonds; (C) provide such reserve or contingency funds as the Board of Directors of GBRA, in its judgement, deems necessary; and (D) pay all costs incurred in connection with the issuance of such bonds (see Section 3.2 of the Contract);

- (2) the maximum principal amount of bonds authorized to be issued by GBRA pursuant to the Contract is \$40,000,000 (see the definition of the term "*Maximum Principal Amount*" in Section 1.2 of the Contract);
- (3) the maximum maturity date for a series of bonds issued by GBRA pursuant to the Contract cannot exceed 40 years from the date of issuance of such series of bonds (see Section 3.3 of the Contract); and
- (4) the WCID is obligated to levy and annually assess and collect a continuing, direct ad valorem tax on all taxable property within the boundaries of the WCID to make timely payments of all charges required under the Contract to GBRA, without limitation as to rate or amount, sufficient to pay the "Annual Requirement" for the applicable "Annual Payment Period" (as such terms are defined in the Contract), except to the extent the WCID has available funds which may be lawfully used for such purposes (see Section 4.3 of the Contract); and

**WHEREAS**, because the Contract includes a provision which obligates the WCID to collect a tax for debt that exceeds three years, Section 49.108(e), Texas Water Code, requires the WCID to obtain the approval of the Contract by the Executive Director of the TCEQ, which approval has been given and is evidenced by an order executed by the Executive Director of the TCEQ on October 28, 2020; and

**WHEREAS**, in compliance with Section 49.108(b), Texas Water Code, the provisions of the Contract were approved by a majority of the qualified voters of the WCID voting on such measure at the WCID Confirmation Election; and

**WHEREAS**, the Board of Directors of GBRA previously has found and determined, and hereby continues to find and determine, that there is an urgent need to make improvements to the Lake Dunlap dam and hydroelectric facilities as further described in the Contract (collectively defined in the Contract and in Section 7 of this Resolution as the "**Project**"); and

**WHEREAS**, on August 19, 2020, the Board of Directors of GBRA authorized the submission of an *Application for Financial Assistance* (the "**Application**") to the **TEXAS WATER DEVELOPMENT BOARD** (the "**Texas Water Development Board**" or the "**TWDB**"), pursuant to which GBRA requested financial assistance in the aggregate amount of up to \$40,000,000 from the TWDB's *Clean Water State Revolving Fund* ("**CWSRF**") program to finance the costs to acquire, construct, repair, and equip the Project, which has been identified by the TWDB as Project No. 73897; and

**WHEREAS**, the TWDB reviewed the Application and, pursuant to Resolution No. 20-\_\_\_\_ adopted on December 3, 2020 (the "**TWDB Resolution**"), the TWDB approved a commitment to provide up to \$40,000,000 of financial assistance to GBRA for the costs to plan, design, acquire, construct, repair, and equip the Project by committing to purchase up to \$40,000,000 in principal amount of *Contract Revenue Bonds* to be issued by GBRA; and

**WHEREAS**, the Board of Directors of GBRA now desires to authorize the issuance of \$40,000,000 in aggregate principal amount of *Guadalupe-Blanco River Authority Contract Revenue Bonds, Series 2021 (Lake Dunlap Dam and Hydroelectric Facilities Project)* (herein referred to, and defined in Section 7 hereof, as the "**Series 2021 Bonds**"); and

**WHEREAS**, in order to fund the Project, the Board of Directors of GBRA finds and declares a public purpose and deems it advisable and in the best interests of GBRA and the WCID to issue the Series 2021 Bonds payable from and secured by a lien on and pledge of certain revenues received by GBRA from the WCID (as further described and defined herein as the "**Pledged Revenues**"); and

**WHEREAS**, the Contract requires the WCID to pay an amount sufficient to cover the annual debt service requirements on all bonds and other obligations issued or entered into by GBRA to finance the acquisition, construction, repairing and equipping of the Project, which amount is collected through, and as a component of, the payment by the WCID of the "Annual WCID Payment" in accordance with Article VI of the Contract, and which shall be derived from the payment of ad valorem taxes levied annually by the WCID on all taxable property within the WCID in an amount sufficient to pay the Annual WCID Payment in accordance with Section 4.3 of the Contract; and

**WHEREAS**, Section 10 of the GBRA Act provides that "*[a]ny and every indebtedness, liability or obligation of the District, for the payment of money, however entered into or incurred, and whether arising from contract, implied contract or otherwise, shall be payable (1) out of the revenues received by the District in respect to its properties, subject to any prior lien thereon conferred by any resolution or resolutions theretofore adopted as in this Act provided, authorizing the issuance of bonds or (2), if the Board shall so determine, out of the proceeds of sale by the District of bonds payable solely from such revenues*"; and

**WHEREAS**, GBRA is authorized by Section 11(c) of the GBRA Act to pledge to the payment of the principal of and the interest on bonds "*all or any part of the gross or net revenues thereafter received by the District in respect of the property, real, personal or mixed, to be acquired and/or constructed with such bonds or the proceeds thereof, or all or any part of the gross or net revenues thereafter, received by the District from whatever source derived*"; and

**WHEREAS**, Section 1201.042(a), Texas Government Code, provides that "*[a]n issuer may use the proceeds of a public security issued to finance the acquisition, construction, or improvement of a project or facility to: (1) pay interest on the public security while the project or facility is being acquired, constructed, or improved and for the year after it is acquired, constructed, or improved; (2) operate and maintain the project or facility during the estimated period of acquisition, construction, or improvement of the project or facility and for one year after it is acquired, constructed, or improved; (3) finance other funds relating to the public security, including debt service reserve and contingency; and (4) pay the cost or expense of the issuance of the public security*"; and

**WHEREAS**, in compliance with Section 3.3.B of the Contract, prior to the approval of this Resolution a draft of this Resolution, and the sale and offering documents relating to the Series 2021 Bonds, if any, were presented to the WCID for review and approval; and

**WHEREAS**, on December 4, 2020, the Board of Directors of the WCID approved the draft of this Resolution submitted to it for review and approval and delegated to an authorized representative of the WCID the approval of the final terms and provisions of the Series 2021 Bonds, including the principal amount, as reflected in this Resolution; and

**WHEREAS**, prior to the approval of this Resolution by the Board of Directors of GBRA, an authorized representative of the WCID reviewed the final terms of the Series 2021 Bonds as set forth in this Resolution and executed an approval certificate prepared by GBRA's Bond Counsel approving such final terms on behalf of the WCID; and

**WHEREAS**, it is hereby officially found and determined that the meeting at which this Resolution was adopted was open to the public and public notice of the time, place, and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code;

**WHEREAS**, the Series 2021 Bonds hereinafter authorized and designated are to be issued and delivered pursuant to the GBRA Act, Chapter 1201, Texas Government Code, and other applicable laws; and

**THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE GUADALUPE-BLANCO RIVER AUTHORITY, THAT:**

**SECTION 1. AMOUNT AND PURPOSE OF THE SERIES 2021 BONDS.** The bond or bonds of GBRA (defined and further described in Section 2 below as the "Series 2021 Bonds"), which are to be purchased by the Texas Water Development Board through its CWSRF program, are hereby authorized to be issued and delivered in the aggregate principal amount of ***\$40,000,000 FOR THE PURPOSE OF PROVIDING FUNDS TO (I) ACQUIRE, CONSTRUCT, REPAIR, AND EQUIP THE LAKE DUNLAP "DAM FACILITIES" AND "HYDROELECTRIC FACILITIES" AS FURTHER DESCRIBED IN THE "CONTRACT FOR FINANCING AND OPERATION OF LAKE DUNLAP DAM AND HYDROELECTRIC FACILITIES" BETWEEN GBRA AND THE WCID; (II) FUND CAPITALIZED INTEREST; AND (III) PAY COSTS OF ISSUANCE.***

**SECTION 2. DESIGNATION, DATE, DENOMINATIONS, NUMBERS, AND MATURITIES OF THE SERIES 2021 BONDS.** Each bond issued pursuant to and for the purpose described in Section 1 of this Resolution shall be designated **GUADALUPE-BLANCO RIVER AUTHORITY CONTRACT REVENUE BONDS, SERIES 2021 (LAKE DUNLAP DAM AND HYDROELECTRIC FACILITIES PROJECT)** (the "***Series 2021 Bonds***") and initially there shall be issued, sold and delivered hereunder one fully registered Series 2021 Bond, without interest coupons, dated as of January 1, 2021, in the aggregate principal amount of ***\$40,000,000***, numbered T-1 (the "***Initial Series 2021 Bond***"), with Series 2021 Bonds issued in replacement thereof being in the denomination of \$5,000 or any integral multiple thereof and numbered consecutively from R-1

upward, all payable to the initial registered owner thereof (with the Initial Series 2021 Bond being payable to the initial purchaser designated in Section 29 hereof), or to the registered assignee or assignees of said bonds or any portion or portions thereof (in each case, the "*Registered Owner*"), and the Series 2021 Bonds shall mature and be payable serially on **August 15** in each of the years and in the principal amounts, respectively, as set forth in the following schedule:

<u>YEAR OF MATURITY</u>	<u>PRINCIPAL AMOUNT (\$)</u>	<u>YEAR OF MATURITY</u>	<u>PRINCIPAL AMOUNT (\$)</u>	<u>YEAR OF MATURITY</u>	<u>PRINCIPAL AMOUNT (\$)</u>
2023		2033		2043	
2024		2034		2044	
2025		2035		2045	
2026		2036		2046	
2027		2037		2047	
2028		2038		2048	
2029		2039		2049	
2030		2040		2050	
2031		2041			
2032		2042			

The term "Series 2021 Bonds" as used in this Resolution shall mean and include the Series 2021 Bonds initially issued and delivered pursuant to this Resolution and all substitute bonds exchanged therefor, as well as all other substitute bonds and replacement bonds issued pursuant hereto, and the term "Series 2021 Bond" shall mean any of the Series 2021 Bonds.

**SECTION 3. INTEREST.** The Series 2021 Bonds shall bear interest, calculated on the basis of a 360-day year composed of twelve 30-day months from the dates specified in the FORM OF SERIES 2021 BONDS set forth in this Resolution to their respective dates of maturity, at the rate of \_\_\_% per annum. Said interest shall be payable in the manner provided and on the dates stated in the FORM OF SERIES 2021 BONDS set forth in this Resolution.

**SECTION 4. REDEMPTION.** The Series 2021 Bonds are subject to redemption as set forth in the FORM OF SERIES 2021 BONDS set forth in Section 6 of this Resolution.

**SECTION 5. CHARACTERISTICS OF THE SERIES 2021 BONDS.** (a) *Registration, Transfer, and Exchange; Authentication.* GBRA shall keep or cause to be kept at the designated corporate trust or commercial banking office (initially located in Austin, Texas) of **UMB BANK, N.A.** (the "*Paying Agent/Registrar*") books or records for the registration of the transfer and exchange of the Series 2021 Bonds (the "*Registration Books*"), and GBRA hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers and exchanges under such reasonable regulations as GBRA and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such regis-

trations, transfers and exchanges as herein provided. Attached hereto as Exhibit A is copy of the Paying Agent/Registrar Agreement between GBRA and the Paying Agent/Registrar relating to the Series 2021 Bonds, which is hereby approved in substantially final form, and the Chair, Vice Chair and Secretary/Treasurer of the Board of Directors of GBRA are hereby authorized to execute the Paying Agent/Registrar Agreement and approve any changes in the final form thereof.

The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the Registered Owner of each Series 2021 Bond to which payments with respect to the Series 2021 Bonds shall be mailed, as herein provided; but it shall be the duty of each Registered Owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. To the extent possible and under reasonable circumstances, all transfers of Series 2021 Bonds shall be made within three business days after request and presentation thereof. GBRA shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, exchange and delivery of a substitute Series 2021 Bond or Series 2021 Bonds shall be paid as provided in the FORM OF SERIES 2021 BONDS set forth in this Resolution. Registration of assignments, transfers and exchanges of Series 2021 Bonds shall be made in the manner provided and with the effect stated in the FORM OF SERIES 2021 BONDS set forth in this Resolution. Each substitute Series 2021 Bond shall bear a letter and/or number to distinguish it from each other Series 2021 Bond.

Except as provided in (c) below, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Series 2021 Bond, date and manually sign the Paying Agent/Registrar's Authentication Certificate, and no such Series 2021 Bond shall be deemed to be issued or outstanding unless such Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all paid Series 2021 Bonds and Series 2021 Bonds surrendered for transfer and exchange. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of GBRA or any other body or person so as to accomplish the foregoing transfer and exchange of any Series 2021 Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Series 2021 Bonds in the manner prescribed herein, and said Series 2021 Bonds shall be of type composition printed on paper with lithographed or steel engraved borders of customary weight and strength. Pursuant to Chapter 1201, Texas Government Code, and particularly Subchapter D and Section 1201.067 thereof, the duty of transfer and exchange of the Series 2021 Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Certificate, the transferred and exchanged Series 2021 Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Series 2021 Bonds which initially were issued and delivered pursuant to this Resolution, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(b) *Payment of Series 2021 Bonds and Interest.* GBRA hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Series 2021 Bonds, all as provided in this Resolution. The Paying Agent/ Registrar shall keep proper records of all payments made by GBRA and the Paying Agent/Registrar with respect to the Series 2021 Bonds.

(c) *In General.* The Series 2021 Bonds (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Series 2021 Bonds to be payable only to the Registered Owners thereof, (ii) may be redeemed prior to their scheduled maturities (notice of which shall be given to the Paying Agent/Registrar by GBRA at least 50 days prior to any such redemption date), (iii) may be transferred and assigned, (iv) may be exchanged for other Series 2021 Bonds, (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) the principal of and interest on the Series 2021 Bonds shall be payable, and (viii) shall be administered and the Paying Agent/Registrar and GBRA shall have certain duties and responsibilities with respect to the Series 2021 Bonds, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF SERIES 2021 BONDS set forth in this Resolution. The Initial Bond is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Series 2021 Bond issued in exchange for the Initial Bond issued under this Resolution the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF SERIES 2021 BONDS. In lieu of the executed Paying Agent/Registrar's Authentication Certificate described above, the Initial Bond delivered on the closing date (as further described in subparagraph (i) below) shall have attached thereto the Comptroller's Registration Certificate substantially in the form set forth in the FORM OF SERIES 2021 BONDS below, manually executed by the Comptroller of Public Accounts of the State of Texas or by his duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of GBRA, and has been registered by the Comptroller.

(d) *Substitute Paying Agent/Registrar.* GBRA covenants with the Registered Owners of the Series 2021 Bonds that at all times while the Series 2021 Bonds are outstanding GBRA will provide a competent and legally qualified bank, trust company, financial institution, or other agency with trust powers to act as and perform the services of Paying Agent/Registrar for the Series 2021 Bonds under this Resolution, and that the Paying Agent/Registrar will be one entity and shall be an entity registered with the Securities and Exchange Commission. GBRA reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 120 days written notice to the Paying Agent/Registrar, to be effective not later than 60 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, GBRA covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Resolution. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Series 2021 Bonds, to the new Paying Agent/Registrar designated and appointed by GBRA. Upon any change in the Paying Agent/Registrar, GBRA promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each

Registered Owner of the Series 2021 Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Resolution, and a certified copy of this Resolution shall be delivered to each Paying Agent/Registrar.

