

UNITED IRRIGATION DISTRICT

Texas Water Development Board SWIFT Application

May 10, 2016
Final Application July 8, 2016

Engineer:
Ferris, Flinn & Medina, LLC

Bond Counsel:
McCall Parkhurst & Horton, LLP

Financial Advisor:
Hilltop Securities

Certified Public Accountant:
Long Chilton, LLP

Legal Counsel:
Law Office of Glenn Jarvis

Prepared By:
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Texas Board of Professional Engineers
Firm Registration No. F-897

**APPLICATION FOR FINANCIAL ASSISTANCE
FOR WATER AND WASTEWATER INFRASTRUCTURE PROJECTS**

This application is comprehensive, covering all loan and grant assistance applications for water and wastewater infrastructure financing through the various Texas Water Development Board (TWDB) programs. The format of the application is intended to expedite the review process for both the applicant and TWDB staff. This application can be used by political subdivisions, including water supply corporations.

Please submit one double-sided original and one indexed, electronic copy, via electronic storage media such as CD or flash drive using MS Word, Excel and/or Adobe Acrobat.

Please submit your application to:

Texas Water Development Board
Water Supply and Infrastructure-Regional Water Planning and Development
P O Box 13231
1700 N. Congress Avenue, 5th Floor
Austin, Texas 78711-3231
(78701 for courier deliveries)

A complete application consists of all of the applicable information and forms requested in this document. When preparing this application please review the Application and all Guidance and Forms, listed at the end.

For more information, please contact your Regional Project Implementation Team at:

http://www.twdb.texas.gov/financial/programs/swift/regional_project_teams.asp

Thank you.

TWDB Use Only

Name of Applicant: _____

Date application received: _____

Date administratively complete: _____

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

Contents

Part A: General Information.....	1
Part B: Legal Information.....	4
Part C: Financial Information	7
Part D: Project Information	16
Part E: State Water Implementation Fund for Texas (SWIFT) Applicants Only:.....	19
Part F: Economically Distressed Programs (EDAP) Applicants Only:	N/A - Omitted
Part G: CWSRF/DWSRF Applicants Only	N/A - Omitted
Part H: Documentation of "Green" Projects and Project Components.....	N/A - Omitted
Part I: Summary of attachments to application	27
Part J: Guidance and Forms.....	29

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

Part A: General Information

1. The legal authority under which the applicant was created and operates.
 - a) TYPE A GENERAL-LAW MUNICIPALITY (Texas Local Gov't Code Sec. 5.001)
 - b) TYPE B GENERAL-LAW MUNICIPALITY (Texas Local Gov't Code Sec. 5.002)
 - c) TYPE C GENERAL-LAW MUNICIPALITY (Texas Local Gov't Code Sec. 5.003)
 - d) HOME-RULE MUNICIPALITY (Texas Local Gov't Code Sec. 5.004)
 - e) SPECIAL-LAW MUNICIPALITY (Texas Local Gov't Code Sec. 5.005)
 - f) NONPROFIT ORGANIZATION (Business Organization Code Chapter 22)
 - g) NONPROFIT WATER SUPPLY OR SEWER SERVICE CORP. (Texas Water Code Chapter 67)
 - h) ALL DISTRICTS (Texas Water Code Chapter 49)
 - i) OTHER (attach)

2. Applicant Name and Contact Information:

Name:	United Irrigation District
County:	Hidalgo
Physical Address:	1006 Mile 2 North Mission, TX 78574-0542
Mailing Address:	P.O. Box 877 Mission, TX 78573
Phone:	956-585-4818
Fax:	956-585-9743
Website:	

3. Brief description of the project: Off Channel Storage Facility Project.

4. Applicant's Officers and Members:

Name	Office Held
Jesus Garcia	President of the Board
Mike Helle	Vice President
Ricardo Garcia	Board Secretary
Kathleen E. Reavis	Board Member
Michael Broughton	Board Member
Michael E. Warshak	General Manager
Lucia Balderas	Office Manager & Tax Assessor / Collector

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

5. Applicant's **primary contact person** for day-to-day project implementation.

Name:	Mike Warshak
Title:	General Manager
Address:	1006 Mile 2 North Mission, TX 78574-0542
Phone:	956-585-4818
Fax:	956-585-9743
Email:	mike@united-irrigation.com

6. Applicant's Consultants (Attach copies of all draft and/or executed contracts for consultant services to be used by the Applicant in applying for financial assistance or constructing the proposed project.):

a) Applicant Engineer N/A

Firm Name:	Ferris, Flinn & Medina, LLC
Contact:	Frank Ferris, PE
Address:	1405 N. Stuart Place Rd. Palm Valley, TX 78552
Phone:	956-364-2236
Fax:	956-364-1023
Email:	f.ferris@ferrisandflinn.com

b) Bond Counsel N/A

Firm Name:	McCall Parkhurst & Horton L.L.P.
Contact:	Tom Spurgeon
Address:	700 N. St. Mary's Street Suite 1525 San Antonio, TX 78205-3503
Phone:	210-225-2800
Fax:	210-225-2984
Email:	tspurgeon@mphlegal.com

c) Financial Advisor N/A

Firm Name:	Hilltop Securities
Contact:	Cris Vela
Address:	100 E. Nolana Loop Pharr, TX 78577
Phone:	956-686-0991
Fax:	956-618-4791
Email:	cris.vela@hilltopsecurities.com

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

d) Certified Public Accountant (or other appropriate rep) N/A

Firm Name:	Long Chilton, LLP
Contact:	David Segovia
Address:	4100 N. Twenty-third St. McAllen, TX
Phone:	956-686-3701
Fax:	956-686-6830
Email:	dsegovia@longchilton.com

e) Legal Counsel (if other than Bond Counsel) N/A

Firm Name:	Law Office of Glenn Jarvis
Contact:	Glenn Jarvis
Address:	1801 S. 2 nd St. McAllen, TX 78503
Phone:	956-682-2660
Fax:	956-618-2660
Email:	glenjarvis@aol.com

f) Any other consultant representing the Applicant before the Board N/A

Firm Name:	
Contact:	
Address:	
Phone:	
Fax:	
Email:	

7. List the counties within the Applicant's service area. Hidalgo

8. Identify the Applicant's total service area population: 285,000

9. Applicant is requesting funding from which programs? Check all that apply.

	PROGRAM	AMOUNT REQUESTED
a) <input type="checkbox"/>	Drinking Water State Revolving Fund (DWSRF)	\$ _____
b) <input type="checkbox"/>	Clean Water State Revolving Fund (CWSRF)	\$ _____
c) <input type="checkbox"/>	Texas Water Development Fund (DFund)	\$ _____
d) <input type="checkbox"/>	State Participation	\$ _____
e) <input type="checkbox"/>	Rural Water Assistance Fund (RWAF)	\$ _____
f) <input checked="" type="checkbox"/>	State Water Implementation Fund for Texas (SWIFT)	\$ <u>8,100,000</u>
g) <input type="checkbox"/>	Economically Distressed Areas Program (EDAP)	\$ _____
h) <input type="checkbox"/>	If other please explain: _____	\$ _____

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

10. Other Funding Sources: Provide a list of any other funding source(s) being utilized to complete the project, including Applicant's local contribution, if any, or commitments applied for and/or received from any other funding agency for this project or any aspect of this project. **Provide commitment letters if available. Additional funding sources must be included within the Project Budget (TWDB-1201).**

Funding Source	Type of Funds (Loan/Grant)	Amount (\$)	Date Applied for Funding	Anticipated or Funding Secured Date
TWDB	SWIFT	8,100,000	May 11, 2016	Dec. 1, 2016
Total Funding from All Sources		\$ 8,100,000		

Comments: Not Seeking any other form of funding sources

11. Applicant is requesting funding for which phase(s)? Check all that apply.

- Planning
- Acquisition
- Design
- Construction

12. Is Applicant requesting funding to refinance existing debt?
- Yes If yes, attach a copy of the document securing the debt to be refinanced.
 Attached document
- No

Part B: Legal Information

13. Cite the legal authority under which the Applicant can issue the proposed debt including the authority to make a proposed pledge of revenues. Section 49.153, Texas Water Code, and Chapter 1201, Texas Government Code

14. What type of pledge will be used to repay the proposed debt?

- Systems Revenue
- Taxes
- Combination of systems revenues and taxes
- Other (Contract Revenue, etc.)

15. Provide the full legal name of the security for the proposed debt issue(s). United Irrigation District System Revenue Notes, Series 2016A and United Irrigation District System Revenue Notes, Taxable Series 2016B.

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

16. Describe the pledge being offered and any existing rate covenants. First lien on and pledge of the Net Revenues of the District's drainage and irrigation distribution system. The Notes will be the first indebtedness of the District secured with Net Revenues of the System; accordingly, there are no existing covenants related to any outstanding debt.

17. Attach the resolution from the governing body requesting financial assistance.
TWDB-0201A (<http://www.twdb.texas.gov/financial/instructions/>)
 Attached Resolution

18. Attach the Application Affidavit
TWDB-0201 (<http://www.twdb.texas.gov/financial/instructions/>)
 Attached Applicant Affidavit

19. Attach the Certificate of Secretary
TWDB-201B (<http://www.twdb.texas.gov/financial/instructions/>)
 Attached Certificate of Secretary

20. Is the applicant a Water Supply Corporation (WSC)?
 Yes If yes, attach each of the following:
 Articles of Incorporation
 Certificate of Incorporation from the Texas Secretary of State evidencing that the current Articles of Incorporation are on file with the Secretary
 By-laws and any amendments
 Certificate of Status from the Texas Secretary of State (i.e. Certificate of Existence)
 Certificate of Account Status from the Texas Comptroller of Public Accounts (certifies that the WSC is exempt from the franchise tax and that the WSC is in good standing).
 No

21. Is the applicant proposing to issue revenue bonds?
 Yes If yes, attach copies of the most recent resolution/ordinance(s) authorizing any outstanding parity debt. This is essential to insure outstanding bond covenants are consistent with covenants that might be required for TWDB financing.
 Attached resolution/ordinance(s)
 No

22. Does the applicant possess a Certificate of Convenience and Necessity (CCN)?
 Yes If yes, attach a copy of the CCN and service area map showing the areas the applicant is allowed to provide water or wastewater services.
 Attached CCN and service area map
 No If no, indicate the status of the CCN. _____
 N/A

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

23. Has the applicant been the subject of any enforcement action by the Texas Commission on Environmental Quality (TCEQ), the Environmental Protection Agency (EPA), or any other entity within the past three years?
- Yes If yes, attach a brief description of every enforcement action within the past three years and action(s) to address requirements.
 Attached
- No
24. Are any facilities to be constructed or the area to be served within the service area of a municipality or other public utility?
- Yes If yes, has the applicant obtained an affidavit stating that the utility does not object to the construction and operation of the services and facilities in its service area?
- If yes, attach a copy of the affidavit.
 Attached affidavit
 If no, provide an explanation as to why not. _____
- No
25. If the assistance requested is more than \$500,000 a Water Conservation Plan (WCP) is required. The WCP cannot be more than **FIVE** years old and must have been adopted by the applicant. Has the applicant adopted a Board-approved WCP? (Check one and attach requested information, if any.)
- Yes Enter date of Applicant's WCP adoption: January 29, 2015
- No If no, attach a copy of a draft Water Conservation Plan and Drought Contingency Plan prepared in accordance with the TWDB WCP Checklist (<http://www.twdb.state.tx.us/financial/instructions/doc/TWDB-1968.pdf>)
- Attached Draft WCP and Drought Contingency Plan**
 Attached Utility Profile TWDB-1965
<http://www.twdb.state.tx.us/financial/instructions/doc/TWDB-1965.pdf>
- N/A (Request is \$500,000 or less per Water Code §§ 15.106(c), 17.125(c), 17.277(c), and 17.857(c))

Note: If the applicant will utilize the project financed by the TWDB to furnish services to another entity that in turn will furnish services to the ultimate consumer, the requirements for the WCP may be met through contractual agreements between the applicant and the other entity providing for establishment of a water conservation plan. The provision requiring a WCP shall be included in the contract at the earliest of: the original execution, renewal or substantial amendment of that contract, or by other appropriate measures.

26. Does the applicant provide retail water services?
- Yes If yes, has the applicant already submitted to the TWDB the annual water use survey of groundwater and surface water for the last **THREE** years?
- Yes
 No If no, please download survey forms and attach a copy of the completed water use surveys to the application.
<http://www.twdb.texas.gov/waterplanning/waterusesurvey/index.asp>
 Attached Water Use Survey
- No

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

27. Is the applicant a retail public utility that provides potable water?
 Yes If yes, has the applicant already submitted the most recently required water loss audit to the TWDB?
 Yes
 No If no, and if applying for a water supply project, please complete the online TWDB Water Audit worksheet found at <http://www.twdb.texas.gov/conservation/resources/waterloss-resources.asp> and attach a copy to the application.
 Attached TWDB Water Audit worksheet
 No

28. Does the Applicant provide wastewater services?
 Yes
 No

Part C: Financial Information

Regional or wholesale providers, complete questions 29-31.

Retail providers, complete questions 32-34.

N/A, UID is not a Retail Provider.

29. List top **TEN** customers of the system by annual usage in gallons and percentage of total usage, including whether any are in bankruptcy.

Customer Name	Annual Usage (gal)	Percent of Usage	Bankruptcy (Y/N)
City of Mission	4,562,513,891	28.9%	N
City of McAllen	2,754,799,418	17.5%	N
Sharyland WSC	1,698,714,965	10.8%	N
Wonderful Citrus	663,787,935	4.2%	N
Lone Star Citrus Growers	480,620,016	3.0%	N
Tommy Thompson	477,950,121	3.0%	N
Terveen Farms	267,358,143	1.7%	N
Cimarron Country Club	194,031,050	1.2%	N
Canyon Lake RV Resort	184,324,067	1.2%	N
Garcia Citrus Farms, LLC	182,341,942	1.2%	N

Comments: The average consumption of Fiscal Years of 2013 and 2014 were evaluated as 2015 was abnormally wet.

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

30. List the top TEN customers of the system by gross revenues and percent of total revenues, including whether any are in bankruptcy

Customer Name	Annual Revenue(\$)	Percent of Revenue	Bankruptcy (Y/N)
City of Mission	\$794,144	29.4%	N
City of McAllen	\$469,506	17.4%	N
Sharyland WSC	\$318,919	11.8%	N
Wonderful Citrus	\$58,918	2.2%	N
Terveen Farms	\$47,601	1.8%	N
Lone Star Citrus	\$44,974	1.7%	N
Tommy Thompson	\$43,804	1.6%	N
Garcia Citrus Farms, LLC	\$17,581	0.7%	N
Cimarron County Club	\$15,860	0.6%	N
Canyon Lake RV Resort	\$14,219	0.5%	N

Comments: The average consumption of Fiscal Years of 2013 and 2014 were evaluated as 2015 was abnormally wet. Percentage of Revenue is limited to Operating Revenue that excludes Other Revenue.

31. Provide a summary of the wholesale contracts with customers

Contract Type	Minimum annual amount	Usage fee per 1,000 gallons	Annual Operations and Maintenance	Annual Capital Costs	Annual Debt Service	Other
City of Mission Water Supply & Delivery Contract	N/A	\$0.184	\$4,800 based on a flat rate equivalent of \$18.00/acre for 2,700 acres	N/A	Includes a capital reimbursement equivalent to the tax a farmer pays (currently \$0.00)	Contract is currently being amended to increase supply and annual fee.
City of McAllen Water Supply Contract	N/A	\$0.184	N/A	Capital Assessment based on a proration of amount diverted for the City of McAllen compared to total diversions from Rio Grande.	N/A	Take or Pay per acre foot not delivered of \$13.60 for 11,250 acre feet.
Sharyland WSC Water Supply & Delivery Contract	N/A	\$0.197	N/A	N/A	N/A	Annual Resolution tied to utility CPI.

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

32. List top **TEN** customers of the water and/or wastewater system by annual revenue with corresponding usage and percentage of total use, including whether any are in bankruptcy.

a. **WATER**

N/A

Customer Name	Annual Usage (gal)	Percent of Total Water Revenue	Bankruptcy (Y/N)

b. **WASTEWATER**

N/A

Customer Name	Annual Usage (gal)	Percent of Total Wastewater Revenue	Bankruptcy (Y/N)

33. Current Average Residential Usage and Rate Information

N/A

Service	Date of Last Rate Increase	Avg. Monthly Usage (gallons)	Avg. Monthly Bill (\$)	Avg. Monthly Increase Per Customer(\$)	Projected Monthly Increase Necessary (\$)
Water					
Wastewater					

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

34. Provide the number of customers for each of the past five years. **N/A**

Year	Number of Customers
20	
20	
20	
20	
20	

All applicants complete questions 35-51 of the financial section, as applicable.

35. Disclose all issues that may affect the project or the applicant's ability to issue and/or repay debt (such as anticipated lawsuits, judgments, bankruptcies, major customer closings, etc.).
None

36. Has the applicant ever defaulted on any debt?
 Yes If yes, disclose all circumstances surrounding prior default(s). _____
 No

37. Does the applicant have taxing authority?
 Yes
 No

38. Provide the last five-years of data showing total taxable assessed valuation including net ad valorem taxes levied, corresponding tax rate (detailing debt service and general purposes), and tax collection rate.

Fiscal Year Ending	Net Taxable Assessed Value (\$)	Tax Rate	General Fund	Interest & Sinking Fund	Tax Levy \$	Percentage Current Collections	Percentage Total Collections
20							
20							
20							
20							
20							

Comments: The District does not assess ad valorem taxes and has not for many years. As such, they do not keep track of taxable valuation in the District. (Hidalgo County)

39. Attach the last five-years of tax assessed values delineated by Classification (Residential, Commercial and Industrial). **If applicant does not have taxing authority, provide the assessed values of the county.**

- a) **2012 – Attached**
- b) **2013 – Attached**
- c) **2014 – Attached**
- d) **2015 – Attached**
- e) **2016 – Attached**

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

40. Attach the direct and overlapping tax rate table:
 Attached tax rate table **N/A**

41. Provide the current top **TEN** taxpayers showing percentage of ownership to total assessed valuation. State if any are in bankruptcy and explain anticipated prospective impacts in the Comments blank, below. If any of these have changed in the past three years, please provide information on the changes to the top ten. **N/A**

Taxpayer Name	Assessed Value	Percent of Total	Bankruptcy (Y/N)

Comments: _____

42. Provide the maximum tax rate permitted by law per \$100 of property value. **N/A**

43. Does the applicant collect sales tax?
 Yes Provide the sales tax collection history for the past five years.

Fiscal Year Ending	Total Collections
20	
20	
20	
20	
20	

No

44. Indicate the tax status of the proposed loan?

- Tax-Exempt - 80%
- Taxable - 20%

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

45. Proforma (Select one of the four listed below) Please be sure the proforma reflects the schedule requested, including multi-phased funding options.
- a. System revenues are anticipated to be used to repay the proposed debt. Attach a proforma indicating the following information for each year the debt is outstanding:
- projected gross revenues
 - operating and maintenance expenditures
 - outstanding and proposed debt service requirements
 - net revenues available for debt service and coverage of current and proposed debt paid from revenues
- b. Taxes are anticipated to be used to repay the proposed debt. Attach a pro forma indicating the following information for each year the debt is outstanding: **N/A**
- outstanding and proposed debt service requirements
 - the tax rate necessary to repay current and proposed debt paid from taxes
 - list the assumed collection rate and tax base used to prepare the schedule
- c. Combination of system revenues and taxes to be used to repay the proposed debt. Attach a pro forma indicating the following information for each year the debt is outstanding: **N/A**
- projected gross revenues, operating and maintenance expenditures, net revenues available for debt service
 - outstanding and proposed debt service requirements
 - the tax rate necessary to pay the current and proposed debt
 - list the assumed collection rate and tax base used to prepare the schedule
- d. Another type of pledge will be used to repay the proposed debt. Attach a pro forma with information for each year the debt is outstanding, which includes projected revenues, annual expenditures, outstanding debt requirements, and revenues available for debt service.
- Attached
46. Attach a **FIVE** year comparative system operating statement (not condensed) including audited prior years and an unaudited year-to-date statement. Unaudited year-to-date statement must reflect the financial status for a period not exceeding the latest six months.
- Attached Operating Statement.**
47. Attach **ONE** copy of an annual audit of financial statements, including the management letter, for the preceding fiscal year prepared by a certified public accountant or firm of accountants and, if the last annual audit was more than 6 months ago, then, provide interim financial information.
- Attached Annual Audit**
 - Attached Management Letter**
 - If applicable, attached interim financial information**
48. Does the applicant have any outstanding debt? (Check all that apply)
- Yes, General obligation debt
 - Yes, Revenue debt
 - Yes, Authorized but unissued debt
 - No

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

49. Attach a listing of total outstanding debt and identify the debt holder. Segregate by type (General Obligation or Revenue) and present a consolidated schedule for each, showing total annual requirements. Note any authorized but unissued debt.

a. General Obligation Debt:

Yes

Attached schedule. The schedule should also identify the debt holder.

No

b. Revenue:

Yes

Attached schedule. The schedule should also identify the debt holder.

No

c. Authorized by Unissued Debt:

Yes

Attached schedule. The schedule should also identify the debt holder.

No

50. List the ten largest employers of the Applicant's service area: N/A

Name	Number of Employees
Wal-Mart	5,004
HEB	4,343
Pharr – San Juan – Alamo ISD	4,100
McAllen CISD	3,900
Hidalgo County	3,821
Edinburg CISD	3,600
Doctors Hospital at Renaissance	3,400
Edinburg Regional Medical Center	3,000
University of Texas-Pan American	2,850
Weslaco ISD	2,817

Comments (example, any anticipated changes to the tax base, employers etc.) Represents data for Hidalgo County, Texas.

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

51. Provide any current bond ratings with date received. **N/A**

	Standard & Poor's	Date Received	Moody's	Date Received	Fitch	Date Received
G.O.	Not Rated	NA	Not Rated	NA	Not Rated	NA
Revenue	Not Rated	NA	Not Rated	NA	Not Rated	NA

52. Is the project intended to allow the applicant to provide or receive water or sewer services to or from another entity?

- Yes. If yes, the applicant must attach, at a minimum, the proposed agreement, contract, or other documentation establishing the service relationship, with the final and binding agreements provided prior to loan closing.
- Attached**
- No.

Part D: Project Information

53. Description of Project Need (for example, is the project needed to address a current compliance issue, avoid potential compliance issues, extend service, expand capacity, etc.):
The strategy is for an off-channel storage reservoir between the diversion point from the Rio Grande and the first pumping station in the United Irrigation District system. There is a delay between the time that the users in the District request water and the time when the Irrigation District can divert that water from the river because of the distance that the water must travel. Water is ordered 2 days in advance based on forecasted needs. In the time (generally 2-3 days) between when water is released and when it is diverted, rainfall in the district can fill the available storage space in the main canals and reduce demands. When this happens, the District has nowhere to store the water they have requested and their water right account is charged with 90% of the volume that was released for them. United ID has quantified these losses annually from 2008 to 2012 and an estimated average of 3.7% of their annual diversions is lost as a result of insufficient storage. A storage reservoir is proposed between the pump station at the Rio Grande and the first pump station within the ID canal network which would have a 600 AF storage capacity, as opposed to the estimated 80AF capacity of their main canal. This would allow for general operational improvements within the District, but will also yield an estimated additional 2,000 AF of supply in a drought of record scenario without any additional water rights. United Irrigation District also manages Hidalgo County Irrigation District No. 16, which is upriver from United. With the approval of the Watermaster, United would be able to pump and store any water that HCID No. 16 is unable to divert as a result of storage limitations and periodic equipment failures. HCID No. 16 is estimated to lose 5% of their annual diversions.

54. Description of Project, including a bulleted list of project elements/components, and alternatives considered (including existing facilities):
See attached "Off Channel Storage Facility Planning Report" and Alternatives Analysis.

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

A complete preliminary engineering feasibility data must include:

- a. A description and purpose of the project, including existing facilities.
 - Note: CWSRF and DWSRF must address issues scored in Intended Use Plan submittal

Attached

- b. **If project is for Construction only, then attach** the appropriate Engineering Feasibility Report:

a) **Water** (TWDB-0555 at

<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0555.pdf>)

Attached

b) **Wastewater** (TWDB-0556 at

<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0556.pdf>)

Attached

- c. DWSRF applicants must complete a Projected Draw Schedule (TWDB-1202 at <http://www.twdb.texas.gov/financial/instructions/doc/TWDB-1202.xls>)

55. Water Made Available (For projects requesting a construction component):

a. *New supply* _____ (acre-feet/year) _____ (\$) *capital cost*

- o The **increase** in the total annual volume of water supply that will be made available to the recipient(s) by the proposed project.
- o Water Plan project examples: new groundwater wells, reservoir development, pipelines to sources.

b. *New Conservation savings* 2,000 (acre-feet/year) \$8,100,000 (\$) *capital cost*

- o Annual volume of anticipated water savings resulting from implementation of the proposed conservation project including water loss) and other conservation activities,
- o Water Plan project examples: municipal conservation, advanced Water Conservation, on-farm conservation, brush control, irrigation conservation.

c. *New Reuse supply* _____ (acre-feet/year) _____ (\$) *capital cost*

- o Increase in the annual volume of (direct or indirect) reuse water supply that will be made available to the recipient(s) by the proposed project.
- o Water Plan project examples: direct reuse, non-potable reuse, recycled water programs.

d. *Maintenance of Current Supply* _____ (acre-feet/year) _____ (\$) *capital cost*

- o Volume of recipients' current supplies that will be maintained by implementing the proposed project
- o Water Plan project examples: None. Not a water plan project. (Examples of these type projects: treatment rehabilitation, system storage facilities, system upgrades).

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

56. Project Location: Attach a map of the service area and drawings as necessary to locate and describe the project. The map should show the project footprint and major project components.
 Attached

57. Attach the Census tract numbers in which the applicant's service area is within. The Census tracts within your area may be found at:
<http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>

Please follow these steps:

- Select Advanced Search.
- Select the Geographies button located below Topics (left side of page).
- On the top of the window select the Name tab.
- In the text box, type "All Census Tracts within____" (Fill in the blank with the name of a County Subdivision or a Place.) Select "Go".
- If your town is a County Subdivision, select the geography labeled "All Census Tracts (or parts) within City, County, State" from the Geography Results. If your town is a place select the geography labeled "All Census Tracts (or parts) full-or-partially within City, State" from the Geography Results.
- Close the Geographies Search window.
- Use the Topics on the left side of the page to further refine your search or to select a table(s) from your search results.

Attached Census tracts

58. Project Schedule: (See attached detailed Schedule on page 265.1)
a) Requested loan closing date.
November 1, 2016
b) Estimated date to submit environmental planning documents.
November 23, 2016
c) Estimated date to submit engineering planning documents.
April 15, 2017
d) Estimated date for completion of design.
October 2, 2017
e) Estimated Construction start date for first contract.
March 12, 2018
f) Estimated Construction end date for last contract.
December 7, 2019

59. **Attach** a copy of current and future populations and projected water use or wastewater flows. Include entities to be served.

Attached Region M Plan Projections

60. Attach the most current itemized project cost estimate (include all costs and funding sources). Utilize the budget format provided (TWDB-1201 at <http://www.twdb.texas.gov/financial/instructions/> . If applying for pre-construction costs only (i.e., P, A, D) then itemize only the relevant portions in the attached budget template

Attached

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

61. Attach the appropriate Project Information Form: **N/A**
- Wastewater:** Attached a completed Wastewater Project Information Form WRD-253a <http://www.twdb.texas.gov/financial/instructions/index.asp>
- Water:** Attached a completed Water Project Information Form WRD-253d <http://www.twdb.texas.gov/financial/instructions/index.asp>

62. If the project is for Construction only, wastewater projects that involve the construction of a new plant or the expansion of an existing plant and/or associated facilities, attach evidence that an application for a new Texas Pollution Discharge Elimination System Permit or amendment to an existing permit related to the proposed project has been filed with the Texas Commission on Environmental Quality (TCEQ). Final permit authorization must be obtained from the TCEQ before funds can be released for construction activities. **N/A**
- Attached**
- No. Provide explanation:

63. If this project will result in: (a) an increase by the applicant in the use of groundwater, (b) drilling a new water well, or (c) an increase by the applicant in use of surface water, then the applicant must demonstrate that it has acquired – by contract, ownership or lease – the necessary property rights, groundwater permits, and/or surface water rights sufficient for the project before funds can be released for construction.

a) Does the applicant currently own all the property rights, groundwater permits and surface water rights needed for this project?

- Yes If yes, please attach the completed, appropriate form.
1. WRD 208A (<http://www.twdb.texas.gov/financial/instructions/index.asp>) (Surface Water)
- Attached**
2. WRD 208B (<http://www.twdb.texas.gov/financial/instructions/index.asp>) (Groundwater)
- Attached**
- No
- N/A**

b) If all property rights, groundwater permits, and surface water rights, needed for this project have not yet been acquired, identify the rights and/or permits that will need to be acquired and provide the anticipated date by which the applicant expects to have acquired such rights and/or permits. **N/A: No new rights are proposed.**

Type of Permit Water Right	Entity from which the permit or right must be acquired	Acquired by lease or full ownership	Expected acquisition date	Permit / Water Right ID No.

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

- c) List any major permits not identified elsewhere that are necessary for completion of project. Also, list any more necessary minor permits that may involve particular difficulty due to the nature of the proposed project.

Permit	Issuing Entity	Permit Acquired (Y/N)
TCEQ DAM Safety Review	TCEQ DAM Safety Division	No, will be requested with final construction plans.

64. Has the applicant obtained all necessary land and easements for the project?

- Yes. If yes, attach the site certificate (ED-101 at <http://www.twdb.texas.gov/financial/instructions/index.asp>)
 Attached
- No. If no, **fill out the table below** and describe the land or easements that will need to be acquired, provide the anticipated date by which the applicant expects to have the land or easements, and indicate if funding from TWDB is to be used for the acquisition.

Description of Land or Easement Permit	Entity from which the permit or right must be acquired	Acquired by lease or full ownership	Expected acquisition date	To Be Funded by TWDB (Yes/No)
73 Acre Tract	RL Rhodes Enterprises	Ownership	12/30/2016	Yes

65. Has a Categorical Exclusion (CE), Determination of No Effect (DNE), Finding of No Significant Impact (FONSI), Record of Decision (ROD), or any other environmental determination been issued for this project?

- Yes
 Attach a copy of the finding.
 No

66. Is the project potentially eligible for a Categorical Exclusion (CE)/ Determination of No Effect (DNE) because it involves only minor rehabilitation or the functional replacement of existing equipment?

- Yes
 No

67. Are there potentially adverse environmental or social impacts that may require mitigation or extensive regulatory agency or public coordination (e.g. known impacts to properties eligible for listing on the National Register of Historic Places; potentially significant public controversy; need for an individual permit from the U.S. Army Corps of Engineers)?

- Yes
 If yes, attach additional information
 No

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

Part E: State Water Implementation Fund for Texas (SWIFT) Applicants Only:

68. Identify the type of SWIFT funding (If more than one funding option is being requested indicate the amount of funding for each):

- | | | |
|-------------------------------------|---------------------|-----------------|
| <input type="checkbox"/> | Deferred | \$ |
| <input checked="" type="checkbox"/> | Low Interest Loan | \$ 8,100,000.00 |
| <input type="checkbox"/> | Board Participation | \$ |

69. For multi-year funding request or phased commitments, provide a schedule reflecting the closing dates for each loan requested. **N/A**

Attached

70. **Notice to SWIFT Applicants:** Texas Water Code Sec. 15.435(h) requires all recipients of financial assistance from the SWIFT to acknowledge any applicable legal obligations in federal law, related to contracting with disadvantaged business enterprises, and state law, related to contracting with historically underutilized businesses. Checking the boxes below serves as this acknowledgement.

As an applicant for financial assistance from SWIFT, I acknowledge that this project must comply with any applicable legal obligations in federal law related to contracting with disadvantaged business enterprises.

As an applicant for financial assistance from SWIFT, I acknowledge that this project must comply with applicable legal obligations in state law (Texas Government Code Chapter 2161 and Texas Administrative Code Chapter 20, Subchapter B) related to contracting with historically underutilized businesses.

71. Provide drafts of the following documents:

a. Proposed Bond Ordinance

Attached

b. Private Placement Memorandum

Attached

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

Part I: Summary of attachments to application

Following is a list of the documents that may be necessary in order to process this application. While not all of the listed information below may be required for all projects, an applicant should review the application carefully because incomplete applications will not be processed until all of this information has been provided. In addition, please make sure your entity system name appears on every attachment. **Label each attachment with the number of the pertinent application section (i.e. "Part B5").**

Check list for your convenience

- Part A General Information**
 No. 6 Draft or executed consulting contracts (engineering, financial advisor, bond counsel)
 No. 12 Existing security document for refinancing

- Part B Legal**
 No. 17 Resolution (TWDB-0201A)
 No. 18 Application Affidavit (TWDB-0201)
 No. 19 Certificate of Secretary (TWDB-201B)
 No. 20 Water Supply Corporations
 Articles of Incorporation
 Certificate of incorporation from the Texas Secretary of State
 By-laws and any amendments
 Certificate of status from the Texas Secretary of State
 Certificate of account status from Texas Comptroller
 No. 21 Resolution/ordinance authorizing the issuance of parity debt
 No. 22 Certificate of Convenience & Necessity
 No. 23 Enforcement Actions
 No. 24 Affidavit of No Objection
 No. 25 Two copies of the Water Conservation Plan (TWDB-1968 and TWDB-1965)
 No. 26 Water use surveys
 <http://www.twdb.texas.gov/waterplanning/waterusesurvey/index.asp>
 No. 27 Water Loss Audit
 <http://www.twdb.texas.gov/conservation/resources/waterloss-resources.asp>

- Part C Financial**
 No. 39 Assessed Values by Classifications
 No. 40 Direct and Overlapping Tax Table
 No. 45 Proforma for each year of debt outstanding
 No. 46 Five year comparative system operating statement.
 No. 47 Annual audit and management letter
 No. 49 Outstanding debt schedule
 No. 52 Service provider contracts

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

Part D

- No. 54a Preliminary Engineering Feasibility Data (PEFD)
 No. 54b Engineering Feasibility Report
 Water (TWDB-0555)
 Wastewater (TWDB-0556) – **N/A**
 No. 54c Project Draw Schedule (TWDB-1202)
 No. 56 Project Map
 No. 57 Census Tract(s)
 No. 59 Current and future populations and projected water use or wastewater flows
 No. 60 Project Cost Estimate Budget (TWDB-1201)
 No. 61 Wastewater Project Information Form (WRD-253a)
 Water Project Information Form (WRD-253d)
 No. 62 Texas Pollution Discharge Elimination System Permit
 No. 63 If applicant has property rights and permits
 a. WRD-208A (Surface Water)
 b. WRD-208B (Groundwater)
 No. 63c Additional Permits
 No. 64 Site certificate, evidencing land ownership for the project. (ED-101)
 No. 65 Categorical Exclusion (CE), Finding of No Significant Impact (FONSI), Record of Decision or any other supporting document
 No. 67 Social or environmental issues

Part E

- No. 69 Multi-year/phased commitment schedule
 No. 71a Draft Bond Ordinance
 No. 71b Private Placement Memorandum

Part F

- No. 73 Resolution/ordinance establishing a mandatory hookup policy
 No. 74 EDAP applicants
 Inadequacy documentation
 Financial resources documentation
 Existence of residences prior to 06/01/2005
 No. 75 Public health nuisance
 No. 76 Plats
 No. 77 EDAP Planning Phase – Facility Engineering Plan/Scope of Services (WRD-023A)

Part G

- No. 82 CWSRF/DWSRF Applicants Only
 Lobbying Activities (WRD-213)
 No. 83 Certification Regarding Debarment, Suspension and Other Responsibility Requirements. (SRF-404)
 No. 84 Assurances – Construction Programs (EPA-424D)
 Disadvantaged Business Requirements Guidance (TWDB-0210)
 No. 86 Affirmative Steps Certification and Goals (TWDB-0215)
 No. 87 Affirmative Steps Solicitation Report (TWDB-216)
 No. 88 Loan/ Grant Participation Summary (TWDB-0373)
 No. 89 Prime Contractor Affirmative Steps Certification and Goals (TWDB-217)
 No. 90 Designated Management Agency (WRD-210)

Part H

- No. 93 Green Projects
 Guidance (TWDB-0161)
 CWSRF Green Project Worksheets (TWDB-0162)
 DWSRF Green Project Worksheets (TWDB-0163)

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

Part J: Guidance and Forms

Part A General Information

CWSRF – 31 TAC 375

DWSRF – 31 TAC 371

EDAP and SWIFT - 31 TAC 363

For more information visit, <http://www.twdb.texas.gov/about/rules/index.asp>.

Part D Project Information

[State Programs - 31 TAC 363](#)

[Drinking Water State Revolving Fund - 31 TAC 371](#)

[Clean Water State Revolving Fund / Equivalency - 31 TAC 375](#)

[Clean Water State Revolving Fund / Non-Equivalency - 31 TAC 375](#)

Guidelines for Environmental Assessment, Clean Water Non-Equivalency (ED-001A)

Clean Water EID Instructions (SRF-099)

Guidelines for Environmental Assessment, State Participation, DFund, RWAF and WIF,
(ED-001B)

Guidelines for Environmental Assessment, EDAP (ED-001C)

Drinking Water EID Instructions (DW-001)

Part H Green Projects and Project Components

Green Project Reserve: Guidance for determining project eligibility
(TWDB-0161)

Ferris, Flinn & Medina, LLC Agreement

Ferris, Flinn & Medina, LLC utilizes a standard form of agreement for professional services developed by the Engineers Joint Contract Documents Committee, 2004 Edition. The original Agreement, attached, was effective October 4, 2007. The Agreement has been amended to extend the term of the Agreement as follows:

Amendment No. 1 to extend the Agreement to December 31, 2012

Amendment No. 2 to extend the Agreement to October 31, 2015

Amendment No. 3 to change the name of the Engineer from Ferris & Flinn, LLC to Ferris, Flinn & Medina, LLC.

The Agreement is a Task Order Form and Ferris, Flinn & Medina, LLC proposes Amendment No. 4 to extend the agreement to June 30, 2019, through the end of the project. The agreement includes the 2014 Standard Schedule of Fees for Ferris, Flinn & Medina, LLC. Also proposed is Task Order No. 039, which covers the proposed Reservoir Project. A Draft Amendment No. 4 and Task Oder No. 039 are attached for consideration by the Texas Water Development Board before presentation to the United Irrigation District Board of Directors for final approval. Also attached is the October 4, 2007 Standard Form of Agreement.

UNITED IRRIGATION DISTRICT
TASK ORDER - 039

This is Task Order No. 039,
consisting of 3 pages.

Task Order

In accordance with paragraph 1.01 of the Standard Form of Agreement Between Owner and Engineer for Professional Services – Task Order Edition, dated October 4, 2007 ("Agreement"), Owner and Engineer agree as follows:

1. Specific Project Data

A. Title: Off Channel Storage Facility

Description: Engineering, Surveying and Project Representative Services for Planning, Designing, Permitting and Construction of a 600 acre foot Off Channel Storage Facility and related Pump Station

2. Services of Engineer

The Engineer will provide planning, design, surveying, permitting, bidding, SWIFT loan support, construction phase contract administration and project representation services for the proposed project.

3. Owner's Responsibilities

Owner shall have those responsibilities set forth in Article 2 and in Exhibit B.

4. Times for Rendering Services

The services shall be rendered in the amount of time necessary to accomplish all project tasks. The current project schedule includes a completion date of March 7, 2019.

UNITED IRRIGATION DISTRICT
TASK ORDER - 039

5. **Payments to Engineer**

A. Owner shall pay Engineer for services rendered as set forth in Article 2 of the Agreement.

<i>Category of Services</i>	<i>Compensation Method</i>	<i>Lump Sum, or Estimate of Compensation for Services</i>
<i>Standard Report Phase (Planning)</i>	<i>Method "A" - Lump Sum 15% of 7% of Estimated Construction Cost</i>	<i>\$37,699 (Estimated Total)</i>
<i>Preliminary Design Phase</i>	<i>Method "A" - Lump Sum 15% of 7% of Estimated Construction Cost</i>	<i>\$56,548</i>
<i>Final Design Phase</i>	<i>Method "A" - Lump Sum 50% of 7% of Estimated Construction Cost</i>	<i>\$188,493</i>
<i>Bidding Phase</i>	<i>Method "A" Lump Sum 5% of 7% of Estimated Construction Cost</i>	<i>\$18,849</i>
<i>Construction Phase</i>	<i>Method "A" - Lump Sum 20% of 7% of Estimated Construction Cost</i>	<i>\$75,397</i>
<i>Total Lump Sum Compensation</i>		<i>\$376,986</i>
<i>Additional Services</i>	<i>Method "B"-Standard Hourly Rates</i>	
<i>Application</i>		<i>\$8,259</i>
<i>Environmental</i>		<i>\$15,000</i>
<i>Surveying</i>		<i>\$53,855</i>
<i>Permitting (TCEQ Dam Safety Approval)</i>		<i>\$25,000</i>
<i>Inspection</i>		<i>\$150,000</i>
<i>O&M Manual</i>		<i>\$5,000</i>
<i>Total Estimated Compensation for Additional Services</i>		<i>\$257,114</i>
<i>Estimated Total of Lump Sum & Additional Services</i>		<i>\$634,100</i>

B. The terms of payment are set forth in Article 4 of the Agreement and in Exhibit C.

UNITED IRRIGATION DISTRICT
TASK ORDER - 039

Terms and Conditions: Execution of this Task Order by Owner and Engineer shall make it subject to the terms and conditions of the Agreement (as modified above), which Agreement is incorporated by this reference. Engineer is authorized to begin performance upon its receipt of a copy of this Task Order signed by Owner.

The Effective Date of this Task Order is June 30, 2016.

OWNER:

ENGINEER:

By: _____

By: _____

Name: Jesus Garcia

Name: Frank A. Ferris, P.E.

Title: President

Title: President

Engineer License or Firm's Certificate No. 70724
#F-000897
State of: Texas

DESIGNATED REPRESENTATIVE FOR TASK ORDER:

DESIGNATED REPRESENTATIVE FOR TASK ORDER:

Name: Mike Warshak

Name: Frank A. Ferris, P.E.

Title: General Manager

Title: President

Address: PO Box 877
Mission, TX 78573

Address: 1405 N. Stuart Place Rd
Harlingen, TX 78552

E-Mail Address: mike@united-irrigation.com

E-Mail Address: f.ferris@ferrisandflinn.com

Phone: (956) 585-4818

Phone: (956) 364-2236

Fax: (956) 585-9743

Fax: (956) 364-1023

This is **EXHIBIT K**, consisting of 4 pages, referred to in and part of the **Agreement between Owner and Engineer for Professional Services – Task Order Edition** dated October 4, 2007.

Amendment To Agreement, No. 4, June 30, 2016

1. Background Data:

- a. Effective Date of Task Order Agreement: October 4, 2007
- b. Owner: United Irrigation District
- c. Engineer: Ferris, Flinn & Medina, LLC
- d. Amendment to Agreement No. 4

2. Nature of Amendment [*Check those that are applicable and delete those that are inapplicable.*]

- Additional Services to be performed by Engineer
- Modifications to Services of Engineer
- Modifications to Responsibilities of Owner
- Modifications to Payment to Engineer
- Modifications to Time(s) for rendering Services
- Modifications to other terms and conditions of the Agreement

3. Description of Modifications

Article 3 – TERM; 3.01 Term, A. The Term of the Agreement is hereby extended to June 30, 2019.

Exhibit C, Appendix 1 and Appendix 2 are modified per the attached Exhibits noted "Amendment to Agreement No. 3, June 30, 2016."

Owner and Engineer hereby agree to modify the above referenced Agreement as set forth in this Amendment. All provisions of the Agreement not modified by this or previous Amendments remain in effect. The Effective Date of this Agreement is June 30, 2016.

OWNER: _____

By: Jesus Garcia

Title: President

Date Signed: _____

ENGINEER: _____

By: Frank A. Ferris, PE

Title: President

Date Signed: _____

By: _____
Ricardo Garcia

Title: Secretary

Date Signed: _____

This is **Appendix 1 to EXHIBIT C**, consisting of 1 pages, referred to in and part of the **Standard Form of Agreement between Owner and Engineer for Professional Services – Task Order Edition**, dated October 4, 2007.

Reimbursable Expenses Schedule

Amendment to Agreement No. 4 June 30, 2016.

Current agreements for engineering services stipulate that the Reimbursable Expenses are subject to review and adjustment per Exhibit C. Rates for reimbursable expenses effective on the date of this Agreement are:

8 ½”x11” Copies/Impressions	<u>\$0.10 /Page</u>
Plan Sheet Copies	<u>\$2.00 /Each</u>
Reproducible Copies (Mylar)	<u>\$5.00 /Each</u>
Polaris Ranger	<u>\$10.00/Hour</u>
Survey Boat	<u>\$10.00/Hour</u>
Survey Grade GPS Unit	<u>\$35.00/Hour</u>
Subcontractor invoices	<u>+ 10 /Percent</u>
Fees & Permit	<u>+ 10 /Percent</u>

This is **Appendix 2 to EXHIBIT C**, consisting of 1 pages, referred to in and part of the **Agreement between Owner and Engineer for Professional Services – Task Order Edition** dated October 4, 2007.

Standard Hourly Rates Schedule

Amendment to Agreement No. 4, June 30, 2016.

Current agreements for engineering services stipulate that the standard hourly rates are subject to review and adjustment per Exhibit C. Hourly rates for services effective on the date of this Agreement are:

Sr. Professional Engineer	<u>\$140.00/hour</u>
Registered Engineer	<u>\$120.00/hour</u>
Sr. Registered Public Land Surveyor	<u>\$125.00/hour</u>
Registered Public Land Surveyor	<u>\$110.00/hour</u>
Engineer in Training	<u>\$90.00/hour</u>
Senior CAD Technician	<u>\$75.00/hour</u>
Project Representative	<u>\$75.00/hour</u>
Office Manager	<u>\$70.00/hour</u>
Sr. Party Chief	<u>\$70.00/hour</u>
Surveyor in Training (Project Manager)	<u>\$70.00/hour</u>
Party Chief	<u>\$60.00/hour</u>
CAD Technician	<u>\$60.00/hour</u>
Administrative Assistant	<u>\$55.00/hour</u>
Secretary	<u>\$40.00/hour</u>
Instrument Man	<u>\$40.00/hour</u>
Rodman	<u>\$30.00/hour</u>
CAD Technician in Training	<u>\$25.00/hour</u>
Polaris Ranger	<u>\$10.00/hour</u>
Subcontractor and Expense Markup	<u>10%/markup</u>
Survey Boat	<u>\$10.00/hour</u>
Survey Grade GPS Unit	<u>\$35.00/hour</u>

FERRIS, FLINN & MEDINA, LLC

E N G I N E E R S S U R V E Y O R S

November 4, 2014

202 - Contract

United Irrigation District
Mike Warshak & Board of Directors
P.O. Box 877
Mission, TX 78573

Re Renewal and Amendment of Engineering Agreement
 Ferris & Flinn, LLC, now known as Ferris, Flinn & Medina, LLC

Dear All,

Ferris & Flinn, LLC has been operating under a Standard Form of Agreement approved by the Board of Directors on October 4, 2007 and extended on December 17, 2010 and October 13, 2013. This Amendment revises the name of the engineer to Ferris, Flinn & Medina, LLC.

Attached is Amendment to Agreement No. 3. We have enjoyed working for the District and look forward to a continued relationship. I will attend the Board meeting next week to discuss this Amendment with you and the Board.

Respectfully,
FERRIS, FLINN & MEDINA, LLC



Frank A. Ferris, PE
President

FAF/sh

This is **EXHIBIT K**, consisting of 2 pages, referred to in and part of the **Agreement between Owner and Engineer for Professional Services – Task Order Edition** dated October 4, 2007.

Amendment To Agreement, No. 3, November 13, 2014

1. Background Data:

- a. Effective Date of Task Order Agreement: October 4, 2007
- b. Owner: United Irrigation District
- c. Engineer: Ferris & Flinn, LLC
- d. Specific Project: No. 3

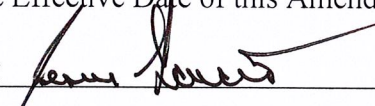
2. Nature of Amendment [*Check those that are applicable and delete those that are inapplicable.*]


- Additional Services to be performed by Engineer
- Modifications to Services of Engineer
- Modifications to Responsibilities of Owner
- Modifications to Payment to Engineer
- Modifications to Time(s) for rendering Services
- Modifications to other terms and conditions of the Task Order

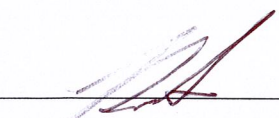
3. Description of Modifications

Revise name of Engineer to Ferris, Flinn & Medina, LLC.

Owner and Engineer hereby agree to modify the above-referenced Task Order as set forth in this Amendment. All provisions of the Agreement not modified by this or previous Amendments remain in effect. The Effective Date of this Amendment is November 13, 2014.

OWNER: 
By: Jesus Garcia
Title: President
Date Signed: _____

ENGINEER: 
By: Frank A. Ferris, PE
Title: President
Date Signed: 11.13.14


By: Ricardo Garcia
Title: Secretary
Date Signed: _____

This is **EXHIBIT K**, consisting of 4 pages, referred to in and part of the **Agreement between Owner and Engineer for Professional Services – Task Order Edition** dated October 4, 2007.

Amendment To Agreement, No. 2, October 31, 2013

1. Background Data:

- a. Effective Date of Task Order Agreement: October 4, 2007
- b. Owner: United Irrigation District
- c. Engineer: Ferris & Flinn, LLC
- d. Amendment to Agreement No. 2

2. Nature of Amendment [*Check those that are applicable and delete those that are inapplicable.*]

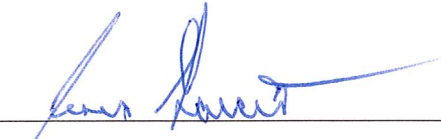
- Additional Services to be performed by Engineer
- Modifications to Services of Engineer
- Modifications to Responsibilities of Owner
- Modifications to Payment to Engineer
- Modifications to Time(s) for rendering Services
- Modifications to other terms and conditions of the Agreement


3. Description of Modifications


Article 3 – TERM; 3.01 Term, A. The Term of the Agreement is hereby extended to October 31, 2015.

Exhibit C, Appendix 1 and Appendix 2 are modified per the attached Exhibits noted "Amendment to Agreement No. 2, October 31, 2013."

Owner and Engineer hereby agree to modify the above referenced Agreement as set forth in this Amendment. All provisions of the Agreement not modified by this or previous Amendments remain in effect. The Effective Date of this Agreement is October 31, 2013.

OWNER: 
By: Jesus Garcia
Title: President
Date Signed: _____

ENGINEER: 
By: Frank A. Ferris, PE
Title: President
Date Signed: 10.30.13

By: 
Title: Secretary
Date Signed: _____

This is **Appendix 1 to EXHIBIT C**, consisting of 1 pages, referred to in and part of the **Standard Form of Agreement between Owner and Engineer for Professional Services – Task Order Edition**, dated October 4, 2007.

Reimbursable Expenses Schedule

Amendment to Agreement No. 2 October 31, 2013.

Current agreements for engineering services stipulate that the Reimbursable Expenses are subject to review and adjustment per Exhibit C. Rates for reimbursable expenses effective on the date of this Agreement are:

8 ½"x11" Copies/Impressions	<u>\$0.10 /Page</u>
Plan Sheet Copies	<u>\$2.00 /Each</u>
Reproducible Copies (Mylar)	<u>\$5.00 /Each</u>
Polaris Ranger	<u>\$10.00/Hour</u>
Survey Boat	<u>\$10.00/Hour</u>
Survey Grade GPS Unit	<u>\$35.00/Hour</u>
Subcontractor invoices	<u>+ 10 /Percent</u>
Fees & Permit	<u>+ 10 /Percent</u>

This is **Appendix 2 to EXHIBIT C**, consisting of 1 pages, referred to in and part of the **Agreement between Owner and Engineer for Professional Services – Task Order Edition** dated October 4, 2007.

Standard Hourly Rates Schedule

Amendment to Agreement No. 2, October 31, 2013.

Current agreements for engineering services stipulate that the standard hourly rates are subject to review and adjustment per Exhibit C. Hourly rates for services effective on the date of this Agreement are:

Registered Engineer	<u>\$140.00/hour</u>
Senior Registered Public Land Surveyor	<u>\$125.00/hour</u>
Registered Public Land Surveyor	<u>\$110.00/hour</u>
Engineer in Training	<u>\$90.00/hour</u>
Senior CAD Technician	<u>\$75.00/hour</u>
Project Representative	<u>\$75.00/hour</u>
Office Manager	<u>\$70.00/hour</u>
Senior Party Chief	<u>\$70.00/hour</u>
Surveyor in Training (Project Manager)	<u>\$70.00/hour</u>
Party Chief	<u>\$60.00/hour</u>
CAD Technician	<u>\$60.00/hour</u>
Administrative Assistant	<u>\$55.00/hour</u>
Secretary	<u>\$40.00/hour</u>
Instrument Man	<u>\$40.00/hour</u>
Rodman	<u>\$30.00/hour</u>
CAD Technician in Training	<u>\$25.00/hour</u>
Polaris Ranger	<u>\$10.00/hour</u>
Subcontractor and Expense Markup	<u>10%/markup</u>
Survey Boat	<u>\$10.00/hour</u>
Survey Grade GPS Unit	<u>\$35.00/hour</u>

**STANDARD FORM OF AGREEMENT
BETWEEN OWNER AND ENGINEER
FOR
PROFESSIONAL SERVICES
TASK ORDER EDITION**

**Between
Ferris & Flinn, LLC
And
United Irrigation District**

Prepared by
ENGINEERS JOINT CONTRACT DOCUMENTS COMMITTEE
and

Issued and Published Jointly by



PROFESSIONAL ENGINEERS IN PRIVATE PRACTICE
a practice division of the
NATIONAL SOCIETY OF PROFESSIONAL ENGINEERS

AMERICAN COUNCIL OF ENGINEERING COMPANIES

AMERICAN SOCIETY OF CIVIL ENGINEERS

THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA

This Agreement has been prepared for use with the Standard General Conditions of the Construction Contract (No. C-700, 2002 Edition) of the Engineers Joint Contract Documents Committee. Their provisions are interrelated, and a change in one may necessitate a change in the other.