(e) Book-Entry Only System for Series 2021 Bonds. Upon initial issuance, the ownership of each Series 2021 Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York ("**DTC**"), and except as provided in subsection (i) hereof, all of the outstanding Series 2021 Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Series 2021 Bonds registered in the name of Cede & Co., as nominee of DTC, the GBRA and the Paying Agent/Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created ("**DTC Participant**") to hold securities to facilitate the clearance and settlement of securities transaction among DTC Participants or to any person on behalf of whom such a DTC Participant holds an interest in the Series 2021 Bonds. Without limiting the immediately preceding sentence, the GBRA and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Series 2021 Bonds, (ii) the delivery to any DTC Participant or any other person, other than a Registered Owner of the Series 2021 Bonds, as shown on the Registration Books, of any notice with respect to the Series 2021 Bonds, or (iii) the payment to any DTC Participant or any other person, other than a Registered Owner of Series 2021 Bonds, as shown in the Registration Books of any amount with respect to principal of or interest on the Series 2021 Bonds. Notwithstanding any other provision of this Resolution to the contrary, the GBRA and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Series 2021 Bond is registered in the Registration Books as the absolute owner of such Series 2021 Bond for the purpose of payment of principal and interest with respect to such Series 2021 Bond, for the purpose of registering transfers with respect to such Series 2021 Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Series 2021 Bonds only to or upon the Resolution of the Registered Owners, as shown in the Registration Books as provided in this Resolution, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the GBRA's obligations with respect to payment of principal of and interest on the Series 2021 Bonds to the extent of the sum or sums so paid. No person other than a Registered Owner, as shown in the Registration Books, shall receive a Series 2021 Bond certificate evidencing the obligation of the GBRA to make payments of principal and interest pursuant to this Resolution. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Resolution with respect to interest checks being mailed to the Registered Owner at the close of business on the Record Date, the words "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

(f) Successor Securities Depository; Transfers Outside Book-Entry Only Systems. In the event that the GBRA determines that DTC is incapable of discharging its responsibilities described herein and in the representation letter of the GBRA to DTC or that it is in the best interest of the beneficial owners of the Series 2021 Bonds that they be able to obtain certificated Series 2021 Bonds, the GBRA shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Series 2021 Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Series 2021 Bonds and transfer one or more separate Series 2021 Bonds to DTC Participants having Series 2021 Bonds credited to their DTC accounts; *provided, however, in no event shall GBRA discontinue the use of DTC as the securities depository for the Series 2021 Bonds and appoint a successor securities depository in accordance with the preceding provisions without prior notice and consent of the Texas Water Development Board for so long as the Texas Water Development Board is the holder of any of the Series 2021 Bonds.* In such event, the Series 2021 Bonds shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Registered Owners transferring or exchanging Series 2021 Bonds shall designate, in accordance with the provisions of this Resolution. Notwithstanding the foregoing, so long as the Texas Water Development Board is the registered owner of any of the Series 2021 Bonds, GBRA shall not discontinue the book-entry-only system with DTC without written notice to and consent from the Texas Water Development Board or its authorized representative.

(g) Payments to Cede & Co. Notwithstanding any other provision of this Resolution to the contrary, so long as any Series 2021 Bond is registered in the name of Cede & Co., as nominee for DTC, all payments with respect to principal of and interest on such Series 2021 Bond and all notices with respect to such Series 2021 Bond shall be made and given, respectively, in the manner provided in the representation letter of the GBRA to DTC.

(h) DTC Letter of Representation. The officers of the GBRA are herein authorized for and on behalf of the GBRA and as officers of the GBRA to enter into one or more Letters of Representation with DTC establishing the book-entry only system with respect to the Series 2021 Bonds.

(i) Delivery of Initial Bonds. On the closing date, one Initial Bond for the Series 2021 Bonds (the "**Initial Bond**") representing the entire principal amount for the Series 2021 Bonds, payable in stated installments to the initial Registered Owner (i.e., the *Texas Water Development Board*), executed by manual or facsimile signature of the Chair and Secretary/Treasurer of GBRA, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to the initial purchaser or its designee. Upon payment for the Initial Bond, the Paying Agent/Registrar shall cancel the Initial Bonds and deliver to the initial Registered Owner or its designee one registered definitive Series 2021 Bond for each year of maturity of the Series 2021 Bonds, in the aggregate principal amount of all of the Series 2021 Bonds for such maturity.

**SECTION 6. FORM OF SERIES 2021 BONDS.** The form of the Series 2021 Bonds, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment, and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas (to be attached only to the Initial Bond initially issued and delivered pursuant to this Resolution to the initial purchaser named in Section 29 hereof), shall be substantially as follows, with such appropriate variations, omissions, insertions, or completions as are permitted or required by this Resolution.

**FORM OF SERIES 2021 BONDS**

<b>R-</b>	<b>UNITED STATES OF AMERICA</b> <b>STATE OF TEXAS</b> <b>GUADALUPE-BLANCO RIVER AUTHORITY</b> <b>CONTRACT REVENUE BONDS, SERIES 2021</b> <b>(LAKE DUNLAP DAM AND HYDROELECTRIC FACILITIES PROJECT)</b>	<b>PRINCIPAL</b> <b>AMOUNT</b> \$ _____
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<u>INTEREST</u> <u>RATE (%)</u>	<u>MATURITY</u> <u>DATE</u>	<u>DATE OF</u> <u>SERIES</u>	<u>CUSIP NO.</u>
_____	August 15, 20__	January 1, 2021	_____

**REGISTERED OWNER:**

**PRINCIPAL AMOUNT:** **DOLLARS**

*ON THE MATURITY DATE SPECIFIED ABOVE*, the **GUADALUPE-BLANCO RIVER AUTHORITY** (the "*Issuer*"), being a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assigns (hereinafter called the "*Registered Owner*") the principal amount set forth above, and to pay interest thereon from the date of initial delivery of this Bond as shown on the records of "Paying Agent/Registrar" described and defined below until the earlier of the Maturity Date specified above or the date of redemption prior to maturity, at the Interest Rate per annum specified above, with interest being payable on February 15, 2021, and on each February 15 and August 15 thereafter; except that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the "Series 2021 Bond" or Series 2021 Bonds" (as defined below), if any, for which this Bond is being exchanged is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full.

**THE PRINCIPAL OF AND INTEREST ON THIS BOND** are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the Registered Owner hereof upon presentation and surrender of this Bond at maturity, or upon the date fixed for its redemption prior to maturity, at the designated office of **UMB BANK, N.A.**, which is the "**Paying Agent/Registrar**" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the resolution authorizing the issuance of the Series 2021 Bonds (the "**Resolution**") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared on the last business day of the month next preceding such date (the "**Record Date**") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. 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 Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "**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 registered owner of a Series 2021 Bond appearing on the 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. Any accrued interest due upon the redemption of this Bond prior to maturity as provided herein shall be paid to the Registered Owner at the principal corporate trust office of the Paying Agent/Registrar upon presentation and surrender of this Bond for redemption and payment at the principal corporate trust office of the Paying Agent/Registrar (unless the redemption date is a regular semi-annual interest payment date in which case interest shall be paid in the normal course). The Issuer covenants with the Registered Owner of this Bond that on or before each principal payment date and interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Resolution, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Series 2021 Bonds, when due.

**NOTWITHSTANDING THE FOREGOING**, as long as the Texas Water Development Board is the owner of this Bond, payment of principal on this Bond shall be made by wire transfer to the Texas Water Development Board and at no cost to the Texas Water Development Board.

**IF THE DATE FOR THE PAYMENT** of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

***THIS BOND IS ONE OF A SERIES OF BONDS***, dated as of January 1, 2021 (the "***Series 2021 Bonds***"), authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of ***\$40,000,000 FOR THE PURPOSE OF PROVIDING FUNDS TO (I) ACQUIRE, CONSTRUCT, REPAIR, AND EQUIP THE LAKE DUNLAP "DAM FACILITIES" AND "HYDROELECTRIC FACILITIES" AS FURTHER DESCRIBED IN THE "CONTRACT FOR FINANCING AND OPERATION OF LAKE DUNLAP DAM AND HYDROELECTRIC FACILITIES" BETWEEN THE ISSUER AND THE LAKE DUNLAP WATER CONTROL AND IMPROVEMENT DISTRICT; (II) FUND CAPITALIZED INTEREST; AND (III) PAY COSTS OF ISSUANCE.***

***ON FEBRUARY 15, 2031, OR ON ANY DATE THEREAFTER***, the Series 2021 Bonds maturing on and after August 15, 2031, may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part (if less than all the Series 2021 Bonds of a particular maturity are to be redeemed, the Series 2021 Bonds to be redeemed shall be selected by the Paying Agent/Registrar at random and by lot, provided that a portion of a Series 2021 Bond may be redeemed only in an integral multiple of \$5,000), at the redemption price equal to par plus accrued interest to the date fixed for redemption.

***AT LEAST 30 DAYS PRIOR*** to the date fixed for redemption of Series 2021 Bonds prior to maturity a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, to the registered owner of each Series 2021 Bond to be redeemed at its address as it appeared on the 45<sup>th</sup> day prior to such redemption date. The notice with respect to an optional redemption may state (1) that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar no later than the redemption date, or (2) that the Issuer retains the right to rescind such notice at any time prior to the scheduled redemption date if the Issuer delivers a certificate of an authorized representative to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is so rescinded. By the date fixed for any such redemption due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Series 2021 Bonds which are to be so redeemed, plus accrued interest thereon to the date fixed for redemption. If such written notice of redemption is mailed and if due provision for such payment is made, all as provided above, the Series 2021 Bonds which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the Registered Owner to receive the redemption price plus accrued interest from the Paying Agent/Registrar out of the funds provided for such payment.

***THIS BOND MAY BE ASSIGNED*** and shall be transferred only in the Registration Books of the Issuer kept by the Paying Agent/Registrar acting in the capacity of registrar for the Series 2021 Bonds, upon the terms and conditions set forth in the Resolution. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond to the

assignee in whose name this Bond is to be transferred and registered. The form of Assignment printed on this Bond shall be executed by the Registered Owner, or its duly authorized attorney or representative, to evidence the assignment hereof. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such transfer, but the one requesting such transfer shall pay any taxes or other governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make transfers of registration of this Bond with respect to any Series 2021 Bond called for redemption prior to maturity, (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or (ii) within 45 days prior to its redemption date. The Registered Owner of this Bond shall be deemed and treated by the Issuer and the Paying Agent/ Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

***IN THE EVENT ANY PAYING AGENT/REGISTRAR*** for the Series 2021 Bonds is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Resolution that it promptly will appoint a competent and legally qualified substitute therefor, and promptly will cause written notice thereof to be mailed to the registered owners of the Series 2021 Bonds.

***IT IS HEREBY CERTIFIED, RECITED, AND COVENANTED*** that this Bond has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond is a special obligation of the Issuer, and that the principal of and interest on this Bond, together with any "Additional Parity Obligations" (as such term is defined and described in the Resolution) hereafter issued by the Issuer, as such interest comes due, and as such principal matures, are payable from and secured by a first and prior lien on and pledge of the "Pledged Revenues" (as defined and described in the Resolution), which primarily consist of the "Debt Service Requirement" component of the "Gross Contract Revenues" (as defined in the Resolution) derived by the Issuer from the LAKE DUNLAP WATER CONTROL AND IMPROVEMENT DISTRICT (the "***WCID***," which is a conservation and reclamation district of the State of Texas created and operating under Article 16, Section 59 of the Texas Constitution and Chapters 49 and 51 of the Texas Water Code) pursuant to the *Contract for Financing and Operation of Lake Dunlap Dam and Hydroelectric Facilities* between the Issuer and the WCID related to the Project, as such Contract may be amended pursuant to its terms (the "***Contract***").

***THE REGISTERED OWNER HEREOF*** shall never have the right to demand payment of this Bond out of any funds raised or to be raised by taxation other than the obligation of the WCID set forth in the Contract to levy taxes in an amount sufficient to pay to the Issuer its "Annual WCID Payment" (as described and defined in the Contract and the Resolution), which includes the Debt Service Requirement component of the Gross Contract Revenues referenced in the preceding paragraph.

**THE ISSUER HAS RESERVED THE RIGHT**, subject to the restrictions stated in the Resolution, to issue "Additional Parity Obligations" which also may be secured by and payable from a first lien on and pledge of the Pledged Revenues on a parity and of equal dignity in all respects with this Bond.

**THE ISSUER ALSO HAS RESERVED THE RIGHT** to amend the Resolution with the approval of the registered owners of at least a majority in principal amount of all outstanding "Parity Obligations" (which term is defined in the Resolution and includes the Series 2021 Bonds and all Additional Parity Obligations issued on a parity therewith), subject to the restrictions stated in the Resolution, or without the consent of the registered owners of the Parity Obligations if each rating agency then maintaining a rating on the Parity Obligations at the request of the Issuer confirms in writing that such amendment would not cause such rating agency to withdraw or reduce its then current rating on the Parity Obligations, if any.

**BY BECOMING THE REGISTERED OWNER OF THIS BOND**, the Registered Owner thereby acknowledges all of the terms and provisions of the Resolution, agrees to be bound by such terms and provisions, acknowledges that the Resolution is duly recorded and available for inspection in the official minutes and records of the governing body of the Issuer, and agrees that the terms and provisions of this Bond and the Resolution constitute a contract between the Registered Owner hereof and the Issuer.

**IN WITNESS WHEREOF**, the Issuer has caused this Bond to be signed with the manual or facsimile signature of the Chair of the Board of Directors of the Issuer and countersigned with the manual or facsimile signature of the Secretary/Treasurer of the Board of Directors of the Issuer, and has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Bond.

\_\_\_\_\_  
(signature)  
Secretary/Treasurer, Board of Directors  
Guadalupe-Blanco River Authority

\_\_\_\_\_  
(signature)  
Chair, Board of Directors  
Guadalupe-Blanco River Authority

(Issuer's Seal)

\*FORM OF REGISTRATION CERTIFICATE OF  
THE COMPTROLLER OF PUBLIC ACCOUNTS:

**COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. \_\_\_\_\_**

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

Witness my signature and seal this

(COMPTROLLER'S SEAL)

\_\_\_\_\_  
XXXXXXXXX  
Comptroller of Public Accounts  
of the State of Texas

\*NOTE: The Comptroller's Registration shall appear only on, or be attached only to, the Series 2021 Bonds originally issued under this Resolution.

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

**PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE**

(To be executed if this Bond is not accompanied by an executed Registration Certificate of the Comptroller of Public Accounts of the State of Texas)

It is hereby certified that this Bond has been issued under the provisions of the Resolution described in the text of this Bond; and that this Bond has been issued in exchange for a Bond which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated

**UMB BANK, N.A.,**  
as Paying Agent/Registrar

By \_\_\_\_\_  
Authorized Representative

[The remainder of this page intentionally left blank]

FORM OF ASSIGNMENT

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_  
/\_\_\_\_\_/\_\_\_\_\_  
Please insert Social Security or Taxpayer Identification Number of Transferee (Please print or typewrite name and address, including zip code of Transferee)

\_\_\_\_\_  
the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_, attorney to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_  
NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

\_\_\_\_\_  
NOTICE: The signature above must correspond with the name of the Registered Owner as it appears upon the front of this Bond in every particular, without alteration or enlargement or any change whatsoever.

INITIAL SERIES 2021 BOND INSERTIONS

The Initial Series 2021 Bond shall be in the form set forth above except that:

- (A) Immediately under the name of the Series 2021 Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall be completed with the words "As shown below" and "CUSIP NO. \_\_\_\_\_" shall be deleted.
- (B) The first paragraph shall be deleted and the following shall be inserted:

*[The following language shall appear only on the Initial Series 2021 Bond]*

**"ON THE RESPECTIVE MATURITY DATES** specified below, the **GUADALUPE-BLANCO RIVER AUTHORITY** (the "**Issuer**"), being a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "**Registered Owner**"), the respective Principal Installments specified below, and to pay interest thereon (calculated on the basis of a 360-day year composed of twelve 30-day months) from the date of initial delivery of this Bond as shown on the records of "Paying Agent/Registrar"

described and defined below until the earlier of the Maturity Date specified below or the date of redemption prior to maturity, at the respective Interest Rates per annum specified below, payable on February 15, 2021, and on each February 15 and August 15 thereafter to the respective Maturity Dates specified below, or the date of redemption prior to maturity. The respective Maturity Dates, Principal Installments and Interest Rates for this Bond are set forth in the following schedule:

<u>Maturity Date (August 15)</u>	<u>Principal Installment (\$)</u>	<u>Interest Rate (%)</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

*[Insert maturity dates and principal and interest information relating to the Series 2021 Bonds from Section 2 and Section 3 above]*

**SECTION 7. DEFINITIONS.** In addition to the capitalized terms which are defined in the recitals or in Section 1 through Section 5 of this Resolution, the following words and terms used in this Resolution shall have the following meanings unless the context or use indicates another meaning or intent.

"**Additional Parity Obligations**" means the additional bonds, notes and other obligations which GBRA reserves the right to issue or enter into, as the case may be, in the future under the terms and conditions provided in Sections 22 and 23 of this Resolution.

"**Bond Counsel**" means an attorney or firm of attorneys nationally recognized as bond counsel and selected by GBRA.

"**Business Day**" means any day which is not a Saturday, Sunday, legal holiday, or a day on which banking institutions in the City of New York, New York or in the city where the designated payment office of the Paying Agent/Registrar is located are authorized by law or executive order to close.

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

"**Contract**" means the *Contract for Financing and Operation of Lake Dunlap Dam and Hydroelectric Facilities*, dated as of \_\_\_\_\_, 2020, between GBRA and the WCID, together with any amendments thereto.

"**Dam Facilities**" means the improvements to be constructed by GBRA to repair, restore and improve the Lake Dunlap dam, as more particularly described in the Preliminary Engineering Report referenced in the Contract, together with other improvements deemed necessary and appropriate by GBRA to restore the proper operation of the dam facilities and water levels within Lake Dunlap, and

any subsequent repairs, extensions and improvements thereto deemed necessary and appropriate by GBRA, and approved by the WCID (to the extent the WCID will fund any costs thereof), to maintain the proper operation of such facilities.

**"Debt"** means all:

(i) indebtedness incurred or assumed by GBRA for borrowed money (including indebtedness arising under Credit Agreements) and all other financing obligations of GBRA that, in accordance with generally accepted accounting principles, are shown on the liability side of a balance sheet;

(ii) other indebtedness (other than indebtedness otherwise treated as Debt hereunder) for borrowed money or for the acquisition, construction, or improvement of property or capitalized lease obligations that is guaranteed, directly or indirectly, in any manner by GBRA, or that is in effect guaranteed, directly or indirectly, by GBRA through an agreement, contingent or otherwise, to purchase any such indebtedness or to advance or supply funds for the payment or purchase of any such indebtedness or to purchase property or services primarily for the purpose of enabling the debtor or seller to make payment of such indebtedness, or to assure the owner of the indebtedness against loss, or to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether or not such property is delivered or such services are rendered), or otherwise; and

(iii) indebtedness secured by any mortgage, lien, charge, encumbrance, pledge or other security interest upon property owned by GBRA whether or not GBRA has assumed or become liable for the payment thereof.

For the purpose of determining the "Debt" of GBRA, there shall be excluded any particular Debt if, upon or prior to the Maturity thereof, there shall have been deposited with the proper depository (a) in trust the necessary funds (or investments that will provide sufficient funds, if permitted by the instrument creating such Debt) for the payment, redemption, or satisfaction of such Debt or (b) evidence of such Debt deposited for cancellation; and thereafter it shall not be considered Debt. No item shall be considered Debt unless such item constitutes indebtedness under generally accepted accounting principles applied on a basis consistent with the financial statements prepared by or for the benefit of GBRA in prior Fiscal Years.

**"Designated Financial Officer"** means the chief financial officer of GBRA, which is, at the time of adoption of this Resolution, the Executive Manager of Finance/CFO of GBRA, or such other financial or accounting official of GBRA so designated by the General Manager/CEO of GBRA.

**"Fiscal Year"** means the twelve-month period commencing on September 1 and ending on the next August 31, or such other period commencing on the date designated by GBRA and ending one year later.

**"Gross Contract Revenues"** means the total amount received by GBRA from the WCID during each "Annual Payment Period"<sup>2</sup> as the "Annual Requirement," which is defined in the Contract as the amount equal to the sum of:

- (i) the Debt Service Requirement<sup>3</sup> for such Annual Payment Period;
- (ii) the CRR Requirement<sup>4</sup>;
- (iii) the Reserve Requirement<sup>5</sup> for such Annual Payment Period; and
- (iv) the Repayment Requirement<sup>6</sup>.

**"Holder," "Bondholder" and "Registered Owner"** or words of similar import each means the registered owner of any Parity Obligation as shown on the Registration Books maintained by the Paying Agent/Registrar.

**"Hydroelectric Facilities"** means those certain hydroelectric facilities relating to Lake Dunlap, which are owned by GBRA and are more particularly described in Exhibit "A" attached to the Contract, together with all improvements, additions and replacements thereto.

**"Outstanding"** means, when used with respect to Parity Obligations, as of the date of determination, all Parity Obligations theretofore delivered or entered into under this Resolution and any resolution authorizing Additional Parity Obligations, except:

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<sup>2</sup> Defined in the Contract as *"GBRA's Fiscal Year, which currently begins on September 1 of each calendar year and ends on August 31 of the next following calendar year, but which may be any twelve consecutive month period fixed by GBRA."*

<sup>3</sup> Defined in the Contract as *"(a) the principal, interest and redemption requirements of Bonds issued in accordance with the provisions of Article III, (b) charges and expenses of paying agents and registrars utilized in connection with such bonds, and (c) all amounts required to establish and maintain funds established under the resolution(s) or indenture(s) of trust authorizing the issuance of the Bonds."*

<sup>4</sup> Defined in the Contract as *"the total amount required to be paid by the WCID to GBRA during an Annual Payment Period to reimburse Capital Repair and Replacement Costs (including any GBRA CRR Contribution, plus accrued interest thereon), but which amount shall not exceed the balance of the CRR Fund without the WCID's prior approval, which shall not be unreasonably withheld."*

<sup>5</sup> Defined in the Contract as *"the amount, if any, required to fund or replenish during the applicable Annual Payment Period the amount required to be on deposit in any debt service reserve fund or contingency fund pursuant to a Bond Resolution."*

<sup>6</sup> Defined in the Contract as *"the total amount required to be paid by the WCID to reimburse the GBRA DS Contribution, plus accrued interest thereon, but which shall not cause the balance of the Hydro Fund to fall below \$300,000 without the WCID's prior written approval."*

(i) Parity Obligations theretofore canceled and delivered to GBRA or delivered to the Paying Agent/Registrar for cancellation;

(ii) Parity Obligations deemed paid pursuant to the provisions of Section 25 of this Resolution or any comparable section of any resolution authorizing Additional Parity Obligations;

(iii) Parity Obligations upon transfer of or in exchange for and in lieu of which other Parity Obligations have been authenticated and delivered pursuant to this Resolution and any resolution authorizing Additional Parity Obligations; and

(iv) Parity Obligations under which the obligations of GBRA have been released, discharged or extinguished in accordance with the terms thereof.

**"Parity Obligations"** means, collectively, the Series 2021 Bonds and any Additional Parity Obligations.

**"Paying Agent/Registrar"** means the respective bank, trust company, financial institution or other entity named in the resolution authorizing the issuance of each issue of Parity Obligations to provide paying agency and registrar services in connection with such issue of Parity Obligations.

**"Pledged Revenues"** means the funds received by GBRA from the WCID representing (i) the "Debt Services Requirement" component of the Gross Contract Revenues, plus (ii) the interest income from funds on deposit in the Interest and Sinking Fund.

**"Principal and Interest Requirements"** means for any Fiscal Year the amount required to pay the interest on and principal of (whether pursuant to a stated maturity or redemption requirements applicable thereto) all outstanding Parity Obligations becoming due in such Fiscal Year. In calculating Principal and Interest Requirements the principal and interest coming due in any Fiscal Year on any Parity Obligations which bear interest at a variable rate which cannot be predetermined shall be assumed to be that which would come due if (i) the interest rate on such Parity Obligations for the applicable period was the interest rate that was in effect on the last day of the immediately preceding Fiscal Year (or, if such Parity Obligations were issued during the current Fiscal Year, then the first interest rate in effect for such Parity Obligations) and (ii) the principal amortization schedule would be that which would result in substantially level debt service throughout the remaining term of such Parity Obligations assuming such interest rate. In calculating Principal and Interest Requirements, if any such outstanding Parity Obligations do not pay current interest during the term to maturity thereof, but rather accrete in value according to a schedule, the principal and interest coming due on any such Parity Obligation shall be calculated as equal to the accreted value at maturity.

**"Project"** means the Dam Facilities and the Hydroelectric Facilities, collectively.

**"Rating Agency"** means one or more nationally recognized credit rating agencies then maintaining a rating on the Parity Obligations at the request of GBRA.

**"Reserve Fund Credit Facility"** means a surety bond or insurance policy which (i) may not be terminated by the entity providing such surety bond or insurance policy prior to the final maturity date of the series of Parity Obligations in connection with which such surety bond or insurance policy was issued, and (ii) may be drawn upon demand by GBRA to provide funds to pay principal and/or interest on such related series of Parity Obligations in the event moneys on deposit in the Interest and Sinking Fund are insufficient to make such payment.

#### **SECTION 8. PLEDGE; COLLECTION COVENANT; SECURITY INTEREST.**

(a) Pledge. The Parity Obligations, and the interest thereon, are and shall be payable from and secured by a first lien on and pledge of the Pledged Revenues. The Pledged Revenues are further pledged irrevocably to the establishment and maintenance of the Interest and Sinking Fund hereinafter created.

(b) Covenant Relating to Timely Notifying WCID of the Annual WCID Payment Amount. GBRA covenants and agrees with the holders of the Parity Obligations that it will annually determine, in accordance with the requirements of this Resolution and under the terms of the Contract, the amount required to be paid to GBRA by the WCID each Fiscal Year to fully satisfy the WCID's Annual WCID Payment for such Fiscal Year, which is the sole source of the Gross Contract Revenues to be received by GBRA and deposited into the Revenue Fund. GBRA shall notify the WCID of such determination on or about **July 1** of each year of the amount of the WCID's Annual WCID Payment for the ensuing Fiscal Year in order to enable the WCID to timely satisfy its legal obligations to provide notice to the public and take other required actions to levy ad valorem taxes for the related tax year. Notwithstanding the foregoing, the failure by GBRA to comply with the provisions of this subsection shall not relieve the WCID of its obligations to make all payments required to be made pursuant to the Contract.

(c) Covenant Relating to Timely Collection of Gross Contract Revenues. In recognition of the fact that the primary source of funds the WCID will use to pay the Annual WCID Payment to GBRA pursuant to the Contract will be derived from the levy and collection by the WCID of ad valorem taxes on all taxable property within the WCID, GBRA and the WCID expect that most tax payments will be received by the WCID in December and January of each Fiscal Year. In order to provide assurance to the holders of the Parity Obligations that GBRA will collect Gross Contract Revenues in an amount sufficient to transfer from the Revenue Fund to the Interest and Sinking Fund (in accordance with Section 10 FIRST hereof) an amount at least equal to the Principal and Interest Requirements due on each February 15 and August 15 debt service payment date, GBRA covenants and agrees with the holders of the Parity Obligations that it will submit invoices to the WCID in a manner which will require the WCID to pay an aggregate amount of not less than the Principal and Interest Requirements due on each February 15 and August 15 payment date by no later than the last day of the immediately preceding month, respectively.

(d) Security Interest. Chapter 1208, Texas Government Code, applies to the issuance of the Parity Obligations and the pledge of Pledged Revenues by GBRA under this Resolution, and is therefore valid, effective, and perfected. If Texas law is amended at any time while the Parity Obligations are outstanding and unpaid such that the pledge of the Pledged Revenues by GBRA under this Resolution is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the Registered Owners of the Parity Obligations the perfection of the security interest in said pledge, GBRA agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code, and enable a filing to perfect the security interest in said pledge to occur.

## **SECTION 9. FUNDS.**

(a) Creation of Revenue Fund. There is hereby created and maintained on the financial records of GBRA (or at an official depository of GBRA), for the pro rata benefit of all Parity Obligations, the **GUADALUPE-BLANCO RIVER AUTHORITY - LAKE DUNLAP DAM AND HYDROELECTRIC FACILITIES PROJECT CONTRACT REVENUE BONDS REVENUE FUND**, hereinafter called the "*Revenue Fund*."

(b) Creation of Interest and Sinking Fund. There is hereby created and maintained on the financial records of GBRA (or at an official depository of GBRA), for the pro rata benefit of all Parity Obligations, the **GUADALUPE-BLANCO RIVER AUTHORITY - LAKE DUNLAP DAM AND HYDROELECTRIC FACILITIES PROJECT CONTRACT REVENUE BONDS INTEREST AND SINKING FUND**, hereinafter called the "*Interest and Sinking Fund*."

(c) Creation of Reserve Fund. There is hereby created for the benefit only of the Registered Owners of a particular series of Parity Obligations for which an account is created in the resolution authorizing such series of Parity Obligations, and shall be maintained on the financial records of GBRA (or at an official depository of GBRA), for the pro rata benefit of all Parity Obligations of such series for which an account is created, the **GUADALUPE-BLANCO RIVER AUTHORITY - LAKE DUNLAP DAM AND HYDROELECTRIC FACILITIES PROJECT CONTRACT REVENUE BONDS RESERVE FUND**, hereinafter called the "*Reserve Fund*." GBRA may create and establish accounts in the Reserve Fund pursuant to the provisions of any resolution authorizing the issuance of Parity Obligations for the purpose of securing that particular issue or series of Parity Obligations or any specific group of issues or series of Parity Obligations and the amounts once deposited or credited to said account shall no longer constitute a component of Gross Contract Revenues and shall be held solely for the benefit of the Registered Owners of the particular Parity Obligations for which such account in the Reserve Fund was established. Each such account in the Reserve Fund shall be designated in such manner as is necessary to identify the Parity Obligations it secures and to distinguish such account from all other accounts in the Reserve Fund created for the benefit of a particular series of Parity Obligations. All terms relating to the requirements to establish, fund and maintain required balances in an account of the Reserve Fund, including but not limited to the use of any Reserve Fund Credit Facility therein, shall be set forth in the resolution authorizing the issuance of the particular series of Parity Obligations for which such account is established.

(d) Creation of Construction Fund. There is hereby further created, established and shall be maintained on the financial records of GBRA (or at an official depository of GBRA) a fund to be called the **GUADALUPE-BLANCO RIVER AUTHORITY - LAKE DUNLAP DAM AND HYDROELECTRIC FACILITIES PROJECT REVENUE BONDS CONSTRUCTION FUND** (herein called the "**Construction Fund**").<sup>7</sup> Proceeds from the sale and delivery of a series of Parity Obligations which are issued to finance the acquisition and construction of improvements relating to the Project (other than (i) proceeds representing accrued interest on such Parity Obligations or used to fund capitalized interest and any premium on such Parity Obligations that is not used by GBRA to pay costs of issuance in accordance with the provisions of Section 1201.042(d), Texas Government Code, as amended, which shall be deposited in the Interest and Sinking Fund, and (ii) proceeds used to fund all or a portion of an account established in the Reserve Fund for such series of Parity Obligations, including the purchase of a Reserve Fund Credit Facility related thereto, which shall be deposited in such account of the Reserve Fund) shall be deposited in an account of the Construction Fund established by resolution of the Board of Directors of GBRA, or by the Designated Financial Officer of GBRA, in connection with the issuance of such series of Parity Obligations. Money in the Construction Fund shall be subject to disbursements by GBRA for payment of all costs incurred in carrying out the purpose for which such series of Parity Obligations are issued, including but not limited to costs for construction, equipping, engineering, architecture, financing, financial consultants and legal services related to the project being financed with proceeds of such series of Parity Obligations, to pay related costs of issuance, and to pay operating expenses to the extent approved by Bond Counsel in consideration of state law and federal tax law limitations. All funds remaining on deposit in an account of the Construction Fund upon completion of the projects being financed with the proceeds of the related series of Parity Obligations, if any, shall be transferred to the Interest and Sinking Fund.