EJCDC No. E-505 (2004 Edition)

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TABLE OF CONTENTS

	Page
Article 1 – SERVICES OF ENGINEER	1
1.01 Scope	1
1.02 Task Order Procedure	1
Article 2 – OWNER’S RESPONSIBILITIES	1
2.01 General	1
Article 3 – TERM; TIMES FOR RENDERING SERVICES	2
3.01 Term	2
3.02 Times for Rendering Services	2
Article 4 – PAYMENTS TO ENGINEER	2
4.01 Invoices	2
4.02 Payments	3
Article 5 – OPINIONS OF COST	3
5.01 Opinions of Probable Construction Cost.....	3
5.02 Designing to Construction Cost Limit	3
5.03 Opinions of Total Project Costs	4
Article 6 – GENERAL CONSIDERATIONS	4
6.01 Standards of Performance.....	4
6.02 Design Without Construction Phase Services.....	5
6.03 Use of Documents.....	5
6.04 Insurance	6
6.05 Suspension and Termination	7
6.06 Controlling Law	8
6.07 Successors, Assigns, and Beneficiaries.....	8
6.08 Dispute Resolution.....	9
6.09 Environmental Condition of Site.....	9
6.10 Indemnification and Mutual Waiver	10
6.11 Miscellaneous Provisions	11
Article 7 – DEFINITIONS	12
7.01 Defined Terms	12
Article 8 – EXHIBITS AND SPECIAL PROVISIONS	17
8.01 Exhibits	17
8.02 Total Agreement	17
8.03 Designated Representatives.....	17

STANDARD FORM OF AGREEMENT
BETWEEN OWNER AND ENGINEER
FOR
PROFESSIONAL SERVICES
TASK ORDER EDITION

THIS IS AN AGREEMENT effective as of October 4, 2007 ("Effective Date") between
United Irrigation District ("Owner") and
Ferris & Flinn, LLC ("Engineer").

From time to time Owner may request that Engineer provide professional services for Specific Projects. Each engagement will be documented by a Task Order. This Agreement sets forth the general terms and conditions which shall apply to all Task Orders duly executed under this Agreement.

Owner and Engineer agree as follows:

ARTICLE 1 – SERVICES OF ENGINEER

1.01 *Scope*

- A. Engineer's services will be detailed in a duly executed Task Order for each Specific Project. Each Task Order will indicate the specific tasks and functions to be performed and deliverables to be provided. Basic and Additional Services that may be included in a Task Order are set forth in Exhibit A, "Schedule of Engineer's Services."
- B. The general format of a Task Order is shown in Attachment 1 to this Agreement.
- C. This Agreement is not a commitment by Owner to Engineer to issue any Task Orders.
- D. Engineer shall not be obligated to perform any prospective Task Order unless and until Owner and Engineer agree as to the particulars of the Specific Project, Engineer's services, Engineer's compensation, and all other appropriate matters.

1.02 *Task Order Procedure*

- A. Owner and Engineer shall agree on the scope, time for performance, and basis of compensation for each Task Order. Each duly executed Task Order shall be subject to the terms and conditions of this Agreement.
- B. Engineer will commence performance as set forth in the Task Order.

ARTICLE 2 – OWNER'S RESPONSIBILITIES

2.01 *General*

- A. Owner shall have the responsibilities set forth herein, in Exhibit B, "Schedule of Owner's Responsibilities," and in each Task Order.

- B. Owner shall pay Engineer as set forth in Exhibit C.
- C. Owner shall be responsible for, and Engineer may rely upon, the accuracy and completeness of all requirements, programs, instructions, reports, data, and other information furnished by Owner to Engineer pursuant to this Agreement. Engineer may use such requirements, programs, instructions, reports, data, and information in performing or furnishing services under this Agreement.

ARTICLE 3 – TERM; TIMES FOR RENDERING SERVICES

3.01 Term

- A. This Agreement shall be effective and applicable to Task Orders issued hereunder for 2 years from the Effective Date of the Agreement.
- B. The parties may extend or renew this Agreement, with or without changes, by written instrument establishing a new term.

3.02 Times for Rendering Services

- A. The times for performing services or providing deliverables will be stated in each Task Order. If no times are so stated, Engineer will perform services and provide deliverables within a reasonable time.
- B. If, through no fault of Engineer, such periods of time or dates are changed, or the orderly and continuous progress of Engineer's services is impaired, or Engineer's services are delayed or suspended, then the time for completion of Engineer's services, and the rates and amounts of Engineer's compensation, shall be adjusted equitably.
- C. If Owner authorizes changes in the scope, extent, or character of the Specific Project, then the time for completion of Engineer's services, and the rates and amounts of Engineer's compensation, shall be adjusted equitably.
- D. Owner shall make decisions and carry out its other responsibilities in a timely manner so as not to delay the Engineer's performance of its services.
- E. If Engineer fails, through its own fault, to complete the performance required in a Task Order within the time set forth, as duly adjusted, then Owner shall be entitled to the recovery of direct damages resulting from such failure.

ARTICLE 4 – PAYMENTS TO ENGINEER

4.01 Invoices

- A. *Preparation and Submittal of Invoices.* Engineer shall prepare invoices in accordance with its standard invoicing practices, the terms of Exhibit C, and the specific Task Order. Engineer shall submit its invoices to Owner on a monthly basis. Invoices are due and payable within 30 days of receipt.

4.02 *Payments*

- A. *Application to Interest and Principal.* Payment will be credited first to any interest owed to Engineer and then to principal.
- B. *Failure to Pay.* If Owner fails to make any payment due Engineer for services and expenses within 30 days after receipt of Engineer's invoice, then:
 - 1. the compounded amount due Engineer will be increased at the rate of 1.0% per month (or the maximum rate of interest permitted by law, if less) from said thirtieth day; and
 - 2. Engineer may, after giving seven days written notice to Owner, suspend services under any Task Order issued until Owner has paid in full all amounts due for services, expenses, and other related charges. Owner waives any and all claims against Engineer for any such suspension.
- C. *Disputed Invoices.* If Owner contests an invoice, Owner may withhold only that portion so contested, and must pay the undisputed portion.
- D. *Legislative Actions.* If after the Effective Date of a Task Order any governmental entity takes a legislative action that imposes taxes, fees, or charges on Engineer's services or compensation under the Task Order, then the Engineer may invoice such new taxes, fees, or charges as a Reimbursable Expense to which a factor of 1.0 shall be applied. Owner shall pay such invoiced new taxes, fees, and charges; such payment shall be in addition to the compensation to which Engineer is entitled under the terms of Exhibit C and the specific Task Order.

ARTICLE 5 – OPINIONS OF COST

5.01 *Opinions of Probable Construction Cost*

- A. Engineer's opinions of probable Construction Cost are to be made on the basis of Engineer's experience and qualifications and represent Engineer's best judgment as an experienced and qualified professional generally familiar with the construction industry. However, since Engineer has no control over the cost of labor, materials, equipment, or services furnished by others, or over contractors' methods of determining prices, or over competitive bidding or market conditions, Engineer cannot and does not guarantee that proposals, bids, or actual Construction Cost will not vary from opinions of probable Construction Cost prepared by Engineer. If Owner wishes greater assurance as to probable Construction Cost, Owner shall employ an independent cost estimator as provided in Exhibit B.

5.02 *Designing to Construction Cost Limit*

- A. If a Construction Cost limit is established between Owner and Engineer in a Task Order, Engineer's rights and responsibilities with respect thereto will be governed by Exhibit F, "Construction Cost Limit," to this Agreement.

5.03 *Opinions of Total Project Costs*

- A. The services, if any, of Engineer with respect to Total Project Costs for a Specific Project shall be limited to assisting the Owner in collating the various cost categories which comprise Total Project Costs. Engineer assumes no responsibility for the accuracy of any opinions of Total Project Costs.

ARTICLE 6 – GENERAL CONSIDERATIONS

6.01 *Standards of Performance*

- A. The standard of care for all professional engineering and related services performed or furnished by Engineer under this Agreement will be the care and skill ordinarily used by members of the subject profession practicing under similar circumstances at the same time and in the same locality. Engineer makes no warranties, express or implied, under this Agreement or otherwise, in connection with Engineer's services.
- B. Owner shall not be responsible for discovering deficiencies in the technical accuracy of Engineer's services. Engineer shall correct any such deficiencies in technical accuracy without additional compensation except to the extent such corrective action is directly attributable to deficiencies in Owner-furnished information.
- C. Engineer shall serve as Owner's prime professional under each Task Order. Engineer may employ such Consultants as Engineer deems necessary to assist in the performance or furnishing of the services, subject to reasonable, timely, and substantive objections by Owner.
- D. Subject to the standard of care set forth in Paragraph 6.01.A, Engineer and its Consultants may use or rely upon design elements and information ordinarily or customarily furnished by others, including, but not limited to, specialty contractors, manufacturers, suppliers, and the publishers of technical standards.
- E. Engineer and Owner shall comply with applicable Laws and Regulations and the Owner-mandated standards that Owner has provided to Engineer in writing. This Agreement is based on these requirements as of the Effective Date of each Task Order. Changes to these requirements after the Effective Date of each Task Order may be the basis for modifications to Owner's responsibilities or to Engineer's scope of services, times of performance, and compensation.
- F. Engineer shall not be required to sign any documents, no matter by who requested, that would result in Engineer having to certify, guarantee, or warrant the existence of conditions whose existence Engineer cannot ascertain within its services for that Specific Project. Owner agrees not to make resolution of any dispute with Engineer or payment of any amount due to the Engineer in any way contingent upon Engineer signing any such certification.
- G. Engineer shall not at any time supervise, direct, or have control over a Contractor's work, nor shall Engineer have authority over or responsibility for the means, methods, techniques, sequences, or procedures of construction selected or used by a Contractor, for security or safety at any Site, for safety precautions and programs incident to a Contractor's work in

progress, nor for any failure of a Contractor to comply with Laws and Regulations applicable to a Contractor's furnishing and performing the Work.

- H. Engineer neither guarantees the performance of any Contractor nor assumes responsibility for any Contractor's failure to furnish and perform the Work in accordance with the Contract Documents.
- I. Engineer shall not be responsible for the acts or omissions of any Contractor, subcontractor, or supplier, or of any of their agents or employees or of any other persons (except Engineer's own employees and its Consultants) at a Site or otherwise furnishing or performing any of a Contractor's work; or for any decision made on interpretations or clarifications of the Contract Documents given by Owner without consultation and advice of Engineer.
- J. The General Conditions for any construction contract documents prepared hereunder are to be the "Standard General Conditions of the Construction Contract" as prepared by the Engineers Joint Contract Documents Committee (Document No. C-700, 2002 Edition) unless both parties mutually agree in a Task Order to use other General Conditions.

6.02 *Design Without Construction Phase Services*

- A. For each design performed or furnished by Engineer, if Owner does not retain Engineer, by Task Order or otherwise, for project observation, or review of a Contractor's performance, or any construction phase services, and such services will be provided by Owner or others, then (1) Engineer shall have no design or shop drawing review obligations during construction; (2) Owner assumes all responsibility for the application and interpretation of the Contract Documents, contract administration, construction observation and review, and all other necessary construction phase engineering and professional services; and (3) Owner waives any claims against the Engineer that may be in any way connected thereto. In such a case, Engineer's Basic Services under the applicable Task Order will be considered to be completed upon completion of the Final Design Phase or Bidding or Negotiating Phase as outlined in Exhibit A and the Task Order.

6.03 *Use of Documents*

- A. All Documents are instruments of service in respect to a Specific Project, and Engineer shall retain an ownership and property interest therein (including the copyright and the right of reuse at the discretion of the Engineer) whether or not the Specific Project is completed. Owner shall not rely in any way on any Document unless it is in printed form, signed or sealed by the Engineer or one of its Consultants.
- B. A party may rely that data or information set forth on paper (also known as hard copies) that the party receives from the other party by mail, hand delivery, or facsimile, are the items that the other party intended to send. Files in electronic media format of text, data, graphics, or other types that are furnished by one party to the other are furnished only for convenience, not reliance by the receiving party. Any conclusion or information obtained or derived from such electronic files will be at the user's sole risk. If there is a discrepancy between the electronic files and the hard copies, the hard copies govern.
- C. Because data stored in electronic media format can deteriorate or be modified inadvertently or otherwise without authorization of the data's creator, the party receiving electronic files agrees that it will perform acceptance tests or procedures within 60 days, after which the

receiving party shall be deemed to have accepted the data thus transferred. Any transmittal errors detected within the 60-day acceptance period will be corrected by the party delivering the electronic files.

- D. When transferring documents in electronic media format, the transferring party makes no representations as to long term compatibility, usability, or readability of such documents resulting from the use of software application packages, operating systems, or computer hardware differing from those used by the documents' creator.
- E. Owner may make and retain copies of Documents for information and reference in connection with use on the Specific Project by Owner. Engineer grants Owner a license to use the Documents on the Specific Project, extensions of the Specific Project, and other projects of Owner, subject to the following limitations: (1) Owner acknowledges that such Documents are not intended or represented to be suitable for use on the Specific Project unless completed by Engineer, or for use or reuse by Owner or others on extensions of the Specific Project or on any other project without written verification or adaptation by Engineer; (2) any such use or reuse, or any modification of the Documents, without written verification, completion, or adaptation by Engineer, as appropriate for the specific purpose intended, will be at Owner's sole risk and without liability or legal exposure to Engineer or its Consultants; (3) Owner shall indemnify and hold harmless Engineer and Engineer's Consultants from all claims, damages, losses, and expenses, including attorneys' fees, arising out of or resulting from any use, reuse, or modification without written verification, completion, or adaptation by Engineer; (4) such limited license to Owner shall not create any rights in third parties.
- F. If Engineer at Owner's request verifies or adapts the Documents for extensions of the Specific Project or for any other project, then Owner shall compensate Engineer at rates or in an amount to be agreed upon by Owner and Engineer.

6.04 *Insurance*

- A. At all times when any Task Order is under performance, Engineer shall procure and maintain insurance as set forth in Exhibit G, "Insurance." Engineer shall cause Owner to be listed as an additional insured on any applicable general liability insurance policy carried by Engineer which is applicable to a Specific Project.
- B. At all times when any Task Order is under performance, Owner shall procure and maintain insurance as set forth in Exhibit G. Owner shall cause Engineer and its Consultants to be listed as additional insureds on any general liability or property insurance policies carried by Owner which are applicable to a Specific Project.
- C. Owner shall require Contractors to purchase and maintain general liability and other insurance in accordance with the requirements of Paragraph 5.04 of the Standard General Conditions of the Construction Contract (No. C-700, 2002 Edition) of the Engineers Joint Contract Documents Committee, and to cause Engineer and its Consultants to be listed as additional insureds with respect to such liability and other insurance purchased and maintained by Contractors.
- D. Owner and Engineer shall each deliver to the other certificates of insurance evidencing the coverages indicated in Exhibit G. Such certificates shall be furnished prior to

commencement of Engineer's services under any Task Order and at renewals thereafter during the life of this Agreement.

- E. All policies of property insurance relating to a Specific Project shall contain provisions to the effect that Engineer's and its Consultants' interests are covered and that in the event of payment of any loss or damage the insurers will have no rights of recovery against Engineer or its Consultants, or any insureds or additional insureds thereunder.
- F. Under the terms of any Task Order, or after commencement of performance of a Task Order, Owner may request that Engineer or its Consultants, at Owner's sole expense, provide additional insurance coverage, increased limits, or revised deductibles that are more protective than those specified in Exhibit G. If so requested by Owner, and if commercially available, Engineer shall obtain and shall require its Consultants to obtain such additional insurance coverage, different limits, or revised deductibles for such periods of time as requested by Owner.

6.05 *Suspension and Termination*

A. *Suspension*

- 1. **By Owner:** Owner may suspend a Task Order upon seven days written notice to Engineer.
- 2. **By Engineer:** If Engineer's services are substantially delayed through no fault of Engineer, Engineer may, after giving seven days written notice to Owner, suspend services under a Task Order.

B. *Termination.* The obligation to provide further services under this Agreement, or under a Task Order, may be terminated:

- 1. **For cause,**
 - a. By either party upon 30 days written notice in the event of substantial failure by the other party to perform in accordance with the terms of this Agreement or any Task Order through no fault of the terminating party.
 - b. **By Engineer:**
 - 1) upon seven days written notice if Owner demands that Engineer furnish or perform services contrary to Engineer's responsibilities as a licensed professional; or
 - 2) upon seven days written notice if the Engineer's services under a Task Order are delayed or suspended for more than 90 days for reasons beyond Engineer's control.
 - 3) Engineer shall have no liability to Owner on account of such termination.
 - c. Notwithstanding the foregoing, neither this Agreement nor the Task Order will terminate under Paragraph 6.05.B.1.a if the party receiving such notice

begins, within seven days of receipt of such notice, to correct its substantial failure to perform and proceeds diligently to cure such failure within no more than 30 days of receipt thereof; provided, however, that if and to the extent such substantial failure cannot be reasonably cured within such 30 day period, and if such party has diligently attempted to cure the same and thereafter continues diligently to cure the same, then the cure period provided for herein shall extend up to, but in no case more than, 60 days after the date of receipt of the notice.

2. For convenience,
 - a. By Owner effective upon Engineer's receipt of notice from Owner.

C. *Effective Date of Termination.* The terminating party under Paragraph 6.05.B may set the effective date of termination at a time up to 30 days later than otherwise provided to allow Engineer to demobilize personnel and equipment from the Site, to complete tasks whose value would otherwise be lost, to prepare notes as to the status of completed and uncompleted tasks, and to assemble Task Order materials in orderly files.

D. *Payments Upon Termination*

1. In the event of any termination under Paragraph 6.05, Engineer will be entitled to invoice Owner and to receive full payment for all services performed or furnished and all Reimbursable Expenses incurred through the effective date of termination. Upon making such payment, Owner shall have the limited right to the use of Documents, at Owner's sole risk, subject to the provisions of Paragraph 6.03.E.
2. In the event of termination by Owner for convenience or by Engineer for cause, Engineer shall be entitled, in addition to invoicing for those items identified in Paragraph 6.05.D.1, to invoice Owner and to payment of a reasonable amount for services and expenses directly attributable to termination, both before and after the effective date of termination, such as reassignment of personnel, costs of terminating contracts with Engineer's Consultants, and other related close-out costs, using methods and rates for Additional Services as set forth in Exhibit C.

6.06 *Controlling Law*

- A. This Agreement is to be governed by the law of the state in which the principal office of the Owner is located.

6.07 *Successors, Assigns, and Beneficiaries*

- A. Owner and Engineer each is hereby bound and the partners, successors, executors, administrators and legal representatives of Owner and Engineer (and to the extent permitted by Paragraph 6.07.B the assigns of Owner and Engineer) are hereby bound to the other party to this Agreement and to the partners, successors, executors, administrators and legal representatives (and said assigns) of such other party, in respect of all covenants, agreements and obligations of this Agreement.
- B. Neither Owner nor Engineer may assign, sublet, or transfer any rights under or interest (including, but without limitation, moneys that are due or may become due) in this

Agreement without the written consent of the other, except to the extent that any assignment, subletting, or transfer is mandated or restricted by law. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement.

C. Unless expressly provided otherwise in this Agreement:

1. Nothing in this Agreement shall be construed to create, impose, or give rise to any duty owed by Owner or Engineer to any Contractor, Contractor's subcontractor, supplier, other individual or entity, or to any surety for or employee of any of them.
2. All duties and responsibilities undertaken pursuant to this Agreement will be for the sole and exclusive benefit of Owner and Engineer and not for the benefit of any other party.
3. The Owner agrees that the substance of the provisions of this Paragraph 6.07.C shall appear in any Contract Documents prepared for any Specific Project under this Agreement.

D. Owner agrees that the substance of the provisions of this Paragraph 6.07.C shall appear in the Contract Documents.

6.08 *Dispute Resolution*

- A. Owner and Engineer agree to negotiate all disputes between them in good faith for a period of 30 days from the date of notice prior to invoking the procedures of Exhibit H or other provisions of this Agreement, or exercising their rights under law.
- B. If the parties fail to resolve a dispute through negotiation under Paragraph 6.08.A, then either or both may invoke the procedures of Exhibit H. If Exhibit H is not included, or if no dispute resolution method is specified in Exhibit H, then the parties may exercise their rights under law.

6.09 *Environmental Condition of Site*

A. With respect to each Task Order, Specific Project, and Site:

1. Owner has disclosed to Engineer in writing the existence of all known and suspected Asbestos, PCBs, Petroleum, Hazardous Waste, Radioactive Material, hazardous substances, and other Constituents of Concern located at or near the Site, including type, quantity, and location.
2. Owner represents to Engineer that to the best of its knowledge no Constituents of Concern, other than those disclosed in writing to Engineer, exist at the Site.
3. If Engineer encounters an undisclosed Constituent of Concern, then Engineer shall notify (a) Owner and (b) appropriate governmental officials if Engineer reasonably concludes that doing so is required by applicable Laws or Regulations.
4. It is acknowledged by both parties that Engineer's scope of services does not include any services related to Constituents of Concern. If Engineer or any other party

encounters an undisclosed Constituent of Concern, or if investigative or remedial action, or other professional services, are necessary with respect to disclosed or undisclosed Constituents of Concern, then Engineer may, at its option and without liability for consequential or any other damages, suspend performance of services on the portion of the Specific Project affected thereby until Owner: (1) retains appropriate specialist consultant(s) or contractor(s) to identify and, as appropriate, abate, remediate, or remove the Constituents of Concern; and (2) warrants that the Site is in full compliance with applicable Laws and Regulations.

5. If the presence at the Site of undisclosed Constituents of Concern adversely affects the performance of Engineer's services under this Agreement, then the Engineer shall have the option of (a) accepting an equitable adjustment in its compensation or in the time of completion, or both; or (b) terminating this Agreement for cause on 30 days notice.
6. Owner acknowledges that Engineer is performing professional services for Owner and that Engineer is not and shall not be required to become an "owner," "arranger," "operator," "generator," or "transporter" of hazardous substances, as defined in the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), as amended, which are or may be encountered at or near the Site in connection with Engineer's activities under this Agreement.

6.10 *Indemnification and Mutual Waiver*

- A. *Indemnification by Engineer.* To the fullest extent permitted by law, Engineer shall indemnify and hold harmless Owner, and Owner's officers, directors, partners, agents, consultants, and employees from and against any and all claims, costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals, and all court, arbitration, or other dispute resolution costs) arising out of or relating to this Agreement, any Task Order, or any Specific Project, provided that any such claim, cost, loss, or damage is attributable to bodily injury, sickness, disease, or death, or to injury to or destruction of tangible property (other than the Work itself), including the loss of use resulting therefrom, but only to the extent caused by any negligent act or omission of Engineer or Engineer's officers, directors, partners, employees, or Consultants. The indemnification provision of the preceding sentence is subject to and limited by the provisions agreed to by Owner and Engineer in Exhibit I, "Allocation of Risks," if any.
- B. *Indemnification by Owner.* To the fullest extent permitted by law, Owner shall indemnify and hold harmless Engineer, Engineer's officers, directors, partners, agents, employees, and Consultants from and against any and all claims, costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals, and all court, arbitration, or other dispute resolution costs) arising out of or relating to this Agreement, any Task Order, or any Specific Project, provided that any such claim, cost, loss, or damage is attributable to bodily injury, sickness, disease, or death or to injury to or destruction of tangible property (other than the Work itself), including the loss of use resulting therefrom, but only to the extent caused by any negligent act or omission of Owner or Owner's officers, directors, partners, agents, consultants, or employees, or others retained by or under contract to the Owner with respect to this Agreement or to the Specific Project.

- C. *Environmental Indemnification.* In addition to the indemnity provided under Paragraph 6.10.B of this Agreement, and to the fullest extent permitted by law, Owner shall indemnify and hold harmless Engineer and its officers, directors, partners, agents, employees, and Consultants from and against any and all claims, costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys and other professionals, and all court, arbitration, or other dispute resolution costs) caused by, arising out of, relating to, or resulting from a Constituent of Concern at, on, or under any Site, provided that (i) any such claim, cost, loss, or damage is attributable to bodily injury, sickness, disease, or death, or to injury to or destruction of tangible property (other than the Work itself), including the loss of use resulting therefrom, and (ii) nothing in this Paragraph shall obligate Owner to indemnify any individual or entity from and against the consequences of that individual's or entity's own negligence or willful misconduct.
- D. *Percentage Share of Negligence.* To the fullest extent permitted by law, a party's total liability to the other party and anyone claiming by, through, or under the other party for any cost, loss, or damages caused in part by the negligence of the party and in part by the negligence of the other party or any other negligent entity or individual, shall not exceed the percentage share that the party's negligence bears to the total negligence of Owner, Engineer, and all other negligent entities and individuals.
- E. *Mutual Waiver.* To the fullest extent permitted by law, Owner and Engineer waive against each other, and the other's employees, officers, directors, agents, insurers, partners, and consultants, any and all claims for or entitlement to special, incidental, indirect, or consequential damages arising out of, resulting from, or in any way related to the Specific Project.

6.11 *Miscellaneous Provisions*

- A. *Notices.* Any notice required under this Agreement will be in writing, addressed to the appropriate party at its address on the signature page and given personally, by facsimile, by registered or certified mail postage prepaid, or by a commercial courier service. All notices shall be effective upon the date of receipt.
- B. *Survival.* All express representations, waivers, indemnifications, and limitations of liability included in this Agreement will survive its completion or termination for any reason.
- C. *Severability.* Any provision or part of the Agreement held to be void or unenforceable under any Laws or Regulations shall be deemed stricken, and all remaining provisions shall continue to be valid and binding upon Owner and Engineer, who agree that the Agreement shall be reformed to replace such stricken provision or part thereof with a valid and enforceable provision that comes as close as possible to expressing the intention of the stricken provision.
- D. *Waiver.* A party's non-enforcement of any provision shall not constitute a waiver of that provision, nor shall it affect the enforceability of that provision or of the remainder of this Agreement.
- E. *Accrual of Claims.* To the fullest extent permitted by law, all causes of action arising under this Agreement shall be deemed to have accrued, and all statutory periods of limitation shall commence, no later than the date of Substantial Completion.

- F. *Applicability to Task Orders.* The terms and conditions set forth in this Agreement apply to each Task Order as if set forth in the Task Order, unless specifically modified. In the event of conflicts between this Agreement and a Task Order, the conflicting provisions of the Task Order shall take precedence for that Task Order. The provisions of this Agreement shall be modified only by a written instrument. Such amendments shall be applicable to all Task Orders issued after the effective date of the amendment if not otherwise set forth in the amendment.
- G. *Non-Exclusive Agreement.* Nothing herein shall establish an exclusive relationship between Owner and Engineer. Owner may enter into similar agreements with other professionals for the same or different types of services contemplated hereunder, and Engineer may enter into similar or different agreements with other owners for the same or different services contemplated hereunder.

ARTICLE 7 – DEFINITIONS

7.01 *Defined Terms*

- A. Wherever used in this Agreement (including the Exhibits hereto and any Task Order) terms (including the singular and plural forms) printed with initial capital letters have the meanings indicated in the text above, in the exhibits or Task Order, or in the following provisions:
1. *Addenda* – Written or graphic instruments issued prior to the opening of Bids which clarify, correct, or change the Bidding Documents.
 2. *Additional Services* – Services to be performed for or furnished to Owner by Engineer in accordance with a Task Order which are not included in Basic Services for that Task Order.
 3. *Agreement* – This "Standard Form of Agreement between Owner and Engineer for Professional Services – Task Order Edition" including those Exhibits listed in Article 8 and any duly executed Task Order.
 4. *Application for Payment* – The form acceptable to Engineer which is to be used by a Contractor in requesting progress or final payments for the completion of its Work and which is to be accompanied by such supporting documentation as is required by the Contract Documents.
 5. *Asbestos* – Any material that contains more than one percent asbestos and is friable or is releasing asbestos fibers into the air above current action levels established by the United States Occupational Safety and Health Administration.
 6. *Basic Services* – Specified services to be performed for or furnished to Owner by Engineer in accordance with a Task Order.
 7. *Bid* – The offer or proposal of a bidder submitted on the prescribed form setting forth the prices for the Work to be performed.
 8. *Bidding Documents* – The advertisement or invitation to Bid, instructions to bidders, the Bid form and attachments, the Bid bond, if any, the proposed Contract Documents, and all Addenda, if any.

9. *Change Order* – A document recommended by Engineer, which is signed by a Contractor and Owner to authorize an addition, deletion or revision in the Work, or an adjustment in the Contract Price or the Contract Times.
10. *Constituent of Concern* – Any substance, product, waste, or other material of any nature whatsoever (including, but not limited to, Asbestos, Petroleum, Radioactive Material, and PCBs) which is or becomes listed, regulated, or addressed pursuant to (a) the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§9601 et seq. (“CERCLA”); (b) the Hazardous Materials Transportation Act, 49 U.S.C. §§1801 et seq.; (c) the Resource Conservation and Recovery Act, 42 U.S.C. §§6901 et seq. (“RCRA”); (d) the Toxic Substances Control Act, 15 U.S.C. §§2601 et seq.; (e) the Clean Water Act, 33 U.S.C. §§1251 et seq.; (f) the Clean Air Act, 42 U.S.C. §§7401 et seq.; and (g) any other federal, state, or local statute, law, rule, regulation, ordinance, resolution, code, order, or decree regulating, relating to, or imposing liability or standards of conduct concerning, any hazardous, toxic, or dangerous waste, substance, or material.
11. *Construction Agreement* – The written instrument which is evidence of the agreement, contained in the Contract Documents, between Owner and a Contractor covering the Work.
12. *Construction Contract* – The entire and integrated written agreement between Owner and a Contractor concerning the Work.
13. *Construction Cost* – The cost to Owner of those portions of an entire Specific Project designed or specified by Engineer. Construction Cost does not include costs of services of Engineer or other design professionals and consultants, cost of land, rights-of-way, or compensation for damages to properties, or Owner's costs for legal, accounting, insurance counseling or auditing services, or interest and financing charges incurred in connection with a Specific Project, or the cost of other services to be provided by others to Owner. Construction Cost is one of the items comprising Total Project Costs.
14. *Consultants* – Individuals or entities having a contract with Engineer to furnish services with respect to a Specific Project as Engineer's independent professional associates, consultants, subcontractors, or vendors. The term Engineer includes Engineer's Consultants.
15. *Contract Documents* – Documents that establish the rights and obligations of the parties engaged in construction and include the Construction Agreement between Owner and a Contractor, Addenda (which pertain to the Contract Documents), a contractor's Bid (including documentation accompanying the Bid and any post-Bid documentation submitted prior to the notice of award) when attached as an exhibit to the Construction Agreement, the notice to proceed, the bonds, appropriate certifications, the General Conditions, the Supplementary Conditions, the Specifications and the Drawings as the same are more specifically identified in the Construction Agreement, together with all Written Amendments, Change Orders, Work Change Directives, Field Orders, and Engineer's written interpretations and clarifications issued on or after the Effective Date of the Construction Agreement.

Approved Shop Drawings and the reports and drawings of subsurface and physical conditions are not Contract Documents.

16. *Contract Price* – The moneys payable by Owner to a Contractor for completion of the Work in accordance with the Contract Documents and as stated in the Construction Agreement.
17. *Contract Times* – The numbers of days or the dates stated in a Construction Agreement to: (i) achieve Substantial Completion, and (ii) complete the Work so that it is ready for final payment as evidenced by Engineer's written recommendation of final payment.
18. *Contractor* – An individual or entity with whom Owner enters into a Construction Agreement for a Specific Project.
19. *Correction Period* – The time after Substantial Completion during which a Contractor must correct, at no cost to Owner, any Defective Work, normally one year after the date of Substantial Completion or such longer period of time as may be prescribed by Laws or Regulations or by the terms of any applicable special guarantee or specific provision of the Contract Documents.
20. *Defective* – An adjective which, when modifying the word Work, refers to Work that is unsatisfactory, faulty, or deficient, in that it does not conform to the Contract Documents, or does not meet the requirements of any inspection, reference standard, test, or approval referred to in the Contract Documents, or has been damaged prior to Engineer's recommendation of final payment.
21. *Documents* – Data, reports, Drawings, Specifications, Record Drawings, and other deliverables, whether in printed or electronic media format, provided or furnished in appropriate phases by Engineer to Owner pursuant to this Agreement.
22. *Drawings* – That part of the Contract Documents prepared or approved by Engineer which graphically shows the scope, extent, and character of the Work to be performed by a Contractor. Shop Drawings are not Drawings as so defined.
23. *Effective Date of the Construction Agreement* – The date indicated in a Construction Agreement on which it becomes effective, but if no such date is indicated, it means the date on which the Construction Agreement is signed and delivered by the last of the two parties to sign and deliver.
24. *Effective Date of the Agreement* – The date indicated in this Agreement on which it becomes effective, but if no such date is indicated, it means the date on which the Agreement is signed and delivered by the last of the two parties to sign and deliver.
25. *Effective Date of the Task Order* – The date indicated in the Task Order on which it becomes effective, but if no such date is indicated, it means the date on which the Task Order is signed and delivered by the last of the two parties to sign and deliver.
26. *Field Order* – A written order issued by Engineer which directs minor changes in the Work but which does not involve a change in the Contract Price or the Contract Times.

27. *General Conditions* – That part of the Contract Documents which sets forth terms, conditions, and procedures that govern the Work to be performed or furnished by a Contractor with respect to a Specific Project.
28. *Hazardous Waste* – The term Hazardous Waste shall have the meaning provided in Section 1004 of the Solid Waste Disposal Act (42 USC Section 6903) as amended from time to time.
29. *Laws and Regulations; Laws or Regulations* – Any and all applicable laws, rules, regulations, ordinances, codes, standards, and orders of any and all governmental bodies, agencies, authorities, and courts having jurisdiction.
30. *PCBs* – Polychlorinated biphenyls.
31. *Petroleum* – Petroleum, including crude oil or any fraction thereof which is liquid at 32 degrees Fahrenheit and 14.7 pounds per square inch absolute, such as fuel oil, oil sludge, oil refuse, gasoline, kerosene, and oil mixed with other non-Hazardous Waste and crude oils.
32. *Radioactive Materials* – Source, special nuclear, or byproduct material as defined by the Atomic Energy Act of 1954 (42 USC Section 2011 et seq.) as amended from time to time.
33. *Record Drawings* – The Drawings as issued for construction on which Engineer, upon completion of the Work, has shown changes due to Addenda or Change Orders and other information which Engineer considers significant based on record documents furnished by Contractor to Engineer and which were annotated by Contractor to show changes made during construction.
34. *Reimbursable Expenses* – The expenses incurred directly by Engineer in connection with the performing or furnishing of Basic and Additional Services for a Specific Project for which Owner shall pay Engineer as indicated in Exhibit C.
35. *Resident Project Representative* – The authorized representative, if any, of Engineer assigned to assist Engineer at the Site of a Specific Project during the Construction Phase. The Resident Project Representative will be Engineer's agent or employee and under Engineer's supervision. As used herein, the term Resident Project Representative includes any assistants of Resident Project Representative agreed to by Owner. The duties and responsibilities of the Resident Project Representative will be as set forth in each Task Order.
36. *Samples* – Physical examples of materials, equipment, or workmanship that are representative of some portion of the Work and which establish the standards by which such portion of the Work will be judged.
37. *Shop Drawings* – All drawings, diagrams, illustrations, schedules, and other data or information which are specifically prepared or assembled by or for a Contractor and submitted by a Contractor to Engineer to illustrate some portion of the Work.
38. *Site* – Lands or areas indicated in the Contract Documents for a Specific Project as being furnished by Owner upon which the Work is to be performed, rights-of-way

and easements for access thereto, and such other lands furnished by Owner which are designated for use of a Contractor.

39. *Specifications* – That part of the Contract Documents prepared by Engineer consisting of written technical descriptions of materials, equipment, systems, standards, and workmanship as applied to the Work to be performed by a Contractor and certain administrative details applicable thereto.
40. *Specific Project* – An undertaking of Owner as set forth in a Task Order.
41. *Substantial Completion* – The time at which the Work (or a specified part thereof) has progressed to the point where, in the opinion of Engineer, the Work (or a specified part thereof) is sufficiently complete, in accordance with the Contract Documents, so that the Work (or a specified part thereof) can be utilized for the purposes for which it is intended. The terms "substantially complete" and "substantially completed" as applied to all or part of the Work refer to Substantial Completion thereof.
42. *Supplementary Conditions* – That part of the Contract Documents which amends or supplements the General Conditions.
43. *Task Order* – A document executed by Owner and Engineer, including amendments if any, stating the scope of services, Engineer's compensation, times for performance of services and other relevant information for a Specific Project.
44. *Total Project Costs* – The sum of the Construction Cost, allowances for contingencies, the total costs of services of Engineer or other design professionals and consultants, cost of land, rights-of-way, or compensation for damages to properties, or Owner's costs for legal, accounting, insurance counseling, or auditing services, or interest and financing charges incurred in connection with a Specific Project, or the cost of other services to be provided by others to Owner pursuant to Exhibit B of this Agreement.
45. *Work* – The entire completed construction or the various separately identifiable parts thereof required to be provided by a Contractor under Contract Documents for a Specific Project. Work includes and is the result of a Contractor performing or furnishing labor, services, and documentation necessary to produce such construction and furnishing, installing, and incorporating all materials and all equipment into such construction, all as required by the applicable Contract Documents.
46. *Work Change Directive* – A written directive to a Contractor signed by Owner upon recommendation of the Engineer, ordering an addition, deletion, or revision in the Work, or responding to differing or unforeseen subsurface or physical conditions under which the Work is to be performed or to emergencies. A Work Change Directive will not change the Contract Price or the Contract Times but is evidence that the parties expect that the change directed or documented by a Work Change Directive will be incorporated in a subsequently issued Change Order following negotiations by the parties as to its effect, if any, on the Contract Price or Contract Times.

47. *Written Amendment* – A written amendment of the Contract Documents signed by Owner and a Contractor on or after the Effective Date of a Construction Agreement and normally dealing with the non-engineering or non-technical rather than strictly construction-related aspects of the Contract Documents.

ARTICLE 8 – EXHIBITS AND SPECIAL PROVISIONS

8.01 *Exhibits*

Included? (Yes or No)	Exhibit Letter	Exhibit Title
Yes		Attachment 1 – Task Order Form
Yes	A	Schedule of Engineer's Services
Yes	B	Schedule of Owner's Responsibilities
Yes	C	Payments to Engineer for Services and Reimbursable Expenses
Yes	D	Schedule of Duties, Responsibilities and Limitations of Authority of Resident Project Representative
Yes	E	Notice of Acceptability of Work (Form)
Yes	F	Construction Cost Limit
Yes	G	Insurance
Yes	H	Dispute Resolution
Yes	I	Allocation of Risks
No	J	Reserved
Yes	K	Amendment to Task Order (Form)

8.02 *Total Agreement*

- A. This Agreement (consisting of pages 1 to 18 inclusive, together with the Exhibits identified as included above) constitutes the entire agreement between Owner and Engineer and supersedes all prior written or oral understandings. This Agreement may only be amended, supplemented, modified, or canceled by a duly executed written instrument. Amendments to Task Orders shall be in writing, based upon the format provided in Exhibit K, "Amendment to Task Order."

8.03 *Designated Representatives*

- A. With the execution of this Agreement, Engineer and Owner shall designate specific individuals to act as Engineer's and Owner's representatives with respect to the services to be performed or furnished by Engineer and responsibilities of Owner under this Agreement. Such individuals shall have authority to transmit instructions, receive information, and render decisions relative to the Agreement on behalf of each respective party. Each Task Order shall likewise designate representatives of the two parties.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

OWNER:

ENGINEER:

By: _____

By: _____

Name: Tito Nieto

Name: Frank A. Ferris, P.E.

Title: Manager

Title: President

Engineer License 70724
Firm Certificate No. (if required by law) #F-000897

State of: Texas

Date Signed: _____

Date Signed: _____

Address for giving notices:

Address for giving notices:

P.O. Box 867

1405 N. Stuart Place Rd.,

Mission, Tx 78573

Harlingen, Texas 78552

DESIGNATED REPRESENTATIVE
(see Paragraph 8.03.A):

DESIGNATED REPRESENTATIVE
(see Paragraph 8.03.A):

Tito Nieto

Frank A. Ferris, P.E.

Title: General Manager

Title: President

Phone Number: 956-585-4818

Phone Number: 956-364-2236

Facsimile Number: 956-585-9743

Facsimile Number: 956-364-1023

E-Mail tn479n@rioplexwireless.com
Address: _____

E-Mail f.ferris@ferrisandflinn.com
Address: _____

This is **EXHIBIT A**, consisting of 11 pages, referred to in and part of the **Agreement between Owner and Engineer for Professional Services – Task Order Edition** dated October 4, 2007.

Schedule of Engineer's Services

Services to be provided under a Task Order may include the following:

PART 1 – BASIC SERVICES

A.1.01 Study and Report Phase

A. The Engineer shall:

1. Consult with Owner to define and clarify Owner's requirements for a Specific Project and available data.
2. Advise Owner as to the necessity of Owner's providing data or services of the types described in Exhibit B which are not part of Engineer's Basic Services, and, if requested, assist Owner in obtaining such data and services.
3. Identify, consult with, and analyze requirements of governmental authorities having jurisdiction to approve the portions of a Specific Project designed or specified by Engineer, including but not limited to mitigating measures identified in the environmental assessment.
4. Identify and evaluate the number of alternate solutions available to Owner listed in the Task Order for a Specific Project, and, after consultation with Owner, recommend to Owner those solutions which in Engineer's judgment meet Owner's requirements for a Specific Project.
5. Prepare a report (the "Report") which will, as appropriate, contain schematic layouts, sketches and conceptual design criteria with appropriate exhibits to indicate the agreed-to requirements, considerations involved, and those alternate solutions available to Owner which Engineer recommends. This Report will be accompanied by Engineer's opinion of Total Project Costs for each solution which is so recommended for a Specific Project with each component separately itemized, including the following, which will be separately itemized: opinion of probable Construction Cost, allowances for contingencies and for the estimated total costs of design, professional, and related services provided by Engineer and, on the basis of information furnished by Owner, allowances for other items and services included within the definition of Total Project Costs.
6. Furnish the number of review copies of the Report to Owner within the time period set forth in the Task Order and review it with Owner.
7. Revise the Report in response to Owner's and other parties' comments, as appropriate, and furnish the number of final copies of the revised Report to the Owner within the time period set forth in the Task Order.

- B. Engineer's services under the Study and Report Phase will be considered complete on the date when the final copies of the revised Report have been delivered to Owner.

A.1.02 Preliminary Design Phase

- A. After determination by Owner of the scope, extent, character or design requirements of a Specific Project, including the acceptance with any specific modifications by Owner of Engineer's Report, if any, from a preceding phase or Specific Project, Engineer shall:
1. On the basis of the above acceptance, selection, and authorization, prepare Preliminary Design Phase documents consisting of final design criteria, preliminary drawings, outline specifications and written descriptions of a Specific Project.
 2. Provide necessary field surveys and topographic and utility mapping for design purposes. Utility mapping will be based upon information obtained from utility owners.
 3. Advise Owner if additional reports, data, information, or services of the types described in Exhibit B are necessary and assist Owner in obtaining such reports, data, information, or services.
 4. Based on the information contained in the Preliminary Design Phase documents, submit a current opinion of probable Construction Cost and any adjustments to Total Project Costs known to Engineer, which will be itemized as provided in paragraph A.1.01.A.5.
 5. Furnish the Preliminary Design Phase documents to and review them with Owner.
 6. Submit to Owner the number of final copies of the Preliminary Design Phase documents and revised opinion of probable Construction Cost within the time period set forth in the Task Order.
- B. Engineer's services under the Preliminary Design Phase will be considered complete on the date when final copies of the Preliminary Design Phase documents have been delivered to Owner.

A.1.03 Final Design Phase

- A. After determination by Owner of the scope, extent, character, or design requirements of a Specific Project, including the acceptance of any specific modifications by Owner of a preceding phase or Specific Project, Engineer shall:
1. On the basis of the above acceptance, direction, and authorization, prepare final Drawings indicating the scope, extent, and character of the Work to be performed and furnished by Contractor. Specifications will be prepared, where appropriate, in general conformance with the 16-division format of the Construction Specifications Institute.
 2. Provide technical criteria, written descriptions, and design data for Owner's use in filing applications for permits from or approvals of governmental authorities having jurisdiction to review or approve the final design of a Specific Project and assist Owner in consultations with appropriate authorities.

3. Provide Owner a current opinion of probable Construction Cost and any adjustments to Total Project Costs known to Engineer, itemized as provided in paragraph A.1.01.A.5.
 4. Prepare and furnish Bidding Documents for review and approval by Owner, its legal counsel, and other advisors, as appropriate, and assist Owner in the preparation of other related documents.
 5. Submit the number of final copies of the Bidding Documents and a current opinion of probable Construction Cost to Owner within the time period set forth in the Task Order.
- B. In the event that the Work designed or specified by Engineer is to be performed or furnished under more than one prime contract, or if Engineer's services are to be separately sequenced with the work of one or more prime Contractors (such as in the case of fast-tracking), Owner and Engineer shall, prior to commencement of the Final Design Phase, develop a schedule for performance of Engineer's services during the Final Design, Bidding or Negotiating, Construction, and Post-Construction Phases in order to sequence and coordinate properly such services as are applicable to the work under such separate prime contracts. This schedule is to be prepared and included in or become an amendment to the Task Order whether or not the work under such contracts is to proceed concurrently.
- C. The number of prime contracts for Work designed or specified by Engineer upon which the Engineer's compensation has been established is identified in the Task Order.
- D. Engineer's services under the Final Design Phase will be considered complete on the date when the submittals required by paragraph A.1.03.A.5 have been delivered to Owner.

A.1.04 *Bidding or Negotiating Phase*

- A. The Engineer shall:
1. Assist Owner in advertising for and obtaining bids or negotiating proposals for the Work and, where applicable, maintain a record of prospective bidders to whom Bidding Documents have been issued, attend pre-Bid conferences, if any, and receive and process Contractor deposits or charges for the Bidding Documents.
 2. Issue Addenda as appropriate to clarify, correct, or change the Bidding Documents.
 3. Consult with Owner as to the acceptability of subcontractors, suppliers, and other individuals and entities proposed by Contractor for those portions of the Work as to which such acceptability is required by the Bidding Documents.
 4. Attend the Bid opening, prepare Bid tabulation sheets, and assist Owner in evaluating Bids or proposals and in assembling and awarding contracts for the Work.
- B. The Bidding or Negotiating Phase will be considered complete upon commencement of the Construction Phase or upon cessation of negotiations with prospective Contractors (except as may be required if Exhibit F is a part of the Task Order).

A.1.05 Construction Phase

A. Engineer shall:

1. *General Administration of Construction Contract.* Consult with Owner and act as Owner's representative as provided in the General Conditions. The extent and limitations of the duties, responsibilities and authority of Engineer as assigned in said General Conditions shall not be modified, except as Engineer may otherwise agree in writing. All of Owner's instructions to Contractor will be issued through Engineer, who shall have authority to act on behalf of Owner in dealings with Contractor to the extent provided in this Agreement and said General Conditions except as otherwise provided in writing.
2. *Resident Project Representative (RPR).* Provide the services of an RPR at the Site of the Specific Project to assist the Engineer and to provide more extensive observation of Contractor's work. Duties, responsibilities, and authority of the RPR are as set forth in the Task Order and in Exhibit D, "Duties, Responsibilities and Limitations of Authority of Resident Project Representative." The furnishing of such RPR's services will not limit, extend, or modify Engineer's responsibilities or authority except as expressly set forth in Exhibit D. The Task Order will identify whether services are necessary.
3. *Selecting Independent Testing Laboratory.* Assist Owner in the selection of an independent testing laboratory to perform the services identified in paragraph B.2.01.0.
4. *Pre-Construction Conference.* Participate in a pre-construction conference prior to commencement of Work at the Site.
5. *Baselines and Benchmarks.* As appropriate, establish baselines and benchmarks for locating the Work which in Engineer's judgment are necessary to enable Contractor to proceed.
6. *Visits to Site and Observation of Construction.* In connection with observations of Work in progress :
 - a. Make visits to the Site at intervals appropriate to the various stages of construction, as Engineer deems necessary, in order to observe as an experienced and qualified design professional the progress and quality of the Work. Such visits and observations by Engineer, and the Resident Project Representative, if any, are not intended to be exhaustive or to extend to every aspect of the Work in progress or to involve detailed inspections of the Work in progress beyond the responsibilities specifically assigned to Engineer in the Task Order and the Contract Documents, but rather are to be limited to spot checking, selective sampling, and similar methods of general observation of the Work based on Engineer's exercise of professional judgment as assisted by the Resident Project Representative, if any. Based on information obtained during such visits and such observations, Engineer will determine in general if Contractor's work is proceeding in accordance with the Contract Documents, and Engineer shall keep Owner informed of the progress of the Work.
 - b. The purpose of Engineer's visits to, and representation by the Resident Project Representative, if any, at the Site of the Specific Project, will be to enable Engineer to better carry out the duties and responsibilities assigned to and undertaken by Engineer

during the Construction Phase, and, in addition, by the exercise of Engineer's efforts as an experienced and qualified design professional, to provide for Owner a greater degree of confidence that the completed Work will conform in general to the Contract Documents and that the integrity of the design concept of the completed project as a functioning whole as indicated in the Contract Documents has been implemented and preserved by Contractor. Engineer shall not, during such visits or as a result of such observations of Contractor's work in progress, supervise, direct, or have control over the Work, nor shall Engineer have authority over or responsibility for the means, methods, techniques, sequences, or procedures of construction selected by Contractor, for safety precautions and programs incident to the Work, or for any failure of Contractor to comply with Laws and Regulations applicable to Contractor's furnishing and performing the Work. Accordingly, Engineer neither guarantees the performance of any Contractor nor assumes responsibility for any Contractor's failure to furnish and perform its work in accordance with the Contract Documents.

7. *Defective Work.* Have authority to disapprove or reject Contractor's work while it is in progress if, on the basis of such observations, Engineer believes that such work will not produce a completed project that conforms generally to the Contract Documents or that it will prejudice the integrity of the design concept of the completed project as a functioning whole as indicated in the Contract Documents.
8. *Clarifications and Interpretations; Field Orders.* Issue necessary clarifications and interpretations of the Contract Documents as appropriate to the orderly completion of the Work. Such clarifications and interpretations will be consistent with the intent of and reasonably inferable from the Contract Documents. Engineer may issue Field Orders authorizing minor variations from the requirements of the Contract Documents.
9. *Change Orders and Work Change Directives.* Recommend Change Orders and Work Change Directives to Owner, as appropriate, and prepare Change Orders and Work Change Directives as required.
10. *Shop Drawings and Samples.* Review and approve or take other appropriate action in respect to Shop Drawings and Samples and other data which Contractor is required to submit, but only for conformance with the information given in the Contract Documents and compatibility with the design concept of the completed project as a functioning whole as indicated in the Contract Documents. Such reviews and approvals or other action will not extend to means, methods, techniques, sequences or procedures of construction or to safety precautions and programs incident thereto. Engineer has an obligation to meet any Contractor's submittal schedule that has earlier been acceptable to Engineer.
11. *Substitutes and "or-equal."* Evaluate and determine the acceptability of substitute or "or-equal" materials and equipment proposed by Contractor, but subject to the provisions of paragraph A.2.01.A.23 of this Exhibit A.
12. *Inspections and Tests.* Require such special inspections or tests of the Work as deemed reasonably necessary, and receive and review all certificates of inspections, tests, and approvals required by Laws and Regulations or the Contract Documents. Engineer's review of such certificates will be for the purpose of determining that the results certified indicate

compliance with the Contract Documents and will not constitute an independent evaluation that the content or procedures of such inspections, tests, or approvals comply with the requirements of the Contract Documents. Engineer shall be entitled to rely on the results of such tests.

13. *Disagreements between Owner and Contractor.* Render formal written decisions on all claims of Owner and Contractor relating to the acceptability of the Work or the interpretation of the requirements of the Contract Documents pertaining to the execution and progress of the Work. In rendering such decisions, Engineer shall be fair and not show partiality to Owner or Contractor and shall not be liable in connection with any decision rendered in good faith in such capacity.
14. *Applications for Payment.* Based on Engineer's observations as an experienced and qualified design professional and on review of Applications for Payment and accompanying supporting documentation:
 - a. Determine the amounts that Engineer recommends Contractor be paid. Such recommendations of payment will be in writing and will constitute Engineer's representation to Owner, based on such observations and review, that, to the best of Engineer's knowledge, information and belief, the Work has progressed to the point indicated, the quality of such is generally in accordance with the Contract Documents (subject to an evaluation of the Work as a functioning whole prior to or upon Substantial Completion, to the results of any subsequent tests called for in the Contract Documents and to any other qualifications stated in the recommendation), and the conditions precedent to Contractor's being entitled to such payment appear to have been fulfilled in so far as it is Engineer's responsibility to observe the Work. In the case of unit price work, Engineer's recommendations of payment will include final determinations of quantities and classifications of the Work (subject to any subsequent adjustments allowed by the Contract Documents). The responsibilities of Engineer contained in paragraph A.1.05.A.6.a are expressly subject to the limitations set forth in paragraph A.1.05.A.6.b and other express or general limitations in this Agreement and elsewhere.
 - b. By recommending any payment, Engineer shall not thereby be deemed to have represented that observations made by Engineer to check the quality or quantity of the Work as it is performed and furnished have been exhaustive, extended to every aspect of the Work in progress, or involved detailed inspections of the Work beyond the responsibilities specifically assigned to Engineer in this Agreement and the Contract Documents. Neither Engineer's review of the Work for the purposes of recommending payments nor Engineer's recommendation of any payment including final payment will impose on Engineer responsibility to supervise, direct, or control the Work in progress or for the means, methods, techniques, sequences, or procedures of construction or safety precautions or programs incident thereto, or Contractor's compliance with Laws and Regulations applicable to the Work. It will also not impose responsibility on Engineer to make any examination to ascertain how or for what purposes Contractor has used the moneys paid on account of the Contract Price, or to determine that title to any portion of the work in progress, materials, or equipment has passed to Owner free and clear of any liens, claims, security interests, or encumbrances, or that there may not be other matters at issue between Owner and Contractor that might affect the amount that should be paid.

15. *Contractor's Completion Documents.*

- a. Receive and review maintenance and operating instructions, schedules, and guarantees.
- b. Receive bonds, certificates, or other evidence of insurance not previously submitted and required by the Contract Documents, certificates of inspection, tests and approvals, Shop Drawings, Samples and other data approved as provided under paragraph A.1.05.A.10, and the annotated record documents which are to be assembled by Contractor in accordance with the Contract Documents to obtain final payment. The extent of such Engineer's review will be limited as provided in paragraph A.1.05.A.10.
- c. Engineer shall transmit these documents to Owner.

16. *Substantial Completion.* Promptly after notice from Contractor that Contractor considers the entire Work ready for its intended use, in company with Owner and Contractor, conduct an inspection to determine if the Work is Substantially Complete. If after considering any objections of Owner, Engineer considers the Work Substantially Complete, Engineer shall deliver a certificate of Substantial Completion to Owner and Contractor.

17. *Final Notice of Acceptability of the Work.* Conduct a final payment inspection to determine if the completed Work of Contractor is acceptable so that Engineer may recommend, in writing, final payment to Contractor. Accompanying the recommendation for final payment, Engineer shall also provide a notice in the form attached hereto as Exhibit E ("Notice of Acceptability of Work") that the Work is acceptable (subject to the provisions of paragraph A.1.05.A.14.b) to the best of Engineer's knowledge, information, and belief and based on the extent of the services provided by Engineer under this Agreement.

B. *Duration of Construction Phase.* The Construction Phase will commence with the execution of the first Construction Agreement for a Specific Project or any part thereof and will terminate upon written recommendation by Engineer for final payment to Contractors. If a Specific Project involves more than one prime contract as indicated in the Task Order, Construction Phase services may be rendered at different times in respect to the separate contracts.