**SECTION 10. REVENUE FUND.** All Gross Contract Revenues collected by GBRA during each Fiscal Year shall be deposited upon receipt to the credit of the Revenue Fund. Promptly thereafter, the Designated Financial Officer shall disburse the amount on deposit in the Revenue Fund as follows and in the following order of priority, with the understanding that the amount required under "First" below shall be fully funded before any funds are disbursed to fund the amount required under "Second" below, etc.:

FIRST: to the Interest and Sinking Fund, an amount representing the Debt Service Requirement component of the Gross Contract Revenues for such Fiscal Year, which amount shall be at least equal to the Principal and Interest Requirements on the Parity Obligations coming due during such Fiscal Year, plus the charges and expenses of the paying agent/registrar(s) for the Parity Obligations for such Fiscal Year;

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<sup>7</sup> Note: The Construction Fund created by this Resolution is intended to constitute the "Capital Projects Fund" referenced and defined in the Contract.

- SECOND: to the applicable Account(s) in the Reserve Fund, an amount representing the Reserve Requirement component of the Gross Contract Revenues for such Fiscal Year, if any; and
- THIRD: to GBRA's General Revenue Account, an amount representing the CRR Requirement component of the Gross Contract Revenues for such Fiscal Year, if any;
- FOURTH: to GBRA's General Revenue Account, an amount representing the Repayment Requirement component of the Gross Contract Revenues for such Fiscal Year, if any.

**SECTION 11. INTEREST AND SINKING FUND.** (a) Use of Funds. The Interest and Sinking Fund shall be used solely to pay the principal of and interest on the Parity Obligations when due, and the General Manager/CEO, any Deputy General Manager, and the Designated Financial Officer of GBRA are hereby authorized to cause funds to be transferred from the Interest and Sinking Fund to the Paying Agent/Registrar at the times and in the amounts to pay Principal and Interest Requirements.

(b) Deposit of Accrued Interest and Capitalized Interest. Immediately after the delivery of any series of Parity Obligations, all moneys representing accrued interest, if any, received by GBRA upon the sale and delivery of such Parity Obligations to the initial purchaser thereof, together with all capitalized interest being financed with proceeds of such Parity Obligations, if any (but in no event in excess of the amount permitted by Section 1201.042(a)(1), Texas Government Code, as amended, or other applicable law), shall be deposited to the credit of the Interest and Sinking Fund.

**SECTION 12. RESERVE FUND.** (a) Use of Funds. Funds on deposit in an account of the Reserve Fund established for the benefit of a particular series of Parity Obligations shall be used to (i) pay the principal of and interest on such series of Parity Obligations for which such account was created at any time when there is not sufficient money available in the Interest and Sinking Fund for such purpose, (ii) pay the principal of or interest on the last maturing Parity Obligations of such series, or (iii) pay Reimbursement Obligations to restore the amount available to be drawn under a Reserve Fund Credit Facility related to such series of Parity Obligations to its original amount. If the amount on deposit in an account of the Reserve Fund for a particular series of Parity Obligations consists of cash and investments and a Reserve Fund Credit Facility, all cash and investments in such account shall be liquidated and withdrawn prior to drawing on the Reserve Fund Credit Facility. If more than one Reserve Fund Credit Facility is maintained in an account of the Reserve Fund, any withdrawals on such Reserve Fund Credit Facilities shall be pro rata.

(b) Series 2021 Bonds Not Secured with Account in the Reserve Fund. No Account shall be established initially in the Reserve Fund to provide further security for the benefit of the holders of the Series 2021 Bonds; consequently, no proceeds of the Series 2021 Bonds shall be deposited into the Reserve Fund, no other funds of GBRA shall be deposited into the Reserve Fund for the benefit of the Holders of the Series 2021 Bonds (unless otherwise provided by GBRA in a subsequent resolution), and the Holders of the Series 2021 Bonds shall not be entitled to any funds

which may be on deposit in the Reserve Fund (unless otherwise provided by GBRA in a subsequent resolution).

(c) Additional Reserve Fund Account Requirements to be Set Forth in Additional Parity Obligations Resolution. In the event GBRA establishes an account in the Reserve Fund for the benefit of the Holders of a particular series of Additional Parity Obligations, all provisions with respect to the funding requirements and other details shall be set forth in the resolution authorizing such series of Parity Obligations.

(d) Computation of Reserve Fund. For the purpose of determining the amount on deposit to the credit of an Account in the Reserve Fund, investments in which money in such account shall have been invested shall be computed at cost, and any Reserve Fund Credit Facility shall be computed at the maximum amount available to be drawn thereunder. The amount on deposit to the credit of each Account in the Reserve Fund, if any, shall be computed by GBRA at least annually, and shall be computed immediately upon any withdrawal from the Reserve Fund.

**SECTION 13. EXCESS REVENUES.** Subject to making the disbursements from the Revenue Fund as described in Section 10 hereof, any funds remaining on deposit in the Revenue Fund shall be retained in the Revenue Fund to be used for future disbursements in accordance with Section 10 hereof.

**SECTION 14. DEFICIENCIES IN FUNDS.** If during any Fiscal Year GBRA does not receive sufficient Gross Contract Revenues to satisfy all requirements for disbursement as set for in Section 10 hereof for such Fiscal Year, GBRA shall promptly notify the WCID of such deficiency and shall require the WCID to promptly transfer available funds to GBRA in an amount sufficient to fully satisfy such deficiency.

**SECTION 15. INVESTMENTS.** (a) In General. Funds on deposit in the Revenue Fund, the Interest and Sinking Fund, the Reserve Fund, and the Construction Fund shall be secured by the depository bank of GBRA in the manner and to the extent required by law to secure other public funds of GBRA and may be invested from time to time in any investment authorized in the Public Funds Investment Act (Chapter 2256, Texas Government Code) and in accordance with GBRA's Investment Policy; provided, however, that all such deposits and investments shall be made in such manner that the money required to be expended from any Fund will be available at the proper time or times when expected to be needed. Interest and income derived from such deposits and investments shall be credited to the Fund from which such investment is made. Such investments shall be sold promptly when necessary to prevent any default in connection with the Parity Obligations.

(b) Transfer of Certain Investment Earnings to Rebate Fund. Notwithstanding the provisions of the preceding paragraph, interest and income derived from any investment of money on deposit in the Construction Fund, the Interest and Sinking Fund and the Reserve Fund shall first be transferred to the Rebate Fund established by Section 28(b) of this Resolution at the times and in the amounts required to pay (or provide for the payment of) "Excess Earnings" as defined in Section 148(f) of the Internal Revenue Code of 1986, as amended.

**SECTION 16. SECURITY FOR FUNDS.** All Funds created by this Resolution shall be secured in the manner and to the fullest extent permitted or required by law, and such Funds shall be used only for the purposes and in the manner permitted or required by this Resolution.

**SECTION 17. INSURANCE.** GBRA shall cause the Project to be insured, and proceeds of insurance to be used, in the manner required and described in Sections 8.8, 8.9, and 8.10 of the Contract. Additionally, and in compliance with Section 2.4 of the Contract, GBRA hereby agrees to cause the WCID to be named as an additional insured on all insurance and risk pool coverages that pertain to the Dam Facilities.

**SECTION 18. OPERATION AND MAINTENANCE.** While any of the Parity Obligations are Outstanding, GBRA covenants and agrees to insure that the Project is kept in good condition, repair, and working order and is operated and maintained in an efficient manner and in accordance with the applicable provisions of the Contract.

**SECTION 19. ACCOUNTS AND RECORDS.** GBRA shall keep or cause to be kept proper books of records and accounts in which complete and correct entries shall be made of all transactions relating to the Pledged Revenues and the Funds created pursuant to this Resolution, and all books, documents and vouchers relating thereto shall at all reasonable times be made available for inspection upon request of any Holder.

**SECTION 20. AUDITS.** After the close of each Fiscal Year while any of the Parity Obligations are Outstanding, an audit will be made of the books and accounts of GBRA by an independent certified public accountant. As soon as practicable after the close of each such Fiscal Year, and when said audit has been completed and made available to GBRA, a copy of such audit for the preceding year shall be mailed to the Paying Agent/Registrar and to any Holders who shall so request in writing. The annual audit reports shall be open to the inspection of the Holders and their agents and representatives at all reasonable times.

**SECTION 21. SPECIAL COVENANTS.** GBRA further covenants and agrees that:

(a) Encumbrance and Sale. (i) Other than with respect to the Parity Obligations and except as provided in this Resolution, the Pledged Revenues have not been pledged in any manner to the payment of any Debt of GBRA, or otherwise, and while any of the Parity Obligations are Outstanding, GBRA will not incur additional Debt secured by the Pledged Revenues in any manner, except as permitted by this Resolution in connection with Additional Parity Obligations, unless said Debt is made junior and subordinate in all respects to the liens, pledges, covenants, and agreements of this Resolution and any resolution authorizing the issuance of Parity Obligations.

(ii) So long as the Parity Obligations are Outstanding, and except as hereinafter specifically permitted in subparagraph (iii) below or in Section 2.4 of the Contract, GBRA shall not mortgage, encumber, sell, lease, or otherwise dispose of the Project or any significant or substantial part thereof.

(iii) Notwithstanding the provisions in subparagraph (ii) hereof prohibiting the sale of any substantial part of the Project, GBRA shall be authorized from time to time to sell, or permit the sale, of any personal property contained in the Project if such personal property is no longer needed or is no longer useful, and the sale thereof will not adversely affect the Project or the operation and maintenance thereof. The proceeds from the sale of any personal property shall be used to replace or provide substitutes for the property sold, if, and to the extent, deemed necessary by GBRA, and the proceeds which are not so used shall be used by GBRA to pay for "Capital Repair and Replacement Costs" (as defined in the Contract) in satisfaction of Section 10.12 of the Contract.

(b) Title. Pursuant to Contract, GBRA shall own the Project. GBRA represents that the Project will be constructed and completed in accordance with the plans to be approved in the manner provided in the Contract. GBRA further represents that, for the benefit of the owners of the Parity Obligations and the WCID, GBRA has or will obtain, and it will defend, the title or easement rights to the Project and the land on which the Project is or will be located against the claims and demands of all persons whomsoever.

(c) Liens. GBRA will from time to time and before the same become delinquent pay and discharge all taxes, assessments, and governmental charges, if any, which shall be lawfully imposed upon it, or on the Project, that it will pay lawful claims for rents, royalties, labor, materials, and supplies which if unpaid might by law become a lien or charge upon the Project, the lien of which would be prior to or interfere with the liens hereof, so that the priority of the liens granted hereunder shall be fully preserved in the manner provided herein, and that it will not create or suffer to be created any mechanic's, laborer's, materialman's or other lien or charge which might or could be prior to the liens hereof, or do or suffer any matter or thing whereby the liens hereof might or could be impaired; provided, however, that no such tax, assessment, or charge, and that no such claims which might be or other lien or charge, shall be required to be paid so long as the validity of the same shall be contested in good faith by GBRA.

(d) Performance. GBRA will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Resolution and each resolution authorizing the issuance of Additional Parity Obligations, and in each and every Parity Obligation and pay from the Pledged Revenues the principal of and interest on every Parity Obligation on the dates and in the places and manner prescribed in this Resolution; and it will, at the times and in the manner prescribed, deposit or cause to be deposited from Gross Contract Revenues on deposit in the Revenue Fund the amounts required to be deposited into the Interest and Sinking Fund and the Reserve Fund; and the owner of the Parity Obligations may require GBRA, its officials, agents, and employees to carry out, respect, or enforce the covenants and obligations of this Resolution, including, but without limitation, the use and filing of mandamus proceedings, in any court of competent jurisdiction, against GBRA, its officials, agents, and employees.

(e) Legal Authority. GBRA is duly authorized under the laws of the State of Texas to create and issue the Parity Obligations, and GBRA is lawfully qualified to pledge the Pledged Revenues to the payment of the Parity Obligations, in the manner prescribed herein, and has lawfully exercised such rights. Furthermore, all action on GBRA's part for the creation and issuance of the Parity Obligations has been duly and effectively taken, and the Parity Obligations in the hands of the owners thereof are and will be valid and enforceable special obligations of GBRA in accordance with their terms.

(f) Permits. GBRA will comply with all of the terms and conditions of any and all franchises, permits, and authorizations applicable to or necessary with respect to the Project, and which have been obtained from any governmental agency; and GBRA has or will obtain and keep in full force and effect all franchises, permits, authorizations, and other requirements applicable to or necessary with respect to the acquisition, construction, equipment, operation, and maintenance of the Project.

(g) Comply with Contract. GBRA will comply with the terms and conditions of the Contract and will cause the WCID , and its officials and employees, to comply with all of its obligations under the Contract by all legal and equitable means, including specifically, but without limitation, the use and filing of mandamus proceedings in any court of competent jurisdiction; and the Contract will not be rescinded, modified, or amended in any way which would have a materially adverse effect on the rights of the owners of the Parity Obligations. If GBRA obtains (i) written confirmation from each Rating Agency (if any) that any rescission, modification or amendment to the Contract would not cause such Rating Agency to reduce or withdraw such Rating Agency's then current rating on the Parity Obligations, or (ii) a written opinion of Bond Counsel that any rescission, modification or amendment to the Contract would not have a materially adverse effect on the rights of the owners of the Parity Obligations, then such written confirmation or opinion will serve as conclusive evidence that such rescission, modification or amendment would not have a materially adverse effect on the rights of the owners of the Parity Obligations for purposes of this subsection.

**SECTION 22. ADDITIONAL PARITY OBLIGATIONS.** (a) Authority to Issue. GBRA shall have the right and power at any time and from time to time, and in one or more series or issues, to authorize, issue, and deliver additional parity revenue bonds or other obligations (herein called "*Additional Parity Obligations*"), in accordance with law, in any amounts, for the purpose of constructing extensions and improvements to, and acquiring vehicles, equipment, land and other property interests related to the Project, or for the purpose of refunding any Parity Obligations and/or the interest thereon or refinancing any Outstanding Debt related to the Project. Such Additional Parity Obligations, if and when authorized, issued, and delivered in accordance with the provisions hereof, shall be secured by and made payable equally and ratably on a parity with the then Outstanding Parity Obligations from a first lien on and pledge of the Pledged Revenues that are then pledged to secure outstanding Parity Obligations.

(b) Provisions Related to Interest and Sinking Fund. As previously provided in Sections 8 and 11 of this Resolution, the Interest and Sinking Fund shall secure and be used to pay all Parity Obligations, including all Additional Parity Obligations issued in accordance with the authority granted in this Section, all on a parity. Each resolution under which Additional Parity Obligations are issued shall provide and require that, in addition to the amounts required to be deposited to the credit of the Interest and Sinking Fund by the provisions of this Resolution, GBRA shall deposit to the credit of the Interest and Sinking Fund at least such amounts as are required for the payment of all principal of and interest on said Additional Parity Obligations then being issued, as the same come due.

**SECTION 23. FURTHER REQUIREMENTS FOR ADDITIONAL PARITY OBLIGATIONS.** Additional Parity Obligations shall be issued only in accordance with the provisions hereof, but notwithstanding any provisions hereof to the contrary, no installment, series, or issue of Additional Parity Obligations shall be issued or delivered unless the Chair of the Board of Directors of GBRA, the General Manager/CEO of GBRA, any Deputy General Manager or the Designated Financial Officer of GBRA signs a written certificate to the effect that (i) GBRA is not in default as to any covenant, condition, or obligation in connection with all Outstanding Parity Obligations and the resolutions authorizing such Parity Obligations, (ii) the Interest and Sinking Fund and the Reserve Fund each contain the amount then required to be therein, and (iii) the Contract is in full force and effect.

**SECTION 24. RESOLUTION A CONTRACT; AMENDMENTS.** (a) Resolution a Contract. This Resolution shall constitute a contract with the Registered Owners of the Parity Obligations, binding on GBRA and its successors and assigns, and shall not be amended or repealed by GBRA as long as any Parity Obligation remains Outstanding except as permitted in this Section.