C. *Limitation of Responsibilities.* Engineer shall not be responsible for the acts or omissions of any Contractor, or of any of their subcontractors, suppliers, or of any other individual or entity performing or furnishing any of the Work. Engineer shall not be responsible for failure of any Contractor to perform or furnish the Work in accordance with the Contract Documents.

A.1.06 *Post-Construction Phase*

A. Engineer shall:

1. Provide assistance in connection with the testing and adjusting of Specific Project equipment or systems.
2. Assist Owner in training Owner's staff to operate and maintain Specific Project, equipment, and systems.

3. Assist Owner in developing procedures for control of the operation and maintenance of, and record keeping for, equipment and systems for the Specific Project.
4. Together with Owner, visit the Specific Project to observe any apparent defects in the Work, assist Owner in consultations and discussions with Contractor concerning correction of any such defects, and make recommendations as to replacement or correction of Defective Work, if present.
5. In company with Owner or Owner's representative, provide an inspection of the Specific Project within one month before the end of the Correction Period to ascertain whether any portion of the Work is subject to correction.

B. The Post-Construction Phase services may commence during the Construction Phase and, if not otherwise modified in the Task Order, will terminate at the end of the Correction Period.

PART 2 – ADDITIONAL SERVICES

A.2.01 Additional Services Requiring Owner's Authorization in Advance

- A. If authorized in writing by Owner, Engineer shall furnish or obtain from others Additional Services of the types listed below. These services will be paid for by Owner as indicated in a Task Order.
1. Preparation of applications and supporting documents (in addition to those furnished under Basic Services) for private or governmental grants, loans or advances in connection with a Specific Project; preparation or review of environmental assessments and impact statements; review and evaluation of the effects on the design requirements for a Specific Project of any such statements and documents prepared by others; and assistance in obtaining approvals of authorities having jurisdiction over the anticipated environmental impact of a Specific Project.
 2. Services to make measured drawings of or to investigate existing conditions or facilities, or to verify the accuracy of drawings or other information furnished by Owner.
 3. Services resulting from significant changes in the scope, extent, or character of the portions of a Specific Project designed or specified by Engineer or its design requirements including, but not limited to, changes in size, complexity, Owner's schedule, character of construction, or method of financing; and revising previously accepted studies, reports, Drawings, Specifications, or Contract Documents when such revisions are required by changes in Laws and Regulations enacted subsequent to the Effective Date of the Task Order or are due to any other causes beyond Engineer's control.

4. Services resulting from Owner's request to evaluate additional Study and Report Phase alternative solutions beyond those identified in paragraph A.1.01.A.4.
5. Services required as a result of Owner's providing incomplete or incorrect project information with respect to Exhibit B.
6. Providing renderings or models for Owner's use.
7. Undertaking investigations and studies including, but not limited to, detailed consideration of operations, maintenance, and overhead expenses; the preparation of feasibility studies, cash flow and economic evaluations, rate schedules, and appraisals; assistance in obtaining financing for a Specific Project; evaluating processes available for licensing, and assisting Owner in obtaining process licensing; detailed quantity surveys of materials, equipment, and labor; and audits or inventories required in connection with construction performed by Owner.
8. Furnishing services of Engineer's Consultants for other than Basic Services.
9. Services attributable to more prime construction contracts than specified in the Task Order.
10. Services during out-of-town travel required of Engineer other than for visits to the Specific Project Site or Owner's office.
11. Preparing for, coordinating with, participating in and responding to structured independent review processes, including, but not limited to, construction management, cost estimating, project peer review, value engineering, and constructability review requested by Owner; and performing or furnishing services required to revise studies, reports, Drawings, Specifications, or other Bidding Documents as a result of such review processes.
12. Preparing additional Bidding Documents or Contract Documents for alternate bids or prices requested by Owner for the Work or a portion thereof.
13. Determining the acceptability of substitute materials and equipment proposed during the Bidding or Negotiating Phase when substitution prior to the award of contracts is allowed by the Bidding Documents.
14. Assistance in connection with Bid protests, rebidding, or renegotiating contracts for construction, materials, equipment, or services, except when such assistance is required by Exhibit F.
15. Providing construction surveys and staking to enable a Contractor to perform its work other than as required under paragraph A1.05.A.5, and any type of property surveys or related engineering services needed for the transfer of interests in real property; and providing other special field surveys.
16. Providing Construction Phase services beyond the Contract Times set forth in the Task Order.

17. Providing assistance in responding to the presence of any Constituent of Concern at any Site, in compliance with current Laws and Regulations.
18. Preparing and furnishing to Owner, in the format agreed to, Record Drawings showing appropriate record information based on project annotated record documents received from Contractor.
19. Preparation of operation and maintenance manuals.
20. Preparing to serve or serving as a consultant or witness for Owner in any litigation, arbitration or other dispute resolution process related to a Specific Project.
21. Providing more extensive services required to enable Engineer to issue notices or certifications requested by Owner under paragraph 6.01.G of the Agreement or a Task Order.
22. Services in connection with Work Change Directives and Change Orders to reflect changes requested by Owner so as to make the compensation commensurate with the extent of the Additional Services rendered.
23. Services in making revisions to Drawings and Specifications occasioned by the acceptance of substitute materials or equipment other than "or-equal" items; and services after the award of any Construction Agreement in evaluating and determining the acceptability of a substitution which is found to be inappropriate for a Specific Project or an excessive number of substitutions.
24. Services resulting from significant delays, changes, or price increases occurring as a direct or indirect result of materials, equipment, or energy shortages.
25. Additional or extended services during construction made necessary by (a) a significant amount of defective, neglected or delayed Work by a Contractor, or (b) default by a Contractor.
26. Services (other than Basic Services during the Post-Construction Phase) in connection with any partial utilization of any part of the Work on a Specific Project by Owner prior to its Substantial Completion.
27. Evaluating an unreasonable claim or an excessive number of claims or requests for information submitted by a Contractor or others in connection with the Work on a Specific Project.
28. Other services performed or furnished by Engineer not otherwise provided for in this Agreement or a Task Order.

A.2.02 Additional Services Not Requiring Owner's Authorization in Advance

- A. Engineer shall perform or furnish, without requesting or receiving specific advance authorization from Owner, the Additional Services of the types listed below. Engineer shall advise Owner in writing within seven days after beginning any such Additional Services. If Owner does not want

Engineer to continue to perform or furnish the services, Owner shall notify Engineer in writing to cease, and Engineer shall comply.

1. Additional or extended services during construction made necessary by (a) emergencies or acts of God endangering the Work, (b) the presence at the site of any Constituent of Concern, (c) Work damaged by fire or other cause during construction, or (d) acceleration of the progress schedule involving services beyond normal working hours.

This is **EXHIBIT B**, consisting of 3 Pages, referred to in and part of the **Agreement between Owner and Engineer for Professional Services – Task Order Edition** dated October 4, 2007.

Schedule of Owner's Responsibilities

Article 2 of the Agreement is amended and supplemented to include the following responsibilities unless expressly stated otherwise in a Task Order.

- A. Provide Engineer with all criteria and full information as to Owner's requirements for the Specific Project, including design objectives and constraints, space, capacity and performance requirements, flexibility, and expandability, and any budgetary limitations; and furnish copies of all design and construction standards which Owner will require to be included in the Drawings and Specifications; and furnish copies of Owner's standard forms, conditions, and related documents for Engineer to include in the Bidding Documents, when applicable.
- B. Furnish to Engineer any other available information pertinent to the Specific Project including reports and data relative to previous designs, or investigation at or adjacent to the Site of the Specific Project.
- C. Following Engineer's assessment of initially-available Specific Project information and data and upon Engineer's request, furnish or otherwise make available such additional Specific Project related information and data as is reasonably required to enable Engineer to complete its Basic and Additional Services. Such additional information or data would generally include the following:
 - 1. Property descriptions.
 - 2. Zoning, deed, and other land use restrictions.
 - 3. Property, boundary, easement, right-of-way, and other special surveys or data, including establishing relevant reference points.
 - 4. Explorations and tests of subsurface conditions at or contiguous to the Site, drawings of physical conditions in or relating to existing surface or subsurface structures at or contiguous to the Site, or hydrographic surveys, with appropriate professional interpretation thereof.
 - 5. Environmental assessments, audits, investigations and impact statements, and other relevant environmental or cultural studies as to a Specific Project, the Site and adjacent areas.
 - 6. Data or consultations as required for a Specific Project but not otherwise identified in the Agreement, the Exhibits thereto, or the Task Order.
- D. Give prompt written notice to Engineer whenever Owner observes or otherwise becomes aware of the presence at the Site of any Constituent of Concern, or of any other development that

affects the scope or time of performance of Engineer's services, or any defect or nonconformance in Engineer's services, the Work, or in the performance of any Contractor.

- E. Authorize Engineer to provide Additional Services as set forth in the Task Order as required.
- F. Arrange for safe access to and make all provisions for Engineer to enter upon public and private property as required for Engineer to perform services under the Task Order.
- G. Examine all alternate solutions, studies, reports, sketches, Drawings, Specifications, proposals, and other documents presented by Engineer for the Specific Project (including obtaining advice of an attorney, insurance counselor, and other advisors or consultants as Owner deems appropriate with respect to such examination) and render in writing timely decisions pertaining thereto.
- H. Provide reviews, approvals, and permits from all governmental authorities having jurisdiction to approve all phases of the Specific Project designed or specified by Engineer and such reviews, approvals, and consents from others as may be necessary for completion of each phase of the Specific Project.
- I. Provide, as required for the Specific Project:
 - 1. Accounting, bond and financial advisory, independent cost estimating, and insurance counseling services.
 - 2. Legal services with regard to issues pertaining to the Specific Project as Owner requires, a Contractor raises, or Engineer reasonably requests.
 - 3. Such auditing services as Owner requires to ascertain how or for what purpose a Contractor has used the moneys paid.
 - 4. Placement and payment for advertisement for Bids in appropriate publications.
- J. Advise Engineer of the identity and scope of services of any independent consultants employed by Owner to perform or furnish services in regard to the Specific Project, including, but not limited to, cost estimating, project peer review, value engineering, and constructability review.
- K. Furnish to Engineer data as to Owner's anticipated costs for services to be provided by others (including, but not limited to, accounting, bond and financial, independent cost estimating, insurance counseling and legal advice) for Owner so that Engineer may assist the Owner in collating the various cost categories which comprise Total Project Costs.
- L. If Owner designates a construction manager or an individual or entity other than, or in addition to, Engineer to represent Owner at the Site, define and set forth in the Task Order the duties, responsibilities, and limitations of authority of such other party and the relation thereof to the duties, responsibilities, and authority of Engineer.

- M. If more than one prime contract is to be awarded for the Work of the Specific Project designed or specified by Engineer, designate in the Task Order a person or entity to have authority and responsibility for coordinating the activities among the various prime Contractors. Define and set forth in the Task Order the duties, responsibilities, and limitations of authority of such individual or entity and the relation thereof to the duties, responsibilities, and authority of Engineer.
- N. Attend the pre-bid conference, bid opening, pre-construction conferences, construction progress and other job related meetings, and Substantial Completion and final payment inspections.
- O. Provide the services of an independent testing laboratory to perform all inspections, tests, and approvals of Samples, materials, and equipment required by the Contract Documents, or to evaluate the performance of materials, equipment, and facilities of Owner, prior to their incorporation into the Work for the Specific Project with appropriate professional interpretation thereof.
- P. Provide Engineer with the findings and reports generated by any independent testing laboratory, if Engineer is required to review such documents.
- Q. Additional Owner responsibilities:

This is **EXHIBIT C**, consisting of 3 pages, referred to in and part of the **Agreement between Owner and Engineer for Professional Services – Task Order Edition** dated October 4, 2007.

Payments to Engineer for Services and Reimbursable Expenses

Article 2 of the Agreement is amended and supplemented to include the following agreement of the parties:

ARTICLE 2 – OWNER'S RESPONSIBILITIES

C.2.01 Method of Payment

- A. Owner shall pay Engineer for services in accordance with one or more of the following methods as identified in each Task Order:
1. Method A: Lump Sum
 2. Method B: Standard Hourly Rates
 3. Method C: Not Used
 4. Method D: Not Used

C.2.02 Explanation of Methods

A. Method A – Lump Sum

1. Owner shall pay Engineer a Lump Sum amount for the specified category of services.
2. The Lump Sum will include compensation for Engineer's services and services of Consultants, if any. Appropriate amounts will be incorporated in the Lump Sum to account for labor, overhead, profit, and Reimbursable Expenses.
3. The portion of the Lump Sum amount billed for Engineer's services will be based upon Engineer's estimate of the proportion of the total services actually completed during the billing period to the Lump Sum.

B. Method B – Standard Hourly Rates

1. For the specified category of services, the Owner shall pay Engineer an amount equal to the cumulative hours charged to the Specific Project by each class of Engineer's employees times Standard Hourly Rates for each applicable billing class for all services performed on the Specific Project, plus Reimbursable Expenses and Consultant's charges, if any.

2. Standard Hourly Rates include salaries and wages paid to personnel in each billing class plus the cost of customary and statutory benefits, general and administrative overhead, non-project operating costs, and operating margin or profit.
3. Engineer's Reimbursable Expenses Schedule and Standard Hourly Rates are attached to this Exhibit as Appendices 1 and 2.
4. The total estimated compensation for the specified category of services shall be stated in the Task Order. This total estimated compensation will incorporate all labor at Standard Hourly Rates, Reimbursable Expenses, and Consultants' charges, if any.
5. The amounts billed will be based on the cumulative hours charged to the specified category of services on the Specific Project during the billing period by each class of Engineer's employees times Standard Hourly Rates for each applicable billing class, plus Reimbursable Expenses and Engineer's Consultant's charges, if any.
6. The Standard Hourly Rates and Reimbursable Expenses Schedule shall be adjusted periodically to reflect equitable changes in the compensation payable to Engineer.

C. Method C – Direct Labor Costs Times a Factor – **NOT USED**

D. Method D – **NOT USED**

C.2.03 *Reimbursable Expenses*

Costs incurred by Engineer in the performance of the Task Order in the following categories constitute Reimbursable Expenses:

- A. Transportation and subsistence incidental thereto; advertisements, postage, and shipping costs; providing and maintaining field office facilities including furnishings and utilities; subsistence and transportation of Resident Project Representative and their assistants; toll telephone calls, faxes, and telegrams; and reproduction of reports, Drawings, Specifications, Bidding Documents, and similar Specific Project-related items in addition to those required under Exhibit A. If authorized in advance by Owner, Reimbursable Expenses will also include expenses incurred for computer time and the use of other highly specialized equipment. Reimbursable expenses shall be paid at rates set forth in Appendix 1 to this Exhibit C which shall be adjusted periodically to reflect equitable changes in the rates.
- B. The amounts payable to Engineer for Reimbursable Expenses will be the project-specific internal expenses actually incurred or allocated by Engineer, plus all invoiced external Reimbursable Expenses allocable to a Specific Project, the latter multiplied by a Factor of 110%.

C.2.04 *Serving as a Witness*

- A. For services performed by Engineer's employees as witnesses giving testimony in any litigation, arbitration or other legal or administrative proceeding under Paragraph A2.01.A.20, at a rate of 2.0 times the witness's standard hourly rate. Compensation for Consultants for such

services will be by reimbursement of Consultants' reasonable charges to Engineer for such services.

C.2.05 Other Provisions Concerning Payment

- A. *Extended Contract Times.* Should the Contract Times to complete the Work be extended beyond the period stated in the Task Order, payment for Engineer's services shall be continued based on the Standard Hourly Rates Method of Payment.
- B. *Estimated Compensation Amounts*
 - 1. Engineer's estimate of the amounts that will become payable for services are only estimates for planning purposes, are not binding on the parties, and are not the minimum or maximum amounts payable to Engineer under the Agreement.
 - 2. When estimated compensation amounts have been stated in a Task Order and it subsequently becomes apparent to Engineer that a compensation amount thus estimated will be exceeded, Engineer shall give Owner written notice thereof. Promptly thereafter Owner and Engineer shall review the matter of services remaining to be performed and compensation for such services. Owner shall either agree to such compensation exceeding said estimated amount or Owner and Engineer shall agree to a reduction in the remaining services to be rendered by Engineer so that total compensation for such services will not exceed said estimated amount when such services are completed. If Engineer exceeds the estimated amount before Owner and Engineer have agreed to an increase in the compensation due Engineer or a reduction in the remaining services, the Engineer shall give written notice thereof to Owner and shall be paid for all services rendered thereafter.

This is **Appendix 1 to EXHIBIT C**, consisting of 1 pages, referred to in and part of the **Standard Form of Agreement between Owner and Engineer for Professional Services – Task Order Edition**, dated October 4, 2007.

Reimbursable Expenses Schedule

Current agreements for engineering services stipulate that the Reimbursable Expenses are subject to review and adjustment per Exhibit C. Rates for reimbursable expenses effective on the date of this Agreement are:

8"x11" Copies/Impressions	<u>\$0.10</u> /Page
Plan Sheet Copies	<u>\$2.00</u> /Each
Reproducible Copies (Mylar)	<u>\$5.00</u> /Each
Polaris Ranger	<u>\$10.00</u> /Hour
Subcontractor invoices	<u>+ 10</u> /Percent
Fees & Permit	<u>+ 10</u> /Percent

This is **Appendix 2 to EXHIBIT C**, consisting of 1 pages, referred to in and part of the **Agreement between Owner and Engineer for Professional Services – Task Order Edition** dated October 4, 2007.

Standard Hourly Rates Schedule

Current agreements for engineering services stipulate that the standard hourly rates are subject to review and adjustment per Exhibit C. Hourly rates for services effective on the date of this Agreement are:

Registered Engineer	<u>\$110.00/hour</u>
Engineer in Training	<u>\$75.00/hour</u>
Senior CAD Technician	<u>\$60.00/hour</u>
CAD Technician	<u>\$50.00/hour</u>
CAD Technician in Training	<u>\$22.00/hour</u>
Administrative Assistant	<u>\$48.00/hour</u>
Secretary	<u>\$35.00/hour</u>
Project Representative	<u>\$60.00/hour</u>
Registered Public Land Surveyor	<u>\$95.00/hour</u>
Senior Party Chief	<u>\$65.00/hour</u>
Party Chief	<u>\$60.00/hour</u>
Instrument Man	<u>\$30.00/hour</u>
Rodman	<u>\$20.00/hour</u>
Polaris Ranger	<u>\$10.00/hour</u>
Subcontractor and Expense Markup	<u>10%/markup</u>

This is **EXHIBIT D**, consisting of 5 pages, referred to in and part of the **Agreement between Owner and Engineer for Professional Services – Task Order Edition** dated October 4, 2007.

Schedule of Duties, Responsibilities, and Limitations of Authority of Resident Project Representative

The following duties, responsibilities, and limitations of authority may be incorporated in the Task Order for a Specific Project:

D.1.01 Resident Project Representative

- A. Engineer shall furnish a Resident Project Representative ("RPR"), assistants, and other field staff to assist Engineer in observing progress and quality of the Work. The RPR, assistants, and other field staff under this Exhibit D may provide full time representation or may provide representation to a lesser degree.
- B. Through such additional observations of Contractor's work in progress and field checks of materials and equipment by the RPR and assistants, Engineer shall endeavor to provide further protection for Owner against defects and deficiencies in the Work. However, Engineer shall not, during such visits or as a result of such observations of Contractor's work in progress, supervise, direct, or have control over Contractor's work nor shall Engineer have authority over or responsibility for the means, methods, techniques, sequences, or procedures selected or used by Contractor, for security or safety at the Site, for safety precautions and programs incident to Contractor's work in progress, for any failure of Contractor to comply with Laws and Regulations applicable to Contractor's performing and furnishing the Work, or responsibility for Contractor's failure to furnish and perform the Work in accordance with the Contract Documents. In addition, the specific limitations set forth in Paragraph A.1.05 of Exhibit A as incorporated in the Task Order are applicable.
- C. The duties and responsibilities of the RPR are limited to those of Engineer in the Agreement with the Owner and in the Contract Documents, and are further limited and described as follows:
 1. *General.* RPR is Engineer's agent at the Site, will act as directed by and under the supervision of Engineer, and will confer with Engineer regarding RPR's actions.
 - RPR's dealings in matters pertaining to a Contractor's work in progress shall in general be with Engineer and Contractor, keeping Owner advised as necessary.
 - RPR's dealings with subcontractors shall only be through or with the full knowledge and approval of Contractor.
 - RPR shall generally communicate with Owner with the knowledge of and under the direction of Engineer.

2. *Schedules.* Review the progress schedule, schedule of Shop Drawing and Sample submittals, and schedule of values prepared by a Contractor and consult with Engineer concerning acceptability.
3. *Conferences and Meetings.* Attend meetings with Contractor, such as preconstruction conferences, progress meetings, job conferences and other project-related meetings, and prepare and circulate copies of minutes thereof.
4. *Liaison*
 - a. Serve as Engineer's liaison with Contractor, working principally through Contractor's superintendent, and assist in providing information regarding the intent of the Contract Documents.
 - b. Assist Engineer in serving as Owner's liaison with Contractor when Contractor's operations affect Owner's on-Site operations.
 - c. Assist in obtaining from Owner additional details or information, when required for proper execution of the Work.
5. *Interpretation of Contract Documents.* Report to Engineer when clarifications and interpretations of the Contract Documents are needed and transmit to Contractor clarifications and interpretations as issued by Engineer.
6. *Shop Drawings and Samples*
 - a. Record date of receipt of Samples and approved Shop Drawings.
 - b. Receive Samples which are furnished at the Specific Project Site by Contractor, and notify Engineer of availability of Samples for examination.
 - c. Advise Engineer and Contractor of the commencement of any portion of the Work requiring a Shop Drawing or Sample submittal for which RPR believes that the submittal has not been approved by Engineer.
7. *Modifications.* Consider and evaluate Contractor's suggestions for modifications in Drawings or Specifications and report such suggestions, together with RPR's recommendations, to Engineer. Transmit to Contractor in writing decisions as issued by Engineer.
8. *Review of Work and Rejection of Defective Work*
 - a. Conduct on-Site observations of Contractor's work in progress to assist Engineer in determining if the Work is in general proceeding in accordance with the Contract Documents.
 - b. Report to Engineer whenever RPR believes that any part of Contractor's work in progress will not produce a completed project that conforms generally to the Contract Documents or will imperil the integrity of the design concept of the completed Specific Project as a functioning whole as indicated in the Contract Documents, or has been damaged, or does

not meet the requirements of any inspection, test or approval required to be made; and advise Engineer of that part of work in progress that RPR believes should be corrected or rejected or should be uncovered for observation, or requires special testing, inspection or approval.

9. *Inspections, Tests, and System Start-ups*

- a. Consult with Engineer in advance of scheduled major inspections, tests, and systems start-ups of important phases of the Work.
- b. Verify that tests, equipment, and systems start-ups and operating and maintenance training are conducted in the presence of appropriate Owner's personnel, and that Contractor maintains adequate records thereof.
- c. Observe, record, and report to Engineer appropriate details relative to the test procedures and systems start-ups.
- d. Accompany visiting inspectors representing public or other agencies having jurisdiction over a Specific Project, record the results of these inspections, and report to Engineer.

10. *Records*

- a. Maintain at the Site orderly files for correspondence, reports of job conferences, reproductions of original Contract Documents including all Change Orders, Field Orders, Work Change Directives, Addenda, additional Drawings issued subsequent to the execution of the Contract, Engineer's clarifications and interpretations of the Contract Documents, progress reports, Shop Drawing and Sample submittals received from and delivered to Contractor, and other Specific Project-related documents.
- b. Prepare a daily report or keep a diary or log book, recording Contractor's hours on the Site, weather conditions, data relative to questions of Change Orders, Field Orders, Work Change Directives, or changed conditions, Site visitors, daily activities, decisions, observations in general, and specific observations in more detail as in the case of observing test procedures; and send copies to Engineer.
- c. Record names, addresses, fax numbers, e-mail addresses, web site locations and telephone numbers of all Contractors, subcontractors, and major suppliers of materials and equipment.
- d. Maintain records for use in preparing project documentation.
- e. Upon completion of the Work, furnish original set of all RPR Specific Project documentation to Engineer.

11. *Reports*

- a. Furnish to Engineer periodic reports as required of progress of the Work and of Contractor's compliance with the progress schedule and schedule of Shop Drawing and Sample submittals.

- b. Draft and recommend to Engineer proposed Change Orders, Work Change Directives, and Field Orders. Obtain backup material from Contractor.
- c. Furnish to Engineer and Owner copies of all inspection, test, and system startup reports.
- d. Immediately notify Engineer of the occurrence of any Site accidents, emergencies, acts of God endangering the Work, damage to property by fire or other causes, or the discovery of any Constituent of Concern..

12. *Payment Requests*

- a. Review Applications for Payment with Contractor for compliance with the established procedure for their submission and forward with recommendations to Engineer, noting particularly the relationship of the payment requested to the schedule of values, Work completed, and materials and equipment delivered at the Site but not incorporated in the Work.

13. *Certificates, Operation and Maintenance Manuals*

- a. During the course of the Work, verify that materials and equipment certificates, operation and maintenance manuals and other data required by the Specifications to be assembled and furnished by a Contractor are applicable to the items actually installed and in accordance with the Contract Documents, and have these documents delivered to Engineer for review and forwarding to Owner prior to payment for that part of the Work.

14. *Completion*

- a. Participate in a Substantial Completion inspection, assist in the determination of Substantial Completion and the preparation of lists of items to be completed or corrected.
- b. Participate in a final inspection in the company of Engineer, Owner, and Contractor and prepare a final list of items to be completed and deficiencies to be remedied.
- c. Observe whether all items on the final list have been completed or corrected and make recommendations to Engineer concerning acceptance and issuance of the Notice of Acceptability of the Work.

D. Resident Project Representative shall not:

- 1. Authorize any deviation from the Contract Documents or substitution of materials or equipment (including "or-equal" items).
- 2. Exceed limitations of Engineer's authority as set forth in the Agreement or the Contract Documents.
- 3. Undertake any of the responsibilities of a Contractor, subcontractors, suppliers, or a Contractor's superintendent.

4. Advise on, issue directions relative to, or assume control over any aspect of the means, methods, techniques, sequences or procedures of the Contractor's work unless such advice or directions are specifically required by the Contract Documents.
5. Advise on, issue directions regarding, or assume control over safety practices, precautions and programs in connection with the activities or operations of Owner or Contractor.
6. Participate in specialized field or laboratory tests or inspections conducted off-site by others except as specifically authorized by Engineer.
7. Accept Shop Drawing or Sample submittals from anyone other than Contractor.
8. Authorize Owner to occupy a Specific Project in whole or in part.

This is **EXHIBIT E**, consisting of 2 pages, referred to in and part of the **Agreement between Owner and Engineer for Professional Services – Task Order Edition** dated October 4, 2007

NOTICE OF ACCEPTABILITY OF WORK

PROJECT:

OWNER:

OWNER'S CONSTRUCTION CONTRACT IDENTIFICATION:

EFFECTIVE DATE OF THE CONSTRUCTION AGREEMENT:

CONSTRUCTION CONTRACT DATE:

ENGINEER:

To:

OWNER

And To:

CONTRACTOR

From:

ENGINEER

The Engineer hereby gives notice to the above Owner and Contractor that the completed Work furnished and performed by Contractor under the above Contract is acceptable, expressly subject to the provisions of the related Contract Documents and the terms and conditions set forth on the reverse side hereof.

By: _____

Title: _____

Dated: _____

(Reverse side of Notice)

CONDITIONS OF NOTICE OF ACCEPTABILITY OF WORK

The Notice of Acceptability of Work ("Notice") on the front side of this sheet is expressly made subject to the following terms and conditions to which all persons who receive said Notice and rely thereon agree:

1. Said Notice is given with the skill and care ordinarily used by members of the engineering profession practicing under similar conditions at the same time and in the same locality.
2. Said Notice reflects and is an expression of the professional judgment of Engineer.
3. Said Notice is given as to the best of Engineer's knowledge, information, and belief as of the date hereof.
4. Said Notice is based entirely on and expressly limited by the scope of services Engineer has been employed by Owner to perform or furnish during construction of the Specific Project (including observation of the Contractor's work) under Engineer's Agreement with Owner and under the Construction Contract referenced on the reverse hereof, and applies only to facts that are within Engineer's knowledge or could reasonably have been ascertained by Engineer as a result of carrying out the responsibilities specifically assigned to Engineer under Engineer's Agreement with Owner and the Construction Contract referenced on the reverse hereof.
5. Said Notice is not a guarantee or warranty of Contractor's performance under the Construction Contract referenced on the reverse hereof nor an assumption of responsibility for any failure of Contractor to furnish and perform the Work thereunder in accordance with the Contract Documents.

Construction Cost Limit

Paragraph 5.02 of the Agreement is amended and supplemented to include the following when incorporated in the Task Order for a Specific Project:

F.5.02 Designing to Construction Cost Limit

- A. A Construction Cost limit may be set forth in the Task Order.
- B. In such case, a bidding or negotiating contingency will be added to any Construction Cost limit.
- C. The acceptance by Owner at any time during Basic Services of a revised opinion of probable Construction Cost in excess of the then established Construction Cost limit will constitute a corresponding increase in the Construction Cost limit.
- D. Engineer will be permitted to determine what types of materials, equipment and component systems, and the types and quality thereof are to be included in the Drawings and Specifications and to make reasonable adjustments in the scope, extent, and character of a Specific Project to the extent consistent with the project requirements and sound engineering practices to bring the project within the Construction Cost limit.
- E. If the Bidding or Negotiating Phase has not commenced within three months after completion of the Final Design Phase, or if industry-wide prices are changed because of unusual or unanticipated events affecting the general level of prices or times of delivery in the construction industry, the established Construction Cost limit will not be binding on Engineer, and Owner shall consent to an adjustment in such Construction Cost limit commensurate with any applicable change in the general level of prices in the construction industry between the date of completion of the Final Design Phase and the date on which proposals or Bids are sought.
- F. If the lowest bona fide proposal or Bid exceeds the established Construction Cost limit, Owner shall (1) give written approval to increase such Construction Cost limit, or (2) authorize negotiating or rebidding the Specific Project within a reasonable time, or (3) cooperate in revising the Specific Project's scope, extent, or character to the extent consistent with the Specific Project's requirements and with sound engineering practices. In the case of (3), Engineer shall modify the Contract Documents as necessary to bring the Construction Cost within the Construction Cost limit. Owner shall pay Engineer's cost to provide such modification services, including the costs of the services of Engineer's Consultants, all overhead expenses reasonably related thereto, and Reimbursable Expenses, but without profit to Engineer on account of such services. The providing of such services will be the limit of Engineer's responsibility in this regard and, having done so, Engineer shall be entitled to payment for services and expenses in accordance with this Agreement and will not otherwise be liable for damages attributable to the lowest bona fide proposal or Bid exceeding the established Construction Cost limit.

This is **EXHIBIT G**, consisting of 2 pages, referred to in and part of the **Agreement between Owner and Engineer for Professional Services – Task Order Edition** dated October 4 , 2007.

Insurance

Paragraph 6.04 of the Agreement is amended and supplemented to include the following agreement of the parties.

G.6.04 *Insurance*

A. The limits of liability for the insurance required by paragraphs 6.04.A and 6.04.B of the Agreement are as follows:

1. By Engineer:

a. Workers' Compensation: Statutory

b. Employer's Liability --

1) Each Accident: \$1,000,000

2) Disease, Policy Limit: \$1,000,000

3) Disease, Each Employee: \$1,000,000

c. General Liability --

1) Each Occurrence (Bodily Injury and Property Damage): \$1,000,000

2) General Aggregate: \$2,000,000

d. Excess or Umbrella Liability --

1) Each Occurrence: \$2,000,000

2) General Aggregate: \$2,000,000

e. Automobile Liability --

1) Bodily Injury:

a) Each Accident \$ 500,000

2) Property Damage:

a) Each Accident \$ 500,000

2. By Owner: (To be completed by Owner Subject to Existing Coverage)

a. Workers' Compensation: Statutory

b. Employer's Liability --

- 1) Each Accident \$ _____
- 2) Disease, Policy Limit \$ _____
- 3) Disease, Each Employee \$ _____

c. General Liability --

- 1) General Aggregate: \$ _____
- 2) Each Occurrence (Bodily Injury and Property Damage): \$ _____

d. Excess Umbrella Liability --

- 1) Each Occurrence: \$ _____
- 2) General Aggregate: \$ _____

e. Automobile Liability --

- 1) Bodily Injury:
 - a) Each Accident \$ _____
- 2) Property Damage:
 - a) Each Accident \$ _____

[or]

- 1) Combined Single Limit
(Bodily Injury and Property Damage):
Each Accident \$ _____

- f. Other (specify): \$ _____

B. Additional Insureds

- 1. Engineer and the Consultants identified in the Task Order for a Specific Project shall be listed on Owner's policies of insurance as additional insureds as provided in paragraph 6.04.B.

This is **EXHIBIT H**, consisting of 1 pages, referred to in and part of the **Agreement between Owner and Engineer for Professional Services – Task Order Edition** dated October 4, 2007

Dispute Resolution

Paragraph 6.08 of the Agreement is amended and supplemented to include the following agreement of the parties:

[NOTE: Select one of the two alternatives provided]

H.6.08 *Dispute Resolution*

- A. Owner and Engineer agree that they shall first submit any and all unsettled claims, counterclaims, disputes, and other matters in question between them arising out of or relating to this Agreement, including any Task Order, or the breach thereof ("Disputes") to mediation by *[insert name of mediator, or mediation service]*.
1. If such mediation is unsuccessful in resolving a Dispute, then (a) the parties may mutually agree to a dispute resolution of their choice, or (b) either party may seek to have the Dispute resolved by a court of competent jurisdiction.

Allocation of Risks

I.6.10.A *Limitation of Engineer's Liability*

1. *Engineer's Liability Limited to Amount of Insurance Proceeds.* Engineer shall procure and maintain insurance as required by and set forth in Exhibit G to this Agreement. Notwithstanding any other provision of this Agreement, and to the fullest extent permitted by law, the total liability, in the aggregate, of Engineer and Engineer's officers, directors, partners, employees, agents, and Engineer's Consultants, and any of them, to Owner and anyone claiming by, through, or under Owner for any and all claims, losses, costs, or damages whatsoever arising out of, resulting from or in any way related to a Specific Project or Task Order, or this Agreement, from any cause or causes, including but not limited to the negligence, professional errors or omissions, strict liability, or breach of contract or warranty, express or implied, of Engineer or Engineer's officers, directors, partners, employees, agents, or Engineer's Consultants, or any of them (hereafter "Owner's Claims"), shall not exceed the total insurance proceeds paid on behalf of or to Engineer by Engineer's insurers in settlement or satisfaction of Owner's Claims under the terms and conditions of Engineer's insurance policies applicable thereto (excluding fees, costs and expenses of investigation, claims adjustment, defense, and appeal). If no such insurance coverage is provided with respect to Owner's Claims, then the total liability, in the aggregate, of Engineer and Engineer's officers, directors, partners, employees, agents, and Engineer's Consultants, and any of them to Owner and anyone claiming by, through, or under Owner for any and all such uninsured Owner's Claims shall not exceed \$ N/A.

Agreement Not to Claim for Cost of Certain Change Orders. Owner recognizes and expects that certain Change Orders may be required to be issued as the result in whole or part of imprecision, incompleteness, errors, omissions, ambiguities, or inconsistencies in the Drawings, Specifications, and other design documentation furnished by Engineer or in the other professional services performed or furnished by Engineer for each Task Order under this Agreement ("Covered Change Orders"). Accordingly, Owner agrees not to sue and otherwise to make no claim directly or indirectly against Engineer on the basis of professional negligence, breach of contract, or otherwise with respect to the costs of approved Covered Change Orders on a Specific Project unless the costs of such approved Covered Change Orders exceed 25% of Construction Cost for that Specific Project, and then only for an amount in excess of such percentage. Any responsibility of Engineer for the costs of Covered Change Orders in excess of such percentage will be determined on the

basis of applicable contractual obligations and professional liability standards. For purposes of this paragraph, the cost of Covered Change Orders will not include any costs that Owner would have incurred if the Covered Change Order work had been included originally without any imprecision, incompleteness, error, omission, ambiguity, or inconsistency in the Contract Documents and without any other error or omission of Engineer related thereto. Nothing in this provision creates a presumption that, or changes the professional liability standard for determining if, Engineer is liable for the cost of Covered Change Orders in excess of the percentage of Construction Cost stated above or for any other Change Order. Wherever used in this paragraph, the term Engineer includes Engineer's officers, directors, partners, employees, agents, and Engineer's Consultants.

**United Irrigation District
Board of Directors Meeting Minutes of
September 13, 2007**

Chairperson Warshak called the meeting to order.

<u>Board Members present:</u>	Mike Warshak	President
	Jesus Garcia	Vice-President
	Fernando Rivera	Secretary
	Kathy Reavis	Member
	Mike Helle	Member

<u>Also present:</u>	Tito Nieto	General Manager
	Cynthia Galvan	Staff Recorder

Absent: None

Visitors: None

Minutes

A Motion was made, seconded, and carried to approve the Minutes of August 29 as presented.

Financial

A Motion was made, seconded, and carried to approve the financial as presented.

General Report

The General Manager reported on the ongoing District business.

Bureau of Reclamation Project

This item was tabled.

Sharyland Water Supply pending Litigation

This item was tabled.

Executive Session

No executive session was called.

Consideration of engineering and consulting service proposals

The Manger stated that four firms had responded to the advertisement. They were Ferris and Flinn of Harlingen, Halff and Associates of McAllen, Raba-Kistner Consultants, Inc. of McAllen, and Sigler, Winston, Greenwood & Associates of Weslaco. The consensus of the Board was to invite representatives of Ferris and Flinn and Halff and Associates to the next Board meeting to discuss their qualifications.

City of Mission Contract

This item was tabled.

Release of Easement in Lot 17-2 WAS - MCISD

This item was tabled.

Request to abandon canal right of way – Lot 17-2 WAS MCISD

This item was tabled.

Appraisal of canal right of way in Lot 8-6 WAS – Luis Castillo.

The Manager presented the appraisal of a 0.38 of one acre or 16,553 square feet from S & R Appraisals. The appraised value was \$1.35 per square foot. The Manager stated that this was part of the original first lift canal and no facilities are located there. After due consideration, a Motion was made, seconded and carried to accept the appraised value as presented.

Authorization to sign Special Warranty Deed for sale of canal right of way in lot 8-6 WAS.

A Motion was made, seconded, and carried to authorize the President and Secretary to sign the Special Warranty Deed.

Appraisal of canal right of way in Lot 49-10 WAS – Sandra Rodriguez.

The Manager presented the appraisal of a 4.48 acres or 195,077.59 square feet from S & R Appraisals. The appraised value was \$1.50 per square foot. The Manager stated that the District will retain a thirty foot canal right of way over the existing pipeline. After due consideration, a Motion was made, seconded and carried to accept the appraised value as presented.

Authorization to sign Special Warranty Deeds for sale of canal right of way in lot 49-10 WAS.

This item was tabled

Consideration of Exchange of Easements for Mission Valley Estates

This item was tabled.

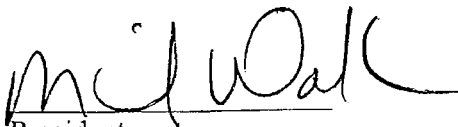
Plats

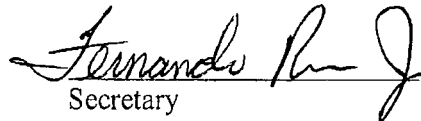
Mission Valley Estates

This item was tabled

Adjournment

Due to no further business for discussion, the meeting was duly adjourned.


President


Secretary

**United Irrigation District
Board of Directors Meeting Minutes of
September 27, 2007**

Chairperson Warshak called the meeting to order.

<u>Board Members present:</u>	Mike Warshak	President
	Jesus Garcia	Vice-President
	Fernando Rivera	Secretary
	Kathy Reavis	Member
	Mike Helle	Member

<u>Also present:</u>	Tito Nieto	General Manager
	Cynthia Galvan	Staff Recorder

Absent: None

<u>Visitors:</u>	William Lewis	Halff and Associates
	Frank Ferris	Ferris and Flinn

Minutes

A Motion was made, seconded, and carried to approve the Minutes of August 29 as presented.

Financial

A Motion was made, seconded, and carried to approve the financial as presented.

Bank Signatory Cards for I & S Account

A Motion was made, seconded, and carried to authorize the bank signatory cards be drawn for the Interest & Sinking Account.

General Report

The General Manager reported on the ongoing District business.

CPL Contract

The Manager stated that Central Power and Light had offered a blend and extend contract at a lower rate than the current contract rate. A Motion was made, seconded, and carried to enter into a contract for a one year (1-yr) term when the market rates drop below the current contract rate of \$0.09 per KWh and formally ratify this contract at the next scheduled meeting.

Bureau of Reclamation Project

This item was tabled.

Sharyland Water Supply pending Litigation

This item was tabled.

Executive Session

No executive session was called.

Consideration of District Engineer

Mr. William Lewis of Halff and Associates, and Mr. Frank Ferris of Ferris and Flinn were present as invited by the Board to discuss their companies engineering qualifications. After due discussion, a Motion was made, seconded, and carried to select Ferris and Flinn as District engineer for a term of one year.

City of Mission Contract

No Action taken.

Easement Exchange in Mission Valley Estates

The Manager reported that the District has a 25 foot easement within the proposed subdivision. The developer replaced the existing pipeline and relocated it along the east fifteen foot of the new subdivision has asked the district abandon a portion of that easement. A Motion was made, seconded, and carried to abandon the west ten (10') of the existing twenty-five (25') easement.

Intermit of Hilderbrand canal

The Manager requested authorization to inter approximately five hundred (500) feet of the open section of the Hilderbrand Canal located between lots 384 and 374 JHS. A Motion was made, seconded, and carried to authorize the Manager to place this section of the canal underground.

Rescheduled Board Meeting.

The Manager stated that he would be out of town attending a TWCA meeting on the next scheduled meeting on October 11. A Motion was made, seconded, and carried to reschedule the next Board meeting on October 10 and 10:00 a.m.

Plats

Mission Valley Estates

Being a 33.58 acre gross and a 27.14 acre net subdivision out of lots 501 and 491 John H. Shary. A Motion was made, seconded, and carried to approve the subdivision subject to the engineer correcting the easement language for the abandonment on the plat.

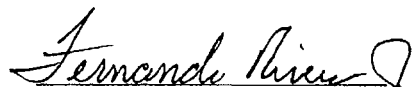
Wright subdivision

Being a 1.466 acre gross and a 1.075 acre net subdivision out of lot 328 John H. Shary. A Motion was made, seconded, and carried to approve the subdivision subject as presented.

Adjournment

Due to no further business for discussion, the meeting was duly adjourned.


President


Secretary

**United Irrigation District
Board of Directors Meeting Minutes of
October 10, 2007**

Chairperson Warshak called the meeting to order.

<u>Board Members present:</u>	Mike Warshak	President
	Jesus Garcia	Vice-President
	Fernando Rivera	Secretary
	Kathy Reavis	Member
	Mike Helle	Member

<u>Also present:</u>	Tito Nieto	General Manager
	Stephen Dunn	Staff Recorder
	Frank Ferris	Ferris and Flinn

Absent: None

Visitors: None

Minutes

A Motion was made, seconded, and carried to approve the Minutes of September 27 as presented.

Financial

A Motion was made, seconded, and carried to approve the financial as corrected.

General Report

The General Manager reported on the ongoing District business.

Bureau of Reclamation Project

This item was tabled.

Sharyland Water Supply pending Litigation

This item was tabled.

Executive Session

No executive session was called.

District Engineer Contract

The Manager presented a contract with Ferris of Ferris and Flinn for Board consideration. After due discussion, a Motion was made, seconded, and carried to approve the contract with Ferris and Flinn subject to changing the term on the contract from two years to one year.

City of Mission Contract

No Action taken.

Blend and Extend Contract Ratification

The Manager stated that at the Board Meeting of September 27 he was granted authorization to enter into a contract for a one year (1-yr) term when the market rates drop below the current contract rate of \$0.09 per KWh. A Motion was made, seconded, and carried to ratify this action as approved on September 27.

Letter of engagement with Espinosa and Company

The Manager presented a letter of engagement with Espinosa and Company, District Auditors. A Motion was made, seconded, and carried to authorize Espinosa and Company to begin the Annual Audit.

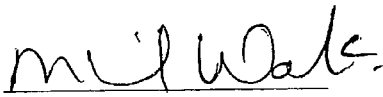
Plats

Pine Ridge Estates

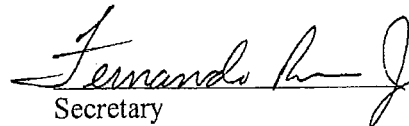
Being a 12.682 acre gross and a 9.54 acre net subdivision out of lot 264 John H. Shary. A Motion was made, seconded, and carried to approve the subdivision subject to the engineer dedicating an irrigation easement across Tract II street right of way.

Adjournment

Due to no further business for discussion, the meeting was duly adjourned.



President



Secretary

**United Irrigation District
Board of Directors Meeting Minutes of
December 17, 2010**

Chairperson Warshak called the Board meeting to order.

Board Members present: Mike Warshak President
Jesus Garcia Vice-President
Fernando Rivera Jr. Secretary
Kathy Reavis Member
Mike Helle Member

Also present: Tito Nieto General Manager
Lucia Balderas Staff Recorder
Frank Ferris Engineer

Absent: None

Visitors: None

Minutes

A Motion was made, seconded, and carried to approve the Minutes of November 17, 2010 as presented.

Financial

A Motion was made, seconded, and carried to approve the financial as presented.

General Report

The General Manager reported on ongoing District Business.

Engineering Report

Frank Ferris reported that IBWC has agreed to line the Mission Main Canal.

Bureau of Reclamation Project

Mr. Frank Ferris reported that ½ of the pipeline for the Meador Project had been laid and all pipe and fittings have been received. He also reported that on the Rossow Project the City of Alton would be replacing the Glasscock Road Crossing.

Correction Special Warranty Deed

The Manager reported that this deed is made in place of and to correct a deed from United Irrigation District to Castillo & Sons Construction, Inc. dated January 3, 2003 and recorded in Document No. 1174677, in the Official Records of Hidalgo County, Texas. By mistake that deed was inadvertently recorded with the wrong Metes and Bounds Description in Exhibit "A". A Motion was made, seconded, and carried to authorize the President to sign the Special Correction Warranty Deed.

Ferris & Flinn, LLC – 2010 Schedule of Fees


A Motion was made, seconded, and carried to approve the 2010 Schedule of Fees as presented.

Oak Valley Subdivision

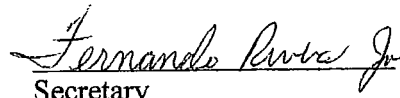
This plat was tabled.

Adjournment

Due to no further business for discussion, the meeting was duly adjourned.



President



Secretary

FINANCIAL ADVISORY AGREEMENT

This Financial Advisory Agreement (the "Agreement") is made and entered into by and between United Irrigation District (the "Issuer") and FirstSouthwest, a Division of Hilltop Securities Inc. ("FirstSouthwest") effective as of the date executed by the Issuer as set forth on the signature page hereof.

WITNESSETH:

WHEREAS, the Issuer will have under consideration from time to time the authorization and issuance of indebtedness in amounts and forms which cannot presently be determined and, in connection with the authorization, sale, issuance and delivery of such indebtedness, Issuer desires to retain an independent financial advisor; and

WHEREAS, the Issuer desires to obtain the professional services of FirstSouthwest to advise the Issuer regarding the issuance and sale of certain evidences of indebtedness or debt obligations that may be authorized and issued or otherwise created or assumed by the Issuer (hereinafter referred to collectively as the "Debt Instruments") from time to time during the period in which this Agreement shall be effective; and

WHEREAS, FirstSouthwest is willing to provide its professional services and its facilities as financial advisor in connection with all programs of financing as may be considered and authorized by Issuer during the period in which this Agreement shall be effective.

NOW, THEREFORE, the Issuer and FirstSouthwest, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, do hereby agree as follows:

**SECTION I
DESCRIPTION OF SERVICES**

Upon the request of an authorized representative of the Issuer, FirstSouthwest agrees to perform the financial advisory services stated in the following provisions of this Section I; and for having rendered such services, the Issuer agrees to pay to FirstSouthwest the compensation as provided in Section V hereof.

- A. Financial Planning. At the direction of Issuer, FirstSouthwest shall:

1. Survey and Analysis. Conduct a survey of the financial resources of the Issuer to determine the extent of its capacity to authorize, issue and service any Debt Instruments contemplated. This survey will include an analysis of any existing debt structure as compared with the existing and projected sources of revenues which may be pledged to secure payment of debt service and, where appropriate, will include a study of the trend of the assessed valuation, taxing power and present and future taxing requirements of the Issuer. In the event revenues of existing or projected facilities operated by the Issuer are to be pledged to repayment of the Debt Instruments then under consideration, the survey will take into account any outstanding indebtedness payable from the revenues thereof, additional revenues to be available from any proposed rate increases and additional revenues, as projected by consulting engineers employed by the Issuer, resulting from improvements to be financed by the Debt Instruments under consideration.
2. Future Financings. Consider and analyze future financing needs as projected by the Issuer's staff and consulting engineers or other experts, if any, employed by the Issuer.
3. Recommendations for Debt Instruments. On the basis of the information developed by the survey described above, and other information and experience available, submit to the Issuer recommendations regarding the Debt Instruments under consideration, including such elements as the date of issue, interest payment dates, schedule of principal maturities, options of prior payment, security provisions, and such other provisions as may be appropriate in order to make the issue attractive to investors while achieving the objectives of the Issuer. All recommendations will be consistent with the goal of designing the Debt Instruments to be sold on terms which are advantageous to the Issuer, including the lowest interest cost consistent with all other considerations.
4. Market Information. Advise the Issuer of our interpretation of current bond market conditions, other related forthcoming bond issues and general information, with economic data, which might normally be expected to influence interest rates or bidding conditions so that the date of sale of the Debt Instruments may be set at a favorable time.
5. Elections. In the event it is necessary to hold an election to authorize the Debt Instruments then under consideration, FirstSouthwest will assist in coordinating the assembly of such data as may be required for the preparation of necessary petitions, orders, resolutions, ordinances, notices and certificates in connection with the election, including assistance in the transmission of such data to a firm of municipal bond attorneys ("Bond Counsel") retained by the Issuer.

B. Debt Management and Financial Implementation. At the direction of Issuer, FirstSouthwest shall:

1. Method of Sale. Evaluate the particular financing being contemplated, giving consideration to the complexity, market acceptance, rating, size and structure in order to make a recommendation as to an appropriate method of sale, and:

a. If the Debt Instruments are to be sold by an advertised competitive sale, FirstSouthwest will:

(1) Supervise the sale of the Debt Instruments;

(2) Disseminate information to prospective bidders, organize such informational meetings as may be necessary, and facilitate prospective bidders' efforts in making timely submission of proper bids;

(3) Assist the staff of the Issuer in coordinating the receipt of bids, the safekeeping of good faith checks and the tabulation and comparison of submitted bids; and

(4) Advise the Issuer regarding the best bid and provide advice regarding acceptance or rejection of the bids.

b. If the Debt Instruments are to be sold by negotiated sale, FirstSouthwest will:

(1) Recommend for Issuer's final approval and acceptance one or more investment banking firms as managers of an underwriting syndicate for the purpose of negotiating the purchase of the Debt Instruments.

(2) Cooperate with and assist any selected managing underwriter and their counsel in connection with their efforts to prepare any Official Statement or Offering Memorandum. FirstSouthwest will cooperate with and assist the underwriters in the preparation of a bond purchase contract, an underwriters agreement and other related documents. The costs incurred in such efforts, including the printing of the documents, will be paid in accordance with the terms of the Issuer's agreement with the underwriters, but shall not be or become an obligation of FirstSouthwest, except to the extent specifically provided otherwise in this Agreement or assumed in writing by FirstSouthwest.

(3) Assist the staff of the Issuer in the safekeeping of any good faith checks, to the extent there are any such, and provide a cost comparison, for both expenses and interest which are suggested by the underwriters, to the then current market.

(4) Advise the Issuer as to the fairness of the price offered by the underwriters.

2. Offering Documents. Coordinate the preparation of the notice of sale and bidding instructions, official statement, official bid form and such other documents as may be required and submit all such documents to the Issuer for examination, approval and certification. After such examination, approval and certification, FirstSouthwest shall provide the Issuer with a supply of all such documents sufficient to its needs and distribute by mail or, where appropriate, by electronic delivery, sets of the same to prospective purchasers of the Debt Instruments. Also, FirstSouthwest shall provide copies of the final Official Statement to the purchaser of the Debt Instruments in accordance with the Notice of Sale and Bidding Instructions.

3. Credit Ratings. Make recommendations to the Issuer as to the advisability of obtaining a credit rating, or ratings, for the Debt Instruments and, when directed by the Issuer, coordinate the preparation of such information as may be appropriate for submission to the rating agency, or agencies. In those cases where the advisability of personal presentation of information to the rating agency, or agencies, may be indicated, FirstSouthwest will arrange for such personal presentations, utilizing such composition of representatives from the Issuer as may be finally approved or directed by the Issuer.

4. Trustee, Paying Agent, Registrar. Upon request, counsel with the Issuer in the selection of a Trustee and/or Paying Agent/Registrar for the Debt Instruments, and assist in the negotiation of agreements pertinent to these services and the fees incident thereto.

5. Financial Publications. When appropriate, advise financial publications of the forthcoming sale of the Debt Instruments and provide them with all pertinent information.

6. Consultants. After consulting with and receiving directions from the Issuer, arrange for such reports and opinions of recognized independent consultants as may be appropriate for the successful marketing of the Debt Instruments.

7. Auditors. In the event formal verification by an independent auditor of any calculations incident to the Debt Instruments is required, make arrangements for such services.

8. Issuer Meetings. Attend meetings of the governing body of the Issuer, its staff, representatives or committees as requested at all times when FirstSouthwest may be of assistance or service and the subject of financing is to be discussed.
9. Printing. To the extent authorized by the Issuer, coordinate all work incident to printing of the offering documents and the Debt Instruments.
10. Bond Counsel. Maintain liaison with Bond Counsel in the preparation of all legal documents pertaining to the authorization, sale and issuance of the Debt Instruments.
11. Changes in Laws. Provide to the Issuer copies of proposed or enacted changes in federal and state laws, rules and regulations having, or expected to have, a significant effect on the municipal bond market of which FirstSouthwest becomes aware in the ordinary course of its business, it being understood that FirstSouthwest does not and may not act as an attorney for, or provide legal advice or services to, the Issuer.
12. Delivery of Debt Instruments. As soon as a bid for the Debt Instruments is accepted by the Issuer, coordinate the efforts of all concerned to the end that the Debt Instruments may be delivered and paid for as expeditiously as possible and assist the Issuer in the preparation or verification of final closing figures incident to the delivery of the Debt Instruments.
13. Debt Service Schedule; Authorizing Resolution. After the closing of the sale and delivery of the Debt Instruments, deliver to the Issuer a schedule of annual debt service requirements for the Debt Instruments and, in coordination with Bond Counsel, assure that the paying agent/registrars and/or trustee has been provided with a copy of the authorizing ordinance, order or resolution.

SECTION II OTHER AVAILABLE SERVICES

In addition to the services set forth and described in Section I herein above, FirstSouthwest agrees to make available to Issuer the following services, when so requested by the Issuer and subject to the agreement by Issuer and FirstSouthwest regarding the compensation, if any, to be paid for such services, it being understood and agreed that the services set forth in this Section II shall require further agreement as to the compensation to be received by FirstSouthwest for such services:

1. Investment of Funds. From time to time, as an incident to the other services provided hereunder as financial advisor, FirstSouthwest may purchase such investments as may be directed and authorized by Issuer to be purchased, it being understood that FirstSouthwest will be compensated in the normal and customary manner for each such transaction. In any instance wherein FirstSouthwest may become entitled to receive fees or other compensation in any form from a third party with respect to these investment activities on behalf of Issuer, we will disclose to Issuer the nature and, to the extent such is known, the amount of any such compensation so that Issuer may consider the information in making its investment decision. It is understood and agreed that FirstSouthwest is a duly licensed broker/dealer and is affiliated with First Southwest Asset Management, LLC ("FirstSouthwest Asset Management"), a duly registered investment advisor. Issuer may, from time to time, utilize the broker/dealer services of FirstSouthwest and/or the investment advisory services of FirstSouthwest Asset Management with respect to matters which do not involve or affect the financial advisory services referenced in this Agreement. The terms and conditions of the engagement of FirstSouthwest and/or FirstSouthwest Asset Management to provide such services shall be determined by mutual agreement at the time such services are requested.
2. Exercising Calls and Refunding. Provide advice and assistance with regard to exercising any call and/or refunding of any outstanding Debt Instruments.
3. Capital Improvements Programs. Provide advice and assistance in the development of any capital improvements programs of the Issuer.
4. Long-Range Planning. Provide advice and assistance in the development of other long-range financing plans of the Issuer.
5. Post-Sale Services. Subsequent to the sale and delivery of Debt Instruments, review the transaction and transaction documentation with legal counsel for the Issuer, Bond Counsel, auditors and other experts and consultants retained by the Issuer and assist in developing appropriate responses to legal processes, audit procedures, inquiries, internal reviews and similar matters.

SECTION III TERM OF AGREEMENT

This Agreement shall become effective as of the date executed by the Issuer as set forth on the signature page hereof and, unless terminated by either party pursuant to Section IV of this Agreement, shall remain in effect thereafter for a period of five (5) years from such date. Unless FirstSouthwest or Issuer shall notify the other party in writing at least thirty (30) days in advance of the applicable anniversary date

that this Agreement will not be renewed, this Agreement will be automatically renewed on the fifth anniversary of the date hereof for an additional one (1) year period and thereafter will be automatically renewed on each anniversary date for successive one (1) year periods.

SECTION IV TERMINATION

This Agreement may be terminated with or without cause by the Issuer or FirstSouthwest upon the giving of at least thirty (30) days' prior written notice to the other party of its intention to terminate, specifying in such notice the effective date of such termination. In the event of such termination, it is understood and agreed that only the amounts due FirstSouthwest for services provided and expenses incurred to the date of termination will be due and payable. No penalty will be assessed for termination of this Agreement.

SECTION V COMPENSATION AND EXPENSE REIMBURSEMENT

The fees due to FirstSouthwest for the services set forth and described in Section I of this Agreement with respect to each issuance of Debt Instruments during the term of this Agreement shall be calculated in accordance with the schedule set forth on Appendix A attached hereto. Unless specifically provided otherwise on Appendix A or in a separate written agreement between Issuer and FirstSouthwest, such fees, together with any other fees as may have been mutually agreed upon and all expenses for which FirstSouthwest is entitled to reimbursement, shall become due and payable concurrently with the delivery of the Debt Instruments to the purchaser.

SECTION VI MISCELLANEOUS

1. Choice of Law. This Agreement shall be construed and given effect in accordance with the laws of the State of Texas.

2. Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the Issuer and FirstSouthwest, their respective successors and assigns; provided however, neither party hereto may assign or transfer any of its rights or obligations hereunder without the prior written consent of the other party.

3. Entire Agreement. This instrument contains the entire agreement between the parties relating to the rights herein granted and obligations herein assumed. Any oral or written representations or modifications concerning this Agreement shall be of no force or effect except for a subsequent modification in writing signed by all parties hereto.

**FIRSTSOUTHWEST, A DIVISION OF
HILLTOP SECURITIES INC.**

By: _____

Hill A. Feinberg, Chairman and
Chief Executive Officer

By: _____

Cris Vela
Director


UNITED IRRIGATION DISTRICT

By:  _____

Title: President

Date: 04-28-2016

ATTEST:



Secretary

APPENDIX A

The fees due FirstSouthwest will not exceed those contained in the fee schedule as listed below.

\$20,000	for the first	\$ 1,000,000	of bonds issued
plus \$ 1.50 per \$1,000	for the next	\$ 4,000,000	of bonds issued
plus \$ 1.00 per \$1,000	for the next	\$ 5,000,000	of bonds issued
plus \$.75 per \$1,000	thereafter		

The above charges shall be multiplied by 1.25 times for the completion of an application to a federal or state government agency or for the issuance of revenue bonds or refunding bonds, reflecting the additional services required. Fee charged for any of the Texas Water Development Board's financial assistance programs will be based on total grant and loan amount.

The charges for ancillary services, including computer structuring and official statement printing, shall be levied only for those services which are reasonably necessary in completing the transaction and which are reasonable in amount, unless such charges were incurred at the specific direction of the Issuer.

The payment of charges for financial advisory services described in Section I of the foregoing Agreement shall be contingent upon the delivery of bonds and shall be due at the time that bonds are delivered. The payment of charges for services described in Section II of the foregoing Agreement shall be due and payable in accordance with the mutual agreement therefor between FirstSouthwest and Issuer.

The Issuer shall be responsible for the following expenses, if and when applicable, whether they are charged to the Issuer directly as expenses or charged to the Issuer by FirstSouthwest as reimbursable expenses:

- Bond counsel
- Bond printing
- Bond ratings
- Computer structuring
- Credit enhancement
- CPA fees for refunding
- Official statement preparation and printing
- Paying agent/registrar/trustee
- Travel expenses
- Underwriter and underwriters counsel
- Miscellaneous, including copy, delivery, and phone charges

The payment of reimbursable expenses that FirstSouthwest has assumed on behalf of the Issuer shall NOT be contingent upon the delivery of bonds and shall be due at the time that services are rendered and payable upon receipt of an invoice therefor submitted by FirstSouthwest.

Statement of Qualifications for Special Utility Districts

FirstSouthwest,
a Division of Hilltop Securities Inc.

April 22, 2016

FirstSouthwest



CONTACT:

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Pharr, TX 78577

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Andre Ayala, Vice President
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1201 Elm Street, Suite 3500
Dallas, TX 75270

Phone: 214.953.4184

April 22, 2016
Qualifications for
Special Utility Districts

Firm Overview

For almost seven decades, First Southwest Company, LLC, provided superior financial advisory, underwriting, and related services to public entities nationwide and specifically in Texas. On January 22, 2016, First Southwest Company, LLC merged with its affiliated broker-dealer, Hilltop Securities Inc. (previously Southwest Securities, Inc.). The firm is providing financial advisory services under the name “*FirstSouthwest, a Division of Hilltop Securities Inc.*” (“FirstSouthwest”).

This important milestone marks the culmination of a year-long process to combine the two firms. This merger represents a new beginning, as we embrace a broader range of services and new financial strength as a larger, more diversified firm. Our parent company, Hilltop Holdings, is a publicly traded company (NYSE: HTH) with approximately \$12.4 billion in assets and approximately 5,400 employees across the nation as of September 2015.

HilltopSecurities is a registered broker/dealer with FINRA, with its activities regulated by the SEC and abides by the MSRB rules. The firm is also a member of the SIPC.

The combined firm is headquartered in Dallas, Texas and has approximately 1,000 employees. We have 53 offices located in 20 states, with nine offices located in the State of Texas.

Financial Advisory Experience

During the past five years, from January 1, 2011 – December 31, 2015, nationally, FirstSouthwest was the **number-one ranked financial advisory firm** by Ipreo MuniAnalytics in terms of number of transactions completed.

The following exemplifies our prominence among financial advisory firms nationally:

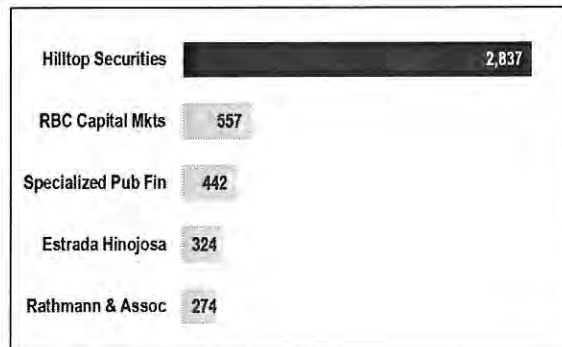
- #1 financial advisor (number of issues): 5,100 issues, \$168.94 billion par amount
- #1 for city and town issuers(number of issues): 2,363 issues, \$40.93 billion par amount

Commitment to Texas

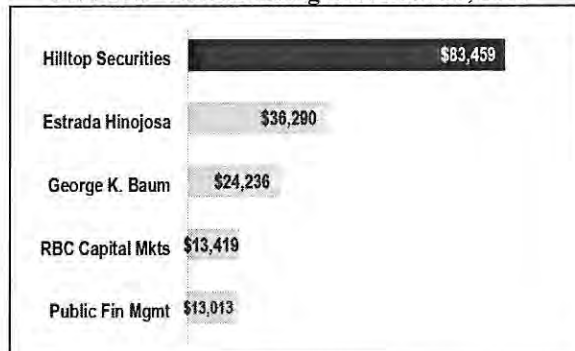
Although a national firm, FirstSouthwest emphasizes client service at the regional level. We are deeply rooted in Texas and our robust national growth is based upon

our financial advisory practice in Texas. According to Ipreo MuniAnalytics, **FirstSouthwest is ranked as the number-one financial advisory firm in Texas, for both par amount and number of issues**, with 2,837 issues and a par amount of \$83.46 billion. The charts below describe our leadership position in Texas municipal finance.

Financial Advisor Rankings State of Texas by Number of Transactions Five Year Period Ending December 31, 2015

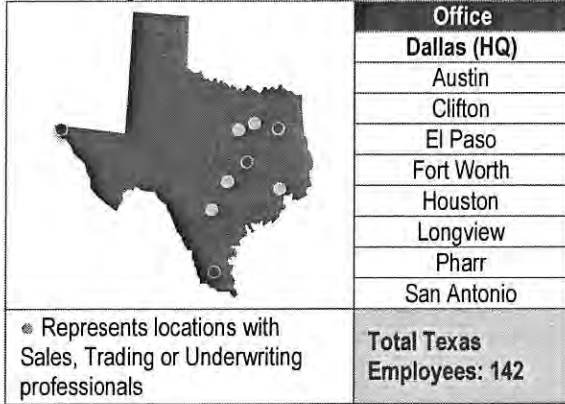


Financial Advisor Rankings State of Texas by Par Amount (\$mm) Five Year Period Ending December 31, 2015



FirstSouthwest is a market leader as financial advisor for a broad range of transactions. FirstSouthwest has 9 offices in the Texas (as shown in the map on the following page) and our close proximity to Texas issuers facilitate long-term relationships with our Texas clients, some extending longer than 50 years.

Map of Texas Public Finance Offices



Scope of Services

FirstSouthwest provides a complete range of financial advisory services, as indicated in the chart provided in this section. All of these services will be delivered to United Irrigation District (the “District”) in a comprehensive approach to managing the District’s financing programs. Each of our clients ultimately receives a customized service package based on their needs and preferences, and all of the firm’s public finance capabilities will be continuously available to the District. FirstSouthwest is a diversified investment banking firm focused on providing superior financial advisory and other ancillary related services to public entities nationwide and specifically in Texas. FirstSouthwest is a registered broker/dealer with FINRA, with its activities regulated by the SEC and abides by the MSRB rules. The firm is also a member of the SIPC.

Experience with special utility districts

FirstSouthwest has extensive experience in both financial advisory and underwriting for districts.

Since 2012, FirstSouthwest has served as financial advisor on over five hundred transactions for special utility districts, with a total par amount of \$2.68 billion, ranking us as the number-one issuer in the State for special utility districts (Source: Ipreo MuniAnalytics).

Water and Wastewater Experience in Texas

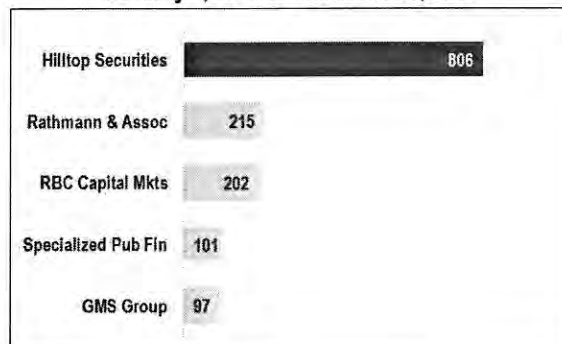
FirstSouthwest has always ranked among the top financial advisory firms in Texas. **For the five-year period ending December 31, 2015, Ipreo MuniAnalytics ranks us as the number-one financial**

advisory firm in Texas for number and par amount of transactions completed overall, and for number and par amount of transactions completed for cities in Texas. FirstSouthwest holds over 49% market share in the state of Texas for number of bond and note transactions, 2,837, with a par amount over \$83.46 billion.

For water and wastewater transactions over the same time period, FirstSouthwest ranks number one nationally, with 962 transactions and a \$20.10 billion par amount, according to Ipreo MuniAnalytics.

Our level of participation as financial advisor in Texas for water and wastewater transactions is over three times that of our nearest competitor, as the following chart shows. **With a 49.63% market share, FirstSouthwest serves as financial advisor on nearly one-half of all water and wastewater issues completed in Texas—** with a par amount of over \$12.22 billion and 806 issues.

FirstSouthwest Financial Advisory Experience
Texas Water and Sewer Ranking by Number of Issues
January 1, 2011 to December 31, 2015



Source: Ipreo MuniAnalytics

Real-Time Market Information

FirstSouthwest believes that the discipline of maintaining an active broker/dealer operation benefits our clients in numerous ways. Primarily, we are active participants in the marketplace every day, not merely observers. Risking our capital gives us additional perspective into the underwriting process, and lends us valuable credibility with the underwriting community. Other broker/dealers know that we are willing and able to provide the same functions we ask of them. They know we are speaking on a daily basis to many of the same institutional investors. Therefore, our clients benefit from market advice that we obtain from

firsthand, direct, real-time information as opposed to secondhand observations obtained from calling other firms or compiled from information vendors.

We strongly believe that this approach distinguishes our services from our competitors, but most importantly, it provides a higher quality of service to our clients and allows them to achieve the lowest possible cost of borrowing.

The underwriting desk at FirstSouthwest works in partnership with our banking professionals from the beginning initial structuring, updating with current scales and coupon ideas, call features, priority of order decisions all the way to the final allocations. We have multiple underwriting professionals with more than 25 years of experience each working for both national and regional firms. They understand all facets of the underwriting process, from how to capture the largest retail sales percentage to working with the most difficult institutional orders. As much as 70% of our underwriters' time is invested in working with our financial advisory clients. The District can be confident that when the time arrives to price its issue, our professional underwriters will be watching over every detail of the transaction and getting the most value for the District's securities the market will allow.

In our role as financial advisor, FirstSouthwest's underwriting and trading desk routinely provides recommendations regarding the following matters based on their active market involvement and extensive institutional investor relationships:

- Structure
- Call options and premiums
- Yields
- Coupons
- Placement of term bonds and pricing
- Serial bonds and pricing
- Capital appreciation bonds and pricing
- Cost effectiveness of insurance

- Credit aspects
- Underwriters' takedown and spread
- Syndicate rules
- Allocation of bonds

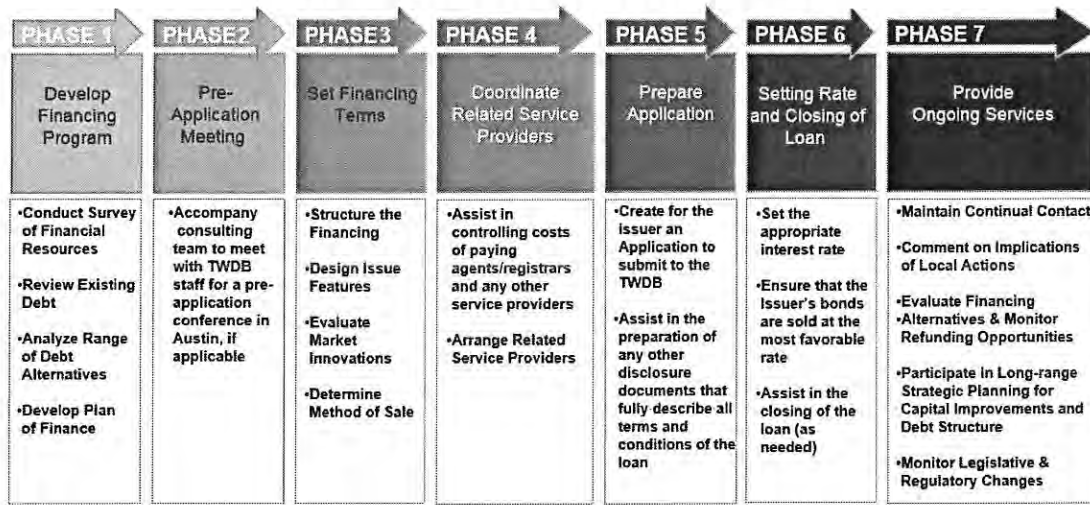
In short, these capabilities provide an enormous advantage to the District and differentiate FirstSouthwest from "independent" advisory firms that do not have actual market involvement and capabilities. Although the District may not require recommendations on these technical issues on all its debt issuances, the expertise of our underwriting desk will be useful to the District when specific questions arise.

Experience with Texas Water Development Board Financings

We understand the District requires a financial advisor directly acquainted with financing programs through the Texas Water Development Board ("TWDB"). According to our internal records, FirstSouthwest assisted with 312 projects that were financed through the TWDB, totaling approximately \$3.65 billion par amount for the period June 1, 2004 through present day. As the current financial advisor to the TWDB, we are able to maintain a thorough working knowledge of existing loan programs and application requirements.

FirstSouthwest works with both large and small water system issuers, including a number of special utility districts and municipal utility districts from all corners of Texas. During the past five years, the average size of our clients' water-related transactions has been approximately \$12 million, and they range in size from less than \$1 million to as large as \$120 million. **In fact, no other Texas or national firm has Texas water resource experience comparable to that of FirstSouthwest.** *Appendix B* includes a representative list of TWDB issues for which FirstSouthwest served as financial advisor since June 1, 2004.

Customary Phases in a TWDB Debt Issuance



TWDB Debt Issuance Approach

As a financial advisor, FirstSouthwest has a broad and diverse scope of services to offer our clients. The illustration above represents the services typically provided by FirstSouthwest as financial advisor to an issuer issuing debt through TWDB.

Phase 1: Develop Financing Program

We review the Issuer's current financial standing in every aspect, including but not limited to arbitrage rebate, investment policies, marketing strategies, technical resources, legal structures, call features, and borrowing capacity. FirstSouthwest makes an insightful, in-depth analysis of where the District is and creates a finance plan to take it where it wants to be and in what timeframe it may achieve its financial goals.

Phase 2: Pre Application Meeting

FirstSouthwest can accompany the District and their consulting team to meet with the TWDB staff for a pre-application conference in Austin, if applicable.

Phase 3: Set Financing Terms

We determine the most optimal conditions of each financing by running scenarios that quantify the benefits and costs of various structuring considerations and by preparing cash flow forecasts that enable the issuer to evaluate the expected annual debt service requirements associated with those structuring considerations.

The following are the actions we take to produce the most common types of design analysis:

- Produce cash flow models with the flexibility to calculate bond capacities based on debt service installments; utilize forecasted revenues, expenditures, and growth factors; model construction drawdowns and interest earnings; and project tax rates and user charges.
- Size a financing including allowance for capitalized interest, construction costs, escrow requirements, insurance costs, interest earnings, issuance costs, and reserve funds.
- Structure a payment amortization to a tailored schedule based on projected revenue and expenditure constraints.
- Defease outstanding debt utilizing a state-of-the-art proprietary advance refunding software system that structures an optimal escrow fund; structure new debt on a level, front-end, or tail-end savings basis; and provide other structures as necessary.
- Calculate the issue price and, using this price, calculate the arbitrage yield as defined by the Tax Reform Act of 1986.
- Calculate an internal rate of return or "True Interest Cost" and provide present value schedules based on such yield for use in evaluating bids or modeling present values of cash flow projections.
- Devise debt capacity models that can be used to detail the issuer's existing debt service

requirements; forecast proposed debt service requirements; and project the impact of the proposed requirements on financial ratios, such as debt to valuation and per capita debt as well as on taxes and rates.

- Develop debt service schedules, which can be used to illustrate the debt service requirements on an actual, bond, or fiscal year basis, while assuming annual, semiannual, or monthly payments. Our schedules also can accommodate serial and term bonds, discount and premium bonds, and zero coupon bonds, including premium capital appreciation bonds.
- Provide refunding analysis, which can be used to illustrate savings on a gross basis or a present value basis of refundings.

Phase 4: Coordinate Related Service Providers

The costs of paying agents/registrars and a host of other service providers can create great expense. FirstSouthwest assists the issuer in controlling those costs by securing competitive bids or quotes while recruiting reliable service providers to help the issuer save resources and build a winning team.

Phase 5: Prepare Application

FirstSouthwest will collaborate with the team in preparing for the Issuer an Application to submit to the TWDB. The Application provides complete general, legal, and financial information to the TWDB. We also assist in the preparation of any other disclosure documents that fully describe all terms and conditions of the loan.

Phase 6: Setting Rate and Closing of Loan

FirstSouthwest works with the TWDB in setting the appropriate interest rate for the loan to ensure that the Issuer's bonds are sold at the most favorable rates possible. We assist in the closing of the loan if approved by the TWDB.

Phase 7: Perform Ongoing Services

Maintain Continual Client Relations. As part of FirstSouthwest's comprehensive service, we continue participation with the issuer by:

- Commenting on the credit implications of local actions and events.
- Developing debt management policies.

- Evaluating financing alternatives.
- Participating in long-range strategic planning for capital improvements and debt structure.
- Developing financial models to analyze the full range of debt funding alternatives.
- Identifying cost savings or debt service restructuring opportunities.

Monitor Legislative and Regulatory Changes.

FirstSouthwest continues to monitor legislative and regulatory changes as they relate to the client and advises as to where action and participation is beneficial. Such efforts include continuing disclosure requirements by working with the issuing entity's attorney and bond counsel to discuss disclosure requirements, identify, draft, and propose legislation for the direct benefit of the issuing entity.

Ancillary Services

FirstSouthwest provides the following ancillary services for to its clients:

Public/Private Partnerships. FirstSouthwest was one of the first investment banking firms in the nation to work in the emerging practice area of public-private partnerships. FirstSouthwest has advised on sales, concessions or mergers of assets with values as much as \$25 billion.

Structured Finance: FirstSouthwest regards swap advisory services as an essential part of our financial advisory practice. During the five year period ending December 31, 2015, FirstSouthwest has provided swap advisory services on 204 swap transactions totaling \$10.9 billion in notional amount, for issuers from all sectors of the tax-exempt spectrum. Additionally, we served as bidding agent on an additional 568 transactions totaling \$31.17 billion notional amount.

Pension and OPEB Actuarial Services: Members of FirstSouthwest have reviewed over 2,000 pension and OPEB actuarial studies and related CAFRs. Our firm has worked with independent actuaries to review pension studies. In some cases, there were material changes.

Investment Management. FirstSouthwest Asset Management ("FSAM") provides investment management services and investment pool administration for the public sector. As of September 30, 2015, FSAM actively managed approximately \$7.3

billion for 38 state and local governmental clients throughout the country. Additionally, we served as the investment advisor for another \$5 billion.

Continuing Disclosure. The firm is one of the few financial advisors that offer a separate continuing disclosure service to assist municipal bond issuers with the required annual financial filings and ongoing material event notices.

Arbitrage Rebate. The firm assists municipalities in monitoring the investments of bond proceeds and performs annual calculations to ensure they retain their tax-exempt status. We provide calculations to approximately 380 clients on more than 2,875 bond issues, totaling \$166 billion par amount.

Personnel

FirstSouthwest offers a staff of experienced and skilled professionals. We believe that the team approach to serving the firm's clients provides a higher level of experience, proficiency and client service. For every client, the lead banker incorporates other needed resources within our firm, as needed. As Project Manager, **Mr. Cris Vela** will maintain day-to-day communication and expedite the work effort required of FirstSouthwest. Mr. Vela has over 20 years of public finance experience, including serving as financial advisor for numerous Texas cities, independent school districts and utility districts. **Mr. Andre Ayala** will lend daily support to Mr. Vela and will serve as the secondary contact.

Mr. Vela's and Mr. Ayala's representative financial advisory clients include: **Agua Special Utility District**; Collin County Water Control and Improvement District No. 3; Kaufman County Fresh Water Supply Districts No. 1A, No. 1B, No. 1C, No. 1D and No. 3; Denton County Fresh Water Supply Districts No. 4-A, No. 8C and No. 10; **Hidalgo County Drainage District No. 1**; **Hidalgo County Municipal Utility District No. 1**; East Cedar Creek Fresh Water Supply District; Providence Village Water Control and Improvement District of Denton County; Verandah Municipal Utility District of Hunt County; MacBee Special Utility District; **North Alamo Water Supply Corporation**; North Fort Worth Water Control and Improvement District No. 1; Oak Point Water Control and Improvement Districts No. 1, No. 2 and No. 3; **Olmito Water Supply Corporation**; **Port Mansfield Public Utility District**; Hood County

Granbury Municipal Utility District No. 1; Smiley Road Water Control and Improvement District; Trinity River West Municipal Management District and Viridian Municipal Management District.

Resumes for Messrs. Vela and Ayala follow.

Resumes



Cris Vela
Director

100 East Nolana Loop
Pharr, TX 78577

Telephone: 956.686.0991
cris.vela@hilltopsecurities.com

Areas of Focus

Specializes in public finance

Profile

- Joined FirstSouthwest in 1996
- Serves as financial advisor to various cities, school districts, municipal water districts, and water supply corporations in South Texas
- Has served as investment banker in tax exempt municipal bonds issuances in the Rio Grande Valley since 1982
- Former assistant city manager with deep understanding of the diverse needs of the Rio Grande Valley
- Has extensive experience in water and sewer project financing
- In 1987, he designed an innovative pilot program to bring sanitary sewer services to Colonias in South Texas. This program later became the basis for state legislation that created the "Economically Distressed Areas Program" for counties along the border from Brownsville to El Paso.

Education

- Bachelor of Arts, Pan American University
- Master of Public Administration, North Texas State University

Licenses Held

- Registered Representative of the Financial Industry Regulatory Authority (FINRA)
 - General Securities Representative, Series 7

- Uniform Securities Agent, Series 63



Andre Ayala
Vice President

1201 Elm Street, Suite 3500
Dallas, Texas 75270

Telephone: 214.953.4184
andre.ayala@hilltopsecurities.com

Areas of Focus

Specializes in technical and analytical financial advisory services for a variety of clients including cities, counties, school districts, special utility districts, public improvement districts, redevelopment districts; economic development; and public/private partnerships.

Profile

- Joined FirstSouthwest in 2007.
- Primary responsibility is to provide quantitative and analytical support to a variety of clients in North and South Texas, and for economic development and public/private partnership projects throughout the country.
- Structures and sizes bond issues, provides quantitative financial analyses, models innovative financing structures, analyzes credit and cash flow, reviews legal documentation, prepares rating agency and bond insurer presentations, obtains credit enhancement, and contributes to the general processing of financings.
- Since joining FirstSouthwest, Mr. Ayala has structured over 300 transactions for a total par amount of approximately \$3 billion.
- Actively participates in private placement of municipal debt with banking institutions, or federal and state government agencies such as the Texas Water Development Board.
- Registered in Texas, Colorado, Michigan, North Carolina and Pennsylvania.
- Mr. Ayala is fluent in Spanish and proficient in French.

Education

- Bachelor of Arts in Economics, University of Texas at Austin
- Bachelor of Business Administration in Finance, University of Texas at Austin

Licenses Held

- Registered Representative of the Financial Industry Regulatory Authority (FINRA)
 - General Securities Representative, Series 7
 - Uniform Securities Agent, Series 63
 - Investment Banking Representative, Series 79

Qualifications to Provide Financial Advisory Services

Appendix A

Financial Advisory Experience with Special Districts 2012 - present

Appendix A



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FirstSouthwest as Financial Advisor
Municipal Utility Districts
2012 – Present
Source: Ipreo MuniAnalytics

Sale Date	Deal Description	Issue Size	Issuer
12/21/2015	Unlimited Tax Bonds, Series 2016	3,670,000.00	Wood Trace Municipal Utility District No. 1 (TX)
12/17/2015	Refunding Bonds, Series 2016	4,610,000.00	Harris County Municipal Utility District No. 383
12/10/2015	Unlimited Tax Bonds, Series 2016	5,170,000.00	Montgomery County Municipal Utility District No. 88 (TX)
12/08/2015	Unlimited Tax Bonds, Series 2016	3,530,000.00	Harris County Municipal Utility District No. 26
12/08/2015	Unlimited Tax Road Bonds, Series 2016	4,200,000.00	Fort Bend County Municipal Utility District No. 187 (TX)
12/07/2015	Refunding Bonds, Series 2016	23,710,000.00	Harris County Municipal Utility District No. 290
12/02/2015	Unlimited Tax Bonds, Series 2015	5,580,000.00	Harris County Municipal Utility District No. 383
12/02/2015	Unlimited Tax Park Bonds, Series 2015A	2,500,000.00	Harris County Municipal Utility District No. 383
12/02/2015	Unlimited Tax Park Bonds, Series 2015	4,400,000.00	Harris County Municipal Utility District No. 367
12/01/2015	Unlimited Tax Road Bonds, Series 2015	4,000,000.00	Fort Bend County Municipal Utility District No. 134B (TX)
12/01/2015	Refunding Bonds, Series 2016	7,180,000.00	Fort Bend County Municipal Utility District No. 133
11/30/2015	Unlimited Tax Bonds, Series 2015A	6,090,000.00	Fort Bend County Municipal Utility District No. 25
11/30/2015	Unlimited Tax Bonds, Series 2015	5,520,000.00	Willow Point Municipal Utility District (TX)
11/30/2015	Unlimited Tax Bonds, Series 2015A	4,750,000.00	Fort Bend County Municipal Utility District No. 165
11/30/2015	Refunding Bonds, Series 2016	5,185,000.00	Harris County Municipal Utility District No. 401 (TX)
11/19/2015	Unlimited Tax Bonds, Series 2015A	9,150,000.00	Harris-Montgomery Counties Municipal Utility District No. 386
11/19/2015	Unlimited Tax Bonds, Series 2015A	3,200,000.00	Travis County Municipal Utility District No. 15
11/18/2015	Unlimited Tax Bonds, Series 2015A	9,700,000.00	Fort Bend County Municipal Utility District No. 151
11/18/2015	Unlimited Tax Bonds, Series 2015	2,015,000.00	Harris-Fort Bend Counties Municipal Utility District No. 5
11/17/2015	Unlimited Tax Bonds, Series 2015A	1,660,000.00	Ricewood Municipal Utility District
11/16/2015	Unlimited Tax Bonds, Series 2015	1,525,000.00	Galveston County Municipal Utility District No. 14
11/16/2015	Unlimited Tax Bonds, Series 2015	10,000,000.00	Harris County Municipal Utility District No. 287
11/16/2015	Unlimited Tax Park Bonds, Series 2015A	6,900,000.00	Harris County Municipal Utility District No. 290
11/10/2015	Unlimited Tax Bonds, Series 2015A	9,850,000.00	Harris-Fort Bend Counties Municipal Utility District No. 3
11/09/2015	Unlimited Tax Bonds, Series 2015	2,645,000.00	Fort Bend County Municipal Utility District No. 138
11/09/2015	Unlimited Tax Bonds, Series 2015A	8,680,000.00	Harris County Municipal Utility District No. 391
11/09/2015	Unlimited Tax Bonds, Series 2015	7,730,000.00	Fort Bend County Municipal Utility District No. 172 (TX)
11/09/2015	Unlimited Tax Road Bonds, Series 2015	4,160,000.00	Harris County Municipal Utility District No. 419
11/05/2015	Unlimited Tax Bonds, Series 2015	5,100,000.00	Fort Bend County Municipal Utility District No. 194 (TX)
11/05/2015	Unlimited Tax Bonds, Series 2015	1,520,000.00	Montgomery County Municipal Utility District No. 99
11/03/2015	Unlimited Tax Park Bonds, Series 2015A	2,280,000.00	Galveston County Municipal Utility District No. 46
11/03/2015	Unlimited Tax Bonds, Series 2015	4,200,000.00	Galveston County Municipal Utility District No. 46
10/29/2015	Unlimited Tax Bonds, Series 2015	11,800,000.00	Fort Bend County Municipal Utility District No. 133
10/27/2015	Refunding Bonds, Series 2015	2,235,000.00	Harris County Municipal Utility District No. 249
10/26/2015	Unlimited Tax Road Bonds, Series 2015	15,500,000.00	Fort Bend County Municipal Utility District No. 134C
10/22/2015	Refunding Bonds, Series 2015A	4,195,000.00	Fort Bend County Municipal Utility District No. 162
10/21/2015	Unlimited Tax Bonds, Series 2015	4,520,000.00	Lazy Nine Municipal Utility District No. 1B (TX)
10/21/2015	Utility System Revenue Bonds, New Series 2015	3,095,000.00	East Cedar Creek Fresh Water Supply District

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FirstSouthwest as Financial Advisor
Municipal Utility Districts
2012 – Present
Source: Ipreo MuniAnalytics

Sale Date	Deal Description	Issue Size	Issuer
10/21/2015	Unlimited Tax Road Bonds, Series 2015	1,500,000.00	Verandah Municipal Utility District of Hunt County
10/21/2015	Unlimited Tax Bonds, Series 2015A	4,800,000.00	Bay Colony West Municipal Utility District
10/20/2015	Unlimited Tax Road Bonds, Series 2015	11,200,000.00	Denton County Fresh Water Supply District No. 7
10/20/2015	Unlimited Tax Bonds, Series 2015A	1,560,000.00	Harris County Municipal Utility District No. 397
10/20/2015	Unlimited Tax Road Bonds, Series 2015	5,205,000.00	Harris County Municipal Utility District No. 321
10/19/2015	Unlimited Tax Bonds, Series 2015A	8,120,000.00	Harris County Municipal Utility District No. 71
10/15/2015	Unlimited Tax Bonds, Series 2015A	31,945,000.00	Northwest Harris County Municipal Utility District No. 5
10/15/2015	Unlimited Tax Bonds, Series 2015	5,080,000.00	Harris County Municipal Utility District No. 16
10/15/2015	Unlimited Tax Bonds, Series 2015	11,000,000.00	Denton County Fresh Water Supply District No. 10
10/15/2015	Refunding Bonds, Series 2015	3,315,000.00	Crosby Municipal Utility District
10/14/2015	Unlimited Tax Bonds, Series 2015B	1,910,000.00	Harris County Municipal Utility District No. 64
10/08/2015	Unlimited Tax Bonds, Series 2015A	2,845,000.00	West Harris County Municipal Utility District No. 5
10/08/2015	Unlimited Tax Bonds, Series 2015	1,800,000.00	Paseo Del Este Municipal Utility District No. 2
10/08/2015	Unlimited Tax Bonds, Series 2015	3,565,000.00	Fort Bend County Municipal Utility District No. 48
10/07/2015	Unlimited Tax Bonds, Series 2015	5,110,000.00	Harris County Municipal Utility District No. 96
10/06/2015	Refunding Bonds, Series 2015	15,855,000.00	Harris-Montgomery Counties Municipal Utility District No. 386
10/05/2015	Unlimited Tax Bonds Series 2015A	12,575,000.00	Montgomery County Municipal Utility District No. 119 (TX)
10/05/2015	Contract Revenue Bonds (Road Facilities)	8,850,000.00	Fort Bend County Municipal Utility District No. 169
12/21/2015	Unlimited Tax Bonds, Series 2016	3,670,000.00	Wood Trace Municipal Utility District No. 1 (TX)
12/17/2015	Refunding Bonds, Series 2016	4,610,000.00	Harris County Municipal Utility District No. 383
12/10/2015	Unlimited Tax Bonds, Series 2016	5,170,000.00	Montgomery County Municipal Utility District No. 88 (TX)
12/08/2015	Unlimited Tax Bonds, Series 2016	3,530,000.00	Harris County Municipal Utility District No. 26
12/08/2015	Unlimited Tax Road Bonds, Series 2016	4,200,000.00	Fort Bend County Municipal Utility District No. 187 (TX)
12/07/2015	Refunding Bonds, Series 2016	23,710,000.00	Harris County Municipal Utility District No. 290
12/02/2015	Unlimited Tax Bonds, Series 2015	5,580,000.00	Harris County Municipal Utility District No. 383
12/02/2015	Unlimited Tax Park Bonds, Series 2015A	2,500,000.00	Harris County Municipal Utility District No. 383
12/02/2015	Unlimited Tax Park Bonds, Series 2015	4,400,000.00	Harris County Municipal Utility District No. 367
12/01/2015	Unlimited Tax Road Bonds, Series 2015	4,000,000.00	Fort Bend County Municipal Utility District No. 134B (TX)
12/01/2015	Refunding Bonds, Series 2016	7,180,000.00	Fort Bend County Municipal Utility District No. 133
11/30/2015	Unlimited Tax Bonds, Series 2015A	6,090,000.00	Fort Bend County Municipal Utility District No. 25
11/30/2015	Unlimited Tax Bonds, Series 2015	5,520,000.00	Willow Point Municipal Utility District (TX)
11/30/2015	Unlimited Tax Bonds, Series 2015A	4,750,000.00	Fort Bend County Municipal Utility District No. 165
11/30/2015	Refunding Bonds, Series 2016	5,185,000.00	Harris County Municipal Utility District No. 401 (TX)
11/19/2015	Unlimited Tax Bonds, Series 2015A	9,150,000.00	Harris-Montgomery Counties Municipal Utility District No. 386
11/19/2015	Unlimited Tax Bonds, Series 2015A	3,200,000.00	Travis County Municipal Utility District No. 15
11/18/2015	Unlimited Tax Bonds, Series 2015A	9,700,000.00	Fort Bend County Municipal Utility District No. 151
11/18/2015	Unlimited Tax Bonds, Series 2015	2,015,000.00	Harris-Fort Bend Counties Municipal Utility District No. 5
11/17/2015	Unlimited Tax Bonds, Series 2015A	1,660,000.00	Ricewood Municipal Utility District

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FirstSouthwest as Financial Advisor
Municipal Utility Districts
2012 – Present
Source: Ipreo MuniAnalytics

Sale Date	Deal Description	Issue Size	Issuer
11/16/2015	Unlimited Tax Bonds, Series 2015	1,525,000.00	Galveston County Municipal Utility District No. 14
11/16/2015	Unlimited Tax Bonds, Series 2015	10,000,000.00	Harris County Municipal Utility District No. 287
11/16/2015	Unlimited Tax Park Bonds, Series 2015A	6,900,000.00	Harris County Municipal Utility District No. 290
11/10/2015	Unlimited Tax Bonds, Series 2015A	9,850,000.00	Harris-Fort Bend Counties Municipal Utility District No. 3
11/09/2015	Unlimited Tax Bonds, Series 2015	2,645,000.00	Fort Bend County Municipal Utility District No. 138
11/09/2015	Unlimited Tax Bonds, Series 2015A	8,680,000.00	Harris County Municipal Utility District No. 391
11/09/2015	Unlimited Tax Bonds, Series 2015	7,730,000.00	Fort Bend County Municipal Utility District No. 172 (TX)
11/09/2015	Unlimited Tax Road Bonds, Series 2015	4,160,000.00	Harris County Municipal Utility District No. 419
11/05/2015	Unlimited Tax Bonds, Series 2015	5,100,000.00	Fort Bend County Municipal Utility District No. 194 (TX)
11/05/2015	Unlimited Tax Bonds, Series 2015	1,520,000.00	Montgomery County Municipal Utility District No. 99
11/03/2015	Unlimited Tax Park Bonds, Series 2015A	2,280,000.00	Galveston County Municipal Utility District No. 46
11/03/2015	Unlimited Tax Bonds, Series 2015	4,200,000.00	Galveston County Municipal Utility District No. 46
10/29/2015	Unlimited Tax Bonds, Series 2015	11,800,000.00	Fort Bend County Municipal Utility District No. 133
10/27/2015	Refunding Bonds, Series 2015	2,235,000.00	Harris County Municipal Utility District No. 249
10/26/2015	Unlimited Tax Road Bonds, Series 2015	15,500,000.00	Fort Bend County Municipal Utility District No. 134C
10/22/2015	Refunding Bonds, Series 2015A	4,195,000.00	Fort Bend County Municipal Utility District No. 162
10/21/2015	Unlimited Tax Bonds, Series 2015	4,520,000.00	Lazy Nine Municipal Utility District No. 1B (TX)
10/21/2015	Utility System Revenue Bonds, New Series 2015	3,095,000.00	East Cedar Creek Fresh Water Supply District
10/21/2015	Unlimited Tax Road Bonds, Series 2015	1,500,000.00	Verandah Municipal Utility District of Hunt County
10/21/2015	Unlimited Tax Bonds, Series 2015A	4,800,000.00	Bay Colony West Municipal Utility District
10/20/2015	Unlimited Tax Road Bonds, Series 2015	11,200,000.00	Denton County Fresh Water Supply District No. 7
10/20/2015	Unlimited Tax Bonds, Series 2015A	1,560,000.00	Harris County Municipal Utility District No. 397
10/20/2015	Unlimited Tax Road Bonds, Series 2015	5,205,000.00	Harris County Municipal Utility District No. 321
10/19/2015	Unlimited Tax Bonds, Series 2015A	8,120,000.00	Harris County Municipal Utility District No. 71
10/15/2015	Unlimited Tax Bonds, Series 2015A	31,945,000.00	Northwest Harris County Municipal Utility District No. 5
10/15/2015	Unlimited Tax Bonds, Series 2015	5,080,000.00	Harris County Municipal Utility District No. 16
10/15/2015	Unlimited Tax Bonds, Series 2015	11,000,000.00	Denton County Fresh Water Supply District No. 10
10/15/2015	Refunding Bonds, Series 2015	3,315,000.00	Crosby Municipal Utility District
10/14/2015	Unlimited Tax Bonds, Series 2015B	1,910,000.00	Harris County Municipal Utility District No. 64
10/08/2015	Unlimited Tax Bonds, Series 2015A	2,845,000.00	West Harris County Municipal Utility District No. 5
10/08/2015	Unlimited Tax Bonds, Series 2015	1,800,000.00	Paseo Del Este Municipal Utility District No. 2
10/08/2015	Unlimited Tax Bonds, Series 2015	3,565,000.00	Fort Bend County Municipal Utility District No. 48
10/07/2015	Unlimited Tax Bonds, Series 2015	5,110,000.00	Harris County Municipal Utility District No. 96
10/06/2015	Refunding Bonds, Series 2015	15,855,000.00	Harris-Montgomery Counties Municipal Utility District No. 386
10/05/2015	Unlimited Tax Bonds Series 2015A	12,575,000.00	Montgomery County Municipal Utility District No. 119 (TX)
10/05/2015	Contract Revenue Bonds (Road Facilities)	8,850,000.00	Fort Bend County Municipal Utility District No. 169
09/30/2015	Refunding Bonds, Series 2015	4,795,000.00	Harris County Municipal Utility District No. 70

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FirstSouthwest as Financial Advisor
Municipal Utility Districts
2012 – Present
Source: Ipreo MuniAnalytics

Sale Date	Deal Description	Issue Size	Issuer
09/29/2015	Contract Revenue Road Bonds, Series 2015A	6,000,000.00	Harris County Municipal Utility District No. 390
09/28/2015	Refunding Bonds, Series 2015	4,330,000.00	Cinco Southwest Municipal Utility District No. 4
09/23/2015	Unlimited Tax Bonds, Series 2015	4,660,000.00	Fulshear Municipal Utility District No. 1
09/23/2015	Unlimited Tax Road Bonds, Series 2015	11,000,000.00	Collin County Municipal Utility District No. 1 (TX)
09/22/2015	Refunding Bonds, Series 2015	8,775,000.00	Barker-Cypress Municipal Utility District (TX)
09/17/2015	Unlimited Tax Bonds, Series 2015	5,500,000.00	Travis County Municipal Utility District No. 18 (TX)
09/16/2015	Unlimited Tax Bonds, Series 2015	7,800,000.00	Harris County Municipal Utility District No. 401 (TX)
09/15/2015	Unlimited Tax Bonds, Series 2015A	7,000,000.00	Montgomery County Municipal Utility District No. 115
09/15/2015	Refunding Bonds, Series 2015A	2,580,000.00	Fort Bend County Municipal Utility District No. 167
09/14/2015	Unlimited Tax Bonds, Series 2015A	9,000,000.00	Harris County Municipal Utility District No. 419
09/10/2015	Unlimited Tax Bonds, Series 2015	3,000,000.00	Paseo Del Este Municipal Utility District No. 3
09/10/2015	Refunding Bonds, Series 2015A	6,455,000.00	Harris County Municipal Utility District No. 157
09/02/2015	Waterworks and Sewer System Combination	5,465,000.00	Harris County Municipal Utility District No. 24
08/27/2015	Unlimited Tax Bonds, Series 2015	4,750,000.00	Williamson County Municipal Utility District No. 15 (TX)
08/19/2015	Unlimited Tax Bonds, Series 2015	10,200,000.00	Harris County Municipal Utility District No. 167
08/18/2015	Unlimited Tax Bonds, Series 2015	2,400,000.00	Brazoria County Municipal Utility District No. 16
08/18/2015	Unlimited Tax Bonds, Series 2015	5,550,000.00	Reid Road Municipal Utility District No. 1
08/11/2015	Unlimited Tax Bonds, Series 2015	6,065,000.00	Fort Bend County Municipal Utility District No. 187 (TX)
08/10/2015	Unlimited Tax Bonds, Series 2015	6,080,000.00	Harris County Municipal Utility District No. 65
08/10/2015	Unlimited Tax Bonds, Series 2015	3,000,000.00	Plantation Municipal Utility District
08/06/2015	Unlimited Tax Street Repair Bonds, Series 2015	2,790,000.00	Llano County Municipal Utility District No. 1 (TX)
08/04/2015	Refunding Bonds, Series 2015	5,175,000.00	Harris County Municipal Utility District No. 419
07/29/2015	Unlimited Tax Bonds, Series 2015A	2,235,000.00	Harris County Municipal Utility District No. 64
07/28/2015	Unlimited Tax Bonds, Series 2015	12,135,000.00	Montgomery County Municipal Utility District No. 112
07/21/2015	Unlimited Tax Bonds, Series 2015	4,745,000.00	Harris County Municipal Utility District No. 157
07/15/2015	Unlimited Tax Bonds, Series 2015	1,880,000.00	Fort Bend County Municipal Utility District No. 123
07/09/2015	Unlimited Tax Bonds, Series 2015	2,125,000.00	Paseo Del Este Municipal Utility District No. 11 of El Paso County (TX)
07/08/2015	Unlimited Tax Bonds, Series 2015	10,990,000.00	Fort Bend County Municipal Utility District No. 134C
07/08/2015	Contract Revenue Bonds (Water Sewer, Drainage)	15,000,000.00	Fort Bend County Municipal Utility District No. 169
07/07/2015	Unlimited Tax Road Bonds Series 2015	2,800,000.00	Harris County Municipal Utility District No. 481 (TX)
06/30/2015	Unlimited Tax Bonds, Series 2015	3,700,000.00	Pecan Grove Municipal Utility District
06/29/2015	Unlimited Tax Bonds, Series 2015	2,000,000.00	Fort Bend County Municipal Utility District No. 162
06/25/2015	Unlimited Tax Bonds, Series 2015	2,260,000.00	Fort Bend County Municipal Utility District No. 145
06/24/2015	Unlimited Tax Bonds, Series 2015	3,100,000.00	Harris County Municipal Utility District No. 434 (TX)
06/11/2015	Waterworks and Sewer System Combination	2,590,000.00	Northwest Harris County Municipal Utility District No. 23 (TX)
06/04/2015	Unlimited Tax Bonds, Series 2015A	2,800,000.00	Montgomery County Municipal Utility District No. 98
06/03/2015	Unlimited Tax Bonds, Series 2015	8,175,000.00	Harris County Municipal Utility District No. 282
06/02/2015	Unlimited Tax Bonds, Series 2015A	4,075,000.00	Weston Municipal Utility District
03/02/2015	Refunding Bonds, Series 2015	\$7,140,000	Fort Bend County Municipal Utility District No. 122

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**FirstSouthwest as Financial Advisor
Municipal Utility Districts
2012 – Present
Source: Ipreo MuniAnalytics**

Sale Date	Deal Description	Issue Size	Issuer
03/02/2015	Refunding Bonds, Series 2015	\$6,245,000	Fort Bend County Municipal Utility District No. 146
02/26/2015	Refunding Bonds, Series 2015	\$4,940,000	Fort Bend County Municipal Utility District No. 165
02/25/2015	Unlimited Tax Bonds, Series 2015	\$3,550,000	Harris County Municipal Utility District No. 451 (TX)
02/25/2015	Refunding Bonds, Series 2015	\$6,165,000	Fort Bend County Municipal Utility District No. 121
02/24/2015	Refunding Bonds, Series 2015	\$4,070,000	Harris County Municipal Utility District No. 64
02/23/2015	Refunding Bonds, Series 2015	\$4,140,000	Harris County Municipal Utility District No. 65
02/19/2015	Refunding Bonds, Series 2015	\$3,755,000	Harris County Municipal Utility District No. 106
02/18/2015	Refunding Bonds, Series 2015	\$5,045,000	Harris County Municipal Utility District No. 396
02/18/2015	Refunding Bonds, Series 2015	\$16,385,000	Fort Bend County Municipal Utility District No. 35
02/17/2015	Unlimited Tax Utility System Bonds, Series 2015	\$8,620,000	Denton County Fresh Water Supply District No. 7
02/17/2015	Unlimited Tax Bonds, Series 2015A	\$2,030,000	Harris County Municipal Utility District No. 239
02/17/2015	Unlimited Tax Bonds, Series 2015	\$3,750,000	Conroe Municipal Utility District No. 1 (TX)
02/05/2015	Unlimited Tax Park Bonds, Series 2015	\$1,240,000	Fort Bend County Municipal Utility District No. 121
02/05/2015	Unlimited Tax Bonds, Series 2015	\$2,625,000	Fort Bend County Municipal Utility District No. 121
02/04/2015	Refunding Bonds, Series 2015	\$3,050,000	Fort Bend County Municipal Utility District No. 158
02/03/2015	Refunding Bonds, Series 2015	\$4,470,000	West Harris County Municipal Utility District No. 5
01/22/2015	Contract Revenue Refunding Bonds, Series 2015	\$21,150,000	Cinco Southwest Municipal Utility District No. 1
01/21/2015	Refunding Bonds, Series 2015	\$3,150,000	Northwest Harris County Municipal Utility District No. 6
01/20/2015	Unlimited Tax Bonds, Series 2015	\$2,685,000	Harris County Municipal Utility District No. 58
01/08/2015	Unlimited Tax Bonds, Series 2015	\$5,500,000	Montgomery County Municipal Utility District No. 115
12/17/2014	Refunding Bonds, Series 2015	\$4,145,000	Harris County Municipal Utility District No. 239
12/15/2014	Refunding Bonds, Series 2015	\$4,700,000	Grand Lakes Municipal Utility District No. 1
12/11/2014	Refunding Bonds, Series 2015	\$3,190,000	Harris-Fort Bend Counties Municipal Utility District No. 1
12/10/2014	Unlimited Tax Utility Refunding Bonds,	\$3,240,000	Denton County Fresh Water Supply District No. 8-C
12/10/2014	Unlimited Tax Road Refunding Bonds,	\$4,379,985	Denton County Fresh Water Supply District No. 8-C
12/10/2014	Refunding Bonds, Series 2015	\$3,510,000	NorthPointe Water Control and Improvement District
12/08/2014	Unlimited Tax Road Bonds, Series 2014	\$9,130,000	Harris County Municipal Utility District No. 406
12/08/2014	Refunding Bonds, Series 2015	\$6,865,000	Harris County Municipal Utility District No. 71
12/04/2014	Unlimited Tax Road Bonds, Series 2014	\$3,610,000	Fort Bend County Municipal Utility District No. 194 (TX)
12/04/2014	Refunding Bonds, Series 2014A	\$4,030,000	Lakeside Water Control & Improvement District No. 2-B
12/03/2014	Unlimited Tax Bonds, Series 2014A	\$7,120,000	Harris County Municipal Utility District No. 383
12/03/2014	Refunding Bonds, Series 2014	\$9,760,000	Williamson County Municipal Utility District No. 10
12/02/2014	Unlimited Tax Bonds, Series 2014	\$4,810,000	Galveston County Municipal Utility District No. 46
12/02/2014	Utility System Refunding Bonds, Series 2014	\$6,585,000	Denton County Fresh Water Supply District No. 7
12/02/2014	Refunding Bonds, Series 2014	\$8,235,000	Fort Bend County Levee Improvement District No. 17
11/25/2014	Unlimited Tax Park Bonds, Series 2014	\$2,205,000	Cinco Southwest Municipal Utility District No. 4
11/24/2014	Unlimited Tax Bonds, Series 2014	\$7,280,000	Harris-Fort Bend Counties Municipal Utility District No. 3
11/21/2014	Limited Tax Road Bonds, Series 2014	\$8,965,000	Cibolo Canyons Special Improvement District

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FirstSouthwest as Financial Advisor
Municipal Utility Districts
2012 – Present
Source: Ipreo MuniAnalytics