(b) Amendments Without Notice to or Consent of Registered Owners. GBRA may, with notice to the provider of each Reserve Fund Credit Facility and to the Texas Water Development Board as long as the Texas Water Development Board is the holder of any of the Parity Obligations, but without the consent of or notice to any other Registered Owners, amend, change, or modify this Resolution (i) as may be required by the provisions hereof, (ii) as may be required for the purpose of curing any ambiguity, inconsistency, or formal defect or omission herein, or (iii) in connection with any other change (other than any change described in clauses (A) through (D) in subsection (c) below) with respect to which GBRA receives written confirmation from each Rating Agency that such amendment would not cause such Rating Agency to withdraw or reduce its then current rating on the Parity Obligations.

(c) Amendments With Notice to and Consent of Registered Owners. In addition, GBRA may, with the written consent of (i) the provider of each Reserve Fund Credit Facility, (ii) the Texas Water Development Board as long as the Texas Water Development Board is the holder of any of the Parity Obligations, and (iii) the Registered Owners of at least a majority in aggregate principal amount of all Parity Obligations then Outstanding affected thereby (including the Texas Water Development Board, if applicable), amend, change, modify, or rescind any provisions of this Resolution; provided that without the consent of all of the Registered Owners affected, no such amendment, change, modification, or rescission shall (A) extend the time or times of payment of the

principal of and interest on the Parity Obligations, reduce the principal amount thereof or the rate of interest thereof, (B) give any preference to any Parity Obligation over any other Parity Obligation, (C) extend any waiver of default to subsequent defaults, or (D) reduce the aggregate principal amount of Parity Obligations required for consent to any such amendment, change, modification, or rescission.

(d) Notice of Amendment. Whenever GBRA shall desire to make any amendment or addition to or rescission of this Resolution requiring consent of the provider of each Reserve Fund Credit Facility, the Texas Water Development Board and/or the Registered Owners of the Parity Obligations, GBRA shall cause notice of the amendment, addition, or rescission to be sent by first class mail, postage prepaid, to (i) the provider of each Reserve Fund Credit Facility, (ii) the Texas Water Development Board, and (iii) the Registered Owners (if the Registered Owners of all Parity Obligations or least a majority in aggregate principal amount of the Parity Obligations are required to consent) at the respective addresses shown on the Registration Books. Whenever at any time within one year after the date of the giving of such notice, GBRA shall receive an instrument or instruments in writing executed by the Texas Water Development Board (as long as the Texas Water Development Board is a holder of any Parity Obligations), the provider of each Reserve Fund Credit Facility, and the Registered Owners of all or a majority (as the case may be, and including the Texas Water Development Board, if applicable) in aggregate principal amount of the Parity Obligations then Outstanding affected by any such amendment, addition, or rescission requiring the consent of the Registered Owners, which instrument or instruments shall refer to the proposed amendment, addition, or rescission described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, GBRA may adopt such amendment, addition, or rescission in substantially such form, except as herein provided.

(e) Effect of Amendment on Registered Owners. No Registered Owner may thereafter object to the adoption of any amendment, addition, or rescission which is accomplished pursuant to and in accordance with the provisions of this Section, or to any of the provisions thereof, and such amendment, addition, or rescission shall be fully effective for all purposes.

**SECTION 25. DEFEASANCE OF SERIES 2021 BONDS.** (a) Defeased Series 2021 Bonds. Any Series 2021 Bond and the interest thereon shall be deemed to be paid, retired and no longer Outstanding (a "***Defeased Series 2021 Bond***"), except to the extent provided in subsection (d) of this Section, when payment of the principal of such Series 2021 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 (or another entity permitted by Section 1207.061, Texas Government Code, as amended, or other applicable law, which entity, together with the Paying Agent/Registrar, is referred to collectively in this Section as the "***Defeasance Agent***"), in accordance with the requirements of Chapter 1207, Texas Government Code, as amended, or other applicable law (which may include the use of an escrow agreement or other similar instrument - the "***Future Escrow Agreement***"): (1) lawful money of the United States of America sufficient to make such payment and/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 GBRA with the Defeasance Agent for the payment of its services until all Defeased Series 2021 Bonds shall have become due and payable. At such time as a Series 2021 Bond shall be deemed to be a Defeased Series 2021 Bond hereunder, as aforesaid, such Series 2021 Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the Pledged Revenues, and such principal and interest shall be payable solely from such money or Defeasance Securities.

(b) Investment in Defeasance Securities. Any moneys so deposited with the Defeasance Agent may at the written direction of GBRA 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 Defeasance Agent that is not required for the payment of the Series 2021 Bonds and the interest thereon, with respect to which such money has been so deposited, shall be turned over to GBRA, or deposited as directed in writing by GBRA. Any account or Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Series 2021 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 subsections (a)(i) or (ii) of this Section. All income from such Defeasance Securities received by the Defeasance Agent which is not required for the payment of the Defeased Series 2021 Bonds, with respect to which such money has been so deposited, shall be remitted to GBRA or deposited as directed in writing by GBRA.

(c) Definition of Defeasance Securities. The term "*Defeasance Securities*" means (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) 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 the purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of GBRA adopts or approves the proceedings authorizing the financial arrangements are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (iv) any other then authorized securities or obligations under applicable state law that may be used to defease obligations such as the Parity Obligations.

(d) Paying Agent/Registrar Services. Until all Defeased Series 2021 Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Series 2021 Bonds the same as if they had not been defeased, and GBRA shall make proper arrangements to provide and pay for such services as required by this Resolution.

(e) Selection of Series 2021 Bonds for Defeasance. In the event that GBRA elects to defease less than all of the principal amount of Series 2021 Bonds of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Series 2021 Bonds by such random method as it deems fair and appropriate.

(f) Notice to Texas Water Development Board. So long as the Texas Water Development Board is the registered owner of any of the Series 2021 Bonds, GBRA shall provide written notice to the Texas Water Development Board of a defeasance of the Series 2021 Bonds pursuant to subsection (a)(ii) of this Section.

**SECTION 26. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED SERIES 2021 BONDS.** (a) Replacement Bonds. In the event any Outstanding Series 2021 Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new bond of the same principal amount, maturity and interest rate as the damaged, mutilated, lost, stolen, or destroyed Series 2021 Bond, in replacement for such Series 2021 Bond in the manner hereinafter provided.

(b) Application for Replacement Bonds. Application for replacement of damaged, mutilated, lost, stolen, or destroyed Series 2021 Bonds shall be made by the Registered Owner thereof to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Series 2021 Bond, the Registered Owner applying for a replacement bond shall furnish to GBRA and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft, or destruction of a Series 2021 Bond, the Registered Owner shall furnish to GBRA and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Series 2021 Bond, as the case may be. In every case of damage or mutilation of a Series 2021 Bond, the Registered Owner shall surrender to the Paying Agent/Registrar for cancellation the Series 2021 Bond so damaged or mutilated.

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Section, in the event any such Series 2021 Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium, if any, or interest on such Series 2021 Bond, GBRA may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Series 2021 Bond) instead of issuing a replacement Series 2021 Bond, provided security or indemnity is furnished as above provided in this Section.

(d) Charge for Issuing Replacement Bonds. Prior to the issuance of any replacement bond, the Paying Agent/Registrar shall charge the Registered Owner of such Series 2021 Bond with all legal, printing, and other expenses in connection therewith. Every replacement bond issued pursuant to the provisions of this Section by virtue of the fact that any Series 2021 Bond is lost, stolen, or destroyed shall constitute a contractual obligation of GBRA whether or not the lost, stolen, or destroyed Series 2021 Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Resolution equally and proportionately with any and all other Series 2021 Bonds duly issued under this Resolution.

(e) Authority for Issuing Replacement Bonds. This Section shall constitute authority for the issuance of any such replacement bond without necessity of further action by the governing body of GBRA or any other body or person, and the duty of the replacement of such bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Series 2021 Bonds in the form and manner and with the effect, as

provided in this Resolution for Series 2021 Bonds issued in conversion and exchange for other Series 2021 Bonds.

**SECTION 27. CUSTODY, APPROVAL, AND REGISTRATION OF SERIES 2021 BONDS; BOND COUNSEL'S OPINION; CUSIP NUMBERS.** The Chair of the Board of Directors of GBRA is hereby authorized to have control of the Series 2021 Bonds issued hereunder and all necessary records and proceedings pertaining to the Series 2021 Bonds pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Series 2021 Bonds said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate on the Series 2021 Bonds, and the seal of said Comptroller shall be impressed, or placed in facsimile, on the Series 2021 Bonds. The approving legal opinion of GBRA's Bond Counsel, and the assigned CUSIP numbers may, at the option of GBRA, be printed on the Series 2021 Bonds issued and delivered under this Resolution, but neither shall have any legal effect, and shall be solely for the convenience and information of the Registered Owners of the Series 2021 Bonds.

**SECTION 28. COVENANTS REGARDING TAX-EXEMPTION OF INTEREST ON THE SERIES 2021 BONDS.**

(a) Covenants. GBRA covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Series 2021 Bonds as obligations described in section 103 of the Internal Revenue Code of 1986, as amended (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, GBRA covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Series 2021 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 such proceeds and funds or the projects financed therewith are so used, such amounts, whether or not received by GBRA, with respect to such private business use, do not, under the terms of this Resolution or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Series 2021 Bonds, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Series 2021 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;

(3) 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 Series 2021 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;

(4) to refrain from taking any action which would otherwise result in the Series 2021 Bonds being treated as "private activity bonds" within the meaning of section 141(b) of the Code;

(5) to refrain from taking any action that would result in the Series 2021 Bonds being "federally guaranteed" within the meaning of section 149(b) of the Code;

(6) to refrain from using any portion of the proceeds of the Series 2021 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 Series 2021 Bonds, other than investment property acquired with --

(A) proceeds of the Series 2021 Bonds invested for a reasonable temporary period of five years or less or, in the case of a refunding bond, for a period of 90 days or less until such proceeds or funds are needed for the purpose for which the Series 2021 Bonds were issued,

(B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(C) 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 Series 2021 Bonds;

(7) to otherwise restrict the use of the proceeds of the Series 2021 Bonds or amounts treated as proceeds of the Series 2021 Bonds, as may be necessary, so that the Series 2021 Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage);

(8) to refrain from using the proceeds of the Series 2021 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 Series 2021 Bonds in contravention of the requirements of section 149(d) of the Code (relating to advance refundings); and

(9) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Series 2021 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 Series 2021 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.

(b) Rebate Fund. In order to facilitate compliance with the above covenant (9), a "Rebate Fund" is hereby established by GBRA 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.

(c) Proceeds. GBRA 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 Series 2021 Bonds. It is the understanding of GBRA that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings 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 Series 2021 Bonds, GBRA 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 Series 2021 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 Series 2021 Bonds, GBRA 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 Series 2021 Bonds under section 103 of the Code. In furtherance of such intention, GBRA hereby authorizes and directs the Chair or Vice Chair of the Board of Directors, or the General Manager/CEO, any Deputy General Manager or the Designated Financial Officer of GBRA to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of GBRA, which may be permitted by the Code as are consistent with the purpose for the issuance of the Series 2021 Bonds.

(d) Allocation of, and Limitation on, Expenditures for the Project. GBRA covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 1 of this Resolution (referred to herein as the "**Project**") on its books and records in accordance with the requirements of the Internal Revenue Code. GBRA 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, GBRA recognizes that in order for proceeds to be expended under the Internal Revenue 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 Series 2021 Bonds, or (2) the date the Series 2021 Bonds are retired or have been paid in full. GBRA 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 Series 2021 Bonds. For purposes hereof, GBRA 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 on the Series 2021 Bonds.

(e) Written Procedures. Unless superseded by another action of GBRA, to ensure compliance with the covenants contained herein regarding private business use, remedial actions, arbitrage and rebate, the Board of Directors hereby adopts and establishes the instructions attached hereto as Exhibit B as GBRA's written procedures.

(f) Disposition of Project. GBRA covenants that the property constituting the Project will not be sold or otherwise disposed in a transaction resulting in the receipt by GBRA of cash or other compensation, unless any action taken in connection with such disposition will not adversely affect the tax-exempt status of the Series 2021 Bonds. For purposes of the foregoing, GBRA may rely on an opinion of nationally-recognized bond counsel that the action taken in connection with such sale or other disposition will not adversely affect the tax-exempt status of the Series 2021 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, GBRA 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 thereon.

(g) Reimbursement. This Resolution is intended to satisfy the official intent requirements set forth in section 1.150-2 of the Treasury Regulations.

**SECTION 29. SALE AND DELIVERY OF SERIES 2021 BONDS. APPROVAL OF PRIVATE PLACEMENT MEMORANDUM.** The Series 2021 Bonds are hereby authorized to be sold to the Texas Water Development Board for the price of par and no accrued interest. The Series 2021 Bonds are being purchased by the Texas Water Development Board pursuant to the TWDB Approving Resolution. In satisfaction of Section 1201.022(a)(3), Texas Government Code, and upon consultation with GBRA's Financial Advisor, the Board of Directors hereby determines that the final terms of the Series 2021 Bonds as set forth in this Resolution are in GBRA's best interests. The Series 2021 Bonds initially delivered shall be registered in the name of **CEDE & CO.** The Private Placement Memorandum prepared in connection with the sale of the Series 2021 Bonds to the Texas Water Development Board in substantially the form attached to this Resolution as Exhibit B is approved.

**SECTION 30. APPROVAL OF ESCROW AGREEMENT; DEPOSIT OF PROCEEDS.** Concurrently with the initial delivery of the Series 2021 Bonds, GBRA shall deposit all proceeds of the Series 2021 Bonds into an escrow account established with **UMB BANK, N.A.** (the "**Escrow Agent**") pursuant to an Escrow Agreement between GBRA and the Escrow Agent, in substantially the form attached hereto as Exhibit C. The Escrow Agent qualifies as a designated state depository or other properly chartered and authorized institution in accordance with Chapter 2256, Texas Government Code, and Chapter 2257, Texas Government Code. The Escrow Agreement, which will govern the periodic disbursement of proceeds of the Series 2021 Bonds upon approval of the Texas Water Development Board, is hereby approved in substantially final form, and the Chair, Vice Chair, Secretary/Treasurer, General Manager/CEO, each Deputy General Manager and the Designated Financial Officer each are hereby authorized, for and on behalf of GBRA, to approve any changes in the Escrow Agreement from the form attached hereto and to execute the Escrow Agreement in final form. All funds on deposit in the Escrow Account created by the Escrow Agreement which

are approved by the Texas Water Development Board to be transferred to GBRA in order to pay eligible project costs (instead of the Escrow Agent paying such project costs directly from the Escrow Account to the appropriate vendor or service provider) shall be deposited by GBRA into a related Account in the Construction Fund created pursuant to Section 9(d) hereof. Funds on deposit in the Construction Fund (i) may be invested from time to time in the manner provided by Section 15 of this Resolution, (ii) shall be continuously secured by a valid pledge of direct obligations of the United States of America or other collateral meeting the requirements of the Public Funds Collateral Act, Chapter 2257, Texas Government Code, as amended, and (iii) may not be used by GBRA to pay "Operation and Maintenance Expenses" (as defined in the Contract). In satisfaction of the condition imposed in paragraph 8 of the TWDB Resolution, any funds remaining on deposit in the Escrow Account established in connection with the Series 2021 Bonds and the related Account in the Construction Fund that are determined to be remaining unused funds (which are those funds unspent after the original approved Project is completed) shall be used for enhancements to the original Project that are explicitly approved by the Executive Administrator. If no enhancements are authorized by the Executive Administrator, the Authority shall submit a final accounting to the TWDB as required by Section 34 hereof.

**SECTION 31. AUTHORITY FOR OFFICERS TO EXECUTE DOCUMENTS AND APPROVE CHANGES.** The Chair, Vice Chair and the Secretary/Treasurer of the Board of Directors of GBRA and the General Manager/CEO, any Deputy General Manager, the Designated Financial Officer of GBRA, and all other officers, employees, and agents of GBRA, and each of them, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to approve, execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of GBRA all such instruments, whether or not herein mentioned as may be necessary or desirable in order to carry out the terms and provisions of this Resolution, the Series 2021 Bonds, the Paying Agent/Registrar Agreement, and the Escrow Agreement.