Sale Date	Deal Description	Issue Size	Issuer
11/20/2014	Unlimited Tax Bonds, Series 2014	\$5,800,000	Fort Bend County Municipal Utility District No. 165
11/19/2014	Unlimited Tax Bonds, Series 2014	\$5,000,000	Lazy Nine Municipal Utility District No. 1B (TX)
11/18/2014	Unlimited Tax Bonds, Series 2014	\$5,800,000	Harris County Municipal Utility District No. 481 (TX)
11/18/2014	Unlimited Tax Bonds, Series 2014	\$2,470,000	Fort Bend County Municipal Utility District No. 194 (TX)
11/17/2014	Unlimited Tax Road Bonds, Series 2014	\$2,820,000	Providence Village Water Control and Improvement District of Denton County
11/17/2014	Unlimited Tax Bonds, Series 2014	\$3,880,000	Harris County Municipal Utility District No. 358
11/13/2014	Unlimited Tax Road Bonds, Series 2014	\$2,300,000	Willow Creek Farms Municipal Utility District
11/12/2014	Unlimited Tax Park Bonds, Series 2014B	\$3,330,000	Fort Bend County Municipal Utility District No. 146
11/12/2014	Unlimited Tax Bonds, Series 2014A	\$2,000,000	Fort Bend County Municipal Utility District No. 146
11/12/2014	Unlimited Tax Bonds, Series 2014A	\$1,010,000	Valley Ranch Municipal Utility District No. 1
11/10/2014	Unlimited Tax Bonds, Series 2014	\$2,440,000	Lakeside Water Control & Improvement District No. 2-D
11/10/2014	Unlimited Tax Bonds, Series 2014	\$8,180,000	Fort Bend County Municipal Utility District No. 172 (TX)
11/10/2014	Unlimited Tax Bonds, Series 2014	\$2,900,000	Harris County Municipal Utility District No. 450
11/10/2014	Unlimited Tax Road Bonds, Series 2014	\$5,370,000	Harris County Municipal Utility District No. 419
11/06/2014	Refunding Bonds, Series 2014	\$4,335,000	Galveston County Municipal Utility District No. 46
11/03/2014	Unlimited Tax Bonds, Series 2014	\$4,560,000	Montgomery County Municipal Utility District No. 119 (TX)
11/03/2014	Unlimited Tax Bonds, Series 2014	\$4,600,000	Fort Bend County Municipal Utility District No. 170 (TX)
10/29/2014	Unlimited Tax Bonds, Series 2014	\$5,160,000	Harris County Municipal Utility District No. 62
10/27/2014	Unlimited Tax Bonds, Series 2014A	\$4,770,000	Fort Bend County Municipal Utility District No. 134C
10/23/2014	Contract Revenue Bonds, Series 2014	\$14,840,000	Cinco Southwest Municipal Utility District No. 1
10/20/2014	Unlimited Tax Park Bonds, Series 2014B	\$3,200,000	Harris County Municipal Utility District No. 391
10/20/2014	Unlimited Tax Bonds, Series 2014A	\$2,700,000	Harris County Municipal Utility District No. 391
10/16/2014	Unlimited Tax Road Bonds, Series 2014	\$9,500,000	Denton County Fresh Water Supply District No. 10
10/15/2014	Unlimited Tax Bonds, Series 2014	\$5,000,000	Fort Bend County Municipal Utility District No. 123
10/14/2014	Unlimited Tax Bonds, Series 2014A	\$3,740,000	Harris County Municipal Utility District No. 26
10/14/2014	Unlimited Tax Road Bonds, Series 2014	\$3,500,000	Fort Bend County Municipal Utility District No. 187 (TX)
10/09/2014	Unlimited Tax Bonds, Series 2014	\$4,000,000	Willow Creek Farms Municipal Utility District
10/09/2014	Unlimited Tax Bonds Series 2014	\$6,500,000	Harris County Water Control and Improvement District No. 157
10/07/2014	Hotel Occupancy Tax and Sales and Use Tax	\$48,900,000	Cibolo Canyons Special Improvement District
10/02/2014	Unlimited Tax Bonds, Series 2014	\$3,000,000	Montgomery County Municipal Utility District No. 88 (TX)
09/29/2014	Unlimited Tax Bonds, Series 2014A	\$8,500,000	Harris County Municipal Utility District No. 419
09/25/2014	Unlimited Tax Bonds, Series 2014	\$9,775,000	Harris County Municipal Utility District No. 290
09/18/2014	Unlimited Tax Bonds, Series 2014A	\$4,955,000	Fort Bend County Municipal Utility District No. 25
09/18/2014	Unlimited Tax Park Bonds, Series 2014B	\$3,070,000	Fort Bend County Municipal Utility District No. 25
09/17/2014	Unlimited Tax Bonds, Series 2014	\$9,500,000	Fort Bend County Municipal Utility District No. 151
09/17/2014	Unlimited Tax Bonds, Series 2014	\$2,605,000	Harris County Municipal Utility District No. 390
09/15/2014	Refunding Bonds, Series 2014 and Road Refunding	\$9,550,000	Providence Village Water Control and Improvement District of Denton County

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FirstSouthwest as Financial Advisor
Municipal Utility Districts
2012 – Present
Source: Ipreo MuniAnalytics

Sale Date	Deal Description	Issue Size	Issuer
08/27/2014	Unlimited Tax Road Bonds, Series 2014	\$11,500,000	Collin County Municipal Utility District No. 1 (TX)
08/25/2014	Unlimited Tax Road Improvement Bonds	\$7,625,000	Fort Bend County Levee Improvement District No. 15
08/20/2014	Unlimited Tax and Contract Revenue Bonds	\$11,600,000	Galveston County Municipal Utility District No. 54 (TX)
08/19/2014	Unlimited Tax Bonds, Series 2014	\$7,520,000	Montgomery County Municipal Utility District No. 112
08/19/2014	Refunding Bonds, Series 2014	\$3,370,000	Harris County Water Control and Improvement District No. 96
08/18/2014	Refunding Bonds, Series 2014	\$4,305,000	Fort Bend County Municipal Utility District No. 143
08/14/2014	Refunding bonds, Series 2014A	\$3,220,000	Montgomery County Municipal Utility District No. 94
08/13/2014	Contract Revenue Bonds, Series 2014	\$25,340,000	Cinco Municipal Utility District No. 1
08/13/2014	Contract Revenue Bonds, Taxable Series 2014A	\$2,360,000	Cinco Municipal Utility District No. 1
08/13/2014	Unlimited Tax Bonds Series 2014	\$2,040,000	Harris County Municipal Utility District No. 396
08/12/2014	Unlimited Tax Bonds, Series 2014	\$2,580,000	Barker-Cypress Municipal Utility District (TX)
08/05/2014	Unlimited Tax Bonds, Series 2014A	\$4,390,000	Galveston County Municipal Utility District No. 39
08/04/2014	Unlimited Tax Bonds, Series 2014	\$7,820,000	Weston Municipal Utility District
07/30/2014	Unlimited Tax Levee Improvement Bonds, Series 2014	\$1,250,000	Fort Bend County Levee Improvement District No. 20
07/29/2014	Unlimited Tax Bonds, Series 2014	\$12,590,000	Fort Bend County Municipal Utility District No. 133
07/28/2014	Unlimited Tax Road Bonds, Series 2014	\$6,175,000	Fort Bend County Municipal Utility District No. 134C
07/17/2014	Refunding Bonds, Series 2014	\$4,180,000	Harris County Municipal Utility District No. 383
07/14/2014	Unlimited Tax Bonds, Series 2014	\$1,420,000	Lakeside Water Control & Improvement District No. 2-B
07/09/2014	Unlimited Tax Bonds, Series 2014	\$3,750,000	Harris County Municipal Utility District No. 282
07/08/2014	Unlimited Tax Bonds, Series 2014	\$865,000	Williamson County Municipal Utility District No. 11
07/07/2014	Contract Revenue Bonds (Road Facilities)	\$8,460,000	Fort Bend County Municipal Utility District No. 169
07/02/2014	Unlimited Tax Road Bonds, Series 2014	\$14,900,000	Fort Bend County Municipal Utility District No. 138
06/26/2014	Unlimited Tax Bonds, Series 2014	\$4,200,000	Williamson County Municipal Utility District No. 15 (TX)
06/26/2014	Refunding Bonds, Series 2014	\$3,770,000	Galveston County Municipal Utility District No. 39
06/25/2014	Unlimited Tax Bonds, Series 2014	\$2,190,000	Travis County Municipal Utility District No. 15
06/23/2014	Unlimited Tax Bonds, Series 2014	\$2,500,000	Fort Bend County Levee Improvement District No. 6 (TX)
06/16/2014	Refunding Bonds, Series 2014	\$6,955,000	Harris County Municipal Utility District No. 281
06/11/2014	Unlimited Tax Bonds, Series 2014	\$3,880,000	Fort Bend County Municipal Utility District No. 146
06/11/2014	Refunding Bonds, Series 2014 and Road Refunding	\$18,220,000	Denton County Fresh Water Supply District No. 10
06/10/2014	Unlimited Tax Bonds, Series 2014	\$3,700,000	Fort Bend County Municipal Utility District No. 187 (TX)
06/05/2014	Unlimited Tax Levee Improvement Bonds, Series 2014	\$4,000,000	Fort Bend County Levee Improvement District No. 7
05/22/2014	Refunding Bonds, Series 2014	\$5,575,000	Fort Bend County Municipal Utility District No. 122
05/21/2014	Refunding Bonds, Series 2014	\$4,525,000	Harris County Municipal Utility District No. 365
05/19/2014	Unlimited Tax Bonds, Series 2014	\$700,000	Galveston County Municipal Utility District No. 12 (TX)
05/19/2014	Unlimited Tax Bonds, Series 2014	\$14,220,000	Fort Bend County Municipal Utility District No. 128
05/15/2014	Unlimited Tax Bonds, Series 2014	\$3,725,000	Fort Bend County Municipal Utility District No. 167
05/13/2014	Unlimited Tax Bonds, Series 2014	\$1,165,000	Lakeside Water Control & Improvement District No. 2-C

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FirstSouthwest as Financial Advisor
Municipal Utility Districts
2012 – Present
Source: Ipreo MuniAnalytics

Sale Date	Deal Description	Issue Size	Issuer
05/12/2014	Refunding Bonds, Series 2014	\$3,000,000	Lakeside Water Control & Improvement District No. 1 (TX)
05/07/2014	Unlimited Tax Bonds, Series 2014	\$1,650,000	Fort Bend County Municipal Utility District No. 158
05/01/2014	Refunding Bonds, Series 2014	\$9,265,000	Harris County Municipal Utility District No. 367
05/01/2014	Refunding Bonds, Series 2014	\$5,400,000	Harris County Municipal Utility District No. 151
04/30/2014	Unlimited Tax Bonds, Series 2014	\$4,815,000	Harris County Municipal Utility District No. 401 (TX)
04/24/2014	Unlimited Tax Bonds, Series 2014	\$2,500,000	Galveston County Fresh Water Supply District No. 6
04/23/2014	Unlimited Tax Bonds, Series 2014	\$3,420,000	Harris County Municipal Utility District No. 322
04/22/2014	Unlimited Tax Bonds, Series 2014	\$2,000,000	Galveston Co Municipal Utility District No. 66 (TX)
04/16/2014	Unlimited Tax Bonds, Series 2014	\$9,080,000	Harris County Municipal Utility District No. 167
04/16/2014	Unlimited Tax Bonds, Series 2014	\$4,155,000	Harris-Fort Bend Counties Municipal Utility District No. 5
04/10/2014	Unlimited Tax Bonds, Series 2014	\$6,500,000	Fort Bend County Municipal Utility District No. 134C
04/10/2014	Refunding Bonds, Series 2014	\$3,420,000	NorthPointe Water Control and Improvement District
04/08/2014	Unlimited Tax Bonds, Series 2014A	\$4,300,000	Fort Bend County Municipal Utility District No. 121
04/03/2014	Refunding Bonds, Series 2014	\$7,565,000	West Park Municipal Utility District
03/26/2014	Unlimited Tax Bonds, Series 2014	\$3,750,000	Montgomery County Municipal Utility District No. 115
03/25/2014	Refunding Bonds, Series 2014	\$7,200,000	Harris County Water Control and Improvement District No. 155
03/24/2014	Unlimited Tax Bonds, Series 2014	\$2,075,000	Fort Bend County Municipal Utility District No. 129
03/17/2014	Refunding Bonds, Series 2014	\$3,960,000	Montgomery County Municipal Utility District No. 89
03/04/2014	Refunding Bonds, Series 2014	\$4,750,000	Ricewood Municipal Utility District
03/03/2014	Refunding Bonds, Series 2014	\$7,490,000	Fort Bend County Municipal Utility District No. 34
02/27/2014	Refunding Bonds, Series 2014A	\$4,640,000	Harris County Municipal Utility District No. 71
02/25/2014	Refunding Bonds, Series 2014	\$4,225,000	Harris County Municipal Utility District No. 106
02/24/2014	Refunding Bonds, Series 2014	\$7,715,000	Fort Bend County Municipal Utility District No. 137
02/24/2014	Refunding Bonds, Series 2014	\$4,230,000	Harris County Municipal Utility District No. 26
02/20/2014	Refunding Bonds, Series 2014	\$3,035,000	Harris County Municipal Utility District No. 239
02/19/2014	Refunding Bonds, Series 2014	\$4,595,000	Rayford Road Municipal Utility District
02/19/2014	Refunding Bonds, Series 2014A	\$2,785,000	Harris County Municipal Utility District No. 49
02/12/2014	Refunding Bonds, Series 2014	\$2,890,000	Plantation Municipal Utility District
02/10/2014	Unlimited Tax Bonds, Series 2014	\$5,300,000	Harris County Municipal Utility District No. 71
02/05/2014	Refunding Bonds, Series 2014	\$6,100,000	Harris County Municipal Utility District No. 359
02/04/2014	Refunding Bonds, Series 2014	\$5,445,000	Fort Bend County Municipal Utility District No. 121
02/04/2014	Refunding Bonds, Series 2014	\$4,280,000	Harris-Fort Bend Counties Municipal Utility District No. 1
01/23/2014	Waterworks and Sewer System Combination	\$4,420,000	Harris County Municipal Utility District No. 49
01/16/2014	Unlimited Tax Bonds, Series 2014	\$1,490,000	Valley Ranch Municipal Utility District No. 1
01/13/2014	Unlimited Tax Park Bonds, Series 2014	\$3,225,000	Harris County Municipal Utility District No. 419
01/07/2014	Unlimited Tax Bonds, Series 2014	\$6,430,000	Harris County Water Control and Improvement District No. 96
12/17/2013	Refunding Bonds, Series 2014	\$3,325,000	Montgomery County Municipal Utility District No. 94
12/09/2013	Refunding Bonds, Series 2014	\$6,000,000	Grand Lakes Municipal Utility District No 4
12/03/2013	Unlimited Tax Bonds, Series 2013	\$1,930,000	Harris County Municipal Utility District No. 450
11/25/2013	Unlimited Tax Bonds, Series 2013	\$2,815,000	Cinco Southwest Municipal Utility District No. 3
11/25/2013	Unlimited Tax Park Bonds, Series 2013A	\$1,960,000	Cinco Southwest Municipal Utility District No. 3
11/25/2013	Unlimited Tax Bonds, Series 2013	\$6,270,000	Harris-Fort Bend Counties Municipal Utility District No. 3

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FirstSouthwest as Financial Advisor
Municipal Utility Districts
2012 – Present
Source: Ipreo MuniAnalytics

Sale Date	Deal Description	Issue Size	Issuer
11/21/2013	Unlimited Tax Road Bonds, Series 2013	\$3,200,000	Fort Bend County Municipal Utility District No. 194 (TX)
11/20/2013	Unlimited Tax Bonds, Series 2013	\$5,375,000	Lazy Nine Municipal Utility District No. 1B (TX)
11/20/2013	Refunding Bonds, Series 2013A	\$3,360,000	Fort Bend County Municipal Utility District No. 116
11/19/2013	Unlimited Tax Bonds, Series 2013	\$3,490,000	Montgomery County Municipal Utility District No. 112
11/19/2013	Refunding Bonds, Series 2013A	\$3,210,000	Travis County Municipal Utility District No. 15
11/19/2013	Refunding Bonds, Series 2013	\$8,310,000	Harris County Water Control and Improvement District No. 96
11/18/2013	Unlimited Tax Bonds, Series 2013	\$5,305,000	Fort Bend County Municipal Utility District No. 172 (TX)
11/14/2013	Unlimited Tax Park Bonds, Series 2013	\$5,800,000	Harris County Water Control and Improvement District No. 157
11/14/2013	Unlimited Tax Bonds, Series 2013	\$4,655,000	Fort Bend County Municipal Utility District No. 165
11/13/2013	Unlimited Tax Bonds, Series 2013A	\$4,925,000	Harris County Municipal Utility District No. 391
11/13/2013	Unlimited Tax Road Bonds, Series 2013	\$5,355,000	Galveston County Municipal Utility District No. 54 (TX)
11/13/2013	Contract Revenue Refunding Bonds, Series 2013	\$7,755,000	Cinco Municipal Utility District No. 1
11/12/2013	Unlimited Tax Bonds, Series 2013A	\$1,240,000	Lakeside Water Control & Improvement District No. 2-D
11/07/2013	Contract Revenue Bonds, Series 2013	\$26,660,000	Cinco Southwest Municipal Utility District No. 1
11/04/2013	Unlimited Tax Bonds, Series 2013C	\$905,000	Fort Bend County Municipal Utility District No. 143
11/04/2013	Unlimited Tax Bonds, Series 2013	\$4,245,000	Montgomery County Municipal Utility District No. 119 (TX)
11/04/2013	Contract Revenue Bonds (Water, Sewer and	\$11,310,000	Fort Bend County Municipal Utility District No. 169
11/04/2013	Unlimited Tax Bonds, Series 2013	\$7,300,000	Fort Bend County Municipal Utility District No. 139 (TX)
10/24/2013	Unlimited Tax Bonds, Series 2013	\$7,290,000	Harris County Municipal Utility District No. 290
10/24/2013	Refunding Bonds, Series 2013	\$4,700,000	Port O'Connor Improvement District (TX)
10/23/2013	Unlimited Tax Bonds, Series 2013	\$2,500,000	Willow Creek Farms Municipal Utility District
10/22/2013	Unlimited Tax Bonds, Series 2013	\$4,005,000	Harris County Municipal Utility District No. 61
10/21/2013	Unlimited Tax Bonds, Series 2013	\$5,000,000	Harris County Water Control and Improvement District No. 21
10/21/2013	Unlimited Tax Bonds, Series 2013	\$2,550,000	Mission Bend Municipal Utility District No. 1
10/10/2013	Unlimited Tax Park Bonds, Series 2013	\$5,550,000	Fort Bend County Levee Improvement District No. 17
10/10/2013	Unlimited Tax Bonds, Series 2013	\$1,175,000	West Harris County Municipal Utility District No. 5
10/10/2013	Unlimited Tax Road Bonds, Series 2013	\$7,000,000	Denton County Fresh Water Supply District No. 7
10/10/2013	Waterworks and Sewer System Combination	\$7,260,000	Harris County Municipal Utility District No. 24
10/08/2013	Unlimited Tax Bonds, Series 2013	\$2,000,000	Harris County Municipal Utility District No. 65
10/07/2013	Unlimited Tax Bonds, Series 2013	\$4,390,000	Harris County Municipal Utility District No. 358
10/03/2013	Unlimited Tax Bonds, Series 2013	\$5,850,000	Fort Bend County Municipal Utility District No. 194 (TX)
10/02/2013	Unlimited Tax Bonds, Series 2013	\$1,500,000	Harris County Municipal Utility District No. 383
10/02/2013	Unlimited Tax Bonds, Series 2013	\$1,600,000	Fort Bend County Municipal Utility District No. 162
09/26/2013	Refunding Bonds, Series 2013	\$4,430,000	Fort Bend County Municipal Utility District No. 35
09/23/2013	Unlimited Tax Bonds, Series 2013A	\$4,820,000	Fort Bend County Municipal Utility District No. 134C
09/18/2013	Unlimited Tax Bonds, Series 2013A	\$12,600,000	Fort Bend County Municipal Utility District No. 151
09/18/2013	Unlimited Tax Bonds, Series 2013A	\$1,780,000	Harris County Municipal Utility District No. 390
09/17/2013	Unlimited Tax Road Bonds, Series 2013-A	\$3,000,000	Denton County Fresh Water Supply District No. 8-C

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FirstSouthwest as Financial Advisor
Municipal Utility Districts
2012 – Present
Source: Ipreo MuniAnalytics

Sale Date	Deal Description	Issue Size	Issuer
09/11/2013	Unlimited Tax Road Bonds, Series 2013	\$3,000,000	Verandah Municipal Utility District of Hunt County
09/09/2013	Unlimited Tax Bonds, Series 2013	\$6,525,000	Bacliff Municipal Utility District
09/09/2013	Unlimited Tax Bonds, Series 2013	\$1,675,000	Lakeside Water Control & Improvement District No. 2-D
09/03/2013	Unlimited Tax Park Bonds, Series 2013A	\$3,350,000	Montgomery County Municipal Utility District No. 94
08/28/2013	Waterworks and Sewer System Combination	\$2,875,000	Harris County Municipal Utility District No. 11
08/27/2013	Refunding Bonds, Series 2013	\$3,325,000	Harris County Municipal Utility District No. 249
08/20/2013	Refunding Bonds, Series 2013	\$2,400,000	Cinco Municipal Utility District No. 6
08/15/2013	Unlimited Tax Bonds, Series 2013	\$4,380,000	Denton County Fresh Water Supply District No. 10
08/06/2013	Unlimited Tax Bonds, Series 2013	\$2,125,000	Paseo Del Este Municipal Utility District No. 10 of El Paso County
08/01/2013	Contract Revenue Road Bonds, Series 2013	\$2,385,000	Cinco Southwest Municipal Utility District No. 1
07/30/2013	Unlimited Tax Road Improvement Bonds,	\$11,200,000	Fort Bend County Levee Improvement District No. 15
07/22/2013	Unlimited Tax Bonds, Series 2013	\$3,500,000	Fort Bend County Levee Improvement District No. 6 (TX)
07/18/2013	General Obligation Refunding Bonds, Series 2013	\$5,355,000	Harris County Municipal Utility District No. 280
07/17/2013	Unlimited Tax Bonds, Series 2013	\$2,540,000	Harris County Municipal Utility District No. 401 (TX)
07/17/2013	Unlimited Tax Bonds, Series 2013	\$3,900,000	Fort Bend County Municipal Utility District No. 123
07/16/2013	Unlimited Tax Bonds Series 2013	\$2,500,000	Harris County Improvement District No. 3
07/11/2013	Refunding Bonds, Series 2013A	\$6,505,000	Fort Bend County Levee Improvement District No. 15
07/11/2013	Refunding Bonds, Series 2013	\$2,385,000	Fountainhead Municipal Utility District
07/09/2013	Unlimited Tax Bonds, Series 2013	\$2,600,000	Harris County Municipal Utility District No. 282
07/02/2013	T Unlimited Tax Bonds, Series 2013	\$3,965,000	Montgomery County Municipal Utility District No. 94
07/02/2013	Unlimited Tax Bonds, Series 2013	\$2,175,000	Galveston County Municipal Utility District No. 46
06/27/2013	Unlimited Tax Bonds, Series 2013	\$1,385,000	Montgomery County Municipal Utility District No. 98
06/27/2013	Unlimited Tax Bonds, Series 2013	\$1,400,000	Williamson County Municipal Utility District No. 15 (TX)
06/25/2013	Unlimited Tax Bonds, Series 2013A	\$3,045,000	Galveston County Municipal Utility District No. 39
06/19/2013	Unlimited Tax Bonds, Series 2013	\$1,280,000	Fort Bend County Municipal Utility District No. 151
06/13/2013	Waterworks and Sewer System Combination	\$2,540,000	Northwest Harris County Municipal Utility District No. 23 (TX)
06/11/2013	Unlimited Tax Bonds, Series 2013	\$3,405,000	Fort Bend County Municipal Utility District No. 187 (TX)
06/11/2013	Unlimited Tax Bonds, Series 2013A	\$1,650,000	Williamson County Municipal Utility District No. 11
06/06/2013	Unlimited Tax Bonds, Series 2013	\$1,500,000	Travis County Municipal Utility District No. 15
06/04/2013	Unlimited Tax Bonds, Series 2013	\$2,695,000	Fort Bend County Municipal Utility District No. 144
05/29/2013	Unlimited Tax Road Bonds, Series 2013	\$3,000,000	Denton County Fresh Water Supply District No. 8-C
05/21/2013	Unlimited Tax Bonds, Series 2013	\$2,920,000	Montgomery County Municipal Utility District No. 115
05/20/2013	Unlimited Tax Bonds, Series 2013	\$4,930,000	Fort Bend County Municipal Utility District No. 134C
05/14/2013	Refunding Bonds, Series 2013	\$3,290,000	Harris County Municipal Utility District No. 173
05/09/2013	Unlimited Tax Bonds, Series 2013	\$4,140,000	Fort Bend County Municipal Utility District No. 48
05/08/2013	Unlimited Tax Road Bonds, Series 2013	\$1,330,000	Fort Bend County Municipal Utility District No. 133
05/08/2013	Refunding Bonds, Series 2013	\$6,935,000	Harris County Municipal Utility District No. 372
04/25/2013	Refunding Bonds, Series 2013	\$5,410,000	Montgomery County Municipal Utility District No. 18

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FirstSouthwest as Financial Advisor
Municipal Utility Districts
2012 – Present
Source: Ipreo MuniAnalytics

Sale Date	Deal Description	Issue Size	Issuer
04/10/2013	Unlimited Tax Bonds, Series 2013	\$4,200,000	Fort Bend County Municipal Utility District No. 146
04/10/2013	Road Refunding Bonds, Series 2013 (General)	\$13,000,000	Denton County Fresh Water Supply District No. 7
04/09/2013	Unlimited Tax Bonds, Series 2013	\$13,810,000	Pecan Grove Municipal Utility District
04/04/2013	Refunding Bonds, Series 2013	\$2,000,000	Fort Bend County Municipal Utility District No. 140
04/03/2013	Refunding Bonds, Series 2013	\$3,325,000	Williamson County Municipal Utility District No. 10
03/26/2013	Refunding Bonds, Series 2013	\$1,920,000	Williamson County Municipal Utility District No. 11
03/21/2013	Unlimited Tax Road Bonds, Series 2013	\$2,525,000	Fort Bend County Municipal Utility District No. 136
03/21/2013	Unlimited Tax Bonds, Series 2013	\$3,950,000	Fort Bend County Municipal Utility District No. 128
03/21/2013	General Obligation Refunding Bonds, Series 2013	\$3,235,000	Harris County Municipal Utility District No. 391
03/20/2013	Refunding Bonds, Series 2013	\$2,580,000	Harris County Municipal Utility District No. 367
03/14/2013	Unlimited Tax Bonds, Series 2013	\$1,570,000	Paseo Del Este Municipal Utility District No. 2
03/14/2013	Unlimited Tax Bonds, Series 2013	\$1,900,000	Paseo Del Este Municipal Utility District No. 11 of El Paso County (TX)
03/13/2013	Unlimited Tax Bonds, Series 2013A	\$7,200,000	Harris County Municipal Utility District No. 276
03/06/2013	Unlimited Tax Bonds, Series 2013	\$1,600,000	Fort Bend County Municipal Utility District No. 158
03/04/2013	Unlimited Tax Bonds, Series 2013A	\$645,000	Fort Bend County Municipal Utility District No. 143
03/04/2013	Unlimited Tax Park Bonds, Series 2013B	\$455,000	Fort Bend County Municipal Utility District No. 143
03/04/2013	Refunding Bonds, Series 2013	\$8,360,000	Northwest Park Municipal Utility District (TX)
02/27/2013	Unlimited Tax Bonds, Series 2013	\$1,255,000	West Harris County Municipal Utility District No. 21
02/25/2013	Unlimited Tax Levee Improvement Bonds,	\$6,000,000	Fort Bend County Levee Improvement District No. 15
02/21/2013	Refunding Bonds, Series 2013A	\$9,360,000	Fort Bend County Municipal Utility District No. 25
02/20/2013	Utility System Revenue Bonds, New Series 2013	\$1,435,000	East Cedar Creek Fresh Water Supply District
02/20/2013	Unlimited Tax Bonds, Series 2013	\$4,375,000	Harris-Fort Bend Counties Municipal Utility District No. 5
02/05/2013	Refunding Bonds, Series 2013	\$2,925,000	Harris County Municipal Utility District No. 322
02/05/2013	Refunding Bonds, Series 2013	\$4,040,000	Fort Bend County Municipal Utility District No. 122
02/04/2013	Refunding Bonds, Series 2013	\$1,850,000	Harris County Municipal Utility District No. 276
01/31/2013	Unlimited Tax Bonds, Series 2013	\$3,000,000	Fort Bend County Municipal Utility District No. 121
01/29/2013	Waterworks and Sewer System Combination,	\$5,295,000	Newport Municipal Utility District
01/29/2013	Refunding Bonds, Series 2013	\$7,130,000	Harris County Municipal Utility District No. 354
01/28/2013	Refunding Bonds, Series 2013	\$5,095,000	Harris County Municipal Utility District No. 383
01/24/2013	Refunding Bonds, Series 2013	\$3,475,000	Fort Bend County Municipal Utility District No. 116
01/22/2013	Unlimited Tax Bonds, Series 2013	\$2,090,000	Fort Bend County Municipal Utility District No. 34
01/16/2013	Refunding Bonds, Series 2013	\$4,010,000	Rayford Road Municipal Utility District
01/15/2013	Refunding Bonds Series 2013	\$1,835,000	Harris County Water Control and Improvement District No. 109
01/10/2013	Refunding Bonds, Series 2013	\$3,290,000	Harris County Municipal Utility District No. 390
01/10/2013	General Obligation Refunding Bonds, Series 2013	\$3,710,000	Harris County Municipal Utility District No. 82
01/09/2013	Refunding Bonds, Series 2013	\$2,585,000	Harris County Municipal Utility District No. 257
01/08/2013	Refunding Bonds, Series 2013	\$2,390,000	Fort Bend County Municipal Utility District No. 143
01/08/2013	Refunding Bonds, Series 2013	\$3,690,000	Grand Lakes Municipal Utility District No. 1

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FirstSouthwest as Financial Advisor
Municipal Utility Districts
2012 – Present
Source: Ipreo MuniAnalytics

Sale Date	Deal Description	Issue Size	Issuer
12/18/2012	Unlimited Tax Bonds, Series 2013	\$1,585,000	Harris-Fort Bend Counties Municipal Utility District No. 1
12/17/2012	Refunding Bonds Series 2013	\$6,830,000	Galveston County Municipal Utility District No. 39
12/12/2012	Refunding Bonds, Series 2013	\$4,325,000	Harris County Municipal Utility District No. 167
12/11/2012	Refunding Bonds, Series 2013	\$9,625,000	Harris County Municipal Utility District No. 106
12/11/2012	Refunding Bonds, Series 2013	\$4,125,000	Harris County Municipal Utility District No. 71
12/10/2012	Unlimited Tax Bonds, Series 2012	\$1,750,000	Harris County Municipal Utility District No. 450
12/10/2012	Refunding Bonds, Series 2013	\$7,175,000	Fort Bend County Municipal Utility District No. 138
12/06/2012	Unlimited Tax Bonds, Series 2012A	\$3,000,000	Fort Bend County Municipal Utility District No. 167
12/06/2012	Refunding Bonds, Series 2013	\$6,500,000	Harris County Municipal Utility District No. 26
12/05/2012	Refunding Bonds, Series 2013	\$4,365,000	Harris County Municipal Utility District No. 370
12/05/2012	Refunding Bonds, Series 2013	\$3,655,000	Harris County Municipal Utility District No. 96
12/04/2012	Unlimited Tax Bonds, Series 2012	\$3,900,000	Galveston County Municipal Utility District No. 46
12/04/2012	Refunding Bonds, Series 2012	\$2,030,000	Cinco Municipal Utility District No. 1
12/03/2012	Unlimited Tax Bonds, Series 2012	\$1,600,000	Fort Bend County Municipal Utility District No. 171
12/03/2012	Refunding Bonds, Series 2013	\$6,700,000	Fort Bend County Municipal Utility District No. 25
12/03/2012	Refunding Bonds, Series 2013	\$7,550,000	Northwest Harris County Municipal Utility District No. 32 (TX)
11/29/2012	Unlimited Tax Park Bonds, Series 2012B	\$1,045,000	Cinco Southwest Municipal Utility District No. 2
11/29/2012	Unlimited Tax Bonds, Series 2012A	\$1,685,000	Cinco Southwest Municipal Utility District No. 2
11/29/2012	Refunding Bonds, Series 2012	\$8,475,000	Fort Bend County Municipal Utility District No. 146
11/28/2012	Unlimited Tax Bonds, Series 2012	\$2,350,000	Fort Bend County Levee Improvement District No. 6 (TX)
11/27/2012	Unlimited Tax Bonds, Series 2012	\$2,310,000	Cinco Southwest Municipal Utility District No. 4
11/27/2012	Unlimited Tax Park Bonds, Series 2012A	\$1,140,000	Cinco Southwest Municipal Utility District No. 4
11/27/2012	Unlimited Tax Bonds, Series 2012A	\$3,000,000	Harris County Municipal Utility District No. 391
11/26/2012	Unlimited Tax Bonds, Series 2012	\$5,365,000	Harris County Municipal Utility District No. 167
11/26/2012	Unlimited Tax Road Bonds, Series 2012	\$2,660,000	Fort Bend County Municipal Utility District No. 134C
11/20/2012	Refunding Bonds, Series 2012A	\$4,520,000	Montgomery County Municipal Utility District No. 94
11/19/2012	Unlimited Tax Road Bonds, Series 2012	\$2,695,000	Montgomery County Municipal Utility District No. 119 (TX)
11/19/2012	Unlimited Tax Bonds Series 2012	\$2,430,000	Fort Bend County Municipal Utility District No. 137
11/15/2012	Unlimited Tax Bonds, Series 2012	\$6,285,000	Fort Bend County Municipal Utility District No. 138
11/14/2012	Unlimited Tax Bonds Series 2012	\$6,500,000	Fort Bend County Municipal Utility District No. 151
11/14/2012	Unlimited Tax Road Bonds Series 2012A	\$2,600,000	Fort Bend County Municipal Utility District No. 133
11/14/2012	Unlimited Tax Utility Bonds, Series 2012	\$3,200,000	Denton County Fresh Water Supply District No. 8-C
11/13/2012	Unlimited Tax Bonds, Series 2012	\$2,425,000	Bacliff Municipal Utility District
11/13/2012	Unlimited Tax Bonds, Series 2012	\$980,000	Lakeside Water Control & Improvement District No. 2-C
11/13/2012	Refunding Bonds, Series 2012	\$4,735,000	Harris County Municipal Utility District No. 154
11/13/2012	Refunding Bonds, Series 2012	\$6,180,000	Cinco Southwest Municipal Utility District No. 2
11/08/2012	Unlimited Tax Road Bonds, Series 2012	\$10,300,000	Harris County Municipal Utility District No. 419
11/08/2012	Unlimited Tax Utility System Bonds, Series 2012	\$5,250,000	Denton County Fresh Water Supply District No. 7
11/05/2012	Unlimited Tax Bonds, Series 2012A	\$1,715,000	Cinco Southwest Municipal Utility District No. 3

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FirstSouthwest as Financial Advisor
Municipal Utility Districts
2012 – Present
Source: Ipreo MuniAnalytics

Sale Date	Deal Description	Issue Size	Issuer
11/05/2012	Unlimited Tax Park Bonds, Series 2012B	\$2,005,000	Cinco Southwest Municipal Utility District No. 3
11/05/2012	Refunding Bonds, Series 2012A	\$3,745,000	Harris County Municipal Utility District No. 173
11/01/2012	Refunding Bonds, Series 2012	\$9,500,000	Harris County Municipal Utility District No. 157
11/01/2012	Refunding Bonds, Series 2012	\$2,750,000	Paseo Del Este Municipal Utility District No. 10 of El Paso County
10/31/2012	Levee Improvement Refunding Bonds, Series 2012	\$1,815,000	Fort Bend County Levee Improvement District No. 14
10/25/2012	Unlimited Tax Bonds, Series 2012	\$6,425,000	Harris County Municipal Utility District No. 290
10/22/2012	Refunding Bonds, Series 2012	\$1,570,000	Fry Road Municipal Utility District
10/18/2012	Unlimited Tax Bonds, Series 2012A	\$2,675,000	NorthPointe Water Control and Improvement District
10/18/2012	Refunding Bonds, Series 2012A	\$2,020,000	Harris County Municipal Utility District No. 396
10/17/2012	Unlimited Tax Bonds, Series 2012	\$3,000,000	Fort Bend County Municipal Utility District No. 123
10/11/2012	Unlimited Tax Road Bonds, Series 2012	\$2,400,000	Denton County Fresh Water Supply District No. 6
10/04/2012	Contract Revenue Bonds, Series 2012	\$16,075,000	Cinco Southwest Municipal Utility District No. 1
09/27/2012	Unlimited Tax Bonds, Series 2012	\$1,350,000	Williamson County Municipal Utility District No. 15 (TX)
09/20/2012	Unlimited Tax Bonds, Series 2012	\$2,500,000	Fort Bend County Municipal Utility District No. 165
09/20/2012	Refunding Bonds, Series 2012	\$9,305,000	Harris County Water Control and Improvement District No. 96
09/18/2012	Refunding Bonds, Series 2012	\$2,605,000	Harris County Municipal Utility District No. 208
09/13/2012	Unlimited Tax Bonds, Series 2012	\$3,925,000	Harris-Fort Bend Counties Municipal Utility District No. 3
09/12/2012	Refunding Bonds, Series 2012	\$3,360,000	Montgomery County Municipal Utility District No. 89
09/10/2012	Unlimited Tax Road Bonds, Series 2012	\$2,750,000	Fort Bend County Municipal Utility District No. 139 (TX)
09/06/2012	Unlimited Tax Bonds, Series 2012	\$2,650,000	Montgomery County Municipal Utility District No. 88 (TX)
08/29/2012	Unlimited Tax Bonds, Series 2012	\$2,120,000	Montgomery County Municipal Utility District No. 115
08/29/2012	Unlimited Tax Bonds, Series 2012B	\$1,860,000	Fort Bend County Municipal Utility District No. 81
08/28/2012	Refunding Bonds, Series 2012	\$3,715,000	Williamson County Municipal Utility District No. 11
08/27/2012	Unlimited Tax Road Bonds, Series 2012	\$940,000	Cinco Southwest Municipal Utility District No. 3
08/22/2012	Unlimited Tax Bonds, Series 2012	\$1,500,000	Valley Ranch Municipal Utility District No. 1
08/22/2012	Refunding Bonds, Series 2012	\$3,415,000	Timberlake Improvement District Providence Village Water Control and Improvement District of Denton County
08/14/2012	Refunding Bonds, Series 2012	\$1,300,000	Fort Bend County Municipal Utility District No. 158
08/09/2012	Unlimited Tax Bonds, Series 2012	\$1,600,000	Harris County Municipal Utility District No. 396
08/08/2012	Unlimited Tax Park Bonds, Series 2012	\$2,700,000	Fort Bend County Levee Improvement District No. 10
07/30/2012	Unlimited Tax Bonds, Series 2012	\$5,000,000	Fort Bend County Municipal Utility District No. 134C
07/26/2012	Waterworks and Sewer System Combination	\$3,000,000	First Colony Municipal Utility District No. 9
07/25/2012	Refunding Bonds, Series 2012	\$1,740,000	Harris County Municipal Utility District No. 222
07/16/2012	Contract Revenue Bonds (Road Facilities)	\$10,720,000	Fort Bend County Municipal Utility District No. 169
07/12/2012	Refunding Bonds, Series 2012	\$4,555,000	Harris County Municipal Utility District No. 70
07/10/2012	Unlimited Tax Bonds, Series 2012	\$5,880,000	Williamson County Municipal Utility District No. 11
06/18/2012	Unlimited Tax Bonds, Series 2012	\$8,000,000	Cinco Southwest Municipal Utility District No. 3

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**FirstSouthwest as Financial Advisor
Municipal Utility Districts
2012 – Present
Source: Ipreo MuniAnalytics**

Sale Date	Deal Description	Issue Size	Issuer
06/13/2012	Unlimited Tax Road Bonds, Series 2012	\$2,465,000	Fort Bend County Municipal Utility District No. 133
06/06/2012	Unlimited Tax Bonds, Series 2012	\$4,400,000	Harris County Municipal Utility District No. 383
06/05/2012	Unlimited Tax Road Bonds, Series 2012	\$2,500,000	Montgomery County Municipal Utility District No. 112
05/30/2012	Contract Revenue Road Bonds, Series 2012	\$9,390,000	Cinco Southwest Municipal Utility District No. 1
05/21/2012	Refunding Bonds, Series 2012	\$1,870,000	Harris County Municipal Utility District No. 162
05/17/2012	Refunding Bonds, Series 2012	\$1,845,000	Weston Municipal Utility District
05/14/2012	Unlimited Tax Bonds, Series 2012	\$3,570,000	Harris County Municipal Utility District No. 419
05/14/2012	Unlimited Tax Park Bonds, Series 2012A	\$2,860,000	Harris County Municipal Utility District No. 419
05/14/2012	Unlimited Tax Bonds, Series 2012	\$5,690,000	Fort Bend County Municipal Utility District No. 139 (TX)
05/10/2012	Unlimited Tax Bonds, Series 2012	\$1,390,000	Harris County Water Control and Improvement District No. 157
05/09/2012	Unlimited Tax Bonds, Series 2012A	\$2,700,000	Harris County Municipal Utility District No. 64
05/08/2012	Refunding Bonds, Series 2012	\$4,975,000	Harris County Municipal Utility District No. 221
05/03/2012	Unlimited Tax Bonds, Series 2012	\$1,120,000	Fort Bend County Municipal Utility District No. 167
04/25/2012	Unlimited Tax Bonds, Series 2012A	\$725,000	Harris County Municipal Utility District No. 281
04/25/2012	Unlimited Tax Park Bonds, Series 2012B	\$1,520,000	Harris County Municipal Utility District No. 281
04/18/2012	Unlimited Tax Bonds, Series 2012	\$1,840,000	Fort Bend County Municipal Utility District No. 122
04/11/2012	Refunding Bonds, Series 2012	\$2,870,000	Harris County Municipal Utility District No. 65
04/11/2012	Refunding Bonds, Series 2012	\$4,730,000	Harris County Municipal Utility District No. 120
04/10/2012	Unlimited Tax Bonds, Series 2012A	\$2,865,000	Northwest Park Municipal Utility District (TX)
04/10/2012	Refunding Bonds, Series 2012	\$2,610,000	Grand Lakes Municipal Utility District No. 2
04/09/2012	Refunding Bonds, Series 2012A	\$1,075,000	Fort Bend County Municipal Utility District No. 81
04/02/2012	Refunding Bonds, Series 2012	\$8,870,000	Harris County Municipal Utility District No. 370
03/29/2012	Refunding Bonds, Series 2012 (General Obligation)	\$1,300,000	Plantation Municipal Utility District
03/28/2012	Refunding Bonds, Series 2012	\$3,905,000	Harris County Municipal Utility District No. 104
03/26/2012	Refunding Bonds, Series 2012	\$4,815,000	Rayford Road Municipal Utility District
03/20/2012	Refunding Bonds, Series 2012	\$4,025,000	Harris County Municipal Utility District No. 64
03/20/2012	Refunding and Improvement Bonds, Series 2012	\$3,298,586	Barker-Cypress Municipal Utility District (TX)
03/14/2012	Refunding Bonds, Series 2012	\$5,950,000	Harris County Municipal Utility District No. 364
03/14/2012	General Obligation Refunding Bonds, Series 2012	\$3,705,000	Fort Bend County Municipal Utility District No. 34
03/12/2012	Refunding Bonds, Series 2012	\$3,087,057	Fort Bend County Municipal Utility District No. 94
03/08/2012	Refunding Bonds, Series 2012	\$7,630,000	Harris County Municipal Utility District No. 152
03/07/2012	General Obligation Refunding Bonds, Series 2012	\$4,880,000	Harris County Municipal Utility District No. 239
03/06/2012	Levee Improvement Refunding Bonds, Series 2012	\$2,210,000	Fort Bend County Levee Improvement District No. 7
03/05/2012	Refunding Bonds, Series 2012	\$2,375,000	Galveston County Municipal Utility District No. 39
03/01/2012	Refunding Bonds, Series 2012	\$6,020,000	Harris County Municipal Utility District No. 249
03/01/2012	Refunding Bonds, Series 2012	\$7,300,000	Harris County Municipal Utility District No. 173
02/29/2012	Refunding Bonds, Series 2012	\$2,830,000	Harris County Municipal Utility District No. 281
02/29/2012	Refunding Bonds, Series 2012A	\$5,465,000	Harris County Municipal Utility District No. 71

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FirstSouthwest as Financial Advisor
Municipal Utility Districts
2012 – Present
Source: Ipreo MuniAnalytics

Sale Date	Deal Description	Issue Size	Issuer
02/28/2012	Refunding Bonds, Series 2012	\$2,125,000	Harris County Municipal Utility District No. 151
02/28/2012	Refunding Bonds, Series 2012	\$7,060,307	Denton County Fresh Water Supply District No. 8-B
02/27/2012	Unlimited Tax Levee Improvement Bonds, Series 2012	\$7,990,000	Fort Bend County Levee Improvement District No. 15
02/23/2012	Refunding Bonds, Series 2012	\$2,975,000	Harris County Municipal Utility District No. 354
02/23/2012	Refunding Bonds, Series 2012	\$3,655,000	Harris County Fresh Water Supply District No. 51
02/22/2012	Unlimited Tax Road Bonds, Series 2012	\$1,680,000	Willow Creek Farms Municipal Utility District
02/22/2012	Refunding Bonds, Series 2012	\$7,760,000	Cinco Municipal Utility District No. 14
02/22/2012	Refunding Bonds, Series 2012	\$3,805,000	Harris County Municipal Utility District No. 397
02/17/2012	Refunding Bonds, Series 2012	\$7,715,000	Fort Bend County Municipal Utility District No. 116
02/16/2012	Refunding Bonds, Series 2012	\$6,595,000	Northwest Park Municipal Utility District (TX)
02/15/2012	Refunding Bonds, Series 2012	\$3,690,000	Harris County Municipal Utility District No. 372
02/15/2012	Combination and Revenue Refunding	\$4,485,000	Galveston County Municipal Utility District No. 15
02/15/2012	Refunding Bonds, Series 2012	\$2,280,000	Harris County Municipal Utility District No. 106
02/14/2012	Refunding Bonds, Series 2012	\$5,475,000	NorthPointe Water Control and Improvement District
02/13/2012	Unlimited Tax Bonds, Series 2012	\$4,250,000	Harris County Municipal Utility District No. 71
02/13/2012	Waterworks and Sewer System Combination	\$7,350,000	Big Oaks Municipal Utility District
02/13/2012	Refunding Bonds, Series 2012	\$3,165,000	Montgomery County Municipal Utility District No. 18
02/09/2012	Refunding Bonds, Series 2012	\$4,290,000	Grand Lakes Municipal Utility District No. 1
02/08/2012	Refunding Bonds, Series 2012	\$8,255,000	Harris County Municipal Utility District No. 276
02/08/2012	Refunding Bonds, Series 2012	\$1,530,000	Baker Road Municipal Utility District
02/08/2012	Refunding Bonds, Series 2012	\$1,220,000	Williamson County Municipal Utility District No. 10
02/02/2012	Refunding Bonds, Series 2012	\$7,110,000	Memorial Municipal Utility District
02/02/2012	Refunding Bonds, Series 2012A	\$2,350,000	Fort Bend County Municipal Utility District No. 121
02/01/2012	Refunding Bonds, Series 2012	\$2,805,000	Harris County Municipal Utility District No. 391
01/31/2012	Unlimited Tax Utility System Bonds, Series 2012	\$4,610,000	Palo Pinto County Water Control and Improvement District No. 1
01/26/2012	Refunding Bonds, Series 2012	\$5,110,000	Galveston County Municipal Utility District No. 14
01/24/2012	Refunding Bonds, Series 2012	\$5,370,000	Montgomery County Municipal Utility District No. 94
01/19/2012	Refunding Bonds, Series 2012	\$2,950,000	Harris County Municipal Utility District No. 280
01/10/2012	Unlimited Tax Bonds, Series 2012	\$2,970,000	Harris County Municipal Utility District No. 61

Appendix B

List of Firm TWDB Transactions June 1, 2004 – present

Appendix B



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Firm Experience as Financial Advisor - TWDB Transactions

January 1, 2006 – December 31, 2015

Source: Internal Records

Issuer	Issue Description	Par Amount (\$mil)	Sale Date
Houston	CUS, Series 2016A	\$63.43	12/16/15
Coastal Water Auth	Board Participation, S15 (SWIFT)	\$66.56	11/12/15
Bedford	Comb Tax & Surplus Rev COs, S15	\$30.00	11/10/15
Houston	CUS Sub Lien Rev Bds, S15E	\$25.91	11/10/15
Hidalgo Co Irrigation Dist No 1	Sys Rev Nts, S15	\$7.10	11/5/15
Upper Trinity Regional Wtr Dist	Water System - TWDB - SWIRFT	\$29.11	11/5/15
Upper Trinity Regional Wtr Dist	Water System-TWDB - State Participation	\$15.56	11/5/15
North Fort Bend Wtr Auth	Jr Lien Wtr Sys Rev Bds, S15	\$8.67	11/1/15
West Harris Co Reg Wtr Auth	Jr Lien Wtr Sys Rev Bds, S15	\$18.74	11/1/15
Brazosport Wtr Auth	Water Sup Sys Reg Rev Bds, S15B	\$5.60	10/27/15
El Paso Public Service Board	W&S Rev Bds, S15B	\$50.00	10/27/15
Fort Worth	W&S Rev Bds, S15B	\$13.00	10/27/15
Palo Pinto Co MWD #1	Rev Bds S15A	\$9.91	10/20/15
Palo Pinto Co MWD #1	Rev Bds Txbl S15B	\$7.18	10/20/15
Tarrant Regional Wtr Dist	Wtr Rev Bds, S15A	\$300.00	10/20/15
Tarrant Regional Wtr Dist	Wtr Trans Fac Contract Rev (Dallas), S15	\$140.00	10/20/15
White River MWD	Loan Forgiveness, S15	\$.50	9/22/15
Eules	WWSS Rev Bds S15A	\$4.68	8/5/15
Eules	WWSS Rev Bds S15B	\$2.38	8/5/15
Pharr	TWDB EDAP Grant	\$1.76	7/21/15
Pharr	WWSS Rev Bds, S15 (TWDB EDAP)	\$1.76	7/21/15
Airline Imp Dist	Sales Tax Rev Bds, S15	\$.27	7/14/15
Agua SUD	WW&SS Rev Bds, S15	\$8.15	7/9/15
Brady	EDAP Loan Forgiveness Grant 2015	\$1.80	7/7/15
Northwest Harris Co MUD 22	WW&SS Comb UT & Rev Bds, S15	\$3.08	6/23/15
Lake Palo Pinto Area WSC	TWDB Loan	\$1.48	6/3/15
Fort Worth	W&S Rev Bds, S15	\$39.00	5/19/15

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Issuer	Issue Description	Par Amount (\$mil)	Sale Date
Upper Leon River MWD	Taxable Water Sys Rev Bds, S15B	\$1.86	5/18/15
Upper Leon River MWD	Tax-Exempt Water System Rev Bds, S15A	\$7.45	5/18/15
Upper Leon River MWD	TWDB Loan Forgiveness 2015	\$4.79	5/18/15
Port Arthur	COs, S15A	\$6.99	5/12/15
Port Arthur	COs, S15B	\$2.08	5/12/15
Olney	Comb Tax & Rev COs, S15	\$2.44	04/27/15
Gorman	Loan Forgiveness	\$.14	04/16/15
Gorman	Comb Tax & WW & SS Surplus Rev, S15	\$.140	04/16/15
Early	Comb Tax & Surplus Rev Cos, S15	\$8.37	04/14/15
Houston	First Lien Rev Bds, S15A	\$55.00	01/07/15
Houston	First Lien Rev Bds, S15B	\$48.04	01/07/15
Bandera Co FWSD No. 1	Wtr Supply System Rev Notes, S14	\$.59	12/11/14
Winters	Comb Tax & WW & SS Surplus Rev COs, S14	\$.43	09/29/14
McAllen	Waterworks and Sewer System Revenue Bonds, Series 2014 (CWSRF)	\$40.00	9/22/14
Oak Hill FWSD	UT Bonds, S14	\$.50	7/22/14
Bangs	Comb Tax & Surplus Rev Anticipation Notes, S14	\$.23	06/09/14
Bangs	Loan Forgiveness	\$.09	06/09/14
Ladonia	Comb Tax & Surplus Rev COs, S14	\$.20	05/20/14
San Saba	Comb Tax & WW & Surplus Rev COs, S14	\$.17	05/19/14
San Saba	Loan Forgiveness	\$.13	05/19/14
Olney	Comb Tax & Rev COs, S14	\$.29	04/28/14
Olney	Loan Forgiveness	\$.12	04/28/14
Agua SUD	WW&SS Rev Bds, DWSRF S14	\$3.57	04/24/14
Agua SUD	WW&SS CWSRF, S14	\$2.38	04/24/14
Cisco	Comb Tax & Surplus Rev COs, S14	\$.48	04/14/14
Cisco	Loan Forgiveness	\$.21	04/14/14
Olmito Wtr Supply Corp	Rural Wtr Assn Fund Loan S14	\$1.72	04/08/14
Olmito Wtr Supply Corp	Development Fund Loan Agreement	\$1.04	04/08/14
Willow Park	Comb Tax & WW & SS Surplus Rev COs, S14	\$.69	03/18/14

Issuer	Issue Description	Par Amount (\$mil)	Sale Date
Grand Prairie	WWS Rev Bonds, S14	\$4.00	03/18/14
Carbon	Comb Tax & Surplus Rev COs, S14	\$.10	02/17/14
Carbon	Loan Forgiveness	\$.70	02/17/14
Ingram	Comb Tax & Surplus Rev COs, S14	\$1.19	02/04/14
Houston	S14	\$65.00	01/22/14
Ralls	Utility Sys Rev Bds, S14	\$.13	01/21/14
Breckenridge	Comb Tax & Surplus Rev COs, S14	\$2.38	01/06/14
Roscoe	COs, S13	\$1.04	11/12/13
Hico	Comb Tax & Surplus Rev COs, S13	\$3.10	11/11/13
Cleburne	WW&SS Rev Bds, S13A	\$2.38	10/22/13
Comanche	Comb Tax & Surplus Rev COs, S13A	\$.75	10/14/13
Comanche	Loan Forgiveness	\$.32	10/14/13
McAllen PUB	WW&SS Rev Bds, S13A EDAP	\$.22	09/26/13
McAllen PUB	WW&SS Rev Bds, S13	\$6.66	09/26/13
McAllen PUB	WW&SS Rev Bds, S13B	\$2.96	09/26/13
San Juan	WW&SS Rev Bds, S13B	\$1.40	09/24/13
San Juan	Loan Forgiveness	\$.60	09/24/13
Brady	Comb Tax & Surplus Rev COs, S13	\$.35	09/03/13
Brady	Loan Forgiveness	\$.35	09/03/13
Smyer	Comb Tax & Surplus Rev COs, S13	\$1.135	07/11/13
Smyer	Loan Forgiveness	\$.23	07/11/13
San Juan	WW&SS Rev Bds, S13A	\$6.17	06/11/13
San Juan	Loan Forgiveness	\$2.59	06/11/13
Ingram	Loan	\$.18	06/04/13
Pharr	WW&SS Rev Bds, S13	\$8.73	06/04/13
Lake Livingston Wtr Sup & Sewer Service Corp	Wtr Rev Bds, S13	\$3.13	05/16/13
Lake Livingston Wtr Sup & Sewer Service Corp	Loan Forgiveness	\$.54	05/16/13
Honey Grove	COs S13	\$.25	05/13/13
White River MWD	Contract Revenue Bonds S13	\$1.06	05/08/13

Issuer	Issue Description	Par Amount (\$mil)	Sale Date
Carbon	Loan Forgiveness	\$.20	04/24/13
Upper Leon River MWD	Taxable Wtr Sys Rev Bds, S13	\$.78	04/22/13
Upper Leon River MWD	Loan Forgiveness	\$.40	04/22/13
Reklaw	Loan Forgiveness	\$.18	04/19/13
New Deal	Loan Forgiveness	\$.14	04/16/13
Goldthwaite	Comb Tax & Surplus Rev COs, S13	\$1.48	04/04/13
Goldthwaite	Loan Forgiveness	\$.62	04/04/13
Houston	Comb Utility System First Lien Rev Bds, S13A	\$48.75	03/27/13
Breckenridge	Comb Tax & Surplus Rev COs, S13	\$.84	03/04/13
Breckenridge	Loan Forgiveness	\$.62	03/04/13
Bistone MWD	Water Supply Rev Bds S13	\$6.13	02/19/13
Bronte	Comb Tax & Surplus Rev COs, S13	\$.35	02/14/13
Bronte	Grant/Loan Forgiveness	\$.14	02/14/13
Lake Palo Pinto Area Wat Supp Corp	Promissory Note S13	\$.13	02/11/13
Moran	Comb Tax & Surplus Rev COs, S13	\$.18	01/15/13
Moran	Loan Forgiveness	\$.33	01/15/13
Comanche	Comb Tax & Surplus Rev COs, S13	\$.71	01/14/13
Comanche	Loan Forgiveness	\$.56	01/14/13
Glen Rose	Comb Tax & Surplus Rev COs, S13	\$.71	01/14/13
Brownwood	Comb Tax & Surplus Rev Co. S12	\$3.44	11/13/12
Abilene	Comb Tax & Surplus Rev CO, S12	\$2.50	11/13/12
Breckenridge	Comb Tax & Surplus Rev Co., S12	\$1.68	11/05/12
Breckenridge	Loan Forgiveness	\$.70	11/05/12
Grand Prairie	Wtr & Wstewtr Sys Rev Bonds NS 2012	\$.50	10/16/12
Bedford	Comb Tax & Surplus Rev Cos, S12	\$.63	10/16/12
Brady	TWDB Issuance CWSRF 2012	\$1.44	10/01/12
Brady	Rev CO, S1	\$1.21	10/01/12
East Aldine Mgmt District	Sales Tax Rev Bds, S12	\$.58	09/25/12
Ranger	Comb Tax & Surplus Rev Co, S12	\$.30	09/24/12
Ranger	Grant/Loan 2012	\$.30	09/24/12

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Issuer	Issue Description	Par Amount (\$mil)	Sale Date
Houston	Comb Util Sys First Lien Rev Bds, S12E	\$49.90	09/12/12
San Antonio Water System	Wtr Sys Jr Ln Rev Bds, S12	\$19.63	08/17/12
Springtown	Combination Tax & Rev COs S12	\$3.93	08/04/12
McAllen PUB	WW&SS Rev Bds, S12	\$1.19	08/01/12
Trinity River Authority	Denton Creek Reg WW Sys Rev SRF S12	\$14.03	06/28/12
Trinity River Authority	Central Reg WW Sys Rev SRF S12	\$74.27	06/28/12
San Juan	WW&SS Rev Bds, S12	\$4.45	06/26/12
Hidalgo MUD 1	WW&SS Rev Bds, S12	\$1.5	06/22/12
Shallowater	GO Bds, S12	\$4.1	05/21/12
LaFeria	Drinking Water SRF, S11	\$7.16	04/19/12
LaFeria	Clean Water SRF, S11	\$8.38	04/19/12
Nueces River Authority	Wtr SRF Proj Loan (Leakey Reg WW Trtment Sys), S12	\$9.96	04/10/12
Nueces River Authority	Wtr SRF Proj Loan (Leakey Reg WW Trtment Sys), S12	\$1.00	04/05/12
West Harris County Regional WA	WS Rev Bds, S12	\$41.96	03/07/12
Walker County SUD	Wtr Sys Rev Bds, S12	\$5.00	02/21/12
Eastland County WSD	Water Revenue Bonds S12	\$11.65	02/16/12
North Central Texas MWA	Water Bds, S12 Bds	\$5.50	02/14/12
Somervell County Water District	GO bds, S12	\$0.70	02/13/12
Aledo	Tax and WW and SS Surplus Rev COs, S12	\$1.90	01/26/12
Keller	WW & Surplus Rev COs, S12	\$5.84	01/17/12
Rayburn County MUD	U/L Tax Bds, Ser 2011	\$4.98	10/27/11
Trinity River Authority	Red Oak Creek Sys Rev Bds S11	\$11.71	10/06/11
Trinity River Authority	Denton Creek Reg WW Trtmt Sys Rev Bd 11A	\$37.77	10/06/11
Trinity River Authority	Regional WW Sys Rev Bds S11A	\$108.40	10/06/11
Trinity River Authority	Ten Mile Creek Sys Rev Bds S11	\$27.69	10/07/11
Trinity River Authority	Mountain Creek Reg WW Rev Bds S11A&B	\$11.02	10/26/11
San Antonio Water System	Wtr Sys Jr Ln Rev & Refunding, S11A CWSR	\$18.10	07/29/11
San Antonio Water System	Wtr Sys Jr Ln Rev Bds, S11 WIF	\$24.55	07/13/11
Houston	Comb Utility Sys First Ln Rev Bds, S11B	\$22.80	05/04/11
Houston	Comb Utility Sys First Ln Rev Rfdg, S11C	\$58.25	05/04/11

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Issuer	Issue Description	Par Amount (\$mil)	Sale Date
Cleveland	Comb Tax & Rev Cos S11	\$2.36	03/08/11
Nassau Bay	Comb Tax & Rev Cos S11	\$2.45	02/15/11
Aledo	Tax & WW & SS Surplus Rev COs, S11B	\$1.70	01/27/11
Aledo	Tax & WW & SS Surplus Rev COs, S11A	\$3.345	01/27/11
Trinity River Authority	Denton Creek SRF S11	\$19.47	01/14/11
Colorado River Muni Wtr Dist	Water System (Big Spring) S10A TWDB WIF	\$11.97	12/02/10
San Antonio Water System	Jr Lien Rev & Rfdg S10A (Tier III)	\$17.93	11/30/10
Olimto Wtr Supply Corp	WW&SS Rev Bds S10 Txbi	\$2.60	11/05/10
Trinity River	Central Reg WW Sys Rev SRF S10A	\$127.01	11/01/10
Arlington	Wtr & Wstewtr Rev S10 (Clean Water SRF)	\$13.89	10/19/10
Cleburne	WW&SS Rev Bds S10 TWDB WIF	\$14.50	09/14/10
Fort Worth	W&SS Rev Bds S10B (CWSRF)	\$28.00	08/24/10
Azle	WW&S Rev Bds S10	\$13.60	8/17/10
Agua SUD	WW&SS Rev Bds S10 West Side (EDAP)	\$27.18	07/22/10
Agua SUD	WW&SS Rev Bds, S10 East Side (EDAP)	\$1.99	07/16/10
Coastal Water Auth	Contract Rev Bds S10	\$5.12	07/15/10
Grand Prairie	W&WW Rev Bds S10	\$5.00	07/06/10
Fort Worth	W&SS Rev Bds S10A (DRSRF)	\$40.00	06/29/10
Henrietta	Comb Tax & Rev COs S10	\$3.25	06/14/10
Colorado River Muni Wtr Dist	Wtr Sys Rev Bds - State Particptn S10	\$45.32	05/28/10
Colorado River Muni Wtr Dist	Wtr Sys Rev Bds (Ward Co) WIF S10	\$11.69	05/28/10
Commerce	Comb Tax & Rev COs S10A (DWSRF)	\$2.27	05/18/10
Commerce	Comb Tax & Rev COs S10C (CWSRF)	\$3.49	05/18/10
Commerce	Comb Tax & Rev COs TXBL S10B (DWSR)	\$0.47	05/18/10
Tarrant Regional Wtr Dist	Wtr Rev Bds S10A (TWDB) WIF	\$17.84	05/18/10
Tarrant Regional Wtr Dist	Wtr Rev Bds S10 (TWDB) WIF	\$83.79	05/18/10
Harris Co WCID 21	UT Bds S10	\$5.00	05/03/10
Jefferson Co WCID No. 10	UT Bonds S10	\$2.75	04/27/10
Harris Co WCID 70	Wtr & Sewer Rev Bds, S2010B	\$1.32	04/01/10
Harris Co WCID 70	UT Bds, S2010A	\$1.43	04/01/10

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Issuer	Issue Description	Par Amount (\$mil)	Sale Date
Westwood Shores MUD	UT Bds S10A	\$0.21	03/15/10
Westwood Shores MUD	UT Bds S10B	\$1.82	03/15/10
Bolivar Pen SUD-See Lwr Neches	Wtr Sys Rev Rfdg Bds S10A	\$1.20	02/05/10
Bolivar Pen SUD-See Lwr Neches	Wtr Sys Rev Rfdg Bds S10	\$0.84	02/05/10
Fort Worth	TWDB DWSRF, S10	\$16.27	01/28/10
Aledo	Tax & WW & SS Surp Rev COs S10B	\$0.36	01/28/10
Aledo	Tax & WW & SS Surplus Rev COs S10A	\$2.11	01/28/10
Ingram	Comb Tax & Surplus Rev COs S10	\$.84	01/26/10
McAllen PUB	WW&SS Imp Rev Bds, S09	\$39.49	01/26/10
El Paso Public Service Board	Municipal Drainage Sys Rev Bds, S09A	\$2.16	01/26/10
La Feria	Util Sys Rev Bds, S09	\$0.88	01/23/09
Millersview-Doole WSC	EDAP - Grant	\$10.90	12/15/09
San Antonio Water System	Wtr Sys Jr Lien Rev Bds, S09 Tier II	\$54.30	12/04/09
San Antonio Water System	Wtr Sys Jr Lien Rev & Rfdg Bds, S09 WIF	\$35.00	12/04/09
Trinity River Authority	Ten Mile Creek Sys Rev Bonds S09	\$23.41	12/03/09
Trinity River Authority	Central Regional Sys Rev Bonds S09	\$107.18	12/03/09
Trinity River Authority	Red Oak Creek Sys Rev Bonds S09	\$8.28	12/02/09
Trinity River Authority	Denton Creek SRF 2008 IUP 2009	\$7.76	10/30/09
Trinity River Authority	Mountain Cr SRF 2008 IUP 2009	\$1.78	10/30/09
Rosenberg	COs 09	\$0.93	10/27/09
Bonham	TWDB CWSRF, S09 - Grant	\$2.22	10/15/09
La Joya	WW&SS Rev Bds S09 (CWSRF) (TENT)	\$4.56	09/25/09
Wolfe City	WW&SS Surplus Rev COs, S09	\$1.02	09/14/09
Agua SUD	WW & SS Rev Bds, S09	\$3.98	08/20/09
Palestine	W&S Rev Bds S09	\$0.60	08/04/09
North Texas MWD	Revenue Bonds - WIF, S09B	\$43.98	07/23/09
Early	Comb Tax & WS Rev CO S09	\$6.00	07/14/09
Somervell Co WD	GO Bds S09C	\$9.36	07/13/09
Somervell Co WD	GO Bds S09A	\$1.34	07/13/09

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Issuer	Issue Description	Par Amount (\$mil)	Sale Date
Somervell Co WD	GO Bds S09B	\$9.49	07/13/09
Brady	Comb Tax & Rev COs, S09	\$2.00	06/17/09
Aledo	Tax & WW & SS Surplus Rev CO, S09	\$0.68	06/02/09
Brushy Creek Reg Util Authority	Contract Rev Bds S09 (Leander)	\$91.18	06/01/09
Brushy Creek Reg Util Authority	Contract Rev Bds S09 (Cedar Park)	\$24.97	06/01/09
Brushy Creek Reg Util Authority	Contract Rev Bds S09 (Round Rock)	\$65.87	06/01/09
Crosby MUD	UT Bonds	\$2.50	05/19/09
Palo Pinto Co MWD #1	Subordinate Rev Bonds (Taxable) S09B	\$3.20	05/19/09
Corsicana	CO, S09	\$2.00	05/19/09
Palo Pinto Co MWD #1	Subordinate Rev Bonds (Tax Exempt), S09A	\$2.40	05/19/09
Dallas	WW&SS Rev Bonds, S09A (Cedar Crest Proj)	\$15.10	03/30/09
Dallas	WW&SS Rev Bonds, S09C (Loan #L90011)	\$94.72	03/30/09
Dallas	WW&SS Rev Bonds, S09B (Lake Ray Hubbard)	\$8.28	03/30/09
Cleburne	TWDB WIFWW&SS Rev Bonds, S09	\$1.18	03/24/09
Cleveland	Cos, 09	\$0.55	03/10/09
Hidalgo MUD 1	WW & SS Rev Bonds S09 (DWSRF)	\$5.65	03/06/09
Amarillo	WW&SS Rev Bonds, S09 (TWDB-WIF)	\$38.89	02/27/09
North Texas MWD	Revenue Bonds (WIF) S09A	\$9.93	02/26/09
Coastal Water Auth	Contract Rev Bonds (Luce Bayou Proj) S09	\$28.00	02/26/09
Trinity River Auth	Central SRF 2009	\$86.78	01/26/09
Mexia	CO S09A	\$2.87	01/20/09
Mexia	COs 09B	\$0.96	01/20/09
North Channel Water Authority	Contract Revenue Bonds 09	\$2.60	01/12/09
San Antonio Water System	Water Sys Jr Ln Rev & Rfdg S08A Tr II	\$23.26	12/30/08
San Antonio Water System	Water Sys Jr Ln Rev S08 Tr III	\$30.00	12/30/08
El Paso Co Tornillo WID	Water Rev Bonds, S08	\$0.13	12/30/08
Groesbeck	Comb Tax & Rev COs, S09	\$2.15	12/23/08
Eastland	Comb Tax & Rev COs S2008-B	\$2.390	12/15/08
Hidalgo MUD 1	WW & SS Revenue Bonds, S09 (CWSRF)	\$3.52	10/29/08

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Issuer	Issue Description	Par Amount (\$mil)	Sale Date
Northeast Texas MWD	Water Sys Rev Bonds, Ser 08	\$1.55	09/29/08
El Paso Public Service Board	W&S Rev Bonds, S08A (TWDB)	\$14.00	09/16/08
El Paso Public Service Board	W&S Rev Bonds S2008B (TWDB)	\$22.00	9/16/08
Paducah	Comb Tax & Rev COs S2008	\$0.95	8/14/08
La Feria	Utility Sys Rev Bonds, S08	\$2.52	8/12/08
Eastland	Comb Tax & Rev COs S2008-A	\$0.98	7/21/08
Victoria County WCID #1	Ultid TX & WW & SS Rev Bonds. Sr 2008	\$2.52	6/27/08
Arlington	WW&SS Rev Bonds (Drinking Water SRF), S08	\$38.00	6/17/08
Tarrant Regional Water Dist	Water Revenue Bonds 08B	\$6.76	6/17/08
Tarrant Regional Water Dist	Water Revenue Bonds 08A	\$3.14	6/17/08
Upper Trinity Regional Water Dis	Reg Treated Water Supply Sys Rev Bonds 0	\$10.40	06/05/08
Westwood Shores MUD	UT & Rev Bonds, S08	\$2.26	05/27/08
Coleman	Tax & Util Sys Surplus Rev Cox S08	\$5.03	05/15/08
North Central Texas MWA	Subordinate Revenue Bonds, Series 2008	\$0.57	04/25/08
Lower Valley WD	Util Sys Rev Bonds S08 (Clean Water SRF)	\$10.25	04/24/08
Trinity River Auth	Red Oak Creek Sys Rev Bonds S08 SRF	\$24.80	04/22/08
Cisco	Comb Tax & Rev COs 2008-A	\$3.00	03/24/08
Cisco	Comb Tax & Rev COs 2008	\$2.20	03/24/08
Galveston	Wharves Rev Bonds S08	\$29.17	03/12/08
Trinity River Auth	Central Regional TWDB 08	\$90.00	02/29/08
Greater Texoma Util Auth	Cont Rev Bonds (Argyle), S07	\$1.61	02/12/08
Greater Texoma Util Auth	Contract Rev Bonds (Anna/Melissa), S07	\$3.43	02/04/08
Kermit	Comb Tax & Rev CO S2008	\$4.60	01/17/08
Possum Kingdom WSC	Water Sys Rev Bonds S08	\$1.63	01/16/08
El Paso Co Tomillo WID	WW&SS Rev Bonds S07A	\$0.41	12/27/07
Seis Lagos Utility Dist	Utility Rev Bonds S07	\$1.36	12/18/07
Commerce	COs 07 - CWSRF	\$2.01	12/18/07
Greenville	WW&SS Rev Bonds 07	\$20.00	12/11/07
Trinity River Auth	Ten Mile Creek Rev SRF Loan 07	\$46.19	10/30/07

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Issuer	Issue Description	Par Amount (\$mil)	Sale Date
Trinity River Auth	Denton Creek Rev SRF Loan 07	\$47.60	10/30/07
Fort Worth	WW&SS Sub Lien Rv Bonds (Clean Water SRF)07A	\$33.56	09/25/07
Fort Worth	WW&SS Sub Lien Rv (Drinking Water SRF)S07B	\$49.87	09/25/07
Lake Livingston Water Sup & Swer Serv Corp	Water Sys Rev Bonds, Taxable S07	\$17.50	09/25/07
Palestine	WW&SS Jr Lien Rev Bonds S07	\$4.67	09/15/07
Aledo	Tax & WW&SS Surp COs S07	\$5.77	08/23/07
Trinity River Auth	Central Reg Sys SRF 07	\$120.00	08/23/07
Pharr	Sub Lien WW&SS Rev Bonds S07A	\$14.00	08/15/07
Roscoe	Comb Tax & Rev COs S2007	\$1.56	08/14/07
Pharr	Sub Lien WW&SS Rev Bonds S07	\$29.00	07/20/07
Winters	Tax & WW&SS Surplus Rev COs 07 (DWSRF)	\$1.68	06/25/07
Winters	Tax & WW&SS Surplus Rev COs 07A (CWSRF)	\$0.66	06/25/07
Groesbeck	CWSRF07	\$2.00	06/21/07
Higgins	Comb Tax & Rev CO S2006	\$0.22	06/11/07
Bolivar Pen SUD	Revenue Bonds 07B	\$2.46	05/22/07
Bolivar Pen SUD	Revenue Bonds 07A	\$5.18	05/22/07
Lower Valley WD	Rev Bonds 07	\$20.60	04/19/07
Travis Co WCID 17	Water Sys Rev Bonds, S07	\$3.10	04/19/07
MacBee WSC	Water Rev Rfdg Bonds S07	\$2.12	04/09/07
Victoria County WCID #2	Revenue Bonds 07	\$0.25	04/09/07
East Cedar Creek FWSD	East Cedar Creek FWSD Rev. Bnds., Series	\$0.73	03/19/07
La Joya	Comb Tax & Rev COs, S07	\$2.16	02/23/07
Ballinger	Tax & WW & SS Surp Rev CO S06	\$3.87	01/26/07
Greater Texoma Util Auth	Cont Rev Bonds (Collin/Grayson) S07	\$5.00	01/22/07
San Antonio Water System	Water Sys Jr Lien Rev Bonds, S07-A (Tier II)	\$8.07	12/22/06
San Antonio Water System	Water Sys Jr Lien Rev Bonds, S07 (Tier III)	\$35.38	12/22/06
Aquilla Water Supply Dist	Contract Rev. Bonds, S2006A	\$1.05	10/24/06
Aquilla Water Supply Dist	Contract Rev. Bonds, Taxable S2006B	\$0.62	10/24/06
Brown Co WID 1	Revenue Bonds S06	\$20.49	10/13/06

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Issuer	Issue Description	Par Amount (\$mil)	Sale Date
Greater Texoma Util Auth	Cont Rev Bonds (Anna & Melissa) S06	\$3.87	10/09/06
Littlefield	Comb Tax & Rev CO, S06	\$1.91	09/25/06
Round Rock	Drinking Water SRF, S2006	\$12.00	09/14/06
Hidalgo ISD	Unltd Tax School Bldg Bonds Sr 2006	\$11.04	09/07/06
Greater Texoma Util Auth	Cont Rev Bonds (Collin/Grayson) S06	\$8.68	08/25/06
Palestine	WW&SS Rev Bonds, S06	\$0.84	08/18/06
Borger ISD	Unl Tax Sch Bld Bonds, S 06	\$19.47	08/17/06
Weslaco ISD	Unltd Tax School Bldg Bonds Sr 2006	\$24.00	08/14/06
North Channel Water Authority	Revenue Bonds 06	\$7.48	08/08/06
Bell County WCID 1	Contract Revenue Bonds, Series 2006 TWDB	\$6.05	07/27/06
Baytown Area Water Auth	Rev Bonds S06	\$13.29	06/22/06
Baytown	Comb Tax & Revenue COs	\$19.70	04/13/06
Groesbeck	COs, S06	\$1.03	04/11/06
Bonham	COs, S06	\$7.36	03/29/06
Travis Co WCID 17	Steiner Ranch Defined Area UT Bonds, S06	\$5.89	03/16/06
Surfside Beach	Comb Tax & Revenue COs 06	\$1.66	03/14/06
San Juan	Waterworks and Sewer System (TWDB)	\$2.18	02/15/06

LAW OFFICES
M^cCALL, PARKHURST & HORTON L.L.P.

717 NORTH HARWOOD
NINTH FLOOR
DALLAS, TEXAS 75201-6587
TELEPHONE: 214 754-9200
FACSIMILE: 214 754-9250

700 N. ST. MARY'S STREET
1525 ONE RIVERWALK PLACE
SAN ANTONIO, TEXAS 78205-3503
TELEPHONE: 210 225-2800
FACSIMILE: 210 225-2984

600 CONGRESS AVENUE
1800 ONE AMERICAN CENTER
AUSTIN, TEXAS 78701-3248
TELEPHONE: 512 478-3805
FACSIMILE: 512 472-0871

April 28, 2016

Members of the Board of Directors
United Irrigation District
1006 W Mile 2 Road
Mission, TX 78574

**RE: AGREEMENT TO PROVIDE BOND COUNSEL SERVICES TO THE
UNITED IRRIGATION DISTRICT**

Ladies and Gentlemen:

Thank you for the opportunity to submit this letter which will outline our agreement to provide services as Bond Counsel to the UNITED IRRIGATION (the "*District*") in connection with obtaining issuing revenue notes (herein referred to as "*Notes*") to provide all or a portion of the funds required to finance costs relating to constructing and equipping certain improvements to the District's irrigation system. We understand that the District will be seeking financial assistance for the issuance of Notes to, the TEXAS WATER DEVELOPMENT BOARD ("*TWDB*"), which will be purchased by the TWDB pursuant to its State Water Implementation Fund for Texas (generally referred to as the "*SWIFT*" program).

SCOPE OF ENGAGEMENT

In connection the issuance of Notes, we will perform all usual and necessary legal services as Bond Counsel. Specifically, we will prepare and direct legal proceedings and perform other necessary legal services with reference to the authorization, sale, and delivery of Notes, including the following as they apply:

1. Prepare all instruments pursuant to which the Notes will be authorized, secured, sold, and delivered in consultation with the District's staff, the Board of Directors, the District's Financial Advisor, and other officials and consultants of the District.
2. Attend meetings of the Board of Directors and meetings with the District's staff to the extent required or requested.
3. Attend meetings and/or conference calls with the representatives of the District and meetings and/or conference calls with the TWDB relating to the Notes to the extent requested or required.

4. Submit the documents related to the issuance of Notes to the Attorney General of the State of Texas for approval and obtain the registration of the Notes by the Comptroller of Public Accounts of the State of Texas, as required by law.
5. Supervise the printing, execution, and delivery of Notes to the TWDB, or coordinate the preparation of initial Notes to be delivered to the Depository Trust Company ("DTC") in connection with DTC's book-entry-only system at the request of the TWDB.
6. When so delivered, render an opinion (the "**Bond Opinion**") regarding the validity of the Notes under Texas law and the tax status of the interest thereon under federal income tax laws.
7. Provide post-issuance advice, as may be requested by the District, concerning such subjects as arbitrage and rebate matters relating to the Notes, if applicable, and the application of Note proceeds.

Our Bond Opinion will be delivered by us on the date Notes are exchanged for their purchase price (the "**Closing**"). The District and TWDB will be entitled to rely on our Bond Opinion.

The Bond Opinion will be based on facts and law existing as of its date. In rendering our Bond Opinion, we will rely upon the certified proceedings and other certifications of public officials and other persons furnished to us without undertaking to verify the same by independent investigation, and we will assume continuing compliance by the District with applicable laws relating to the Notes. During the course of this engagement, we will rely on you to provide us with complete and timely information on all developments pertaining to any aspect of the Notes and their security. We understand that you will direct members of your staff and other employees of the District to cooperate with us in this regard.

Our duties in this engagement are limited to those expressly set forth above.

ATTORNEY-CLIENT RELATIONSHIP

Upon execution of this engagement letter, the District will be our client and an attorney-client relationship will exist between us. We further assume that all other parties in this transaction understand that we represent only the District in this transaction, we are not counsel to any other party, and we are not acting as an intermediary among the parties. Our services as Bond Counsel are limited to those contracted for in this letter; the District's execution of this engagement letter will constitute an acknowledgment of those limitations. Our representation of the District will not affect, however, our responsibility to render an objective Bond Opinion.

Our representation of the District and the attorney-client relationship created by this engagement letter will be concluded upon the issuance of the Notes. Nevertheless, subsequent to Closing, we will mail the appropriate Internal Revenue Service Form 8038-G, if applicable, and prepare and distribute to the participants in the transaction a transcript of the proceedings pertaining to the Notes.

CONFLICTS

As you are aware, our firm represents many political subdivisions and investment banking firms, among others, who do business with political subdivisions. It is possible that during the time that we are representing the District, one or more of our present or future clients will have transactions with the District. It is also possible that we may be asked to represent, in an unrelated matter, one or more of the entities involved in the issuance of the Notes. We do not believe such representation, if it occurs, will adversely affect our ability to represent you as provided in this letter, either because such matters will be sufficiently different from the issuance of the Notes so as to make such representations not adverse to our representation of you, or because the potential for such adversity is remote or minor and outweighed by the consideration that it is unlikely that advice given to the other client will be relevant to any aspect of the issuance of the Notes. Execution of this letter will signify the District's consent to our representation of others consistent with the circumstances described in this paragraph.

FEES AND EXPENSES

The firm normally charges a legal fee in connection with obligations issued to a state or federal agency, such as the Texas Water Development Board, based on a fee schedule equal to \$10,000 for the first \$1,000,000 in principal amount of such obligations, plus \$5.00 per \$1,000 in principal amount for the next \$4,000,000 in principal amount of such obligations, plus \$2.00 per \$1,000 in principal amount of such obligations in excess of \$5,000,000, subject to a minimum fee of \$12,500. The fee schedule has been developed based upon (i) our understanding of the terms, structure, size and schedule of the financing represented by such obligations, (ii) the duties we normally undertake in connection with obligations sold to a federal or state agency, (iii) the time we anticipate devoting to the financing, and (iv) the responsibilities we assume in connection therewith. *Our legal fee is contingent upon the actual issuance and delivery of the Notes. No fee will be due the firm in connection with the issuance of the Notes if the District does not issue and deliver such Notes.*

We would also request to be reimbursed for reasonable out-of-pocket expenses (i.e., costs for travel, photocopies, telecopies, long distance telephone, overnight courier and delivery services, transcript binding, and publication of required notices, if any) related to the issuance of the Notes, which generally ranges from between \$1,500 and \$2,000. In addition, state law requires the District to pay a nonrefundable examination fee to the Attorney General in connection with the issuance of a series of Notes (see Section 1202.004, Texas Government Code, as amended) equal to 1/10th of

1% of the principal amount of the Notes, subject to a minimum fee of \$750 and a maximum fee of \$9,500. At the appropriate time we will request that the District provide a check payable to the Attorney General for such amount, but in the event that our firm pays such statutory filing fee on the District's behalf, we will request to be reimbursed for such payment. In any event, the District will be able to reimburse itself with proceeds of the Notes for such payment to the Attorney General.

RECORDS

At your request, papers and property furnished by you will be returned promptly upon receipt of payment for outstanding fees and client charges. Our own files, including lawyer work product, pertaining to the transaction will be retained by us. For various reasons, including the minimization of unnecessary storage expenses, we reserve the right to dispose of any documents or other materials retained by us after the termination of this engagement.

CONCLUSION

We greatly appreciate the opportunity to serve the District as Bond Counsel and to submit this agreement for services. If you have any questions regarding this agreement, please feel free to contact the undersigned.

[The remainder of this page intentionally left blank]

ACCEPTANCE

If the District finds the terms in this letter acceptable, please indicate your acceptance and agreement of this engagement letter by signing on the line provided below.

Cordially yours,

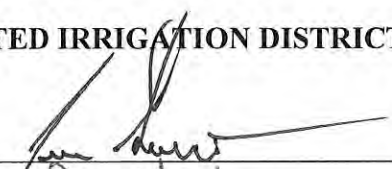
McCALL, PARKHURST & HORTON L.L.P.



By: Thomas K. Spurgeon
Partner

ACCEPTED AND AGREED TO:

UNITED IRRIGATION DISTRICT

By: 
Title: President
Date: April 28, 2016

**RESOLUTION EXPRESSING OFFICIAL INTENT TO REIMBURSE WITH
TAX-EXEMPT OBLIGATION PROCEEDS COSTS TO MAKE
IMPROVEMENTS TO THE DISTRICT'S IRRIGATION SYSTEM**

STATE OF TEXAS

COUNTY OF HIDALGO

UNITED IRRIGATION DISTRICT

§
§

WHEREAS, the Board of Directors of the UNITED IRRIGATION DISTRICT (the "*District*") has determined that there is an urgent need to make improvements to the District's irrigation system, including an off channel storage facility to better manage pumping of water ordered from the Rio Grande Watermaster to significantly reduce river losses (the "*Project*");; and

WHEREAS, the District has paid not more than 60 days prior to the date of passage of this Resolution, or expects that it will pay prior to the issuance of obligations to finance the Project, expenditures in connection with the acquisition, construction and equipping of the Project; and

WHEREAS, the District finds, considers, and declares that the reimbursement of GBRA for the payment of such expenditures will be appropriate and consistent with the lawful objectives of the District and, as such, chooses to declare its intention, in accordance with the provisions of Section 1.150-2 of the Treasury Regulations, to reimburse itself for such payments at such time as it issues obligations to finance the Project;

***THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE
UNITED IRRIGATION DISTRICT THAT:***

SECTION 1. EXPECTATION TO INCUR DEBT. The District reasonably expects to incur debt, as one or more series of obligations, with an aggregate maximum principal amount currently estimated to be approximately \$8,100,000.00 for the purpose of paying the costs of acquiring and financing the Project.

SECTION 2. REIMBURSEMENT OF PRIOR EXPENDITURES. All costs to be reimbursed pursuant hereto will be capital expenditures within the meaning of Section 1.150-2 of the Treasury Regulations. No tax-exempt obligations will be issued or incurred by GBRA in furtherance of this Resolution after a date which is later than 18 months after the later of (1) the date the expenditures are paid, or (2) the date on which the property, with respect to which such expenditures were made, is placed in service; provided, however, in no event may proceeds of tax-exempt obligations issued or incurred based on the provisions of this Resolution be used to reimburse the District for an expenditure more than three years after the date such expenditure was paid.


SECTION 3. PUBLIC RECORD. This Resolution shall be maintained as a public record available for inspection by all persons in accordance with the provisions of Chapter 552, Texas Government Code, and no later than 30 days after this date, this Resolution will be made available for inspection by all members of the general public at the offices of the District.

ADOPTED AND APPROVED BY THE BOARD OF DIRECTORS OF THE UNITED IRRIGATION DISTRICT THIS 28TH DAY OF APRIL, 2016.

By 

President, Board of Directors
United Irrigation District

Attest:



Secretary/Treasurer, Board of Directors
United Irrigation District

** ** * * * **

Execution Page to the Resolution Expressing Official Intent to Reimburse with Tax-Exempt Obligation Proceeds Costs to Make Improvements to the District's Irrigation System

AFFIDAVIT

STATE OF TEXAS
COUNTY OF HIDALGO
UNITED IRRIGATION DISTRICT

§
§
§

Before me, the undersigned, a Notary Public in and for the State of Texas, on this day personally appeared Mike Warshak, as the General Manager of the UNITED IRRIGATION DISTRICT (the "District"), who being by me duly sworn, upon oath says that:

- 1. This Affidavit is given in connection with the submission by the District to the TEXAS WATER DEVELOPMENT BOARD (the "Board") of an Application for Financial Assistance, dated as of May 10, 2016 (the "Application") to finance extensions and improvements to the District's drainage and irrigation water distribution system, including an off channel storage facility to better manage pumping of water ordered from the Rio Grande Watermaster to significantly reduce river losses, as further described in the Application.
- 2. The decision by the Board of Directors of the District to request financial assistance from the Board was made in a public meeting held in accordance with the Open Meetings Act (Texas Government Code, §551.001, et seq.) and after providing all such notice as required by such Act as is applicable to the District.
- 3. The information submitted in the Application is true and correct according to my best knowledge and belief.
- 4. The District has no pending, threatened, or outstanding judgments, orders, fines, penalties, taxes, assessments or other enforcement or compliance issue of any kind or nature by the Environmental Protection Agency, the Texas Commission on Environmental Quality, the Texas Comptroller, the Texas Secretary of State, or any other federal, state or local government, except for the following:

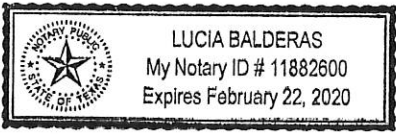
None.

- 5. The District warrants compliance with the representations made in the Application in the event that the Board provides the financial assistance.
- 6. The District will 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 Board

Mike Warshak
General Manager
United Irrigation District

SWORN TO AND SUBSCRIBED BEFORE ME by Mike Warshak this 10 day of May, 2016.

Lucia Balderas
Notary Public



Typed Name LUCIA BALDERAS

My commission expires: 02-22, 2020.

CERTIFICATE FOR RESOLUTION

**THE STATE OF TEXAS
COUNTY OF HIDALGO
UNITED IRRIGATION DISTRICT**

§
§

I, the undersigned Secretary of the Board of Directors of the UNITED IRRIGATION DISTRICT (the "*District*"), hereby certify as follows:

1. The Board of Directors of the District (the "*Board of Directors*") convened in Regular Meeting on April 28, 2016, at the posted meeting place in the District (the "*Meeting*"), and the roll was called of the duly constituted officers and members of the Board of Directors, to wit:

- Jesus Garcia, President
- Mike Helle, Vice President
- Ricardo Garcia, Secretary
- Kathy Reavis, Member
- Michael Broughton, Member

and all of the officers and members of the Board of Directors were present, except the following absentees: Kathy Reavis. Whereupon, among other business, the following was transacted at the Meeting: a written

RESOLUTION REQUESTING ADDITIONAL FINANCIAL ASSISTANCE FROM THE TEXAS WATER DEVELOPMENT BOARD; AUTHORIZING THE FILING OF AN APPLICATION FOR FINANCIAL ASSISTANCE; AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH

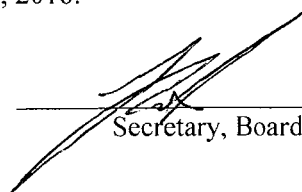
(the "*Resolution*") was duly introduced for the consideration of the Board of Directors. It was then duly moved and seconded that the Resolution be passed on second and final reading and, after due discussion, said motion carrying with it the adoption of the Resolution, prevailed and carried by the following vote:

AYES: 4 NOES: 0 ABSTENTIONS: 0

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 of Directors' minutes of the Meeting; the above and foregoing paragraph is a true, full and correct excerpt from the Board of Directors' minutes of the Meeting pertaining to the passage 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 of Directors as indicated therein; each of the officers and members of the Board of Directors 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 passage at the Meeting, and each of the officers and members consented, in advance, to the holding of the Meeting for such purpose, and that 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 this 28th day of April, 2016.

(SEAL)



Secretary, Board of Directors

**UNITED IRRIGATION DISTRICT
WATER CONSERVATION & DROUGHT CONTINGENCY PLAN**

Adopted January 29, 2015

Amended August 13, 2015

Name: **United Irrigation District
of Hidalgo County Texas**

Address: **P.O. Box 877 Mission Texas 78573**

Telephone Number: **(956) 585-4818**

Fax: **(956) 585-9743**

Form Completed by: **Frank A. Ferris, PE
District Engineer**



Signature 8.21.15 Date

Part I – Water Conservation Plan

A. System Inventory

The United Irrigation District has had a Water Conservation Plan since required by state agencies. This recently adopted plan is based on the last plan adopted in 2009, modified to current state requirements. In addition to irrigation customers within its boundaries, the District supplies water to the Public Water Systems (PWS) of the City of Mission, Sharlyand Water Supply Corporation and the City of McAllen. Each of those entities is required to adopt and maintain their own conservation plan.

i. Structural Facilities

1. *Description of service area:* The District maintains and operates an irrigation system, which encompasses 26,239 acres in Hidalgo County to serve landowners within its boundaries with irrigation water from the Rio Grande and also delivers raw water to the City of Mission and Sharyland Water Supply Corporation and the City of McAllen.
2. *Total miles of main canals and pipelines:* The District has 73.5 miles of main canals and pipelines.
3. *Total miles of lateral canals and pipelines:* The District has 83 miles of lateral canals and concrete pipelines.
4. *Description of Canal Construction:* Except for the first 6.8 miles of canal from the River, the District's canals are concrete lined. The first 6.8 miles were constructed with bentonite treated soil.
5. *Description of Canal Conditions and Recent or Planned Improvements:* The District's canals are in fair condition. The concrete canals that are in the worst condition are planned for replacement or shotcrete lining. The District currently has a plan to accomplish this work in five (5) years.

6. *Reservoir capacity*: The District does not have an off-channel reservoir.
7. *Pumps and pumping stations*: The District has three (3) 54" 5720 Fairbanks-Morse Pumps at the First Lift Pumping Plant. One of the pumps is driven by a Waukesha Pierce Natural Gas Engine, one is driven by a fixed speed 500 HP electric motor and one is driven by an electric motor controlled by a variable frequency drive. Each pump has a maximum capacity of 54,000 gallons per minute at full speed.

The District's Second Lift Pumping Plant has four (4) 30 LS Johnston Vertical Mixed-Flow Pumps. Two (2) of these pumps are constant speed, each driven by a 350 HP, 705-RPM electric motor, and each furnishing 55 cfs (24,750 GPM) to the Main Canal. The third and fourth pumps are driven by variable speed 350 HP natural gas engines. Each engine is a natural gas Caterpillar 3408 and is used to satisfy the variable main canal demand conditions or the extremely low demands. A new reinforced concrete sump was constructed just west of the existing third lift pumping plant, and includes one (1) 150 HP, 11,250 GPM (25 cfs) pump a 19,931 gallon per minute pump driven by a Caterpillar 3406 natural gas engine and a 12,804 gallon per minute pump driven by a Caterpillar 3306 natural gas engine.
8. *River meters*: The amount of water diverted by the District from the River is measured in accordance with the rules and regulations of the Rio Grande Watermaster and amounts diverted are reported monthly to the Rio Grande Watermaster.
9. *Field gates and measuring devices*: All gates in the main and lateral canals are cast iron gates. Where meters cannot be used, deliveries are measured by the hour depending on length of time needed to irrigate each field. There are gates located in the District's main canals to regulate the flow of water into the pipelines or lateral canals, which in turn have gates and valves which regulate the flow into the fields.
10. *Description of any other structural facilities not covered above*: There are no structural facilities not covered above.

ii. Management Practices

1. *Water available to District*: The District's water rights are based upon those water rights adjudicated to Districts 7 and 14 in the Final Judgment in a cause styled, "State of Texas, et al., vs. Hidalgo County Water Control & Improvement District No. 18, et al., 443 S.W.2d 728 (Tex.Civ.App-Corpus Christi 1969, writ of error ref'd by the Supreme Court of Texas) ("Valley Water Suit"). In that Judgment, District 14 was awarded the right to divert not to exceed 33,630.125 acre feet per annum of waters of the Rio Grande from the United States share of the water in the Lower Rio Grande to irrigate 13,452.05 acres of land on a Class "A" priority basis and 720 acre feet for domestic, municipal and industrial purposes.

District 7 was awarded a Class "A" right to irrigate 19,732.46 acres of land with not to exceed 49,331.15 acre feet of water per annum and 470 acre feet per annum for domestic, municipal and industrial uses from the Rio Grande in the Final Judgment of the Valley Water Suit. The right to divert and use a maximum of 5300 acre feet per annum was adjudicated to both Districts for the use of the City of Mission for municipal use purposes.

The water rights of Districts 7 and 14 upon consolidation into United Irrigation District, were consolidated with United Irrigation District. Since then, additional adjudicated water rights have been acquired through inclusion of lands into the District boundaries with water rights and irrigation rights have been converted from irrigation to municipal use by the District.

Currently the District has a total right to divert and use up to a maximum of 49,374.3140 acre feet of Rio Grande water per annum for irrigation purposes within the boundaries of the consolidated District and 23,778.77 acre feet for domestic, municipal and/or industrial purposes.

Even though the District currently has the right to divert from the Rio Grande a maximum of 49,374.3140 acre feet per annum under Certificate of Adjudication number 23-847, as amended, on a Class A irrigation priority basis, it does not normally have this amount of water on a typical annual basis because of the lack of water supply in the Rio Grande below Amistad Reservoir. The municipal and industrial use water is regularly available.

The District diverts water for the City of Mission, the City of McAllen and Sharyland Water Supply Corporation for municipal and industrial purposes. By Contract, the District is required to supply and/or deliver the following municipal and/or industrial rights to each on an annual basis:

	<u>Acre Feet</u>
City of Mission	
District Contract for Supply and Delivery	4,487.1375
District Contract for Delivery only:	
Water rights of City (Including rights under Certificate 23-846)	8,138.5100
Water allocation purchased for City and delivered, averaged over last five (5) years	2,552.0000
	10,690.5096
Total	15,177.6471
City of McAllen (Supply and Delivery)	11,250.000
Sharyland Water Supply Corporation:	
District Contract for Supply and Delivery	1,400.0000
District Contract for Delivery only on other water rights owned or water allocation purchased averaged over last five (5) years	4,727.000
	6,127.000
Total	32,554.6471

The District also diverts and delivers water for irrigation purposes to lands with water rights outside the District boundaries based upon the water rights owned and appurtenant to such lands.

- 2 *Average annual water diverted by district (in acre-feet/year):* Table 1 provides the annual water diverted by the District. Over the past five years, the District diverted an average of 48,675 acre feet; of that, 15,830 acre feet was for irrigation pumped in District, 392 acre feet was for agriculture out of District and the remainder was for municipal purposes. The District's current loss rate is about 11.8% in District. Adding about 3.9% for river losses, the total loss average is about 15.7%. River losses amount to water ordered from the Rio Grande Watermaster at least two days in advance that cannot be diverted due to wet weather and the lack of Off-Channel storage facilities.
- 3 *Average annual water delivered to customers (in acre-feet/year):* The average annual water delivered to municipal customers over the past five years total 26,000 acre feet annually. 392 acre feet were delivered to out of District agricultural customers.
- 4 *Delivery efficiency (percentage):* The delivery efficiency is estimated to be 84.3%.
- 5 *Historical diversion and deliveries for the previous thirty one years (in acre-feet/year):* Historical diversion and deliveries for the previous 31 years is provided in Table 1. The District's delivery efficiency has improved over the past 31 years and is currently estimated to be 84%.
- 6 *Practices and/or devices used to account for water deliveries:* All of the municipal customers are metered at the delivery point with magnetic meters. The out of District and pond meters are all metered with propeller meters. All irrigation in District deliveries are based on an assumed application rate of 6" per irrigated acre.
- 7 *Water pricing policy:* As required by Chapter 58, Texas Water Code, the District's irrigation water rate structure is composed of a flat rate assessment and a water delivery charge. Currently, the flat rate assessment is \$18.00 per flat rate acre and the water delivery charge is \$7.00 per hour (\$28.00 per acre foot). Contract delivery rates to municipal suppliers are a flat rate per thousand gallons delivered as established by the Board of Directors under existing contracts.
- 8 *Water conservation policies:* District personnel observe on a daily basis the District system to prevent leaks and when leaks occur, to repair and minimize water losses.

The District encourages farmers to improve irrigation techniques on the farms so as to conserve water and prevent pollution from entering into farm drains and into the general area drainage system. The District encourages bench leveling of land in the District as well as other on-farm water conservation techniques.

All water tickets must be purchased in advance before water is scheduled for delivery to the customer. Water penalties are imposed if water is stolen or is wastefully applied. Length of runs is determined by soil types and the farmer is encouraged to abide by these determinations, but penalties are not applied.

Land grading (or land leveling) is encouraged for more even and efficient applications of water. Cooperation is encouraged by emphasis on the conservation and economic

benefits gained. Penalties are not applied.

- 9 *Describe the practice(s) and/or device(s) which will be utilized to measure and account for the amount of water diverted from the source(s) of supply:* The District maintains transient time meters at their River Pumping Facility. The meters are required by the Rio Grande Watermaster. The District monitors the meter information on their SCADA System. The meters are read daily and repaired as quickly as possible when needed.
- 10 *Describe the monitoring and record management program for water deliveries, sales, and losses:* The District maintains an agricultural ticket sale in its computer accounting system when it charges for water based on acreage. At the end of each fiscal year, when preparing its Water Conservation Plan Report, the District evaluates how many acres of water tickets were sold and converts it into an equivalent acre feet based on an average application rate of 6" per acre. For municipal and Out of District customers, the District charges the customer's account based on meter use plus a loss factor. The result is an analysis much like Table 1. Weekly Watermaster Orders are evaluated to determine if any orders resulted in River Losses and adjustments to operation made accordingly.
- 11 *Describe any methods that will be used for water loss control, leak detection, and repair:* The methods used for water loss control, leak detention and repair include monitoring by District personnel. The Canal Riders, the employees responsible for delivery of water to customers, monitor the canals and pipelines for any signs of leakage including wet ground and vegetation that is lushier than surrounding vegetation. The District has a maintenance crew to repair leaks as they occur.
- 12 *Describe any program for customer assistance in the development of on-farm water conservation and pollution prevention measures:* The District will work with any customer that chooses to install on-farm construction such as drip or sprinklers. The District will develop a special rate structure and install meters as required.
- 13 *Describe any other water conservation practice, method, or technique which the supplier shows to be appropriate for achieving conservation (if applicable):* The District has installed meters on all of the ponds it supplies to accurately account for and charge for water. This policy has been effective in reducing waste in the ponds.

iii User Profile

1. *Total number of acres in service area:* 26,239 acres.
2. *Average number of acres irrigated annually:* 12,000 acres.
3. *Projected number of acres to be irrigated in ten years:* Approximately 10,000 acres.
4. *Number of active irrigation customers:* 500 active irrigation accounts
5. *Total irrigation water delivered annually (acre-feet):* Five Year Average of 16,000 acre-feet. 23,500 acre feet in /fiscal Year 2013.
6. *Types of crops grown by customers:* Crops grown by District water users include citrus, pasture, vegetables, sugarcane, cotton, corn, grain, and Aloe Vera. There are various nurseries that receive water from the District.

7. *Types of irrigation systems used by customers:* The types of irrigation systems utilized by District water users are row irrigation with respect to vegetables and other row type crops. Small bordered irrigation with respect to citrus and pastures. The District water users are encouraged to use and some are using other irrigation techniques, which are believed to be more water efficient, such as drip irrigation and the use of flexible plastic pipe. The District encourages the use of these methods. A majority of the land in the District's service area has been bench leveled to accommodate the most efficient delivery of water, especially in the irrigation of citrus groves. Many citrus users have underground pipelines with valves on each pan to further conserve water use.
 8. *Types of drainage systems used by customers:* District customers are encouraged to use subsurface drainage systems. Subsurface tile drainage systems prevail in a significant part of the District's service area.
 9. *Further description of irrigation customers:* There are some yard irrigators, golf courses, and two cemeteries.
 10. *List of municipal customers and number of acre feet allocated annually:* City of McAllen, City of Mission, and Sharyland Water Supply Corporation used an average of 26,000 acre feet through the system over the past five years.
 11. *List of industrial and other customers and number of acre-feet allocated annually:* No industrial water delivered.
- B. *Describe specific and quantified five-year and ten-year targets for water savings including maximum allowable losses for the storage and distribution system:* Specific 5 year goal is to complete all of the Districts ongoing water conservation projects including the WaterSMART Grant and the LRGV Conservation Project. The WaterSMART Conservation Project completion will result in water conservation of 2,512 acre feet per year. The District's 10 year goal is to have each year be below 20% losses with a five year average loss less than 15% loss (85% efficient). In addition, the District plans to build an Off-Channel reservoir to reduce river losses that are currently about 3.9%. The Reservoir will result in conservation of an additional 2,000 acre feet per year resulting in a ten year conservation goal of 4,512 acre feet per year.

C. Additional Requirements

Additional information about water users: Most of the District's water users come into the office to order and pay for water. They will not hesitate to communicate with District staff regarding their concerns.

RIO GRANDE REGIONAL WATER PLANNING GROUP (Region M, Texas Water Development Board) The District delivers approximately 32,555 acre-feet of Rio Grande water to the City of McAllen, City of Mission, and Sharyland Water Supply Corporation under existing water supply and delivery contracts. This water is delivered from the District's irrigation canal and pipeline system and is metered at the delivery point to the diversion point of each Corporation.

The amount of water measured at the Rio Grande is reported monthly to the Rio Grande Watermaster and is based upon the amount of water delivered plus transportation losses. The Rio Grande Watermaster charges these deliveries against the applicable municipal priority water allocation.

In the future, water supply and delivery contracts entered into for the furnishing of Rio Grande water to municipal suppliers, or any extension of existing contracts, shall contain provisions that the customer shall develop and implement a water conservation plan or water conservation measures using the applicable elements contained in Title 30, Texas Administration Code 288, and in the event, after treatment, such water is resold to another supplier, then such contract shall also contain provisions dealing with water conservation requirements in accordance with Title 30, Texas Administrative Code, Chapter 288.

A copy of this Water Conservation Program shall be filed with the Rio Grande Regional Water Planning Group, or its successor, and the District will coordinate its activities in order to ensure consistency with approved Regional Water Plans.

Part II – Drought Contingency Plan

A. Declaration of Policy, Purpose, and Intent

The Board of Directors of the United Irrigation District deems it to be in the interest of the District to adopt a drought contingency plan governing the equitable and efficient allocation of limited water supplies for irrigation purposes during times of shortage. The Plan contains policy and rules of the District as its Drought Contingency Plan required under Section 11.1272, Texas Water Code, Vernon's Texas Codes Annotated, and associated administrative rules of the Texas Commission on Environmental Quality (Title 30, Texas Administrative Code, Chapter 288). This plan is based on the "District's Water Allocation Policy" and the District's "Unauthorized Water Use Policy". Any changes in these policies may require amendment of this Drought Contingency Plan.

B. User Involvement

Opportunity for users of water from the United Irrigation District was provided by means of discussion at Public Meetings. The District's Board of directors meets two times per month and notice is published in accordance with the Texas Water Code. The Water Allocation Policy was discussed at several meetings in 2012 and meeting agendas were posted as required. In addition, this Drought Contingency Plan was posted as part of the District's Agenda as required by law at the meetings for adoption in January of 2015 and again when it was amended in August of 2015.

C. User Education

The United Irrigation District will periodically provide water users with information about the Plan, including information about the conditions under which water allocation is to be initiated or terminated and the district's policies and procedures for water allocation. This information will be provided by means of its regular public meetings (twice per month). In addition, the District's Water Allocation Policy and Drought Contingency Plan are available in both digital and hard copy, upon request from the District office.

D. Authorization

The General Manager is hereby authorized and directed to implement the applicable provision of the Plan upon determination by the Board that such implementation is necessary to ensure the equitable and efficient allocation of limited water supplies during times of shortage.

E. Application

The provisions of the Plan shall apply to all persons utilizing water provided by the United Irrigation District. The term "person" as used in the Plan includes individuals, corporations, partnerships, associations, and all other legal entities.

F. Initiation of Water Allocation

The General Manager shall monitor water supply conditions on a monthly basis and shall make recommendations to the Board regarding initiation of water allocation. After careful study of all pertinent data the Board will consider institution of the Program during a period when the District has an estimated maximum of 18-month supply or an estimated minimum of 1-year supply of estimated irrigation water use remaining in its water allocation allocated by the Rio Grande Watermaster.

G. Termination of Water Allocation

Once the Program is instituted by the Board it shall take effect and remain in effect until such time that conditions change at Falcon and Amistad reservoirs to insure a greater than 18-month supply of water.

H. Notice

The Water Allocation Program (“Program”) will go into effect as determined by and in the discretion of the Board of Directors of the District. Written notice of institution of the Program will be given to irrigation water users in the District. After the Program is instituted, it shall remain in effect until further order of the Board or when the Board determines that the existing water supply shortage no longer exists or determines that the Program should be modified.

I. Water Allocation

The Program is a conservative approach in which the District shall promote water conservation. In order to accomplish this, no more than (6) hours of irrigation water (or equivalent volume of water) per acre shall be held in an allocation account at any one time. The accounting for water use shall be based upon the same parcels of land as identified by ownership for flat rate assessment purposes as shown in the records of the District (referred to as the “flat rate tract”).

Each acre of land in the flat rate tract is allowed only those hours of irrigation (or equivalent volume of water) allocated and available to each tract of land. After an irrigation user has exceeded the irrigation hours allotted to each acre in their flat rate tract, water deliveries shall thereafter be stopped until such time as the property receives a future allocation or the owner of said property purchases water from outside sources and transfers that water to the District to be credited to their account.

All water will be allocated on an equivalent volume basis and for purposes of the Program, four (4) hours of irrigation is equivalent to one (1) acre feet of water.

All water deliveries are subject to the District’s ability to deliver irrigation water based upon its water allocation from the Rio Grande Watermaster pursuant to the District’s water rights.

J. Non Use

Flat rate tracts which are entitled to a water allocation which have not been actually irrigated within the past 1 ½ years will not receive an allocation upon institution of water allocation by the Board or an allocation will be cancelled when irrigation water has not been used for 1 ½ years while water allocation is in effect. Water allocation to a flat rate tract which has been cancelled may be re-activated by the landowner of the flat rate tract filing with the District office an affidavit of intent to commence irrigation of the tract upon receipt of future water allocations.

K. Transfers of Allotments

Irrigation users may transfer water allocated (irrigation hours or equivalent acre feet) from one flat rate tract owned or controlled by the irrigation user to another flat rate tract owned or controlled by the same irrigation user. The transfer of water allocation from one flat rate tract to another flat rate tract may only be made upon authorization of the landowner of the flat rate tract or the landowner's agent who is authorized in writing to act on behalf of the landowner in respect to the use of water on the landowner's flat rate tract. In this respect a landowner's written authorization shall be deemed effective by the District until revoked in writing by the landowner.