Furthermore, at any time prior to the delivery of the Series 2021 Bonds, the Chair or Vice Chair of the Board of Directors, and the General Manager/CEO, any Deputy General Manager, and the Designated Financial Officer of GBRA, each are hereby individually authorized and directed to approve any changes or corrections to this Resolution or to any of the instruments authorized and approved by this Resolution necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transaction contemplated and approved by this Resolution, (ii) satisfy requirements of the Texas Water Development Board, or (iii) obtain the approval of the Series 2021 Bonds by the Texas Attorney General's office.

**SECTION 32. CONTINUING DISCLOSURE OF INFORMATION.** On the basis of the private placement exception to the continuing disclosure requirements set forth in SEC Rule 15c2-12 (the "**Rule**"), 17 CFR 240.15c2-12, GBRA has not and does not undertake to provide continuing information about its financial condition, results of operation or other data subsequent to the issuance of the Series 2021 Bonds. Notwithstanding the foregoing, GBRA covenants to comply with requirements for continuing disclosure on an ongoing basis substantially in the manner required by the Rule and determined as if the Texas Water Development Board was a "participating underwriter" with the meaning of the Rule, such continuing disclosure undertaking being for the

benefit of the Texas Water Development Board and the beneficial owner of the Series 2021 Bonds if the Texas Water Development Board sells or otherwise transfers any of the Series 2021 Bonds and the beneficial owners of the Texas Water Development Board's bonds if GBRA is an obligated person with respect to the Texas Water Development Board's bonds under the Rule. On that basis, the continuing disclosure obligations that GBRA and the WCID have entered into as set forth in Article IX of the Contract (referred to in this Section as the "*Continuing Disclosure Undertaking*") are applicable with respect to the Series 2021 Bonds, and such provisions are incorporated into this Resolution the same as if set forth herein.

GBRA and the WCID shall be obligated to observe and perform the covenants specified in this Section and in the Continuing Disclosure Undertaking for so long as, but only for so long as, GBRA or the WCID remain an "obligated person" with respect to the Series 2021 Bonds within the meaning of the Rule, except that GBRA in any event will give notice of any deposit made in accordance with Section 25 of this Resolution that causes Series 2021 Bonds no longer to be outstanding.

The provisions of this Section are for the sole benefit of the holders and beneficial owners of the Series 2021 Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. GBRA and the WCID undertake to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section or in the Continuing Disclosure Undertaking and do not hereby undertake to provide any other information that may be relevant or material to a complete presentation of GBRA's or the WCID's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or the Continuing Disclosure Undertaking or otherwise, except as expressly provided herein or therein. GBRA and the WCID do not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Series 2021 Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL GBRA OR THE WCID BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY SERIES 2021 BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY GBRA OR THE WCID, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION OR IN THE CONTINUING DISCLOSURE UNDERTAKING, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

No default by GBRA or the WCID in observing or performing their obligations under this Section or the Continuing Disclosure Undertaking shall comprise a breach of or default under this Resolution for purposes of any other provision of this Resolution.

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

The provisions of this Section and the Continuing Disclosure Undertaking may be amended by GBRA 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 GBRA or the WCID, but only if (1) the provisions of this Section and the Continuing Disclosure Undertaking, as so amended, would have permitted an underwriter to purchase or sell Series 2021 Bonds in the primary offering of the Series 2021 Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Resolution that authorizes such an amendment) of the outstanding Series 2021 Bonds consent to such amendment, or (b) a person that is unaffiliated with GBRA or the WCID (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the Series 2021 Bonds. GBRA may also amend or repeal the provisions of this Section, and GBRA and the WCID may amend or repeal the provisions of the Continuing Disclosure Undertaking, if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Series 2021 Bonds in the primary offering of the Series 2021 Bonds. If GBRA so amends the provisions of this Section, or if GBRA and the WCID so amend the Continuing Disclosure Undertaking, GBRA shall include with any amended financial information or operating data next provided in accordance with the Continuing Disclosure Undertaking an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided.

**SECTION 33. FINAL ACCOUNTING.** In accordance with 31 TAC 375.91(a)(2)(M) and 31 TAC 375.106, GBRA shall render a final accounting to the Texas Water Development Board in reference to the total cost incurred by GBRA for the Project being financed by GBRA with proceeds of the Series 2021 Bonds together with a copy of "as built" plans of the Project pursuant to 31 TAC 375.104. In compliance with paragraph 9 of the TWDB Resolution, any surplus funds remaining after completion of the Project and completion of a final accounting shall be deposited into the Interest and Sinking Fund for the payment of principal of the Series 2021 Bonds or otherwise used in a manner as approved by the Executive Administrator.

**SECTION 34. COMPLIANCE WITH THE RULES AND REGULATIONS OF, AND WITH SPECIFIC COVENANTS REQUIRED BY, THE TEXAS WATER DEVELOPMENT BOARD.**

(a) *Compliance with Rules and Regulations of the Texas Water Development Board.* As required by 31 TAC 375.41(b)(2)(E), GBRA covenants to comply with all applicable federal laws, rules, and regulations as well as the laws of the State of Texas and the rules and regulations of the Texas Water Development Board.

(b) *Compliance with TWDB Resolution.* In satisfaction of the condition imposed in paragraph 4 of the TWDB Resolution, GBRA covenants to comply with all of the conditions set forth in the TWDB Resolution, which conditions are incorporated herein by reference.

(c) Obligation to Enforce the Contract with the WCID. In satisfaction of the condition imposed in paragraph 7 of the TWDB Resolution, GBRA covenants to (i) enforce the contractual obligations of the WCID contained in the Contract to levy a tax in an amount necessary to meet the debt service requirements of the Series 2021 Bonds and to maintain the funds established and required by the Series 2021 Bonds and this Resolution.

(d) Exercise of Remedies. In satisfaction of the condition imposed in paragraph 10 of the TWDB Resolution, the TWDB may exercise all remedies available to it in law or equity, and any provision of the Series 2021 Bonds that restricts or limits the TWDB's full exercise of such remedies shall be of no force and effect.

(e) Proceeds to Series 2021 Bonds to be Held at a Designated State Depository. In satisfaction of the condition imposed in paragraph 11 of the TWDB Resolution, and notwithstanding anything to the contrary set forth in this Resolution including specifically Section 9(d) hereof, the proceeds of the Series 2021 Bonds shall be held at a designated state depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Government Code, Chapter 2256, and the Public Funds Collateral Act, Government Code, Chapter 2257.

(f) Prohibition on Use of Proceeds Related to Contaminated Soil; Indemnification. In satisfaction of the condition imposed in paragraph 12 of the TWDB Resolution, no proceeds of the Series 2021 Bonds shall be used by GBRA for the purpose of paying for sampling, testing, removing or disposing of contaminated soils and/or media at the project site. To the extent permitted by law, GBRA hereby agrees to indemnify, hold harmless and protect the Texas Water Development Board from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by GBRA, its contractors, consultants, agents, officials and employees as a result of activities relating to the project.

(g) Compliance with TWDB Rules Relating to Financial Assistance. In satisfaction of the condition imposed in paragraph 17 of the TWDB Resolution, GBRA covenants to comply with all applicable TWDB laws and rules related to the use of the financial assistance.

(h) Compliance with Environmental Conditions. In satisfaction of the condition imposed in paragraph 18 of the TWDB Resolution, GBRA covenants to comply with all conditions as specified in the final environmental finding of the Executive Administrator when issued, including the standard emergency discovery conditions for threatened and endangered species and cultural resources.

(i) Maintenance of Insurance on the Project to Protect Interests of the TWDB. In satisfaction of the condition imposed in paragraph 19 of the TWDB Resolution, GBRA covenants that it will obtain and maintain insurance coverage on the Project during the construction of the Project in an amount sufficient to protect the Board's interest.

(j) No Acquisition of Source Series Bonds. In satisfaction of the condition imposed in paragraph 30 of the TWDB Resolution, neither GBRA nor a related party thereto will acquire any of the Texas Water Development Board's "Source Series Bonds" in an amount related to the amount of the Series 2021 Bonds to be acquired from GBRA by the Texas Water Development Board.

(k) Outlay Reports. In satisfaction of the condition imposed in paragraph 31 of the TWDB Resolution, GBRA shall submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with Texas Water Development Board outlay report guidelines.

(l) Compliance with Davis-Bacon Act Provisions. In satisfaction of the condition imposed in paragraph 32 of the TWDB Resolution, GBRA covenants that all laborers and mechanics employed by contractors and subcontractors for projects financed with proceeds of the Series 2021 Bonds shall be paid wages at rates not less than those prevailing on projects of a similar character within GBRA in accordance with the federal Davis-Bacon Act, and the U.S. Department of Labor's implementing regulations. GBRA and all contractors and sub-contractors employed by GBRA shall ensure that all project contracts mandate compliance with Davis-Bacon. All contracts and subcontracts for the construction of the project carried out in whole or in part with financial assistance made available as provided herein shall insert in full in any contract in excess of \$2,000 the contracts clauses as provided by the Texas Water Development Board.

(m) Compliance with Federal Funding Accountability and Transparency Act; DUNS Number; SAM. In satisfaction of the condition imposed in paragraph 33 of the TWDB Resolution, GBRA shall provide the Texas Water Development Board with all information required to be reported in accordance with the Federal Funding Accountability and Transparency Act of 2006, Pub. L. 109-282, as amended by Pub. L. 110-252, and GBRA shall obtain a Data Universal Numbering System (DUNS) Number and shall register with System for Award Management (SAM), and maintain current registration at all times during which the Series 2021 Bonds are outstanding.

(n) Timely Use of Proceeds. In satisfaction of the condition imposed in paragraph 34 of the TWDB Resolution, all proceeds of the Series 2021 Bonds will be timely and expeditiously used, as required by 40 CFR § 35.3135(d), and GBRA will adhere to a project schedule approved by the Executive Administrator of the Texas Water Development Board which shall not be altered except for good cause shown and only with the written approval of the Executive Administrator.

(o) Maintenance of Projects Accounts. In satisfaction of the condition imposed in paragraph 35 of the TWDB Resolution, GBRA will comply with the requirements set forth in 33 U.S.C. § 1382 et seq. related to maintaining project accounts containing financial assistance for planning, design, acquisition, or construction, as applicable, in accordance with generally accepted accounting principles (GAAP). These standards and principles also apply to the reporting of underlying infrastructure assets.

(p) Useful Life Schedule and Average Weighted Maturity Certification. In satisfaction of the condition imposed in paragraph 36 of the TWDB Resolution, GBRA will submit, prior to the release of funds, a schedule of the useful life of the project components prepared by an engineer as

well as a certification by GBRA that the average weighted maturity of the obligations purchased by the TWDB does not exceed 120% of the average estimated useful life of the Projects, as determined by the schedule.

(q) Payment of Origination Fee. In satisfaction of the condition imposed in paragraph 37 of the TWDB Resolution, prior to or concurrent with the closing and delivery of the Series 2021 Bonds, GBRA covenants and agrees that it will pay an origination fee to the Texas Water Development Board in the amount of **\$687,961** (which amount is equal to \_\_\_\_% of the principal amount of the Series 2021 Bonds calculated pursuant to 31 TAC Chapter 375).

(r) Covenant to Maintain and Enforce Customer Contracts. In satisfaction of the condition imposed in paragraph 40 of the TWDB Resolution, GBRA covenants to maintain and enforce the contracts with its customers so that revenues paid to GBRA by its customers are sufficient to meet the revenue requirements of GBRA's obligations relating to the Series 2021 Bonds.

(s) Condition Regarding Issuance of Additional Parity Obligations. In satisfaction of the condition imposed in paragraph 41 of the TWDB Resolution, GBRA acknowledges and agrees that the Pledged Revenues may not be pledged to the payment of any Additional Parity Obligations secured by a pledge of the same Pledged Revenues unless GBRA demonstrates to the Executive Administrator's satisfaction that the Pledged Revenues will be sufficient for the repayment of all Series 2021 Bonds and Additional Parity Obligations.

(t) Records and Accounts; Annual Audit. GBRA covenants that (i) as required by 31 TAC 375.91(a)(2)(L), it will keep current, accurate and complete records and accounts in accordance with generally accepted accounting principles necessary to demonstrate compliance with financial assistance-related legal and contractual provisions, and (ii) as required by 31 TAC 375.91(a)(2)(M), following the close of each fiscal year, it will cause an audit of such books and accounts to be made by an independent firm of certified public accountants in accordance with generally accepted auditing standards, and will furnish a copy thereof, within 180 days of the end of such fiscal year, to the Texas Water Development Board, Attention: Executive Administrator.

(u) Compliance with Water Conservation Plan. GBRA covenants that, as required by 31 TAC 375.91(a)(2)(N), it will provide documentation to the Texas Water Development Board of GBRA's adoption and implementation of an approved water conservation plan for the duration of the financial assistance relating to the Project provided by the Texas Water Development Board.

**SECTION 35. SUFFICIENCY OF AVAILABLE FUNDS TO PAY CERTAIN DEBT SERVICE REQUIREMENTS.** The Board of Directors hereby finds that, upon the deposit into the Interest and Sinking Fund of proceeds of the Series 2021 Bonds representing capitalized interest on the Series 2021 Bonds as required by Section 11(b) of this Resolution, GBRA will have sufficient funds available to pay the debt service on the Series 2021 Bonds coming due through **February 15, 2022**.

**SECTION 36. INCORPORATION OF RECITALS.** The Board of Directors hereby finds that the statements set forth in the recitals of this Resolution are true and correct, and the Board of Directors hereby incorporates such recitals as a part of this Resolution.

**SECTION 37. EFFECTIVE DATE.** This Resolution shall become effective immediately after its adoption.

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

***ADOPTED BY THE BOARD OF DIRECTORS OF THE GUADALUPE-BLANCO RIVER AUTHORITY AT A REGULAR MEETING HELD ON THE 16<sup>TH</sup> DAY OF DECEMBER, 2020.***

APPROVED:

\_\_\_\_\_  
Chair, Board of Directors

ATTEST:

\_\_\_\_\_  
Secretary/Treasurer, Board of Directors

Signature page to Resolution Authorizing the Issuance of  
Guadalupe-Blanco River Authority Contract Revenue Bonds, Series 2021  
(Lake Dunlap Dam and Hydroelectric Facilities Project)

**EXHIBIT A**

**FORM OF PAYING AGENT/REGISTRAR AGREEMENT**

*The Paying Agent/Registrar Agreement is omitted at this point  
as its appears in executed form elsewhere in this Transcript of Proceedings*

## EXHIBIT B

### WRITTEN PROCEDURES RELATING TO CONTINUING COMPLIANCE WITH FEDERAL TAX COVENANTS

A. Arbitrage. With respect to the investment and expenditure of the proceeds of the Series 2021 Bonds, GBRA's chief financial officer (the "**Responsible Person**"), which currently is the Executive Manager of Finance/CFO of GBRA, will:

- (i) instruct the appropriate person or persons that the construction, renovation or acquisition of the facilities must proceed with due diligence and that binding contracts for the expenditure of at least 5% of the proceeds of the Series 2021 Bonds will be entered into within six (6) months of the date of delivery of the Series 2021 Bonds (the "**Issue Date**");
- (ii) monitor that at least 85% of the proceeds of the Series 2021 Bonds to be used for the construction, renovation or acquisition of any facilities are expended within five (5) years of the Issue Date;
- (iii) restrict the yield of the investments to the yield on the Series 2021 Bonds after five (5) years of the Issue Date;
- (iv) monitor all amounts deposited into a sinking fund or funds (e.g., the Interest and Sinking Fund), to assure that the maximum amount invested at a yield higher than the yield on the Series 2021 Bonds does not exceed an amount equal to the debt service on the Series 2021 Bonds in the succeeding 12 month period plus a carryover amount equal to one-twelfth of the principal and interest payable on the Series 2021 Bonds for the immediately preceding 12-month period;
- (v) ensure that no more than 50% of the proceeds of the Series 2021 Bonds are invested in an investment with a guaranteed yield for four years or more;
- (vi) maintain any official action of GBRA (such as a reimbursement resolution) stating its intent to reimburse with the proceeds of the Series 2021 Bonds any amount expended prior to the Issue Date for the acquisition, renovation or construction of the facilities;
- (vii) ensure that the applicable information return (e.g., IRS Form 8038-G, 8038-GC, or any successor forms) is timely filed with the IRS; and
- (viii) assure that, unless excepted from rebate and yield restriction under section 148(f) of the Code, excess investment earnings are computed and paid to the U.S. government at such time and in such manner as directed by the IRS (A) at least every 5 years after the Issue Date and (B) within 30 days after the date the Series 2021 Bonds are retired.

B. Private Business Use. With respect to the use of the facilities financed or refinanced with the proceeds of the Series 2021 Bonds the Responsible Person will:

- (i) monitor the date on which the facilities are substantially complete and available to be used for the purpose intended;
- (ii) monitor whether, at any time the Series 2021 Bonds are outstanding, any person, other than GBRA, the employees of GBRA, the agents of GBRA or members of the general public has any contractual right (such as a lease, purchase, management or other service agreement) with respect to any portion of the facilities;
- (iii) monitor whether, at any time the Series 2021 Bonds are outstanding, any person, other than GBRA, the employees of GBRA, the agents of GBRA or members of the general public has a right to use the output of the facilities (e.g., water, gas, electricity);
- (iv) monitor whether, at any time the Series 2021 Bonds are outstanding, any person, other than GBRA, the employees of GBRA, the agents of GBRA or members of the general public has a right to use the facilities to conduct or to direct the conduct of research;
- (v) determine whether, at any time the Series 2021 Bonds are outstanding, any person, other than GBRA, has a naming right for the facilities or any other contractual right granting an intangible benefit;
- (vi) determine whether, at any time the Series 2021 Bonds are outstanding, the facilities are sold or otherwise disposed of; and
- (vii) take such action as is necessary to remediate any failure to maintain compliance with the covenants contained in this Resolution related to the public use of the facilities.

C. Record Retention. The Responsible Person will maintain or cause to be maintained all records relating to the investment and expenditure of the proceeds of the Series 2021 Bonds and the use of the facilities financed or refinanced thereby for a period ending three (3) years after the complete extinguishment of the Series 2021 Bonds. If any portion of the Series 2021 Bonds is refunded with the proceeds of another series of tax-exempt obligations, such records shall be maintained until the three (3) years after the refunding obligations are completely extinguished. Such records can be maintained in paper or electronic format.

D. Responsible Person. The Responsible Person shall receive appropriate training regarding GBRA's accounting system, contract intake system, facilities management and other systems necessary to track the investment and expenditure of the proceeds and the use of the facilities financed or refinanced with the proceeds of the Series 2021 Bonds. The foregoing notwithstanding, the Responsible Person is authorized and instructed to retain such experienced advisors and agents as may be necessary to carry out the purposes of these instructions.

**EXHIBIT C**

**FORM OF PRIVATE PLACEMENT MEMORANDUM**

*The Private Placement Memorandum is omitted at this point as it appears elsewhere in this Transcript of Proceedings.*

**EXHIBIT D**

**FORM OF ESCROW AGREEMENT**

*The Escrow Agreement is omitted at this point  
as it appears in executed form elsewhere in this Transcript of Proceedings.*

**RESOLUTION APPROVING THE ISSUANCE BY THE GUADALUPE-BLANCO RIVER AUTHORITY ("GBRA") OF UP TO \$40,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF GUADALUPE-BLANCO RIVER AUTHORITY CONTRACT REVENUE BONDS, SERIES 2021 (LAKE DUNLAP DAM AND HYDROELECTRIC FACILITIES PROJECT), APPROVING THE FORM OF THE RELATED BOND RESOLUTION, AND AUTHORIZING CERTAIN DISTRICT OFFICIALS TO APPROVE THE FINAL TERMS OF SUCH SERIES 2021 BONDS, ALL IN ACCORDANCE WITH THE CONTRACT FOR FINANCING AND OPERATION OF LAKE DUNLAP DAM AND HYDROELECTRIC FACILITIES BETWEEN THE LAKE DUNLAP WATER CONTROL AND IMPROVEMENT DISTRICT AND GBRA; APPROVING OTHER RELATED MATTERS; AND RESCINDING THE RESOLUTION APPROVED BY THE BOARD ON NOVEMBER 17, 2020, RELATING TO ESSENTIALLY THE SAME SUBJECT**

**STATE OF TEXAS** §  
**COUNTIES OF GUADALUPE AND COMAL** §  
**LAKE DUNLAP WATER CONTROL AND IMPROVEMENT DISTRICT** §

*WHEREAS*, the LAKE DUNLAP WATER CONTROL AND IMPROVEMENT DISTRICT (the "*District*") is a conservation and reclamation district of the State of Texas created under Article 16, Section 59 of the Texas Constitution by an order approved by the Texas Commission on Environmental Quality (the "*TCEQ*") on February 7, 2020, and confirmed by the voters of the District at an election held on November 3, 2020 (the "*Confirmation Election*"), all in accordance with Chapter 51 of the Texas Water Code; and

*WHEREAS*, the District was created primarily for the purpose of providing a source of funds to support and finance the repair, rehabilitation, and improvement of facilities in order to restore proper operation of the dam facilities and water levels within Lake Dunlap; and

*WHEREAS*, the GUADALUPE-BLANCO RIVER AUTHORITY ("*GBRA*") and the District have negotiated, and are expected to execute in the near future, a *Contract for Financing and Operation of Lake Dunlap Dam and Hydroelectric Facilities* (the "*Contract*"), in part for the purpose of setting forth the duties and responsibilities of the parties to acquire, construct, equip, and finance improvements necessary to repair, restore and improve dam facilities and hydroelectric facilities located on Lake Dunlap; and

*WHEREAS*, the Contract contains numerous provisions relating to repairing, rehabilitating, and improving the Lake Dunlap dam facilities and hydroelectric facilities, including, for example, the following provisions which are particularly relevant to financing such facilities with bonds issued by GBRA as contemplated by the Contract:

- (1) GBRA is authorized, with prior approval of the District, to issue bonds from time to time (subject to obtaining the opinion of the Attorney General approving such bonds) which are payable from and secured by a pledge of

design, acquire, construct, repair, and equip dam facilities and hydroelectric facilities located on Lake Dunlap that are more fully described in the Application (the "**Project**"); and

**WHEREAS**, on December 3, 2020, the TWDB approved a commitment to provide up to \$40,000,000 of financial assistance to GBRA for the costs to plan, design, acquire, construct, repair, and equip the Project by committing to purchase up to \$40,000,000 in principal amount of *Contract Revenue Bonds* (bearing no interest) to be issued by GBRA (referred to and defined herein as the "**Series 2021 Bonds**"); and

**WHEREAS**, GBRA has received bids from three construction contractors to construct, repair and equip the Project, and GBRA must issue and deliver the Series 2021 Bonds to the TWDB in January 2021 in order to timely issue a "notice to proceed" with the construction of the Project to the contractor selected by GBRA as providing the best qualified bid; and

**WHEREAS**, on December 16, 2020, GBRA's Board of Directors is scheduled to consider the approval of a resolution (the "**Bond Resolution**") to authorize the issuance of up to \$40,000,000 in principal amount of **GUADALUPE-BLANCO RIVER AUTHORITY CONTRACT REVENUE BONDS, SERIES 2021 (LAKE DUNLAP DAM AND HYDROELECTRIC FACILITIES PROJECT)** (the "**Series 2021 Bonds**"), in order to finance the costs to construct, repair and equip the Project as contemplated by the Contract; and

**WHEREAS**, in compliance with Section 3.3.B. of the Contract, GBRA provided the Application (which constitutes a "Sale and Offering Document" under the Contract) and a draft of the proposed Bond Resolution to the District for review and approval; and

**WHEREAS**, the Board of Directors of the District (the "**Board**") deems it necessary and appropriate, in compliance with Section 3.3.B. of the Contract, to (i) approve the form of the proposed Bond Resolution and the issuance of the Series 2021 Bonds by GBRA, and (ii) delegate to an "Authorized Representative" of the District (as defined and further provided in Section 1 of this Resolution) the approval of the final terms and provisions of the Series 2021 Bonds, including the principal amount, as shall be reflected in the final Bond Resolution to be approved by the Board of Directors of GBRA; and

**WHEREAS**, the Board further deems it necessary and appropriate, in compliance with Section 3.3.B. of the Contract, to approve the Application previously submitted by GBRA to the TWDB; and

**WHEREAS**, the Board further deems it necessary and appropriate to rescind and repeal **Resolution No. \_\_\_\_\_** approved on November 17, 2020 (the "**Original Resolution**"), which related to essentially the same matters as set forth in this Resolution except for the fact that the \$500,000 "principal forgiveness" component of the total \$40,000,000 of financial assistance described in the Original Resolution that the Board and GBRA were expecting to receive from the TWDB is no longer available for the Project; and

**RESOLUTION APPROVING THE ISSUANCE BY THE GUADALUPE-BLANCO RIVER AUTHORITY ("GBRA") OF UP TO \$40,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF *GUADALUPE-BLANCO RIVER AUTHORITY CONTRACT REVENUE BONDS, SERIES 2021 (LAKE DUNLAP DAM AND HYDROELECTRIC FACILITIES PROJECT)*, APPROVING THE FORM OF THE RELATED BOND RESOLUTION, AND AUTHORIZING CERTAIN DISTRICT OFFICIALS TO APPROVE THE FINAL TERMS OF SUCH SERIES 2021 BONDS, ALL IN ACCORDANCE WITH THE *CONTRACT FOR FINANCING AND OPERATION OF LAKE DUNLAP DAM AND HYDROELECTRIC FACILITIES* BETWEEN THE LAKE DUNLAP WATER CONTROL AND IMPROVEMENT DISTRICT AND GBRA; APPROVING OTHER RELATED MATTERS; AND RESCINDING THE RESOLUTION APPROVED BY THE BOARD ON NOVEMBER 17, 2020, RELATING TO ESSENTIALLY THE SAME SUBJECT**

**STATE OF TEXAS** §  
**COUNTIES OF GUADALUPE AND COMAL** §  
**LAKE DUNLAP WATER CONTROL AND IMPROVEMENT DISTRICT** §

**WHEREAS**, the LAKE DUNLAP WATER CONTROL AND IMPROVEMENT DISTRICT (the "*District*") is a conservation and reclamation district of the State of Texas created under Article 16, Section 59 of the Texas Constitution by an order approved by the Texas Commission on Environmental Quality (the "*TCEQ*") on February 7, 2020, and confirmed by the voters of the District at an election held on November 3, 2020 (the "*Confirmation Election*"), all in accordance with Chapter 51 of the Texas Water Code; and

**WHEREAS**, the District was created primarily for the purpose of providing a source of funds to support and finance the repair, rehabilitation, and improvement of facilities in order to restore proper operation of the dam facilities and water levels within Lake Dunlap; and

**WHEREAS**, the GUADALUPE-BLANCO RIVER AUTHORITY ("*GBRA*") and the District have negotiated, and are expected to execute in the near future, a *Contract for Financing and Operation of Lake Dunlap Dam and Hydroelectric Facilities* (the "*Contract*"), in part for the purpose of setting forth the duties and responsibilities of the parties to acquire, construct, equip, and finance improvements necessary to repair, restore and improve dam facilities and hydroelectric facilities located on Lake Dunlap; and

**WHEREAS**, the Contract contains numerous provisions relating to repairing, rehabilitating, and improving the Lake Dunlap dam facilities and hydroelectric facilities, including, for example, the following provisions which are particularly relevant to financing such facilities with bonds issued by GBRA as contemplated by the Contract:

- (1) GBRA is authorized, with prior approval of the District, to issue bonds from time to time (subject to obtaining the opinion of the Attorney General approving such bonds) which are payable from and secured by a pledge of

the "Debt Service Requirement" component of the "Annual WCID Payment" under the Contract, in such amount as the Board of Directors of GBRA determines necessary or desirable, but not to exceed the "Maximum Principal Amount" (as defined in Section 1.2 of the Contract), to obtain funds to (A) pay all "Capital Costs" (as defined in the Contract) relating to acquiring, constructing, extending, enlarging, repairing, renovating, equipping, and otherwise improving the "Project" (as defined in the Contract and in a recital of this Resolution); (B) pay all capitalized interest costs on such bonds; (C) provide such reserve or contingency funds as the Board of Directors of GBRA, in its judgement, deems necessary; and (D) pay all costs incurred in connection with the issuance of such bonds (see Section 3.2 of the Contract);

- (2) the maximum principal amount of bonds authorized to be issued by GBRA pursuant to the Contract is \$40,000,000 (see the definition of the term "Maximum Principal Amount" in Section 1.2 of the Contract);
- (3) the maximum maturity date for a series of bonds issued by GBRA pursuant to the Contract cannot exceed 40 years from the date of issuance of such series of bonds (see Section 3.3 of the Contract); and
- (4) the District is obligated to levy and annually assess and collect a continuing, direct ad valorem tax on all taxable property within the boundaries of the District to make timely payments of all charges required under the Contract to GBRA, without limitation as to rate or amount, sufficient to pay the "Annual Requirement" for the applicable "Annual Payment Period" (as such terms are defined in the Contract), except to the extent the District has available funds which may be lawfully used for such purposes (see Section 4.3 of the Contract); and

**WHEREAS**, because the Contract includes a provision which obligates the District to collect a tax for debt that exceeds three years, Section 49.108(e), Texas Water Code, requires the District to obtain the approval of the Contract by the Executive Director of the TCEQ, which approval has been given and is evidenced by an order executed by the Executive Director of the TCEQ on October 28, 2020; and

**WHEREAS**, in compliance with Section 49.108(b), Texas Water Code, the provisions of the Contract were approved by a majority of the qualified voters of the District voting on such measure at the Confirmation Election; and

**WHEREAS**, on August 19, 2020, the Board of Directors of GBRA authorized the submission of an *Application for Financial Assistance* (the "**Application**") to the **TEXAS WATER DEVELOPMENT BOARD** (the "**Texas Water Development Board**" or the "**TWDB**"), pursuant to which GBRA requested financial assistance in the aggregate amount of up to \$40,000,000 from the TWDB's *Clean Water State Revolving Fund* ("**CWSRF**") program to finance the costs to plan,

design, acquire, construct, repair, and equip dam facilities and hydroelectric facilities located on Lake Dunlap that are more fully described in the Application (the "**Project**"); and

**WHEREAS**, on December 3, 2020, the TWDB approved a commitment to provide up to \$40,000,000 of financial assistance to GBRA for the costs to plan, design, acquire, construct, repair, and equip the Project by committing to purchase up to \$40,000,000 in principal amount of *Contract Revenue Bonds* (bearing no interest) to be issued by GBRA (referred to and defined herein as the "**Series 2021 Bonds**"); and

**WHEREAS**, GBRA has received bids from three construction contractors to construct, repair and equip the Project, and GBRA must issue and deliver the Series 2021 Bonds to the TWDB in January 2021 in order to timely issue a "notice to proceed" with the construction of the Project to the contractor selected by GBRA as providing the best qualified bid; and

**WHEREAS**, on December 16, 2020, GBRA's Board of Directors is scheduled to consider the approval of a resolution (the "**Bond Resolution**") to authorize the issuance of up to \$40,000,000 in principal amount of **GUADALUPE-BLANCO RIVER AUTHORITY CONTRACT REVENUE BONDS, SERIES 2021 (LAKE DUNLAP DAM AND HYDROELECTRIC FACILITIES PROJECT)** (the "**Series 2021 Bonds**"), in order to finance the costs to construct, repair and equip the Project as contemplated by the Contract; and

**WHEREAS**, in compliance with Section 3.3.B. of the Contract, GBRA provided the Application (which constitutes a "Sale and Offering Document" under the Contract) and a draft of the proposed Bond Resolution to the District for review and approval; and

**WHEREAS**, the Board of Directors of the District (the "**Board**") deems it necessary and appropriate, in compliance with Section 3.3.B. of the Contract, to (i) approve the form of the proposed Bond Resolution and the issuance of the Series 2021 Bonds by GBRA, and (ii) delegate to an "Authorized Representative" of the District (as defined and further provided in Section 1 of this Resolution) the approval of the final terms and provisions of the Series 2021 Bonds, including the principal amount, as shall be reflected in the final Bond Resolution to be approved by the Board of Directors of GBRA; and

**WHEREAS**, the Board further deems it necessary and appropriate, in compliance with Section 3.3.B. of the Contract, to approve the Application previously submitted by GBRA to the TWDB; and

**WHEREAS**, the Board further deems it necessary and appropriate to rescind and repeal Resolution No. \_\_\_\_\_ approved on November 17, 2020 (the "**Original Resolution**"), which related to essentially the same matters as set forth in this Resolution except for the fact that the \$500,000 "principal forgiveness" component of the total \$40,000,000 of financial assistance described in the Original Resolution that the Board and GBRA were expecting to receive from the TWDB is no longer available for the Project; and

**WHEREAS**, it is hereby officially found and determined that the meeting at which this Resolution was adopted was open to the public and public notice of the time, place, and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code;

**THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LAKE DUNLAP WATER CONTROL AND IMPROVEMENT DISTRICT, THAT:**

**SECTION 1. APPROVAL OF THE SERIES 2021 BONDS, THE BOND RESOLUTION, AND THE APPLICATION.** The Board has reviewed the form of the Bond Resolution provided by GBRA and, in compliance with Section 3.3.B. of the Contract, hereby approves the proposed form of the Bond Resolution and the issuance by GBRA of up to \$40,000,000 in principal amount of the Series 2021 Bonds. Furthermore, the Board has reviewed the Application previously submitted to the TWDB by GBRA and hereby approves the Application, as a "Sale and Offering Document" under the Contract, and its previous submission by GBRA to the TWDB.