The District will deliver irrigation water obtained by an irrigation user from outside the District upon proper authorization received from the Rio Grande Watermaster. Any water brought into the District to be used for irrigation purposes will be used first before accounted for as use of water allocated by the District. Since this water is measured at the Rio Grande, conveyance losses of 25% of water delivered will be charged in reporting such diversion of water from the River to the Rio Grande Watermaster.

Water allocated to the District for use within its boundaries by irrigation users in the District may not be transferred for use outside the District boundaries.

L. Water Delivery Charges

In appropriate circumstances the Board of Directors of the District may adjust the applicable water delivery charges while the Program is in effect. Such circumstances could be in emergencies, conditions in which water would otherwise be lost, District loss of revenue, water conservation, and other unforeseen conditions when such an adjustment is proper in order to make the best utilization of the available water supply of the District.

M. Water Reserves

The District will maintain a water reserve containing water allocated to the District by the Rio Grande Watermaster but not allocated for use to flat rate tracts, which may be adjusted from time to time by the General Manager. Water in the water reserve may be used for water management purposes as deemed necessary by the General Manager.

N. Penalties

Any person who willfully opens, closes, changes or interferes with any head gate or uses water in violation of the District's Unauthorized Water Use Policy, including the provisions of this Plan, shall be subject to a fine of not more than \$1,000.00 or by confinement in the County Jail for not more than 180 days, or both, for each violation. Each day a person engages in unlawful conduct constitutes a separate offense and violation. The possession or use of water on a person's land by a person not entitled to the water from the District is prima facie evidence of a violation.

Civil penalties provided by the law of the State of up to \$10,000.00 may also be enforced by complaints filed in the appropriate court having jurisdiction in Hidalgo County, all in accordance with State law and in addition, the District may pursue a civil remedy in the way of damages and/or injunction prohibiting unauthorized water use.

The District may assess a charge and penalty in cases where irrigation water is taken from the District's facilities without obtaining a water ticket or contractual authorization in advance, or authorization under the District's Water Allocation Policy in effect at the time. In such cases, a person who willfully takes water from the District's facilities and applies it to land without authorization will be given written notice and charged the District's current delivery rate for every hour estimated to have been diverted regardless of lot size or a minimum of 2 hours for water used, whichever is greater; and an additional \$250.00 penalty for the unauthorized use; or \$500.00 penalty for violation of the District's Water Allocation Policy. All penalties are due upon receipt of written notice. Should a violator fail to pay the delivery charge and penalties for unauthorized water use within 10 days, the District will seal the delivery facilities and cease delivery of water to such land until payment is made. If the irrigation outlet facilities are sealed, a reconnection fee of \$500.00 will be charged before delivery of water by the District.

O. Severability

It is hereby declared to be the intention of the Board of Directors of the United Irrigation District that the sections, paragraphs, sentences, clauses, and phrases of this Plan shall be declared unconstitutional by the valid judgment or decree of any court of competent jurisdiction, such unconstitutionality shall not affect any of the remaining phrases, clauses, sentences, paragraphs, and sections of this Plan, since the same would not have been enacted by the Board without the incorporation into this Plan of any such unconstitutional phrase, clause, sentence, paragraph, or section.

P. Authority

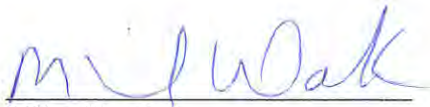
The foregoing Plan is adopted pursuant to and in accordance with one or more of the following: Chapter 7, including Sections 7.142, 7.186, 7.187(1)(A), 7.187(2)(C), 7.188, Sections 11.039, 11.083, 11.1272; Sections 49.004; and Sections 58.127-130 all of the Texas Water Code, Vernon's Texas Codes Annotated.

Q. Effective Date of Plan

The effective date of this Plan shall be upon adoption hereof and ignorance of its provisions is not a defense for a prosecution for enforcement of the violation of the terms hereof.

This Plan was adopted by the Board of Directors at their Regular Meeting of January 29, 2015 and amended at the Regular Meeting of August 13, 2015.

UNITED IRRIGATION DISTRICT

By: 
Mike Warshak

Its: General Manager

**Table 1
Water Diversions for Agricultural and Municipal Customers**

Fiscal Year	Total Diversion (Acre-Feet)	Agriculture In-Dist (Acre-Feet)	Agriculture Out-Dist (Acre-Feet)	Sharyland WSC (Acre-Feet)	City of Mission (Acre-Feet)	City of McAllen (Acre-Feet)	In District Lost Water (Acre-Feet)	Total Accounted Water (Acre-Feet)	In District Water Loss (Percent)	River Losses (Acre-Feet)	River Losses (Percent)	Overall Efficiency (Percent)
1984	44,452	20,515	2,520	1,656	3,156	0	16,605	27,847	37.4%	1,695	3.7%	59.0%
1985	34,006	12,007	2,192	1,099	3,213	0	15,495	18,511	45.6%	1,296	3.7%	50.8%
1986	42,101	15,031	2,050	1,449	4,339	0	19,232	22,869	45.7%	1,605	3.7%	50.6%
1987	39,451	16,599	1,202	2,097	4,242	0	15,311	24,140	38.8%	1,504	3.7%	57.5%
1988	52,234	24,940	2,582	2,909	5,238	0	16,565	35,669	31.7%	1,991	3.7%	64.6%
1989	66,596	29,942	3,917	4,104	6,459	0	22,174	44,422	33.3%	2,539	3.7%	63.0%
1990	57,560	24,318	3,134	5,261	5,685	0	19,162	38,398	33.3%	2,194	3.7%	63.0%
1991	34,105	15,308	1,088	5,313	6,769	0	5,627	28,478	16.5%	1,300	3.7%	79.8%
1992	36,903	13,446	301	5,360	6,686	0	11,110	25,793	30.1%	1,407	3.7%	66.2%
1993	41,209	14,756	845	5,157	6,846	0	13,605	27,604	33.0%	1,571	3.7%	63.3%
1994	37,710	14,495	1,506	4,384	7,311	0	10,014	27,696	26.6%	1,438	3.7%	69.8%
1995	40,830	17,439	358	4,566	8,037	0	10,430	30,400	25.5%	1,557	3.7%	70.8%
1996	52,163	21,093	1,684	3,340	8,834	0	17,212	34,951	33.0%	1,989	3.7%	63.3%
1997	41,914	16,078	1,052	3,833	8,967	0	11,984	29,930	28.6%	1,598	3.7%	67.7%
1998	41,118	17,044	526	4,386	7,509	0	11,653	29,465	28.3%	1,568	3.7%	68.0%
1999	32,911	10,811	1,148	5,044	7,775	0	8,133	24,778	24.7%	1,255	3.7%	71.6%
2000	39,694	14,081	1,018	5,627	8,924	0	10,044	29,650	25.3%	1,513	3.7%	71.0%
2001	32,503	11,898	372	5,150	8,485	0	6,598	25,905	20.3%	1,239	3.7%	76.0%
2002	38,712	18,447	256	5,372	8,277	0	6,360	32,352	16.4%	1,476	3.7%	79.9%
2003	25,667	8,166	144	5,022	8,413	0	3,922	21,745	15.3%	979	3.7%	81.0%
2004	23,573	6,675	267	4,207	7,184	955	4,285	19,288	18.2%	899	3.7%	78.1%
2005	37,667	12,026	626	4,406	11,280	5,347	3,982	33,685	10.6%	1,436	3.7%	85.8%
2006	44,659	13,968	533	5,210	9,452	5,317	10,179	34,480	22.8%	1,703	3.7%	73.5%
2007	30,432	6,595	254	4,755	9,431	4,250	5,147	25,285	16.9%	1,160	3.7%	79.4%
2008	36,831	13,910	700	5,312	10,895	3,602	2,412	34,419	6.5%	1,182	3.1%	90.3%
2009	43,042	15,910	775	5,312	11,520	6,222	3,303	39,739	7.7%	1,308	3.0%	89.4%
2010	32,525	7,907	225	5,026	10,043	5,641	3,683	28,842	11.3%	2,630	7.5%	81.2%
2011	53,085	15,987	751	5,411	12,239	7,734	10,963	42,122	20.7%	1,044	1.9%	77.4%
2012	48,762	14,181	500	5,251	14,616	9,225	4,989	43,773	10.2%	1,453	2.9%	86.9%
2013	57,243	23,147	434	5,608	14,185	9,252	4,617	52,626	8.1%	2,182	3.7%	88.3%
2014	47,727	17,929	49	4,745	13,421	7,657	3,927	43,800	8.2%	1,820	3.7%	88.1%
32 Year Average	41,529	15,634	1,065	4,399	8,369	2,103	9,959	31,570	24.0%	1,566	3.7%	72.3%
Recent 15 Year Average	39,475	13,388	460	5,094	10,558	4,347	5,627	33,847	14.3%	1,468	3.7%	82.1%
Recent 5 Year Average	47,868	15,830	392	5,208	12,901	7,902	5,636	42,233	11.8%	1,826	3.9%	84.3%

Note: River Losses were analyzed for years 2008-2012. The five year average of 3.7% was then applied to all other years.

Category	Fiscal Year Ended September 30,					
	2016		2015 ⁽¹⁾		2014	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 2,211,613,494	59.61%	\$ -		\$ 2,014,127,592	59.66%
Real, Residential, Multi-Family	93,561,109	2.52%			77,411,258	2.29%
Real, Vacant Lots/Tracts	169,503,686	4.57%			175,325,271	5.19%
Real, Acreage (Land Only)	344,669,581	9.29%			342,322,527	10.14%
Real, Farm and Ranch Improvements	138,414,646	3.73%			124,165,351	3.68%
Real, Commercial and Industrial	555,151,915	14.96%			463,907,539	13.74%
Real and Intangible Personal, Utilities	9,484,034	0.26%			8,655,015	0.26%
Tangible Personal, Business	136,736,730	3.69%			126,609,801	3.75%
Tangible Personal, Other	15,533,989	0.42%			10,203,741	0.30%
Residential Inventory	10,714,327	0.29%			18,597,529	0.55%
Special Inventory	24,489,055	0.66%			14,900,078	0.44%
Total Appraised Value Before Exemptions	\$ 3,709,872,566	100.00%	\$ -	0.00%	\$ 3,376,225,702	100.00%
Less: Total Exemptions/Reductions	386,716,696				355,820,131	
Taxable Assessed Value	<u>\$ 3,323,155,870</u>		<u>\$ -</u>		<u>\$ 3,020,405,571</u>	

Category	Fiscal Year Ended September 30,			
	2013		2012	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 1,895,064,793	59.58%	\$ 1,853,135,542	58.53%
Real, Residential, Multi-Family	68,038,989	2.14%	69,944,413	2.21%
Real, Vacant Lots/Tracts	165,802,993	5.21%	177,776,357	5.61%
Real, Acreage (Land Only)	369,763,192	11.63%	383,617,430	12.12%
Real, Farm and Ranch Improvements	105,160,571	3.31%	102,117,547	3.23%
Real, Commercial and Industrial	417,893,301	13.14%	414,758,426	13.10%
Real and Intangible Personal, Utilities	6,810,340	0.21%	7,124,130	0.23%
Tangible Personal, Business	114,643,894	3.60%	120,690,536	3.81%
Tangible Personal, Other	10,296,622	0.32%	10,187,080	0.32%
Residential Inventory	14,520,914	0.46%	16,183,485	0.51%
Special Inventory	12,524,126	0.39%	10,728,419	0.34%
Total Appraised Value Before Exemptions	\$ 3,180,519,735	100.00%	\$ 3,166,263,365	100.00%
Less: Total Exemptions/Reductions	338,630,652		361,566,641	
Taxable Assessed Value	<u>\$ 2,841,889,083</u>		<u>\$ 2,804,696,724</u>	

(1) Waiting for information from appraisal district.

United Irrigation District of Hidalgo County

Part C - 40: Overlapping Taxes

Overlapping Entity	Overlap	2015 Tax Rate	(1)	2015 TAV	(1)
United Irrigation District	100%	\$0.0000		\$ 3,323,155,870	
City of Mission	Portion	\$0.4990		\$ 3,869,983,856	
City of McAllen	Portion	\$0.4763		\$ 8,514,432,544	
Mission CISD	Portion	\$1.3672		\$ 1,783,555,193	
Sharyland ISD	Portion	\$1.3355		\$ 2,881,747,663	
Hidalgo County	Portion	\$0.5900		\$ 30,900,183,389	
Hidalgo County Drainage District No. 1	Portion	\$0.0957		\$ 30,133,625,972	
South Texas College	Portion	\$0.1850		\$ 33,554,392,264	

(1) Source: Hidalgo County Appraisal District.

**Part C-45 ProForma for Each
Year of Debt Outstanding**

**United Irrigation District of Hidalgo County
General Fund Statement of Activities and Changes in Fund Balance**

	AUDITED Fiscal Year Ended September 30,						Normalized Budget
	2010	2011	2012	2013	2014	2015	
REVENUES							
Flat Rate Assessments, net	\$ 386,106	\$ 403,108	\$ 398,490	\$ 400,383	\$ 425,325	\$ 426,722	\$ 406,827
Bond Assessment Revenues	303	289	57	4	161	76	146
Water - Irrigation	229,271	400,846	386,178	431,467	242,159	160,022	314,614
Water - Non-Irrigation	777,700	913,935	1,122,313	1,078,909	968,054	933,419	973,579
Interest	772	492	1,260	3,212	4,647	2,864	2,027
Penalties	31,246	24,966	29,720	22,582	51,152	24,918	27,713
Management Fees (HCID #16)	511,346	517,250	534,477	549,707	503,523	475,818	516,649
Other Revenues	172,327	175,930	86,336	461,274	208,475	78,106	128,175
Sale of Assets	126,838	19,075	197,549	437,138	195,782	10,315	88,003
Water Allotment Sales	8,800	13,800	17,550	17,100	43,496	45,000	22,987
Water Contracts	335,778	457,974	522,867	498,051	416,699	424,270	449,249
Total Revenues	\$ 2,580,487	\$ 2,927,665	\$ 3,296,797	\$ 3,899,827	\$ 3,059,473	\$ 2,581,530	\$ 2,929,966
EXPENDITURES⁽¹⁾							
General and Administrative	\$ (869,889)	\$ (875,763)	\$ (947,980)	\$ (1,045,721)	\$ (1,021,866)	\$ (1,002,774)	\$ (962,096)
Maintenance	(315,978)	(444,852)	(569,930)	(677,131)	(583,766)	(591,245)	(547,448)
Operating	(824,310)	(1,133,233)	(1,056,335)	(1,113,373)	(1,090,195)	(825,364)	(1,021,317)
Capital Outlays	(438,331)	(307,726)	(246,519)	(142,066)	(403,637)	-	-
Total Expenditures	\$ (2,448,508)	\$ (2,761,574)	\$ (2,820,764)	\$ (2,978,291)	\$ (3,099,464)	\$ (2,419,383)	\$ (2,530,861)
PLUS: OTHER SOURCES (USES)							
Operating Transfers In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Transfers Out	(1,129,261)	(33,009)	(154,340)	(810,243)	(333,442)	-	-
Total Other Sources	\$ (1,129,261)	\$ (33,009)	\$ (154,340)	\$ (810,243)	\$ (333,442)	\$ -	\$ -
SPECIAL AND EXTRAORDINARY ITEMS							
Special Item	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Special and Extraordinary Items	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Excess of Revenues Over Expenses	\$ 2,718	\$ 133,082	\$ 321,693	\$ 111,293	\$ (373,433)	\$ 162,147	\$ 399,105
Beginning Fund Balance	\$ 394,879	\$ 397,597	\$ 530,679	\$ 852,372	\$ 963,665	\$ 590,232	\$ 752,379
Ending Fund Balance	\$ 397,597	\$ 530,679	\$ 852,372	\$ 963,665	\$ 590,232	\$ 752,379	\$ 1,151,484

(1) Net of Depreciation.

Notes: Normalized Budget uses an average of the four "middle points" per line item; except for Other Revenues and Sale of Assets where the two high points are deleted and the four "low points" are used to calculate an average.

United Irrigation District of Hidalgo County
Net Revenues Available for Debt Service Analysis

	AUDITED Fiscal Year Ended September 30,						Normalized Budget
	2010	2011	2012	2013	2014	2015	
Total Operating Revenues ⁽¹⁾	\$ 1,729,158	\$ 2,176,152	\$ 2,429,905	\$ 2,408,814	\$ 2,052,398	\$ 1,944,509	\$ 2,144,413
Plus: HCID #16 Management Fees	\$ 511,346	\$ 517,250	\$ 534,477	\$ 549,707	\$ 503,523	\$ 475,818	\$ 516,649
Plus: Non-Operating Revenues (inclusive of non-recurring revenues) ⁽²⁾	\$ 339,983	\$ 234,263	\$ 332,415	\$ 941,306	\$ 503,552	\$ 161,203	\$ 268,903
Total Gross Revenues	\$ 2,580,487	\$ 2,927,665	\$ 3,296,797	\$ 3,899,827	\$ 3,059,473	\$ 2,581,530	\$ 2,929,966
Total Operating Expenses (inclusive of HCID #16 operating expenses) ⁽³⁾	\$ (2,010,177)	\$ (2,453,848)	\$ (2,574,245)	\$ (2,836,225)	\$ (2,695,827)	\$ (2,419,383)	\$ (2,530,861)
Net Revenue Available for Debt Service and Capital Outlay	\$ 570,310	\$ 473,817	\$ 722,552	\$ 1,063,602	\$ 363,646	\$ 162,147	\$ 399,105
Less: Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Surplus Cash for Capital Outlay	\$ 570,310	\$ 473,817	\$ 722,552	\$ 1,063,602	\$ 363,646	\$ 162,147	\$ 399,105
Less: Capital Outlay (including Transfers to Capital Projects Fund)	\$ (1,567,592)	\$ (340,735)	\$ (400,859)	\$ (952,309)	\$ (737,079)	\$ -	\$ -
Net Cash Flow after Debt Service and Capital Outlay	\$ (997,282)	\$ 133,082	\$ 321,693	\$ 111,293	\$ (373,433)	\$ 162,147	\$ 399,105

(1) Includes Flat Rate Assessments, Bond Assessment Revenues, Irrigation Water Sales, Non-Irrigation Water Sales and the McAllen Water Sales and Delivery Contracts.

(2) Includes Interest, Penalties, Other Revenues, Sale of Assets and Water Allotment Sales.

(3) Net of depreciation expense.

United Irrigation District of Hidalgo County
System Revenue Notes, Series 2016A and System Revenue Notes, Taxable Series 2016B
Preliminary Sources and Uses of Funds
TWDB State Water Implementation Revenue Fund for Texas Financing - Low Interest Loan Option

SOURCES OF FUNDS

	<u>Tax-Exempt Series 2016A</u>	<u>Taxable Series 2016B</u>	<u>TOTAL</u>
Par Amount of Notes	\$ 6,455,000	\$ 1,645,000	\$ 8,100,000
Total Sources of Funds	<u>\$ 6,455,000</u>	<u>\$ 1,645,000</u>	<u>\$ 8,100,000</u>

USES OF FUNDS

	<u>Tax-Exempt Series 2016A</u>	<u>Taxable Series 2016B</u>	<u>TOTAL</u>
Project Costs			
Land Acquisition	\$ 1,000,000	\$ 250,000	\$ 1,250,000
Engineering & Surveying	344,674	86,168	430,842
Geotechnical Investigation & Testing	86,168	21,542	107,710
Construction	4,308,415	1,077,104	5,385,519
Contingencies	632,743	158,186	790,929
Financing Costs			
Bond Counsel	\$ 34,910	\$ 15,225	\$ 50,135
Attorney General Examination Fee	6,455	1,645	8,100
Financial Advisor	36,319	28,209	64,528
Paying Agent	1,000	1,000	2,000
Escrow Agent	1,500	1,500	3,000
CUSIP Fee	1,000	1,000	2,000
Contingency	1,816	3,421	5,237
Total Uses of Funds	<u>\$ 6,455,000</u>	<u>\$ 1,645,000</u>	<u>\$ 8,100,000</u>

NOTES:

Total Project Costs = \$7,965,000
Total Financing Costs = \$135,000.

United Irrigation District of Hidalgo County
 System Revenue Notes, Series 2016A and System Revenue Notes, Taxable Series 2016B - Preliminary Financing Pro Forma / NORMALIZED BUDGETED FINANCIALS PLUS RATE INCREASE
 TWDB State Water Implementation Revenue Fund for Texas Financing - Low Interest Loan Option

Fiscal Year Ending 30-Sep	Normalized Gross Revenues ⁽¹⁾	Normalized Net Operating Expenses ⁽²⁾	Normalized Revenue Available for Debt Service	Projected Additional Syst. Revenue due to 2015 Rate Increase ⁽³⁾	TOTAL Projected Net Revenue Available for Debt Service	\$6,455,000 System Revenue Notes, Series 2016A ⁽⁴⁾ Assumed Interest Cost = 2.90%					\$1,645,000 System Revenue Notes, Taxable Series 2016B ⁽⁴⁾ Assumed Interest Cost = 3.51%					TOTAL Debt Service and DSRF Deposits	Projected Cash Flow	Projected Debt Service Coverage Ratio
						Principal	Interest	DSRF Deposits	DSRF Release	Total D/S	Principal	Interest	DSRF Deposits	DSRF Release	Total D/S			
2016	\$ 2,929,966	\$ (2,530,861)	\$ 399,105	\$ 210,514	\$ 609,619	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 609,619	n/a
2017	2,929,966	(2,530,861)	399,105	210,514	609,619	-	126,040	52,071	-	178,111	-	40,194	14,784	-	54,978	233,089	376,530	2.62x
2018	2,929,966	(2,530,861)	399,105	210,514	609,619	110,000	168,054	69,428	-	347,481	20,000	53,592	19,713	-	93,304	440,785	168,834	1.38x
2019	2,929,966	(2,530,861)	399,105	210,514	609,619	110,000	167,086	69,428	-	346,513	20,000	53,368	19,713	-	93,080	439,593	170,026	1.39x
2020	2,929,966	(2,530,861)	399,105	210,514	609,619	110,000	166,008	69,428	-	345,435	20,000	53,112	19,713	-	92,824	438,259	171,360	1.39x
2021	2,929,966	(2,530,861)	399,105	210,514	609,619	110,000	164,809	69,428	-	344,236	20,000	52,810	19,713	-	92,522	436,758	172,861	1.40x
2022	2,929,966	(2,530,861)	399,105	210,514	609,619	165,000	163,456	17,357	-	345,812	35,000	52,460	4,928	-	92,388	438,200	171,419	1.39x
2023	2,929,966	(2,530,861)	399,105	210,514	609,619	185,000	161,228	-	-	346,228	45,000	51,784	-	-	96,784	443,012	166,607	1.38x
2024	2,929,966	(2,530,861)	399,105	210,514	609,619	185,000	158,527	-	-	343,527	45,000	50,826	-	-	95,826	439,353	170,266	1.39x
2025	2,929,966	(2,530,861)	399,105	210,514	609,619	190,000	155,623	-	-	345,623	45,000	49,840	-	-	94,840	440,463	169,156	1.38x
2026	2,929,966	(2,530,861)	399,105	210,514	609,619	190,000	152,450	-	-	342,450	45,000	48,801	-	-	93,801	436,250	173,369	1.40x
2027	2,929,966	(2,530,861)	399,105	210,514	609,619	195,000	149,125	-	-	344,125	50,000	47,689	-	-	97,689	441,814	167,805	1.38x
2028	2,929,966	(2,530,861)	399,105	210,514	609,619	200,000	145,244	-	-	345,244	50,000	46,194	-	-	96,194	441,438	168,181	1.38x
2029	2,929,966	(2,530,861)	399,105	210,514	609,619	205,000	140,904	-	-	345,904	50,000	44,699	-	-	94,699	440,603	169,016	1.38x
2030	2,929,966	(2,530,861)	399,105	210,514	609,619	210,000	136,148	-	-	346,148	55,000	43,204	-	-	98,204	444,352	165,267	1.37x
2031	2,929,966	(2,530,861)	399,105	210,514	609,619	215,000	131,003	-	-	346,003	55,000	41,560	-	-	96,560	442,563	167,056	1.38x
2032	2,929,966	(2,530,861)	399,105	210,514	609,619	220,000	125,478	-	-	345,478	55,000	39,915	-	-	94,915	440,393	169,226	1.38x
2033	2,929,966	(2,530,861)	399,105	210,514	609,619	225,000	119,604	-	-	344,604	60,000	38,029	-	-	98,029	442,632	166,987	1.38x
2034	2,929,966	(2,530,861)	399,105	210,514	609,619	230,000	113,416	-	-	343,416	60,000	35,971	-	-	95,971	439,387	170,232	1.39x
2035	2,929,966	(2,530,861)	399,105	210,514	609,619	240,000	106,907	-	-	346,907	60,000	33,913	-	-	93,913	440,820	168,799	1.38x
2036	2,929,966	(2,530,861)	399,105	210,514	609,619	245,000	99,923	-	-	344,923	65,000	31,855	-	-	96,855	441,778	167,841	1.38x
2037	2,929,966	(2,530,861)	399,105	210,514	609,619	250,000	92,671	-	-	342,671	65,000	29,625	-	-	94,625	437,296	172,323	1.39x
2038	2,929,966	(2,530,861)	399,105	210,514	609,619	260,000	85,121	-	-	345,121	70,000	27,188	-	-	97,188	442,309	167,310	1.38x
2039	2,929,966	(2,530,861)	399,105	210,514	609,619	270,000	77,139	-	-	347,139	70,000	24,563	-	-	94,563	441,702	167,917	1.38x
2040	2,929,966	(2,530,861)	399,105	210,514	609,619	275,000	68,742	-	-	343,742	75,000	21,938	-	-	96,938	440,680	168,939	1.38x
2041	2,929,966	(2,530,861)	399,105	210,514	609,619	285,000	60,080	-	-	345,080	75,000	19,125	-	-	94,125	439,205	170,414	1.39x
2042	2,929,966	(2,530,861)	399,105	210,514	609,619	295,000	51,017	-	-	346,017	80,000	16,313	-	-	96,313	442,329	167,290	1.38x
2043	2,929,966	(2,530,861)	399,105	210,514	609,619	305,000	41,577	-	-	346,577	85,000	13,313	-	-	98,313	444,889	164,730	1.37x
2044	2,929,966	(2,530,861)	399,105	210,514	609,619	315,000	31,756	-	-	346,756	85,000	10,125	-	-	95,125	441,881	167,738	1.38x
2045	2,929,966	(2,530,861)	399,105	210,514	609,619	325,000	21,550	-	-	346,550	90,000	6,938	-	-	96,938	443,487	166,132	1.37x
2046	2,929,966	(2,530,861)	399,105	210,514	609,619	335,000	10,955	-	(347,139)	(1,184)	95,000	3,563	-	(98,563)	-	(1,184)	610,803	n/a
						\$ 6,455,000	\$ 3,391,633	\$ 347,139	\$ (347,139)	\$ 9,846,633	\$ 1,645,000	\$ 1,082,497	\$ 98,563	\$ (98,563)	\$ 2,727,497	\$ 12,574,130		

(1) Inclusive of HCID #16 Management Fees and Non-Operating Revenues.
 (2) Exclusive of Depreciation Expense and Capital Outlay, but inclusive of HCID #16 Operating Expenses.
 (3) Per calculations provided by the District's Engineer as of May 5, 2016. See Memorandum from District's Engineer to District's Financial Advisor attached to this pro forma analysis.
 (4) Assumes issuance of Notes on 12/1/2016. First interest payment on 9/1/2017 (semiannual thereafter 3/1 and 9/1). The Debt Service Reserve Fund ("DSRF") is calculated at the maximum annual debt service requirements for each series. The DSRF is to be accumulated in 60 monthly installments beginning the first month after delivery of bond funds (January 2017).
 (5) Net cash available for capital outlay and other purposes.

FERRIS, FLINN & MEDINA, LLC

E N G I N E E R S S U R V E Y O R S

MEMORANDUM

Date May 5, 2016 202-039
To Cris Vela
From Frank A. Ferris, PE
Subject United Irrigation District Reservoir Project
Revision to January 25, 2016 Memorandum

This memorandum is an update to the May 2, 2016 calculations that reflect the numbers that should be submitted with the final SWIFT application. Though the review process with the District staff, Board of Directors and your staff, we have refined the estimate of the rate impacts to develop the normalized budget with confidence.

The annual debt service payment has been synchronized with the Financial Advisor average annual debt repayment, more or less.

The recent District Rate Increase (2015) is forecast to result in the following increases in income compared to the 2010-2014 average. Detail is provided in Tables 2-6.

<u>Source</u>	<u>Prior Rate</u>	<u>2015 Rate</u>	<u>Increase</u>	
Flat Rate	\$17.00	\$18.00	5.88%	\$21,000
Irrigation	\$24.00	\$28.00	16.67%	\$65,000
Mission	\$53.44	\$59.95	11.11%	\$87,000
McAllen	\$53.44	\$59.95	11.78%	\$53,000
SWSC	\$56.59	\$64.12	<u>13.30%</u>	<u>\$39,000</u>
			Total	\$265,000

The impact of the rate increase on the normalized budget is as detailed in Table 7.

**Table 1
Consumption by Customer**

Fiscal Year	Total Diversion (Acre-Feet)	Agriculture In-Dist (Acre-Feet)	Agriculture Out-Dist (Acre-Feet)	Sharyland WSC (Acre-Feet)	City of Mission (Acre-Feet)	City of McAllen (Acre-Feet)	In District Lost Water (Acre-Feet)	Total Accounted Water (Acre-Feet)
2010	32,525	7,907	225	5,026	10,043	5,641	3,683	28,842
2011	53,085	15,987	751	5,411	12,239	7,734	10,963	42,122
2012	48,762	14,181	500	5,251	14,616	9,225	4,989	43,773
2013	57,243	23,147	434	5,682	14,585	9,253	4,141	53,102
2014	47,727	17,929	49	4,745	13,421	7,657	3,927	43,800
2015	31,730	4,349	26	3,591	11,863	6,840	5,061	26,669
2010-2014 Average	47,868	15,830	392	5,223	12,981	7,902	5,541	42,328

**Table 2
Impact of Rate Increase**

	Prior Rate	2015 Rate	% Increase
Flat Rat (per Acre)	\$17.00	\$18.00	5.88%
Usage (per Hour)	\$6.00	\$7.00	16.67%
Usage (per Ac.Ft.)	\$24.00	\$28.00	16.67%

City of Mission

Delivery Charge = 1.3033 x Irrigation Delivery Charge (Flat Rate plus 4*Hourly Rate)

	Prior Rate	2015 Rate	% Increase
Usage (per Ac.Ft.)	\$53.44	\$59.95	12.20%
Annual Assessment	\$17.00	\$18.00	5.88%

City of McAllen

Delivery Charge = 1.3033 x Irrigation Delivery Charge (Flat Rate plus 4*Hourly Rate)

	Prior Rate	2015 Rate	% Increase
Usage (per Ac.Ft.)	\$53.44	\$59.95	12.20%
Take or Pay per Acre Foot not delivered	\$13.60	\$14.40	5.88%

Sharyland WSC rate is based on an original Contract Rate with an annual Utility CPI adjustment. The Fiscal Year 2015 Rate was \$64.12 which is 13% higher than the past five year average.

Table 3
Effects of Rate Increases on Agricultural Usage Income based on FY 10-14

Historical Flat Rate in Audits. This FY Flat Rate Assessment is

21,422 Acres @ \$18.00 \$385,596 Increase @ 5.88% \$21,422

Fiscal Year	Agriculture	Agriculture	Income	Income	Increase	
	In-Dist	Out-Dist	based on	Based on		
	(Acre-Feet)	(Acre-Feet)	Prior Rate	Current Rate of		
			\$24.00	\$28.00	\$4.00	16.67%
2010	7,907	225	\$195,168	\$227,696	\$32,528	16.67%
2011	15,987	751	\$401,712	\$468,664	\$66,952	16.67%
2012	14,181	500	\$352,344	\$411,068	\$58,724	16.67%
2013	23,147	434	\$565,958	\$660,285	\$94,326	16.67%
2014	17,929	49	\$431,473	\$503,386	\$71,912	16.67%
2015	4,349	26	\$105,000	\$122,500	\$17,500	16.67%
2010 -2015	15,830	392	\$389,331	\$454,220	\$64,889	16.67%
Average						

Table 4
Effects of Rate Increases on City of Mission FY 10-14

Fiscal Year	City of Mission Usage (Acre-Feet)	Prior	Current	Income	Income	Rate of Increase	
		Annual Assessment	Annual Assessment	based on Prior Rate of	Based on Current Rate of		
				\$53.44	\$59.95	\$6.52	12.20%
2010	10,043	\$45,900	\$48,600	\$582,551	\$647,996	\$68,145	10.84%
2011	12,239	\$45,900	\$48,600	\$699,895	\$779,650	\$82,455	11.06%
2012	14,616	\$45,900	\$48,600	\$826,910	\$922,156	\$97,945	11.22%
2013	14,585	\$45,900	\$48,600	\$825,257	\$920,301	\$97,744	11.22%
2014	13,421	\$45,900	\$48,600	\$763,030	\$850,485	\$90,155	11.14%
2015	11,863	\$45,900	\$48,600	\$679,782	\$757,084	\$80,003	11.02%
2010 -2015	12,981	\$45,900	\$48,600	\$739,529	\$824,117	\$87,289	11.11%
Average							

Table 5
Effects of Rate Increases on City of McAllen FY 10-14

Fiscal Year	City of McAllen Usage (Acre-Feet)	City of McAllen Take or Pay Calculation (Acre-Feet)	Usage Income based on Prior Rate of \$53.44	Take or Pay Income Based on Prior Rate of \$13.60	Total Income based on Prior Rate
2010	5,641	4,614	\$301,429	\$62,744	\$364,173
2011	7,734	2,151	\$413,269	\$29,256	\$442,525
2012	9,225	397	\$492,941	\$5,400	\$498,341
2013	9,253	365	\$494,419	\$4,957	\$499,376
2014	7,657	2,242	\$409,145	\$30,491	\$439,636
2015	6,840	3,203	\$365,513	\$43,555	\$409,069
2010 -2015 Average	7,902	1,954	\$422,240	\$26,570	\$448,810

Fiscal Year	City of McAllen Usage (Acre-Feet)	City of McAllen Take or Pay Calculation (Acre-Feet)	Usage Income based on Current Rate of \$59.95	Take or Pay Income Based on Current Rate of \$14.40	Total Income based on Current Rate	Increase
2010	5,641	4,614	\$338,188	\$66,435	\$404,623	\$40,450 11.11%
2011	7,734	2,151	\$463,667	\$30,977	\$494,644	\$52,120 11.78%
2012	9,225	397	\$553,055	\$5,718	\$558,773	\$60,432 12.13%
2013	9,253	365	\$554,714	\$5,249	\$559,963	\$60,587 12.13%
2014	7,657	2,242	\$459,041	\$32,284	\$491,325	\$51,689 11.76%
2015	6,840	3,203	\$410,088	\$46,117	\$456,206	\$47,137 11.52%
2010 -2015 Average	7,902	1,954	\$473,733	\$28,133	\$501,866	\$53,056 11.78%

Table 6
Effects of Rate Increases on Sharyland WSC FY 10-14

Fiscal Year	Sharyland WSC Usage (Acre-Feet)	Prior Rate each Year (per Ac.Ft.)	Income based on Prior Rate	Income Based on Current Rate of \$64.12	Increase	
2010	5,026	\$51.48	\$258,743	\$322,267	\$63,524	24.55%
2011	5,411	\$51.48	\$278,563	\$346,953	\$68,390	24.55%
2012	5,251	\$57.67	\$302,834	\$336,694	\$33,860	11.18%
2013	5,682	\$60.90	\$346,043	\$364,355	\$18,312	5.29%
2014	4,745	\$61.50	\$291,796	\$304,227	\$12,431	4.26%
2015	3,591	\$64.12	\$230,255	\$230,255	\$0	0.00%
2010 -2015 Average	5,223	\$56.59	\$295,596	\$334,899	\$39,303	13.30%

**Table 7
Impact of Rate Increases on Normalized Budget**

	2010	2011	2012	2013	2014	2015	Normalized Budget
Total Operating Revenues	\$1,729,158	\$2,176,152	\$2,429,905	\$2,408,814	\$2,052,398	\$1,944,509	\$2,145,468
Add Rate Increase	226,069	291,339	272,384	292,391	247,609	\$0	\$210,514
Total Operating Revenues Considering Rate Increase	\$1,955,227	\$2,467,491	\$2,702,289	\$2,701,205	\$2,300,007	\$1,944,509	\$2,355,983
Total Gross Revenues							\$3,140,480
Net Revenue available for Debt Service and Capital Outlay							\$609,619

TABLE OF CONTENTS

United Irrigation District of Hidalgo County
 System Revenue Notes, Series 2016A and Taxable Series 2016B

Report	Page
Sources and Uses of Funds	1
Bond Summary Statistics	2
Bond Pricing	6
Bond Debt Service	10
Net Debt Service	16

SOURCES AND USES OF FUNDS

United Irrigation District of Hidalgo County
System Revenue Notes, Series 2016A and Taxable Series 2016B

Dated Date 12/01/2016
Delivery Date 12/01/2016

Sources:	System Revenue Notes, Series 2016A	System Revenue Notes, Taxable Series 2016B	Total
Bond Proceeds:			
Par Amount	6,455,000.00	1,645,000.00	8,100,000.00
	6,455,000.00	1,645,000.00	8,100,000.00
Uses:	System Revenue Notes, Series 2016A	System Revenue Notes, Taxable Series 2016B	Total
Project Fund Deposits:			
Project Fund	6,372,000.00	1,593,000.00	7,965,000.00
Cost of Issuance:			
Bond Counsel	34,910.00	15,225.00	50,135.00
Attorney General Examination Fee	6,455.00	1,645.00	8,100.00
Financial Advisor	36,318.75	28,209.38	64,528.13
Paying Agent	1,000.00	1,000.00	2,000.00
Escrow Agent	1,500.00	1,500.00	3,000.00
CUSIP Fee	1,000.00	1,000.00	2,000.00
Contingency	1,816.25	3,420.62	5,236.87
	83,000.00	52,000.00	135,000.00
	6,455,000.00	1,645,000.00	8,100,000.00

BOND SUMMARY STATISTICS

United Irrigation District of Hidalgo County
System Revenue Notes, Series 2016A
Texas Water Development Board
State Water Implementation Revenue Fund for Texas
TAX-EXEMPT
Inversely Callable on 3/1/2027 @ par

Dated Date	12/01/2016
Delivery Date	12/01/2016
First Coupon	09/01/2017
Last Maturity	09/01/2046
Arbitrage Yield	2.989293%
True Interest Cost (TIC)	2.863295%
Net Interest Cost (NIC)	2.905630%
All-In TIC	2.958206%
Average Coupon	2.905630%
Average Life (years)	18.083
Duration of Issue (years)	13.866
Par Amount	6,455,000.00
Bond Proceeds	6,455,000.00
Total Interest	3,391,633.13
Net Interest	3,391,633.13
Total Debt Service	9,846,633.13
Maximum Annual Debt Service	347,139.00
Average Annual Debt Service	330,979.26
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life
Serial Bonds	6,455,000.00	100.000	2.906%	18.083
	6,455,000.00			18.083

BOND SUMMARY STATISTICS

United Irrigation District of Hidalgo County
System Revenue Notes, Series 2016A
Texas Water Development Board
State Water Implementation Revenue Fund for Texas
TAX-EXEMPT
Inversely Callable on 3/1/2027 @ par

	TIC	All-In TIC	Arbitrage Yield
Par Value	6,455,000.00	6,455,000.00	6,455,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-83,000.00	
- Other Amounts			
Target Value	6,455,000.00	6,372,000.00	6,455,000.00
Target Date	12/01/2016	12/01/2016	12/01/2016
Yield	2.863295%	2.958206%	2.989293%

Note: Preliminary, subject to change.

BOND SUMMARY STATISTICS

United Irrigation District of Hidalgo County
System Revenue Notes, Taxable Series 2016B
Texas Water Development Board
State Water Implementation Revenue Fund for Texas
TAXABLE
Inversely Callable on 3/1/2027 @ par

Dated Date	12/01/2016
Delivery Date	12/01/2016
First Coupon	09/01/2017
Last Maturity	09/01/2046
Arbitrage Yield	2.989293%
True Interest Cost (TIC)	3.469830%
Net Interest Cost (NIC)	3.511323%
All-In TIC	3.713314%
Average Coupon	3.511323%
Average Life (years)	18.741
Duration of Issue (years)	13.510
Par Amount	1,645,000.00
Bond Proceeds	1,645,000.00
Total Interest	1,082,497.13
Net Interest	1,082,497.13
Total Debt Service	2,727,497.13
Maximum Annual Debt Service	98,562.50
Average Annual Debt Service	91,680.58
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
<hr/>	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life
Serial Bonds	1,645,000.00	100.000	3.511%	18.741
	1,645,000.00			18.741

BOND SUMMARY STATISTICS

United Irrigation District of Hidalgo County
System Revenue Notes, Taxable Series 2016B
Texas Water Development Board
State Water Implementation Revenue Fund for Texas
TAXABLE
Inversely Callable on 3/1/2027 @ par

	TIC	All-In TIC	Arbitrage Yield
Par Value	1,645,000.00	1,645,000.00	1,645,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-52,000.00	
- Other Amounts			
Target Value	1,645,000.00	1,593,000.00	1,645,000.00
Target Date	12/01/2016	12/01/2016	12/01/2016
Yield	3.469830%	3.713314%	2.989293%

Note: Preliminary, subject to change.

BOND PRICING

United Irrigation District of Hidalgo County
System Revenue Notes, Series 2016A
Texas Water Development Board
State Water Implementation Revenue Fund for Texas
TAX-EXEMPT
Inversely Callable on 3/1/2027 @ par

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bonds:					
	09/01/2018	110,000	0.880%	0.880%	100.000
	09/01/2019	110,000	0.980%	0.980%	100.000
	09/01/2020	110,000	1.090%	1.090%	100.000
	09/01/2021	110,000	1.230%	1.230%	100.000
	09/01/2022	165,000	1.350%	1.350%	100.000
	09/01/2023	185,000	1.460%	1.460%	100.000
	09/01/2024	185,000	1.570%	1.570%	100.000
	09/01/2025	190,000	1.670%	1.670%	100.000
	09/01/2026	190,000	1.750%	1.750%	100.000
	09/01/2027	195,000	1.990%	1.990%	100.000
	09/01/2028	200,000	2.170%	2.170%	100.000
	09/01/2029	205,000	2.320%	2.320%	100.000
	09/01/2030	210,000	2.450%	2.450%	100.000
	09/01/2031	215,000	2.570%	2.570%	100.000
	09/01/2032	220,000	2.670%	2.670%	100.000
	09/01/2033	225,000	2.750%	2.750%	100.000
	09/01/2034	230,000	2.830%	2.830%	100.000
	09/01/2035	240,000	2.910%	2.910%	100.000
	09/01/2036	245,000	2.960%	2.960%	100.000
	09/01/2037	250,000	3.020%	3.020%	100.000
	09/01/2038	260,000	3.070%	3.070%	100.000
	09/01/2039	270,000	3.110%	3.110%	100.000
	09/01/2040	275,000	3.150%	3.150%	100.000
	09/01/2041	285,000	3.180%	3.180%	100.000
	09/01/2042	295,000	3.200%	3.200%	100.000
	09/01/2043	305,000	3.220%	3.220%	100.000
	09/01/2044	315,000	3.240%	3.240%	100.000
	09/01/2045	325,000	3.260%	3.260%	100.000
	09/01/2046	335,000	3.270%	3.270%	100.000
		6,455,000			

BOND PRICING

United Irrigation District of Hidalgo County
System Revenue Notes, Series 2016A
Texas Water Development Board
State Water Implementation Revenue Fund for Texas
TAX-EXEMPT
Inversely Callable on 3/1/2027 @ par

Dated Date	12/01/2016	
Delivery Date	12/01/2016	
First Coupon	09/01/2017	
Par Amount	6,455,000.00	
Original Issue Discount		
Production	6,455,000.00	100.000000%
Underwriter's Discount		
Purchase Price	6,455,000.00	100.000000%
Accrued Interest		
Net Proceeds	6,455,000.00	

Note: Preliminary, subject to change.

BOND PRICING

United Irrigation District of Hidalgo County
System Revenue Notes, Taxable Series 2016B
Texas Water Development Board
State Water Implementation Revenue Fund for Texas
TAXABLE
Inversely Callable on 3/1/2027 @ par

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bonds:					
	09/01/2018	20,000	1.120%	1.120%	100.000
	09/01/2019	20,000	1.280%	1.280%	100.000
	09/01/2020	20,000	1.510%	1.510%	100.000
	09/01/2021	20,000	1.750%	1.750%	100.000
	09/01/2022	35,000	1.930%	1.930%	100.000
	09/01/2023	45,000	2.130%	2.130%	100.000
	09/01/2024	45,000	2.190%	2.190%	100.000
	09/01/2025	45,000	2.310%	2.310%	100.000
	09/01/2026	45,000	2.470%	2.470%	100.000
	09/01/2027	50,000	2.990%	2.990%	100.000
	09/01/2028	50,000	2.990%	2.990%	100.000
	09/01/2029	50,000	2.990%	2.990%	100.000
	09/01/2030	55,000	2.990%	2.990%	100.000
	09/01/2031	55,000	2.990%	2.990%	100.000
	09/01/2032	55,000	3.430%	3.430%	100.000
	09/01/2033	60,000	3.430%	3.430%	100.000
	09/01/2034	60,000	3.430%	3.430%	100.000
	09/01/2035	60,000	3.430%	3.430%	100.000
	09/01/2036	65,000	3.430%	3.430%	100.000
	09/01/2037	65,000	3.750%	3.750%	100.000
	09/01/2038	70,000	3.750%	3.750%	100.000
	09/01/2039	70,000	3.750%	3.750%	100.000
	09/01/2040	75,000	3.750%	3.750%	100.000
	09/01/2041	75,000	3.750%	3.750%	100.000
	09/01/2042	80,000	3.750%	3.750%	100.000
	09/01/2043	85,000	3.750%	3.750%	100.000
	09/01/2044	85,000	3.750%	3.750%	100.000
	09/01/2045	90,000	3.750%	3.750%	100.000
	09/01/2046	95,000	3.750%	3.750%	100.000
		1,645,000			

BOND PRICING

United Irrigation District of Hidalgo County
System Revenue Notes, Taxable Series 2016B
Texas Water Development Board
State Water Implementation Revenue Fund for Texas
TAXABLE
Inversely Callable on 3/1/2027 @ par

Dated Date	12/01/2016	
Delivery Date	12/01/2016	
First Coupon	09/01/2017	
Par Amount	1,645,000.00	
Original Issue Discount		
Production	1,645,000.00	100.000000%
Underwriter's Discount		
Purchase Price	1,645,000.00	100.000000%
Accrued Interest		
Net Proceeds	1,645,000.00	

Note: Preliminary, subject to change.

BOND DEBT SERVICE

United Irrigation District of Hidalgo County
System Revenue Notes, Series 2016A
Texas Water Development Board
State Water Implementation Revenue Fund for Texas
TAX-EXEMPT
Inversely Callable on 3/1/2027 @ par

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
09/01/2017		126,040.13	126,040.13	
09/30/2017				126,040.13
03/01/2018		84,026.75	84,026.75	
09/01/2018	110,000	84,026.75	194,026.75	
09/30/2018				278,053.50
03/01/2019		83,542.75	83,542.75	
09/01/2019	110,000	83,542.75	193,542.75	
09/30/2019				277,085.50
03/01/2020		83,003.75	83,003.75	
09/01/2020	110,000	83,003.75	193,003.75	
09/30/2020				276,007.50
03/01/2021		82,404.25	82,404.25	
09/01/2021	110,000	82,404.25	192,404.25	
09/30/2021				274,808.50
03/01/2022		81,727.75	81,727.75	
09/01/2022	165,000	81,727.75	246,727.75	
09/30/2022				328,455.50
03/01/2023		80,614.00	80,614.00	
09/01/2023	185,000	80,614.00	265,614.00	
09/30/2023				346,228.00
03/01/2024		79,263.50	79,263.50	
09/01/2024	185,000	79,263.50	264,263.50	
09/30/2024				343,527.00
03/01/2025		77,811.25	77,811.25	
09/01/2025	190,000	77,811.25	267,811.25	
09/30/2025				345,622.50
03/01/2026		76,224.75	76,224.75	
09/01/2026	190,000	76,224.75	266,224.75	
09/30/2026				342,449.50
03/01/2027		74,562.25	74,562.25	
09/01/2027	195,000	74,562.25	269,562.25	
09/30/2027				344,124.50
03/01/2028		72,622.00	72,622.00	
09/01/2028	200,000	72,622.00	272,622.00	
09/30/2028				345,244.00
03/01/2029		70,452.00	70,452.00	
09/01/2029	205,000	70,452.00	275,452.00	
09/30/2029				345,904.00
03/01/2030		68,074.00	68,074.00	
09/01/2030	210,000	68,074.00	278,074.00	
09/30/2030				346,148.00
03/01/2031		65,501.50	65,501.50	
09/01/2031	215,000	65,501.50	280,501.50	
09/30/2031				346,003.00

BOND DEBT SERVICE

United Irrigation District of Hidalgo County
System Revenue Notes, Series 2016A
Texas Water Development Board
State Water Implementation Revenue Fund for Texas
TAX-EXEMPT
Inversely Callable on 3/1/2027 @ par

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
03/01/2032		62,738.75	62,738.75	
09/01/2032	220,000	62,738.75	282,738.75	
09/30/2032				345,477.50
03/01/2033		59,801.75	59,801.75	
09/01/2033	225,000	59,801.75	284,801.75	
09/30/2033				344,603.50
03/01/2034		56,708.00	56,708.00	
09/01/2034	230,000	56,708.00	286,708.00	
09/30/2034				343,416.00
03/01/2035		53,453.50	53,453.50	
09/01/2035	240,000	53,453.50	293,453.50	
09/30/2035				346,907.00
03/01/2036		49,961.50	49,961.50	
09/01/2036	245,000	49,961.50	294,961.50	
09/30/2036				344,923.00
03/01/2037		46,335.50	46,335.50	
09/01/2037	250,000	46,335.50	296,335.50	
09/30/2037				342,671.00
03/01/2038		42,560.50	42,560.50	
09/01/2038	260,000	42,560.50	302,560.50	
09/30/2038				345,121.00
03/01/2039		38,569.50	38,569.50	
09/01/2039	270,000	38,569.50	308,569.50	
09/30/2039				347,139.00
03/01/2040		34,371.00	34,371.00	
09/01/2040	275,000	34,371.00	309,371.00	
09/30/2040				343,742.00
03/01/2041		30,039.75	30,039.75	
09/01/2041	285,000	30,039.75	315,039.75	
09/30/2041				345,079.50
03/01/2042		25,508.25	25,508.25	
09/01/2042	295,000	25,508.25	320,508.25	
09/30/2042				346,016.50
03/01/2043		20,788.25	20,788.25	
09/01/2043	305,000	20,788.25	325,788.25	
09/30/2043				346,576.50
03/01/2044		15,877.75	15,877.75	
09/01/2044	315,000	15,877.75	330,877.75	
09/30/2044				346,755.50
03/01/2045		10,774.75	10,774.75	
09/01/2045	325,000	10,774.75	335,774.75	

BOND DEBT SERVICE

United Irrigation District of Hidalgo County
System Revenue Notes, Series 2016A
Texas Water Development Board
State Water Implementation Revenue Fund for Texas
TAX-EXEMPT
Inversely Callable on 3/1/2027 @ par

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
09/30/2045				346,549.50
03/01/2046		5,477.25	5,477.25	
09/01/2046	335,000	5,477.25	340,477.25	
09/30/2046				345,954.50
	6,455,000	3,391,633.13	9,846,633.13	9,846,633.13

Note: Preliminary, subject to change.

BOND DEBT SERVICE

United Irrigation District of Hidalgo County
System Revenue Notes, Taxable Series 2016B
Texas Water Development Board
State Water Implementation Revenue Fund for Texas
TAXABLE
Inversely Callable on 3/1/2027 @ par

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
09/01/2017		40,193.63	40,193.63	
09/30/2017				40,193.63
03/01/2018		26,795.75	26,795.75	
09/01/2018	20,000	26,795.75	46,795.75	
09/30/2018				73,591.50
03/01/2019		26,683.75	26,683.75	
09/01/2019	20,000	26,683.75	46,683.75	
09/30/2019				73,367.50
03/01/2020		26,555.75	26,555.75	
09/01/2020	20,000	26,555.75	46,555.75	
09/30/2020				73,111.50
03/01/2021		26,404.75	26,404.75	
09/01/2021	20,000	26,404.75	46,404.75	
09/30/2021				72,809.50
03/01/2022		26,229.75	26,229.75	
09/01/2022	35,000	26,229.75	61,229.75	
09/30/2022				87,459.50
03/01/2023		25,892.00	25,892.00	
09/01/2023	45,000	25,892.00	70,892.00	
09/30/2023				96,784.00
03/01/2024		25,412.75	25,412.75	
09/01/2024	45,000	25,412.75	70,412.75	
09/30/2024				95,825.50
03/01/2025		24,920.00	24,920.00	
09/01/2025	45,000	24,920.00	69,920.00	
09/30/2025				94,840.00
03/01/2026		24,400.25	24,400.25	
09/01/2026	45,000	24,400.25	69,400.25	
09/30/2026				93,800.50
03/01/2027		23,844.50	23,844.50	
09/01/2027	50,000	23,844.50	73,844.50	
09/30/2027				97,689.00
03/01/2028		23,097.00	23,097.00	
09/01/2028	50,000	23,097.00	73,097.00	
09/30/2028				96,194.00
03/01/2029		22,349.50	22,349.50	
09/01/2029	50,000	22,349.50	72,349.50	
09/30/2029				94,699.00
03/01/2030		21,602.00	21,602.00	
09/01/2030	55,000	21,602.00	76,602.00	
09/30/2030				98,204.00
03/01/2031		20,779.75	20,779.75	
09/01/2031	55,000	20,779.75	75,779.75	
09/30/2031				96,559.50

BOND DEBT SERVICE

United Irrigation District of Hidalgo County
System Revenue Notes, Taxable Series 2016B
Texas Water Development Board
State Water Implementation Revenue Fund for Texas
TAXABLE
Inversely Callable on 3/1/2027 @ par

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
03/01/2032		19,957.50	19,957.50	
09/01/2032	55,000	19,957.50	74,957.50	
09/30/2032				94,915.00
03/01/2033		19,014.25	19,014.25	
09/01/2033	60,000	19,014.25	79,014.25	
09/30/2033				98,028.50
03/01/2034		17,985.25	17,985.25	
09/01/2034	60,000	17,985.25	77,985.25	
09/30/2034				95,970.50
03/01/2035		16,956.25	16,956.25	
09/01/2035	60,000	16,956.25	76,956.25	
09/30/2035				93,912.50
03/01/2036		15,927.25	15,927.25	
09/01/2036	65,000	15,927.25	80,927.25	
09/30/2036				96,854.50
03/01/2037		14,812.50	14,812.50	
09/01/2037	65,000	14,812.50	79,812.50	
09/30/2037				94,625.00
03/01/2038		13,593.75	13,593.75	
09/01/2038	70,000	13,593.75	83,593.75	
09/30/2038				97,187.50
03/01/2039		12,281.25	12,281.25	
09/01/2039	70,000	12,281.25	82,281.25	
09/30/2039				94,562.50
03/01/2040		10,968.75	10,968.75	
09/01/2040	75,000	10,968.75	85,968.75	
09/30/2040				96,937.50
03/01/2041		9,562.50	9,562.50	
09/01/2041	75,000	9,562.50	84,562.50	
09/30/2041				94,125.00
03/01/2042		8,156.25	8,156.25	
09/01/2042	80,000	8,156.25	88,156.25	
09/30/2042				96,312.50
03/01/2043		6,656.25	6,656.25	
09/01/2043	85,000	6,656.25	91,656.25	
09/30/2043				98,312.50
03/01/2044		5,062.50	5,062.50	
09/01/2044	85,000	5,062.50	90,062.50	
09/30/2044				95,125.00
03/01/2045		3,468.75	3,468.75	
09/01/2045	90,000	3,468.75	93,468.75	

BOND DEBT SERVICE

United Irrigation District of Hidalgo County
System Revenue Notes, Taxable Series 2016B
Texas Water Development Board
State Water Implementation Revenue Fund for Texas
TAXABLE
Inversely Callable on 3/1/2027 @ par

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
09/30/2045				96,937.50
03/01/2046		1,781.25	1,781.25	
09/01/2046	95,000	1,781.25	96,781.25	
09/30/2046				98,562.50
	1,645,000	1,082,497.13	2,727,497.13	2,727,497.13

Note: Preliminary, subject to change.