**SECTION 2. DELEGATION OF AUTHORITY TO AN AUTHORIZED REPRESENTATIVE TO APPROVAL FINAL TERMS.** The Board hereby delegates authority to the President and Vice President of the Board (each an "*Authorized Representative*"), acting individually or collectively, to approve all final terms of the Series 2021 Bonds as contemplated and required by Section 3.3.B of the Contract prior to the final approval of the Bond Resolution by GBRA's Board of Directors, including the final principal amount of, and the maturity schedule for, the Series 2021 Bonds. The approval of such final terms shall be evidenced by the execution by an Authorized Representative of a *Certificate Approving Final Terms of the Series 2021 Bonds* (the "*Approval Certificate*") in substantially the form attached hereto as *Exhibit A*. The District's General Counsel, in consultation with GBRA's Bond Counsel, is authorized to complete and modify the final Approval Certificate in the manner deemed necessary to reflect the approval of the final terms of the Series 2021 Bonds required to be approved in accordance with the Contract.

**SECTION 3. ACKNOWLEDGMENT OF CERTAIN TERMS IN THE CONTRACT.** The Board acknowledges and agrees that, in accordance with Section 3.3.C. of the Contract, upon (i) the execution by an Authorized Representative of the Approval Certificate approving the final terms and provisions of the Series 2021 Bonds and the Bond Resolution, (ii) the adoption and approval of the Bond Resolution in final form by GBRA's Board of Directors, and (iii) the issuance and delivery by GBRA of the Series 2021 Bonds to the TWDB, the Bond Resolution shall for all purposes be deemed to be in compliance with the Contract in all respects, and the Series 2021 Bonds will constitute "Bonds" as defined in the Contract for all purposes. Any owner of the Series 2021 Bonds is entitled to rely fully and unconditionally on such approvals. The Board further acknowledges and agrees that, in accordance with Section 3.3.D. of the Contract, all covenants and provisions in the Bond Resolution affecting, or purporting to bind, the District shall, upon the delivery of the Series 2021 Bonds, become absolute, unconditional, valid, and binding covenants and obligations of the District so long as any Series 2021 Bonds are outstanding and unpaid, and may be enforced as provided in the Contract and the Bond Resolution. In particular, the obligation of the District to make, promptly when due, all "Annual WCID Payments" specified in the Contract shall be absolute and unconditional, and said obligation may be enforced as provided in the Contract.

**SECTION 4. AUTHORIZATION TO APPROVE ADDITIONAL ACTIONS AND DOCUMENTS.** All officers, employees, agents and representatives of the District and the Board shall be and are hereby expressly authorized, empowered and directed from time to time, and at any time, to do and perform all such acts and things, and to execute and deliver in the name and on behalf of the District all such instruments, whether or not herein mentioned as may be necessary or desirable in order to carry out the terms and provisions of this Resolution, the Bond Resolution and the Series 2021 Bonds, as well as the terms and provisions of the Contract. In addition, the Board hereby ratifies and consents to all actions taken by officers, employees, agents and representatives of the District prior to the adoption of this Resolution in connection with the issuance by GBRA of the Series 2021 Bonds.

**SECTION 5. RESOLUTION IRREPEALABLE.** After the Series 2021 Bonds are issued, this Resolution shall be and remain irrevocable until the Series 2021 Bonds shall have been fully paid or provision for payment shall have been made pursuant to the Bond Resolution.

**SECTION 6. ORIGINAL RESOLUTION RESCINDED AND REPEALED.** The Original Resolution approved by the Board on November 17, 2020, which related to essentially the same matters as set forth in this Resolution, is hereby rescinded and repealed and shall hereafter have no force or effect.

**SECTION 7. ENFORCEABILITY OF RESOLUTION.** If any section, paragraph, clause, or provision of this Resolution shall be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution. In case any obligation of the District authorized or established by the Contract, this Resolution, the Bond Resolution, or the Series 2021 Bonds is held to be in violation of law as applied to any person or any circumstance, such obligation shall be deemed to be the obligation of the District to the fullest extent permitted by law.

**SECTION 8. INCORPORATION OF RECITALS.** The Board hereby finds that the statements set forth in the recitals of this Resolution are true and correct, and the Board hereby incorporates such recitals as a part of this Resolution.

**SECTION 9. EFFECTIVE DATE.** This Resolution shall become effective immediately upon its adoption.

[The remainder of this page intentionally left blank]

***ADOPTED BY THE BOARD OF DIRECTORS OF THE LAKE DUNLAP WATER CONTROL AND IMPROVEMENT DISTRICT AT A SPECIAL MEETING HELD ON THE 4<sup>TH</sup> DAY OF DECEMBER, 2020.***

APPROVED:

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President, Board of Directors

ATTEST:

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Secretary, Board of Directors

Signature page to Resolution Approving Matters Relating to the Issuance of  
Guadalupe-Blanco River Authority Contract Revenue Bonds, Series 2021  
(Lake Dunlap Dam and Hydroelectric Facilities Project)

## EXHIBIT A

### CERTIFICATE APPROVING FINAL TERMS OF THE SERIES 2021 BONDS

*[Note: All capitalized terms used in this Certificate which are not otherwise defined herein shall have the same meanings as set forth in the Resolution approved on December 4, 2020 (the "District Resolution") by the Board of Directors (the "Board") of the Lake Dunlap Water Control and Improvement District (the "District") relating to the issuance by the Guadalupe-Blanco River Authority ("GBRA") of the Series 2021 Bonds defined in paragraph 1 immediately below.]*

#### **1. GENERAL**

This Certificate is given connection with the issuance by GBRA of the **GUADALUPE-BLANCO RIVER AUTHORITY CONTRACT REVENUE BONDS, SERIES 2021 (LAKE DUNLAP DAM AND HYDROELECTRIC FACILITIES PROJECT)** (the "*Series 2021 Bonds*"), which are expected to be authorized for issuance by the Board of Directors of GBRA on December 16, 2020, pursuant to the terms of the Bond Resolution, the form of which was reviewed and approved by the Board of the District pursuant to the District Resolution. This Certificate is intended to satisfy (i) the requirements of Section 2 of the District Resolution, and (ii) Section 3.3.B of the *Contract for Financing and Operation of Lake Dunlap Dam and Hydroelectric Facilities* (the "**Contract**")

#### **2. AGGREGATE PRINCIPAL AMOUNT**

The District hereby approves the issuance of the Series 2021 Bonds in the aggregate principal amount of \$\_\_\_\_\_.

#### **3. PRINCIPAL AND INTEREST SCHEDULE**

The District hereby approves the Series 2021 Bonds to mature on **August 15** in each of the years and in the respective principal amounts, and to bear interest at the respective rates, as set forth in the following table:

[The remainder of this page intentionally left blank]

<u>YEAR OF MATURITY</u>	<u>PRINCIPAL AMOUNT (\$)</u>	<u>INTEREST RATE (%)</u>	<u>YEAR OF MATURITY</u>	<u>PRINCIPAL AMOUNT (\$)</u>	<u>INTEREST RATE (%)</u>
2023			2037		
2024			2038		
2025			2039		
2026			2040		
2027			2041		
2028			2042		
2029			2043		
2030			2044		
2031			2045		
2032			2046		
2033			2047		
2034			2048		
2035			2049		
2036			2050		

**4. FINDING REGARDING COMPLIANCE WITH THE CONTRACT**

In satisfaction of Section 3.3.C. of the Contract, the undersigned hereby finds that the Bond Resolution, when approved by the Board of Directors of GBRA in final form with the principal maturity terms approved in paragraph 4 of this Certificate, will comply with the Contract.

[The remainder of this page intentionally left blank]

**APPROVED BY THE \_\_\_\_\_ OF THE BOARD OF DIRECTORS OF THE  
LAKE DUNLAP WATER CONTROL AND IMPROVEMENT DISTRICT ON THE \_\_\_\_ DAY  
OF DECEMBER, 2020, IN ACCORDANCE WITH SECTION 2 OF THE DISTRICT  
RESOLUTION AND SECTION 3.3.B. OF THE CONTRACT.**

\_\_\_\_\_  
\_\_\_\_\_, Board of Directors  
Lake Dunlap Water Control and Improvement District

Signature Page to Certificate Approving Final Terms of the  
Guadalupe-Blanco River Authority Contract Revenue Bonds, Series 2021  
(Lake Dunlap Dam and Hydroelectric Facilities Project)

**CERTIFICATE FOR RESOLUTION**

**THE STATE OF TEXAS** §  
**COUNTIES OF GUADALUPE AND COMAL** §  
**LAKE DUNLAP WATER CONTROL AND IMPROVEMENT DISTRICT** §

I, the undersigned Secretary of the Board of Directors (the "**Board**") of the **LAKE DUNLAP WATER CONTROL AND IMPROVEMENT DISTRICT** (the "**District**"), hereby certify as follows:

1. The Board of the District convened in Special Meeting on December 4, 2020, at the designated meeting place (the "**Meeting**"), and the roll was called of the duly constituted officers and members of the Board, to-wit:

Douglas Harrison, President  
J. Raymond Harmon, Vice President  
Harry Alvin Moeller, Secretary  
Vernon Gary Schaub, Treasurer  
Laurence Johnson

and all of said persons were present, except the following absentees: \_\_\_\_\_  
\_\_\_\_\_, thus constituting a quorum. Whereupon, among other business, the following was transacted at the Meeting: a written

**RESOLUTION APPROVING THE ISSUANCE BY THE GUADALUPE-BLANCO RIVER AUTHORITY ("GBRA") OF UP TO \$40,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF *GUADALUPE-BLANCO RIVER AUTHORITY CONTRACT REVENUE BONDS, SERIES 2021 (LAKE DUNLAP DAM AND HYDROELECTRIC FACILITIES PROJECT)*, APPROVING THE FORM OF THE RELATED BOND RESOLUTION, AND AUTHORIZING CERTAIN DISTRICT OFFICIALS TO APPROVE THE FINAL TERMS OF SUCH SERIES 2021 BONDS, ALL IN ACCORDANCE WITH THE *CONTRACT FOR FINANCING AND OPERATION OF LAKE DUNLAP DAM AND HYDROELECTRIC FACILITIES BETWEEN THE LAKE DUNLAP WATER CONTROL AND IMPROVEMENT DISTRICT AND GBRA*; APPROVING OTHER RELATED MATTERS; AND RESCINDING THE RESOLUTION APPROVED BY THE BOARD ON NOVEMBER 17, 2020, RELATING TO ESSENTIALLY THE SAME SUBJECT**

(the "**Resolution**") was duly read. It was then duly moved and seconded that the Resolution be adopted; and, after due discussion, said motion, carrying with it the adoption of the Resolution, prevailed and carried by the following vote:

AYES: \_\_\_\_\_ NOES: \_\_\_\_\_ ABSTENTIONS: \_\_\_\_\_

2. A true, full, and correct copy of the Resolution adopted at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; the Resolution has been duly recorded in the Board's minutes of the Meeting; the above and foregoing paragraph is a true, full, and correct excerpt from the Board's minutes of the Meeting pertaining to the adoption of the Resolution; the persons named in the above and foregoing paragraph are the duly chosen, qualified, and acting officers and members of the Board as indicated therein; each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the Meeting, and that the Resolution would be introduced and considered for adoption at the Meeting; and the Meeting was open to the public, and public notice of the time, place, and purpose of the Meeting was given, all as required by Chapter 551, Texas Government Code.

SIGNED AND SEALED the 4<sup>th</sup> day of December, 2020.

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Secretary, Board of Directors  
Lake Dunlap Water Control and Improvement District

(SEAL)

Signature page to the Certificate for Resolution Approving Matters Relating to the Issuance of  
Guadalupe-Blanco River Authority Contract Revenue Bonds, Series 2021  
(Lake Dunlap Dam and Hydroelectric Facilities Project)

RESOLUTION APPROVING POLICY RELATING TO LAKE DUNLAP WATER CONTROL AND  
IMPROVEMENT DISTRICT PUBLIC COMMUNICATIONS

WHEREAS, Lake Dunlap Water Control and Improvement District (the “*District*”) is a political subdivision located within Comal County and Guadalupe County, Texas created and operating pursuant to Chapters 49 and 51 of the Texas Water Code;

WHEREAS, the District is governed by a five-person Board of Directors elected by the resident electors within the District;

WHEREAS, the Board of Directors desires to ensure that routine communications to the public relating to the business and affairs of the District are approved in advance by the Board of Directors of the District so that all directors may provide input into such communications, and to ensure that the communications accurately reflect the position of the Board of Directors; and

WHEREAS, the Board of Directors further desires to appoint a “Communications Committee” of two members of the Board of Directors that is authorized to approve and send urgent public communications on behalf of the District when it is not practicable to schedule a Board of Directors meeting for such purpose; Now, Therefore,

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF LAKE DUNLAP WATER CONTROL AND IMPROVEMENT DISTRICT THAT:

Section 1: The Board of Directors hereby finds and declares that it shall be the policy of the District that any communications to the public by members of the Board of Directors or the District’s consultants relating to the business and affairs of the District shall be presented to the Board of Directors for prior consideration and approval. Except as set forth in Section 2 below, no communications shall be sent to the public for or on behalf of the District that have not been approved by the Board of Directors.

Section 2. The Board of Directors may from time to time appoint a “Communications Committee” consisting of not more than two members of the Board of Directors. In the event of an urgent public necessity to communicate to residents of the District regarding the business and affairs of the District that necessitate a communication prior to the next Board of Directors’ meeting, the Communications Committee is hereby authorized by unanimous agreement to approve and disseminate a public communication on behalf of the District.

Section 3. The President and Secretary of the Board are hereby authorized and directed to execute this Resolution. After this Resolution is executed, an original copy of this Resolution shall be filed in the permanent records of the District.

PASSED AND APPROVED the \_\_\_\_\_ day of \_\_\_\_\_, 2020.

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

ATTEST:

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

(SEAL)