NET DEBT SERVICE

United Irrigation District of Hidalgo County
System Revenue Notes, Series 2016A
Texas Water Development Board
State Water Implementation Revenue Fund for Texas
TAX-EXEMPT
Inversely Callable on 3/1/2027 @ par

Period Ending	Principal	Interest	Total Debt Service	Net Debt Service
09/30/2017		126,040.13	126,040.13	126,040.13
09/30/2018	110,000	168,053.50	278,053.50	278,053.50
09/30/2019	110,000	167,085.50	277,085.50	277,085.50
09/30/2020	110,000	166,007.50	276,007.50	276,007.50
09/30/2021	110,000	164,808.50	274,808.50	274,808.50
09/30/2022	165,000	163,455.50	328,455.50	328,455.50
09/30/2023	185,000	161,228.00	346,228.00	346,228.00
09/30/2024	185,000	158,527.00	343,527.00	343,527.00
09/30/2025	190,000	155,622.50	345,622.50	345,622.50
09/30/2026	190,000	152,449.50	342,449.50	342,449.50
09/30/2027	195,000	149,124.50	344,124.50	344,124.50
09/30/2028	200,000	145,244.00	345,244.00	345,244.00
09/30/2029	205,000	140,904.00	345,904.00	345,904.00
09/30/2030	210,000	136,148.00	346,148.00	346,148.00
09/30/2031	215,000	131,003.00	346,003.00	346,003.00
09/30/2032	220,000	125,477.50	345,477.50	345,477.50
09/30/2033	225,000	119,603.50	344,603.50	344,603.50
09/30/2034	230,000	113,416.00	343,416.00	343,416.00
09/30/2035	240,000	106,907.00	346,907.00	346,907.00
09/30/2036	245,000	99,923.00	344,923.00	344,923.00
09/30/2037	250,000	92,671.00	342,671.00	342,671.00
09/30/2038	260,000	85,121.00	345,121.00	345,121.00
09/30/2039	270,000	77,139.00	347,139.00	347,139.00
09/30/2040	275,000	68,742.00	343,742.00	343,742.00
09/30/2041	285,000	60,079.50	345,079.50	345,079.50
09/30/2042	295,000	51,016.50	346,016.50	346,016.50
09/30/2043	305,000	41,576.50	346,576.50	346,576.50
09/30/2044	315,000	31,755.50	346,755.50	346,755.50
09/30/2045	325,000	21,549.50	346,549.50	346,549.50
09/30/2046	335,000	10,954.50	345,954.50	345,954.50
	6,455,000	3,391,633.13	9,846,633.13	9,846,633.13

Note: Preliminary, subject to change.

NET DEBT SERVICE

United Irrigation District of Hidalgo County
System Revenue Notes, Taxable Series 2016B
Texas Water Development Board
State Water Implementation Revenue Fund for Texas
TAXABLE
Inversely Callable on 3/1/2027 @ par

Period Ending	Principal	Interest	Total Debt Service	Net Debt Service
09/30/2017		40,193.63	40,193.63	40,193.63
09/30/2018	20,000	53,591.50	73,591.50	73,591.50
09/30/2019	20,000	53,367.50	73,367.50	73,367.50
09/30/2020	20,000	53,111.50	73,111.50	73,111.50
09/30/2021	20,000	52,809.50	72,809.50	72,809.50
09/30/2022	35,000	52,459.50	87,459.50	87,459.50
09/30/2023	45,000	51,784.00	96,784.00	96,784.00
09/30/2024	45,000	50,825.50	95,825.50	95,825.50
09/30/2025	45,000	49,840.00	94,840.00	94,840.00
09/30/2026	45,000	48,800.50	93,800.50	93,800.50
09/30/2027	50,000	47,689.00	97,689.00	97,689.00
09/30/2028	50,000	46,194.00	96,194.00	96,194.00
09/30/2029	50,000	44,699.00	94,699.00	94,699.00
09/30/2030	55,000	43,204.00	98,204.00	98,204.00
09/30/2031	55,000	41,559.50	96,559.50	96,559.50
09/30/2032	55,000	39,915.00	94,915.00	94,915.00
09/30/2033	60,000	38,028.50	98,028.50	98,028.50
09/30/2034	60,000	35,970.50	95,970.50	95,970.50
09/30/2035	60,000	33,912.50	93,912.50	93,912.50
09/30/2036	65,000	31,854.50	96,854.50	96,854.50
09/30/2037	65,000	29,625.00	94,625.00	94,625.00
09/30/2038	70,000	27,187.50	97,187.50	97,187.50
09/30/2039	70,000	24,562.50	94,562.50	94,562.50
09/30/2040	75,000	21,937.50	96,937.50	96,937.50
09/30/2041	75,000	19,125.00	94,125.00	94,125.00
09/30/2042	80,000	16,312.50	96,312.50	96,312.50
09/30/2043	85,000	13,312.50	98,312.50	98,312.50
09/30/2044	85,000	10,125.00	95,125.00	95,125.00
09/30/2045	90,000	6,937.50	96,937.50	96,937.50
09/30/2046	95,000	3,562.50	98,562.50	98,562.50
	1,645,000	1,082,497.13	2,727,497.13	2,727,497.13

Note: Preliminary, subject to change.

Part C-46 Five Year Comparative System Operating Statement

United Irrigation District of Hidalgo County

Part C - 46: General Fund Statement of Activities and Changes in Fund Balance

	AUDITED Fiscal Year Ended September 30,					
	2010	2011	2012	2013	2014	2015
REVENUES						
Flat Rate Assessments, net	\$ 386,106	\$ 403,108	\$ 398,490	\$ 400,383	\$ 425,325	\$ 426,722
Bond Assessment Revenues	303	289	57	4	161	76
Water - Irrigation	229,271	400,846	386,178	431,467	242,159	160,022
Water - Non-Irrigation	777,700	913,935	1,122,313	1,078,909	968,054	933,419
Interest	772	492	1,260	3,212	4,647	2,864
Penalties	31,246	24,966	29,720	22,582	51,152	24,918
Management Fees (HCID #16)	511,346	517,250	534,477	549,707	503,523	475,818
Other Revenues	172,327	175,930	86,336	461,274	208,475	78,106
Sale of Assets	126,838	19,075	197,549	437,138	195,782	10,315
Water Allotment Sales	8,800	13,800	17,550	17,100	43,496	45,000
Water Contracts	335,778	457,974	522,867	498,051	416,699	424,270
Total Revenues	<u>\$ 2,580,487</u>	<u>\$ 2,927,665</u>	<u>\$ 3,296,797</u>	<u>\$ 3,899,827</u>	<u>\$ 3,059,473</u>	<u>\$ 2,581,530</u>
EXPENDITURES⁽¹⁾						
General and Administrative	\$ (869,889)	\$ (875,763)	\$ (947,980)	\$ (1,045,721)	\$ (1,021,866)	\$(1,002,774)
Maintenance	(315,978)	(444,852)	(569,930)	(677,131)	(583,766)	(591,245)
Operating	(824,310)	(1,133,233)	(1,056,335)	(1,113,373)	(1,090,195)	(825,364)
Capital Outlays	(438,331)	(307,726)	(246,519)	(142,066)	(403,637)	-
Total Expenditures	<u>\$ (2,448,508)</u>	<u>\$ (2,761,574)</u>	<u>\$ (2,820,764)</u>	<u>\$ (2,978,291)</u>	<u>\$ (3,099,464)</u>	<u>\$ (2,419,383)</u>
PLUS: OTHER SOURCES (USES)						
Operating Transfers In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Transfers Out	(1,129,261)	(33,009)	(154,340)	(810,243)	(333,442)	-
Total Other Sources	<u>\$ (1,129,261)</u>	<u>\$ (33,009)</u>	<u>\$ (154,340)</u>	<u>\$ (810,243)</u>	<u>\$ (333,442)</u>	<u>\$ -</u>
SPECIAL AND EXTRAORDINARY ITEMS						
Special Item	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -
Total Special and Extraordinary Items	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess of Revenues Over Expenses	<u>\$ 2,718</u>	<u>\$ 133,082</u>	<u>\$ 321,693</u>	<u>\$ 111,293</u>	<u>\$ (373,433)</u>	<u>\$ 162,147</u>
Beginning Fund Balance	<u>\$ 394,879</u>	<u>\$ 397,597</u>	<u>\$ 530,679</u>	<u>\$ 852,372</u>	<u>\$ 963,665</u>	<u>\$ 590,232</u>
Ending Fund Balance	<u>\$ 397,597</u>	<u>\$ 530,679</u>	<u>\$ 852,372</u>	<u>\$ 963,665</u>	<u>\$ 590,232</u>	<u>\$ 752,379</u>

(1) Net of Depreciation.

**Financial Statements
and
Independent Auditor's Report**

**UNITED IRRIGATION DISTRICT
OF HIDALGO COUNTY**

September 30, 2015

LONG CHILTON, LLP
Certified Public Accountants
4100 North Twenty-Third Street
McAllen, Texas 78504
(956) 686-3701

UNITED IRRIGATION DISTRICT
September 30, 2015

DIRECTORS AND OFFICERS

Jesus Garcia	President
Mike Helle	Vice President
Ricardo Garcia	Secretary
Kathleen E. Reavis	Member
Michael Broughton	Member

GENERAL MANAGER

Mike Warshak

TAX ASSESSOR-COLLECTOR

Lucia Balderas

ATTORNEY

Glenn Jarvis

UNITED IRRIGATION DISTRICT
For Year Ended September 30, 2015

TABLE OF CONTENTS

	Page <u>No.</u>
ANNUAL FILING AFFIDAVIT	4
INDEPENDENT AUDITOR’S REPORT.....	5
MANAGEMENT’S DISCUSSION AND ANALYSIS	8
BASIC FINANCIAL STATEMENTS	
Statement of Net Position.....	11
Statement of Revenues, Expenses and Changes in Net Position.....	13
Statement of Cash Flows.....	14
Notes to the Financial Statements	16
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues and Expenditures Compared to Budget (Budgetary Basis) (unaudited).....	34
Schedule of Employer Contributions (unaudited)	37
Schedule of Changes in Net Pension Liability and Related Ratios (unaudited)	38
Notes to Required Supplementary Information	39
OTHER SUPPLEMENTARY INFORMATION	
Schedule of Revenues, General and Administrative, Maintenance, Operating and Capital Outlay Expenditures	40
Schedule of Assessments Receivable	43
Schedule of Bond Assessments Receivable.....	44
Schedule of Lift Expenditures.....	45
Schedule of Insurance Coverage.....	46

ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS }
COUNTY OF Hidalgo }

I, Jesus Garcia of the
(Name of Duly Authorized District Representative)

United Irrigation District of Hidalgo County
(Name of District)

hereby swear, or affirm, that the District above has reviewed and approved at a meeting of the District's Board of Directors of the District on the 14th day of January, 2016, its annual audit report for the fiscal year or period ended September 30, 2015 and that copies of the annual audit report have been filed in the District's office, located at 2 Mile, North Conway, 3/4 Mile West, Mission, Texas 78573.

This filing affidavit and the attached copy of the audit report will be submitted to the Texas Commission on Environmental Quality to satisfy the annual filing requirements of Texas Water Code Section 49.194.

Date _____, _____

By: _____
(Signature of District Representative)

Jesus Garcia, President
(Name and Title)

Sworn to and subscribed to before me this ____ day of _____, _____.

(SEAL)

(Signature of Notary)

My Commission Expires On: _____,
Notary Public in the State of Texas

INDEPENDENT AUDITOR'S REPORT

Board of Directors of
United Irrigation District of Hidalgo County
Mission, Texas 78573

We have audited the accompanying financial statements of the United Irrigation District of Hidalgo County as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of September 30, 2015, and the changes in financial position and cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters Regarding Prior Period Adjustments and Change in Accounting Principle

As described in Note 2 to the financial statements, in 2015, the District adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions* and *GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter and *GASB Statement No. 68* and *71* are implemented in the year of adoption and are not retroactive.

As discussed in Note 14 to the financial statements, management has recorded prior period adjustments to reduce the flat assessment receivable, accounts payable and accrued compensated absence balances, record a WaterSMART grant receivable and record the adjustments resulting from implementing *GASB Statement Nos. 68* and *71*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8-10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United

States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Long Chilton LLP

LONG CHILTON, LLP
Certified Public Accountants

McAllen, Texas
January 14, 2016

MANAGEMENT DISCUSSION AND ANALYSIS

Discussion and analysis of the District's financial performance provide an overview of the District's financial activities for the fiscal year ended September 30, 2015.

Financial Highlights

- The District's net position increased by \$336,326 or about 2.3% as a result of this year's operations
- Net operating revenues decreased \$129,344 to \$1,944,509.
- Total revenues decreased by \$181,174 to \$3,100,652.
- Total expenditures decreased by \$300,403 to \$2,764,326.
- The District's capital improvement project to canals and first lift pumping plant entered into its seventh year. The project is funded through a grant from the Bureau of Reclamation, proceeds from sale of easements, service contract, and other revenues. The District expended \$200,414 on the project during 2015.
- The District is in the second year of the Bureau of Reclamation WaterSMART grant. The grant is for the relining of canals and replacement of the main flume. The grant includes the construction of a wind powered pump to utilize renewable energy. The District expended \$854,613 on the project during 2015.

Overview of the Financial Statements

This annual report consists of three parts—management's discussion and analysis (this section), the financial statements, and supplementary information. The financial statements present District operations as an enterprise fund. An enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other supplementary information that further explains and supports the information in the financial statements.

Financial Statement Analysis

The basic financial statements report the District's net position, and how they have changed. Net position – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating.

Our analysis below focuses on the District's net position (Table 1) and changes in net position (Table 2) for the year ended September 30, 2015 and 2014.

Table 1

	2015	2014
Capital Assets	\$ 9,815,097	\$ 9,111,638
Current and Other Assets	4,329,958	4,365,652
Total Assets	<u>\$ 14,145,055</u>	<u>\$ 13,477,290</u>
Current and Non Current Liabilities	\$ 115,122	\$ 165,860
Total Liabilities	<u>115,122</u>	<u>165,860</u>
Net Position		
Net Investment in Capital Assets	9,815,097	9,111,638
Unrestricted	<u>4,214,836</u>	<u>4,581,970</u>
Total Net Position, as restated	<u>14,029,933</u>	<u>13,693,608</u>
Total Liabilities and Net Position	<u>\$ 14,145,055</u>	<u>\$ 13,477,290</u>

Changes in the District's net position can be determined by reviewing the following condensed Statements of Revenue, Expenditures and Net Position for the years ended September 30, 2015 and 2014.

Table 2

	2015	2014
Net Operating Revenues	\$ 1,944,509	\$ 3,032,783
Other Revenues	1,156,143	249,043
Total Revenues	<u>3,100,651</u>	<u>3,281,825</u>
Operating and Non Operating Expenditures	<u>2,764,326</u>	<u>3,064,729</u>
Total Expenditures	<u>2,764,326</u>	<u>3,064,729</u>
Increase (decrease) in net position	336,326	217,098
Net Position at beginning of year, as restated	<u>13,693,608</u>	<u>13,476,510</u>
Net Position at end of year	<u>\$ 14,029,933</u>	<u>\$ 13,693,608</u>

Total revenues decreased by \$181,174 or approximately 5.5% due to less water sales. Total expenditures decreased by \$300,403 or approximately 9.8%.

Analysis of Changes in Capital Assets and Long-Term Debt

On September 30, 2015, the District had \$9,815,097 invested in Capital Assets including Land, Buildings, Permanent Improvements, Equipment, Furniture and Fixtures, Meters, Computer Equipment and Construction in Progress. The following table summarizes the District's capital assets, net of accumulated depreciation, for the years ended September 30, 2015 and 2014.

Table 3

	2015	2014
Land	\$ 263,996	\$ 263,996
Pipelines & Canals	7,088,562	5,646,894
Buildings	107,506	113,830
Lifts & Pumps	468,988	500,996
Machinery & Equipment	424,947	516,466
	\$ 8,353,999	\$ 7,042,182
Construction in Progress	1,461,098	2,069,456
	<u>\$ 9,815,097</u>	<u>\$ 9,111,638</u>

The following table summarizes the changes in capital assets.

Table 4

	2015	2014
Balance at beginning of year	\$ 9,111,638	\$ 8,221,527
Additions	1,085,650	320,628
Retirements	(9,025)	(34,950)
Depreciation	(382,191)	(368,902)
Accumulated Depreciation Retired	9,025	34,950
Increase (Decrease) in Const. In Progress	-	938,385
	<u>\$ 9,815,097</u>	<u>\$ 9,111,638</u>

In March of 2007, the Bureau of Reclamation awarded a grant to the District to plan, design and construct the rehabilitation of various canal facilities and first lift pumping plant. The total project cost is estimated at \$14,969,586. Under the agreement, the Federal share of reimbursements for the project costs shall not exceed 50% or \$7,484,783. The District plans to budget amounts each year to complete individual sections of the project over a number of years.

The District has no long-term debt for the years ended September 30, 2015.

Economic Factors and Next Year's Budget

The income for next year's budget will come from water sales (agricultural and municipal) and sales of surplus property, Bureau of Reclamation grant reimbursements and from aggressive assessment collections.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office at United Irrigation District, P.O. Box 877, Mission, TX 78573.

BASIC FINANCIAL STATEMENTS

UNITED IRRIGATION DISTRICT OF HIDALGO COUNTY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

ASSETS

CURRENT ASSETS

Deposits and investments	
Cash and cash equivalents	\$ 553,617
Short term investments	<u>951,654</u>
Total deposits and short term investments	<u>1,505,271</u>
Flat rate assessment receivable, net	37,572
Accounts receivable:	
City of McAllen	22,632
City of Mission	72,530
Sharyland Water Supply	31,871
Grant receivable	14,184
Other	64,886
Inventories	63,912
Prepaid assets	<u>59,407</u>
Total Current Assets	<u>1,872,265</u>

NON CURRENT ASSETS

Flat rate assessment receivable, net	247,919
Grant receivable	1,891,095
Net pension asset	218,012
Capital assets, net	<u>9,815,097</u>
Total Non Current Assets	<u>12,172,123</u>

DEFERRED OUTFLOWS OF RESOURCES

Net difference between projected and actual earnings	34,038
Contributions made subsequent to measurement date	<u>66,629</u>
Total Deferred Outflows of Resources	<u>100,667</u>

Total Assets	<u>\$ 14,145,055</u>
--------------	----------------------

(Continued on next page)

The accompanying notes are an integral part of these financial statements.

UNITED IRRIGATION DISTRICT OF HIDALGO COUNTY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

(Continued)

LIABILITIES AND NET POSITION

LIABILITIES	
Accounts payable	\$ 64,105
Construction payable	18,914
Other current liabilities	<u>28,711</u>
Total Current Liabilities	<u>111,730</u>
DEFERRED INFLOWS OF RESOURCES	
Differences between expected and actual experience	3,393
NET POSITON	
Net investment in capital assets	9,815,097
Unrestricted	<u>4,214,836</u>
Total Net Position	<u>14,029,933</u>
Total Liabilities and Net Position	<u>\$ 14,145,055</u>

The accompanying notes are an integral part of these financial statements.

UNITED IRRIGATION DISTRICT OF HIDALGO COUNTY
STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Operating revenues	
Flat rate assessments, net	\$ 426,798
Water sales - irrigation	160,022
Water sales - non-irrigation & contracts	<u>1,357,689</u>
Total operating revenues	<u>1,944,509</u>
Operating expenses	
Salaries and wages	651,430
Payroll taxes	81,223
Employee benefits	201,458
Depreciation	344,942
Insurance	82,685
Miscellaneous	8,854
Office	76,704
Professional fees	327,491
Repairs and maintenance	127,376
Utilities	288,971
Texas Water Commission fees	22,263
Telephone	6,099
Rent	10,682
Vehicle & tractor expense	128,771
Tools & supplies	<u>70,104</u>
Total operating expenses	<u>2,429,053</u>
Operating income (loss)	<u>(484,544)</u>
<u>Non-operating revenues (expenses)</u>	
Interest & penalties	36,482
Management fees	475,818
Administrative fees	25,300
Rents & royalties	26,466
Other revenues	36,655
Allotment water sales	45,000
Reimbursed project expenses	(43,292)
Hidalgo County Improvement District 16 expenses	<u>(291,981)</u>
Total non-operating revenues (expenses)	<u>310,448</u>
Income/(loss) before capital contribution	(174,096)
Capital contribution - grant income	<u>510,421</u>
Change in net position	336,325
Net position at September 30, 2014	13,477,290
Prior Period Adjustments	<u>216,318</u>
Net position at September 30, 2014, as restated	<u>13,693,608</u>
Net position at end of year	<u>\$ 14,029,933</u>

The accompanying notes are an integral part of these financial statements.

UNITED IRRIGATION DISTRICT OF HIDALGO COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Cash flows from operating activities:	
Cash received from assessments	\$ 407,061
Cash received from customers	2,077,207
Payments to employees	(1,286,319)
Payments to suppliers	(1,131,659)
Other receipts (payments)	<u>18,898</u>
Net cash provided (used) by operating activities	<u>85,188</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets, net	(13,879)
Payments for construction activities	<u>(580,264)</u>
Net cash provided (used) by capital and related financing activities	<u>(594,143)</u>
Cash flows from investing activities:	
Certificate of deposit redemption	500,000
Interest income from certificates of deposit	<u>11,564</u>
Net cash provided (used) by investing activities	<u>511,564</u>
Increase (decrease) in cash	2,609
Cash and cash equivalents at beginning of year	<u>551,008</u>
Cash and cash equivalents at end of year	<u>\$ 553,617</u>

(Continued on next page)

The accompanying notes are an integral part of these financial statements.

UNITED IRRIGATION DISTRICT OF HIDALGO COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

(Continued)

Reconciliation of operating income to net cash provided (used) by operating activities	
Operating income (loss)	\$ (484,544)
Adjustments to reconcile operating income to net cash provided (used) by to net cash provided (used) by operating activities	
Depreciation	344,942
Miscellaneous non-operating income (expenses)	369,762
Changes in assets and liabilities	
(Increase) decrease in accounts receivable	(6,359)
(Increase) decrease in inventories	(6,440)
(Increase) decrease in prepaid assets	(35,861)
(Increase) decrease in deferred outflows of resources	(100,667)
Increase (decrease) in accounts payable	13,440
Increase (decrease) in construction payable	18,914
Increase (decrease) in other current liabilities	(27,999)
Increase (decrease) in deferred inflows of resources	<u>3,393</u>
Net cash provided (used) by operating activities	<u>\$ 85,188</u>

Non-cash investing, capital, and financing activities for the year:

Capital asset additions - Infrastructure improvements funded by grant awards	<u>\$ 510,421</u>
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The accompanying notes are an integral part of these financial statements.

UNITED IRRIGATION DISTRICT OF HIDALGO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1 – CREATION OF DISTRICT

On November 22, 1927, the Commissioners Court of Hidalgo County, Texas, granted a petition for the organization of Hidalgo County Water Control and Improvement District Number Seven. The petition was protested, but the 93rd District Court of Hidalgo County, Texas rendered its judgment creating the District on January 18, 1928. The Board of Directors held its first meeting on February 3, 1928. The first bonds were issued on March 15, 1928 for the purchase of the irrigation water delivery facilities of the United Irrigation Company within the boundaries of the District.

In 1931 property owners voted to form Hidalgo County Water Control and Improvement District Number Fourteen. The Board of Directors held its first meeting on December 29, 1931. This District was formed with the purpose of purchasing the irrigation facilities of the United Irrigation Company within the boundaries of the District. Many attempts were made to purchase these facilities, but for various reasons an agreeable price was not obtained until 1950. On October 20, 1951, the electorate approved the proposed agreement.

On July 11, 1980 and August 14, 1980, respectively, the Board of Directors of Hidalgo County Water Control and Improvement District Nos. Seven and Fourteen approved resolutions converting the Districts to irrigation districts under Chapter 58 of the Texas Water Code and changing their official names to reflect their reorganization under the new statutory format. The reorganization and conversion of the two Water Control and Improvement Districts to Irrigation Districts under Chapter 58 was occasioned in order that the statutory powers and authorities of the two Districts would be more clearly and correctly aligned with the purposes and functions for which the Districts were originally created.

On August 8, 1987, the eligible voters within the assessment jurisdiction of Hidalgo County Irrigation District Number Seven and Hidalgo County Irrigation District Number Fourteen elected to consolidate the two districts into one entity. The new entity, United Irrigation District of Hidalgo County, has adopted September 30th for its fiscal year reporting.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The United Irrigation District of Hidalgo County (the District) basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units in conjunction with the Water District Financial Management Guide published by the Texas Commission on Environmental Quality. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The District is legally separate and is fiscally independent of other state and local governments, it is a primary government and not included in any other governmental reporting entity. The District has no component units. The District is governed by five (5) elected directors and has governance over all activities related to a Texas Water District.

UNITED IRRIGATION DISTRICT OF HIDALGO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of Accounting, Measurement Focus and Financial Statement Presentation

The District's fund is an enterprise fund. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise funds are proprietary funds used to account for business-like activities provided to the general public. These activities are financed by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. Proprietary funds are accounted for on a flow of economic resources measurement focus, whereby all assets and liabilities associated with the operation of these funds are included on the balance sheet. Enterprise fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

The financial statements of the District have been prepared on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Levy assessments are recognized as revenues in the year for which they are levied.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. As business-type activities, the District's operating revenues are defined as the result of exchange transactions with those who purchase, use, or directly benefit from the goods or services of the District. The principal operating revenues are fees related to water sales. Operating expenses include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Non-operating revenues include activities that have the characteristic of non-exchange transactions by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting* and GASB Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. The major non-operating revenues are management fees associated with managing the activities of Hidalgo County District Number 16. Transactions for which cash flows are reported as capital and related financing activities, non-capital financing activities, or investing activities are reported as non-operating revenues or non-operating expenses.

New Accounting Standards Adopted

In fiscal year 2015, the District adopted five new statements of financial accounting standards issued by the Governmental Accounting Standards Board:

- Statement No. 67, *Financial Reporting for Pension Plans -an amendment of GASB Statement No. 25.*
- Statement No. 68, *Accounting and Financial Reporting for Pensions -an amendment of GASB Statement No. 27*
- Statement No. 69, *Government Combinations and Disposals of Government Operations*
- Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*
- Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date -an amendment of GASB Statement No. 68.*

UNITED IRRIGATION DISTRICT OF HIDALGO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statement No. 67 establishes financial reporting standards, but not funding or budgetary standards, for state and local government defined benefit pension plans and defined contribution pension plans that are administered through trusts or equivalent arrangements (Pension Trusts) in which:

- a. Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- b. Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- c. Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

For defined benefit pension plans, this Statement establishes standards of financial reporting for separately issued financial reports and presentation as pension trust funds in the financial statements of another government, and specifies the required approach to measuring the pension liability of employers and any nonemployer contributing entities for benefits provided through the pension plan (the net pension liability), about which certain information is required to be presented. Distinctions are made regarding the particular presentation requirements depending upon the type pension plan administered. For defined contribution plans, the Statement provides specific note disclosure requirements. The adoption of Statement No. 67 has no impact on the District's financial statements.

Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local government employers through pension plans that are administered through trusts or equivalent arrangements criteria detailed above in the description of Statement No. 67. This Statement replaces the requirement of Statement No. 27, *Accounting/or Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans within the scope of the Statement.

The requirements of Statement No. 68 apply to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts or equivalent arrangements as described above, and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed. For defined benefit pension plans, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The adoption of Statement No. 68 has resulted in the restatement of the District's beginning net position for the fiscal year 2014 financial statements to reflect the reporting of net pension liabilities and deferred inflows of resources and deferred outflows of resources for its qualified

UNITED IRRIGATION DISTRICT OF HIDALGO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

pension plan and the recognition of pension expense in accordance with the provisions of the Statement. Net position as of September 1, 2014 was increased by \$287,957 to reflect the cumulative effect of adoption.

Statement No. 69 improves financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. The term "government combinations" is used to refer to a variety of arrangements including mergers and acquisitions. Mergers include combinations of legally separate entities without the exchange of significant consideration. Government acquisitions are transactions in which a government acquires another entity, or its operations, in exchange for significant consideration. Government combinations also include transfers of operations that do not constitute entire legally separate entities in which no significant consideration is exchanged. Transfers of operations may be present in shared service arrangements, reorganizations, redistricting, annexations, and arrangements in which an operation is transferred to a new government created to provide those services.

There was no impact on the District's financial statements as a result of the implementation of Statement No. 69.

Statement No. 70 was issued to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

The Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. The Statement requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units.

There was no impact on the District's financial statements as a result of the implementation of Statement No. 70.

Statement No.71 amends Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent other measurement date of the beginning net pension liability. Since the measurement date of the pension plan was different than the District's fiscal year-end, the effect from the District's reported contributions to the plan subsequent to the respective measurement date of the plan is an increase in deferred outflow of resources and a decrease in net position.

UNITED IRRIGATION DISTRICT OF HIDALGO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Data

Formal budgetary accounting is employed as a management control for the general fund of the district. An annual budget is adopted each fiscal year by the Board of Directors, and during the current year, the budgetary data was not amended. The budget is prepared on the same basis of accounting as that used to reflect actual revenues and expenditures recognized on the basis of generally accepted accounting principles.

Cash and Cash Equivalents

For purposes of the basic financial statements, cash and cash equivalents include all highly liquid investments with a maturity of three months or less.

Investments

In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Pools, investments are reported at fair value. Short term investments, having an original maturity greater than three months, but less than one year at the time of purchase, are reported at amortized cost.

Inventories

Inventories are stated at lower of cost or market. Reported inventories are equally offset by a nonspendable fund balance which indicates that they do not constitute “available spendable resources” even though they are component of net current assets.

Capital Assets

Capital assets, including infrastructure assets, owned by the District are stated at the historical cost of the assets, and any contributions by others are recorded at fair market values on the date of receipt. Repairs are not capitalized. Replacements of capital assets are capitalized only to the extent that they materially exceed the cost of original assets. Construction work in progress represents costs accumulated for the replacement of sections of the District’s canal lining and other projects that were not completed at year end. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of two years.

Buildings, furniture and equipment for the District are depreciated using the straight line method over the following estimated useful lives:

Buildings	40
Building Improvements	40
Infrastructure	60
Vehicles	5 to 20
Office Equipment	5
Computer Equipment	5

UNITED IRRIGATION DISTRICT OF HIDALGO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources/Other Assets and Liabilities

Certain defined transactions that do not qualify for treatment as either assets or liabilities are required to be accounted for and reported as either deferred outflows of resources (a separate subheading following assets, but before liabilities) or deferred inflows of resources (a separate subheading following liabilities but before net position).

Deferred outflows of resources – a consumption of net position by the government that is applicable to a future reporting period and so will not be recognized as an outflow of resources (expenses) until then. It has a positive effect on net position, similar to assets.

Deferred outflows of resources results from pension plan contributions made after the measurement date of the net pension liability and the results of differences between expected and actual actuarial experiences. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan which is currently 4 years

Deferred inflows of resources – an acquisition of net assets by the government that is applicable to a future reporting period and so will not be recognized as an inflow of resources (revenues) until then. It has a negative effect on net position, similar to liabilities.

Deferred inflows of resources result from differences between projected and actual earnings on pension plan investments. These amounts will be amortized over a closed five year period.

Net Position

The District's net assets are classified as follows:

- Net investment in capital assets - consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any debt attributable to the acquisition, construction, or improvement of those assets. The District has no debt.
- Restricted net assets – consists of net assets that are subject to a legally enforceable restriction on their use. The District has no restricted net assets.
- Unrestricted net assets – consists of all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Capital Contributions

Capital contributions are comprised of federal and state grants used for capital purposes and are reflected in the statement of revenues, expenses and changes in net position.

UNITED IRRIGATION DISTRICT OF HIDALGO COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2015

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

NOTE 3 – DEPOSITS AND INVESTMENTS

The District’s cash and cash equivalents at September 30, 2015 are as follows:

	Balance
Checking Accounts	\$ 253,617
Certificates of Deposit	300,000
Total Cash & Cash Equivalents	\$ 553,617

The District’s short term investments at September 30, 2015 are \$951,654, made up of Certificates of Deposits with maturity dates between 4-12 months. Total interest earned on the certificates of deposit at September 30, 2015 is \$11,564.

The District’s demand deposits and certificates of deposit were fully covered by federal deposit insurance of \$250,000 and pledged securities with a market value of \$1,861,354 held by the District’s custodial bank in the District’s name. All deposits are in a single financial institution and are carried at cost. The District’s certificates of deposit are as follows:

Certificate Number	Interest Rate	Maturity	Face Amount
45208985	1.09%	10/19/15	100,000
45209035	1.09%	10/27/15	50,000
45209924	0.85%	12/16/15	50,000
45209709	0.85%	12/18/15	100,000
Certificates of Deposit included in cash and cash equivalents			300,000
45208144	1.09%	01/15/16	101,654
45209459	0.25%	02/26/16	50,000
45210972	1.09%	05/02/16	100,000
45210973	1.09%	05/02/16	100,000
45209627	1.09%	05/09/16	150,000
45210153	1.09%	05/16/16	250,000
45210789	1.09%	07/11/16	100,000
45209707	0.35%	09/18/16	100,000
Certificates of Deposit included in short term investments			951,654
			\$ 1,251,654

Interest Rate Risk – In accordance with the State of Texas, Public Funds Investment Act, the District limits its exposure to interest rate risk by investing in securities whose maturities will not exceed the District’s liquidity and cash flow requirements.

UNITED IRRIGATION DISTRICT OF HIDALGO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Credit Risk – In accordance with the State of Texas, Public Funds Investment Act and the District’s investment policy, the District limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by limiting its investment types to obligations of the United States, U.S. state obligations or certificates of deposit which are secured by obligations described above.

Concentration of Credit Risk – The District’s investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the State of Texas, Public Funds Investment Act.

NOTE 4 – FLAT RATE ASSESSMENT

For the year ended September 30, 2015, the District’s flat rate assessment was levied at the rate of \$18.00 per acre on a total of 24,122 acres. Flat rate levies are due on June 1 of each year and have penalties and interest accruing if paid after June 30. The annual flat rate levy is recorded as revenue and assessments receivable, after subtracting that portion estimated to be uncollectible. As assessments are collected, the receivable account is reduced. Uncollectible assessments are recorded in such a manner so as to reflect the amount of assessments reasonably estimated to be collected based on prior experience. The District’s flat rate assessments receivable at September 30, 2015 was \$408,487 with an allowance of \$122,996.

NOTE 5 – FEDERAL AWARDS

In March 2007, the Bureau of Reclamation (“Bureau”) awarded a grant to the District to plan, design and construct the rehabilitation of various canal facilities and the first lift pumping plant. The project will benefit the public by improving water supply, increasing the efficiency of irrigated farming and conserve energy. The total project cost is estimated at \$14,969,586. Under the agreement, the Federal share of reimbursements for the project costs shall not exceed 50% or \$7,484,793. As of September 30, 2015, the District has incurred \$4,190,044 of project expenditures which was approved by the Bureau. As of September 30, 2015, Federal reimbursement amounts due to the District totaled \$1,891,095. Reimbursement under this grant is subject to U.S. Congress appropriations. Project reimbursement is expected to exceed one year; therefore, the receivable balance is included in non-current assets on the statement of net position. During the current fiscal year, total expenses on the grant are \$200,414, including \$29,308 of capitalized internal labor.

In 2013, the District was awarded a grant from the Bureau, known as the WaterSMART project. The grant is for the relining of canals and replacement of the main flume. The grant includes the construction of a wind powered pump to utilize renewable energy. The project is expected to be completed during the 2016 fiscal year. The total grant is \$2,778,962, of which the District is responsible for a 52% cost share, totaling \$1,445,060. As of September 30, 2015, the District has incurred \$1,312,207 of project expenditures which was approved by the Bureau. As of September 30, 2015, Federal reimbursement amounts due to the District totaled \$14,184, shown as grant receivable on the Statement of Net Position. During the current fiscal year, total expenses on the grant are \$854,613, including \$77,594 of capitalized internal labor.

Grant expenses are capitalized, included as construction in progress on the Statement of Net Position. Grant reimbursements are recorded as capital contribution on the Statement of Revenues, Expenses, and Changes in Net Position.

UNITED IRRIGATION DISTRICT OF HIDALGO COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2015

NOTE 6 – CHANGES IN INVESTMENT IN CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2015 was as follows:

	9/30/2014	Increases	Decreases	9/30/2015
Capital assets, not being depreciated:				
Real estate	\$ 263,997	\$ -	\$ -	\$ 263,997
Pipelines and canals in progress	2,069,456	1,071,771	1,680,129	1,461,098
Total capital assets, not being depreciated	<u>2,333,453</u>	<u>1,071,771</u>	<u>1,680,129</u>	<u>1,725,095</u>
Capital assets, being depreciated:				
Pipelines and canals	12,063,966	1,680,129	-	13,744,095
Buildings	252,955	-	-	252,955
Power equipment	584,963	-	-	584,963
Trucks and cars	571,904	-	-	571,904
Tractors	434,329	-	-	434,329
Shop equipment	203,467	13,879	9,025	208,321
Sundry equipment	139,095	-	-	139,095
Radios	41,081	-	-	41,081
Computer equipment	23,541	-	-	23,541
Structure, equipment and pumps	1,152,333	-	-	1,152,333
Bryan main canal	280,463	-	-	280,463
Rehabilitation projects - 1st lift	51,087	-	-	51,087
Rehabilitation projects - 2nd lift	663,703	-	-	663,703
Rehabilitation projects - 3rd lift	582,658	-	-	582,658
Engineering and professional fees	281,652	-	-	281,652
Total capital assets, being depreciated	<u>17,327,197</u>	<u>1,694,008</u>	<u>9,025</u>	<u>19,012,180</u>
Total capital assets	19,660,651	2,765,779	1,689,154	20,737,275
Less accumulated depreciation	<u>10,549,012</u>	<u>382,192</u>	<u>9,025</u>	<u>10,922,179</u>
Total capital assets, net	<u>\$ 9,111,639</u>	<u>\$ 2,383,587</u>	<u>\$ 1,680,129</u>	<u>\$ 9,815,097</u>

Accumulated depreciation for the year ended September 30, 2015 was as follows:

	9/30/2014	Increases	Decreases	9/30/2015
Pipelines and Canals	\$ 6,454,467	\$ 201,066	\$ -	\$ 6,655,533
Buildings	139,125	6,324	-	145,449
Power Equipment	584,963	-	-	584,963
Trucks and Cars	404,914	58,506	-	463,420
Tractors	207,582	23,124	-	230,706
Shop Equipment	109,459	17,183	9,025	117,617
Sundry Equipment	131,195	1,200	-	132,395
Radios	37,919	677	-	38,596
Computer Equipment	5,885	4,708	-	10,593
Structure, Equipment and Pumps	861,883	38,411	-	900,294
Bryan Main Canal	243,067	4,674	-	247,741
Rehabilitation Projects - 1st Lift	44,273	851	-	45,124
Rehabilitation Projects - 2nd Lift	575,211	11,062	-	586,273
Rehabilitation Projects - 3rd Lift	504,971	9,711	-	514,682
Engineering and Professional Fees	244,098	4,695	-	248,793
	<u>\$ 10,549,012</u>	<u>\$ 382,192</u>	<u>\$ 9,025</u>	<u>\$ 10,922,179</u>
Book Value	<u>\$ 9,111,639</u>			<u>\$ 9,815,097</u>

UNITED IRRIGATION DISTRICT OF HIDALGO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 13 – COMMITMENTS AND CONTINGENCIES *(Continued)*

B. Federally Assisted Grant Programs

District is the recipient of a federally assisted grant programs. Although the grant activity is below the threshold of the provisions of the Single Audit Act, the programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although the District expects such amount, if any, to be immaterial.

NOTE 14 – PRIOR PERIOD ADJUSTMENTS

Net position was revised for reductions in the flat rate assessment receivable, accounts payable and accrued compensated absences balances, and to record a WaterSMART grant receivable in the prior year. Net position was also revised for the adoption of Statement No.'s 68 and 71, as discussed in Note 2. The total effect of these prior period adjustments is a \$216,318 increase in unrestricted net position at September 30, 2014.

NOTE 15 – RETIREMENT

Plan Description

The District provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of over 600 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034. Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas State statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's deposits to the plan, the interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated deposits and the employer-financed monetary credits to a monthly annuity using the annuity purchase rates prescribed by the TCDRS Act.

Funding Policy

The employer has elected the annually determined contribution rate (Variable Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the

UNITED IRRIGATION DISTRICT OF HIDALGO COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2015

NOTE 16 – RETIREMENT (Continued)

TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 7.0% for the accounting year 2015. The deposit rate payable by the employee members for the calendar years 2015 is the rate of 7.0% as adopted by the governing body of the employer. The employee contributions rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Annual Pension Cost

For the employer’s accounting year ending September 30, 2015, the pension cost for the TCDRS plan for its employees was \$88,796 and the actual contributions were \$88,796.

The annual required contributions were actuarially determined as a fixed percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuation as of December 31, 2014, the basis for determining the contribution rates for calendar year 2015. The December 31, 2014 actuarial valuation is the most recent valuation.

Actuarial Valuation Information

Actuarial Valuation Date	December 31, 2014
Actuarial Cost Method	Entry age
Amortization Method	Level percentage of payroll, closed
Amortization Period	5 years
Asset Valuation Method	SAF: 5-yr smoothed value ESF: Fund value
Actuarial Assumptions	
Investment Return	8.10%
Projected Salary Increases	3.50%
Inflation	3.00%
Cost of Living Adjustment	0.00%

United Irrigation District of Hidalgo County

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
August 31, 2013	\$73,589	100%	\$0
August 31, 2014	\$73,136	100%	\$0
August 31, 2015	\$69,299	100%	\$0

UNITED IRRIGATION DISTRICT OF HIDALGO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 16 – RETIREMENT (Continued)

Schedule of Funding Progress for the Retirement Plan for the Employees of United Irrigation District of Hidalgo County

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Acrued Liability (AAL)	Overfunded (Underfunded) UAAL	Funded Ratio	Annual Covered Payroll	UAAL as % of Covered Payroll
12/31/2012	\$ 2,353,005	\$ 403,467	\$ (50,462)	97.90%	\$ 1,025,931	(4.92%)
12/31/2013	2,074,202	2,129,146	(54,944)	97.42%	1,033,867	(5.31%)
12/31/2014	2,100,362	2,128,096	(27,734)	98.70%	1,058,062	(2.62%)

Net Pension Liability / (Asset)

Net Pension Liability / (Asset)	December 31, 2013	December 31, 2014
Total pension liability	\$2,994,277	\$3,146,561
Fiduciary net position	3,207,650	3,364,572
Net pension liability / (asset)	(213,373)	(218,012)
Fiduciary net position as a % of total pension liability	107.18%	106.93%
Pensionable covered payroll(1)	\$1,033,867	\$1,058,062
Net pension liability as a % of covered payroll	(20.64%)	(20.60%)

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below.

Note: Rounding differences may exist above or in other tables in this report.

1) Payroll is calculated based on contributions as reported to TCDRS.

Discount Rate	12-31-13	12-31-14
Discount rate(2)	8.10%	8.10%
Long-term expected rate of return, net of investment expense(2)	8.10%	8.10%
Municipal bond rate(3)	Does not apply	Does not apply

2) This rate reflects the long-term rate of return funding valuation assumption of 8.00%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB 68.

3) The plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply.

Other Key Actuarial Assumptions

The actuarial assumptions that determined the total pension liability as of December 31, 2014 were based on the results of an actuarial experience study for the period January 1, 2009 - December 31, 2012, except where required to be different by GASB 68.

Valuation date	Dec. 31, 2013	Dec. 31, 2014
Measurement date	Dec. 31, 2013	Dec. 31, 2014
Reporting date	Employer Beg. Fiscal Year	Employer FYE

UNITED IRRIGATION DISTRICT OF HIDALGO COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2015

NOTE 16 – RETIREMENT (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation.

The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2015 information for a 7-10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2009 -December 31, 2013 for more details.

Asset Class	Benchmark	Target Allocation(1)	Geometric Real Rate of Return (Expected minus Inflation)(2)
US Equities	Dow Jones U.S. Total Stock Market Index	16.50%	5.35%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index(3)	12.00%	8.35%
Global Equities	MSCI World (net) Index	1.50%	5.65%
International Equities -Developed	50% MSCI World Ex USA (net) + 50% MSCI World ex USA 100% Hedged to USD (net) Index	11.00%	5.35%
International Equities -Emerging	50% MSCI EM Standard (net) Index + 50% MSCI EM 100% Hedged to USD (net) Index	9.00%	6.35%
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	3.00%	0.55%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.75%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	5.00%	5.54%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	2.00%	5.80%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.00%	6.75%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRNNAREIT Global Real Estate Index	2.00%	4.00%
Commodities	Bloomberg Commodities Index	2.00%	-0.20%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index(4)	3.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	25.00%	5.15%

1) Target asset allocation adopted at the April 2015 TCDRS Board meeting.

2) Geometric real rates of return in addition to assumed inflation of 1.7%, per Cliffwater's 2015 capital market assumptions.

(3) Includes Vintage years 2006-present of Quarter Pooled Horizon IRRs.

4) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

UNITED IRRIGATION DISTRICT OF HIDALGO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 16 – RETIREMENT (Continued)

Depletion of Plan Assets / GASS Discount Rate

The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. Our alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

- 1 TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
- 2 Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
- 3 The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
- 4 Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

UNITED IRRIGATION DISTRICT OF HIDALGO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 16 – RETIREMENT (Continued)

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 8.10%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.00%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

Changes in Net Pension Liability / (Asset)

Changes in Net Pension Liability / (Asset)	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability / (Asset)
	(a)	(b)	(a) - (b)
Balances as of December 31, 2013	\$ 2,994,277	\$ 3,207,650	\$ (213,373)
Changes for the year:			
Service cost	122,520	-	122,520
Interest on total pension liability(1)	239,251	-	239,251
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	(4,242)	-	(4,242)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(25,585)	(25,585)	-
Benefit payments	(179,660)	(179,660)	-
Administrative expenses	-	(2,530)	2,530
Member contributions	-	74,064	(74,064)
Net investment income	-	217,401	(217,401)
Employer contributions	-	74,064	(74,064)
Other(2)	-	(831)	831
Balances as of December 31, 2014	\$ 3,146,561	\$ 3,364,573	\$ (218,012)

(1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

2) Relates to allocation of system-wide items.

Sensitivity Analysis

The following presents the net pension liability of the county/district, calculated using the discount rate of 8.10%, as well as what the Hidalgo County Irrigation District #1 net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

UNITED IRRIGATION DISTRICT OF HIDALGO COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2015

NOTE 16 – RETIREMENT (Continued)

1%	Current	1%
Decrease	Discount Rate	Increase
7.10%	8.10%	9.10%

Total pension liability	\$ 3,560,518	\$ 3,146,561	\$ 2,805,917
Fiduciary net position	3,364,572	3,364,572	3,364,572
Net pension liability / (asset)	\$ 195,946	\$ (218,011)	\$ (558,655)

Pension Expense / (Income)

	January 1, 2014 to December 31, 2014
Pension Expense / (Income)	
Service cost	\$ 122,520
Interest on total pension liability (1)	239,251
Effect of plan changes	0
Administrative expenses	2,530
Member contributions	(74,064)
Expected investment return net of investment expenses	(259,948)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(848)
Recognition of assumption changes or inputs	0
Recognition of investment gains or losses	(8,509)
Other(2)	(831)
	\$ 38,781

- 1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.
 2) Relates to allocation of system-wide items.

For the year ended September 30, 2015, the district recognized pension expense of \$61,467
 As of December 31, 2014, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Deferred Inflows / Outflows of Resources		
Differences between expected and actual experience	\$ 3,393	-
Changes of assumptions	-	-
Net difference between projected and actual earnings	-	34,038
Contributions made subsequent to measurement date(s)	N/A	66,629

- 3) If eligible employer contributions were made subsequent to the measurement date through the employer's fiscal year end, the employer should reflect these contributions.

UNITED IRRIGATION DISTRICT OF HIDALGO COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2015

NOTE 16 – RETIREMENT (Continued)

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended December 31:	
2015	\$7661
2016	7661
2017	7661
2018	7661
2019	-
Thereafter(4)	-

4) Total remaining balance to be recognized in future years, if any. Note that additional future deferred inflows and outflows of resources may impact these numbers.

Schedule of Deferred Inflows and Outflows of Resources

	Original Amount	Date Established	Original Recognition Period(1)	Amount Recognized in 12/31/2014 Expense(1)	Balance of Deferred Inflows 12/31/2014	Balance of Deferred Outflows 12/31/2014
Investment (gains) or losses	\$ 42,547	12/31/2014	5.0	\$ 8,509	-	\$ 34,038
Economic/ demographic (gains) or losses	(4,242)	12/31/2014	5.0	(848)	(3,393)	-
Assumption changes or inputs	-	12/31/2014	5.0	-	-	-
Employer contributions made subsequent to measurement date (2)		9/30/2015		\$ 38,781		\$ 66,629

- 1) Investment (gains)/losses are recognized in pension expense over a period of five years; economic/demographic (gains)/losses and assumption changes or inputs are recognized over the average remaining service life for all active, inactive, and retired members.
- 2) If eligible employer contributions were made subsequent to the measurement date, the employer should reflect these contributions.

NOTE 17 – LEGAL COMPLIANCE

Water districts in Texas must comply with constitutional provisions, statutory laws, public policy established by common law, and the Texas Water Commission volume of Permanent Rules, Chapter 293. The District believes it is in compliance with all requirements.

NOTE 18 – SUBSEQUENT EVENTS

For the purpose of reporting subsequent events, management has considered events occurring up to January 14, 2016, the date the report was available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

UNITED IRRIGATION DISTRICT OF HIDALGO COUNTY
 SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET (Unaudited)
 (BUDGETARY BASIS)
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

<u>REVENUES</u>	Original Budget	Amended Budget	Actual	Variance with Final Budget Positive (Negative)
Flat rate collection	\$ 422,300	\$ 422,300	\$ 426,722	\$ 4,422
Bond tax collection	250	250	76	(174)
Water sales-all sources	1,770,000	1,770,000	1,093,441	(676,559)
Interest-time deposits	14,000	14,000	11,564	(2,436)
Interest & penalites on taxes	40,000	45,000	24,918	(20,082)
Management fees	520,000	520,000	475,818	(44,182)
Other revenues	598,000	598,000	598,842	842
Sale of assets	180,000	-	-	-
Water allotment sales	43,500	66,000	45,000	(21,000)
Water contract sales	34,786	29,614	424,270	394,656
Total Revenue	<u>\$ 3,622,836</u>	<u>\$ 3,465,164</u>	<u>\$ 3,100,650</u>	<u>\$ (364,514)</u>
 <u>EXPENDITURES</u>				
<u>Administrative Expenditures</u>				
Administrative salaries	\$ 345,000	\$ 325,000	\$ 316,786	\$ 8,214
Payroll tax expense	100,000	96,000	81,223	14,777
Safety department	9,000	9,000	7,601	1,399
Retirement expense	82,000	82,000	41,970	40,030
Insurance and bonds	100,000	90,000	82,685	7,315
Group health insurance	196,000	180,000	156,461	23,539
Legal fees	38,000	38,000	60,348	(22,348)
Professional fee - Other	30,000	75,000	254,668	(179,668)
Accounting fees	16,500	13,000	12,475	525
Texas Water Commission fees	19,000	19,000	22,263	(3,263)
Dues and fees	12,000	5,000	9,819	(4,819)
Computer hardware / programming	15,000	10,000	6,695	3,305
Misc director	9,000	9,000	7,405	1,595
Administrative business	5,000	5,000	3,731	1,269
Administrative vehicle expense	2,000	2,000	942	1,058
Administrative fuel expense	6,000	4,500	2,251	2,249
Office utilities	25,000	25,000	20,572	4,428
Office supplies	27,000	22,000	18,096	3,904
Office equipment repair	2,000	1,000	3,687	(2,687)
Total Administrative Expenses	<u>\$ 1,038,500</u>	<u>\$ 1,010,500</u>	<u>\$ 1,109,676</u>	<u>\$ (99,176)</u>

UNITED IRRIGATION DISTRICT OF HIDALGO COUNTY
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET (Unaudited)
(BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

(Continued)

	Original Budget	Amended Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Maintenance Expenditures</u>				
Maintenance salaries	\$ 350,000	\$ 350,000	\$ 319,639	\$ 30,361
Cleaning canals supplies	25,000	30,000	23,451	6,549
Pipeline main. & supplies	35,000	28,000	22,085	5,916
Canal maint. & supplies	38,000	20,000	17,852	2,148
Maintenance vehicle fuel	36,000	36,000	28,836	7,164
Maintenance vehicle expense	30,000	25,000	19,881	5,119
Miscellaneous maintenance	6,000	2,500	7,422	(4,922)
Shredder maintenance (brush control)	4,000	3,000	1,743	1,257
Tractor fuel	60,000	60,000	36,670	23,330
Tractor repairs & supplies	75,000	68,000	68,514	(514)
Shop utilities	4,000	4,000	3,462	538
Shop equipment repairs	5,000	5,000	3,537	1,463
Security expense	5,500	1,000	2,229	(1,229)
Shop inventory & supplies	10,000	8,000	4,711	3,289
Building maintenance	12,000	9,000	9,382	(382)
Sundry tools & supplies	5,200	2,000	2,006	(6)
Uniform rental	3,800	3,800	3,028	772
Radio expenses	4,000	1,000	-	1,000
Total Maintenance Expenditures	<u>\$ 708,500</u>	<u>\$ 656,300</u>	<u>\$ 574,446</u>	<u>\$ 81,854</u>
<u>Operating Expenditures</u>				
Operating salaries	\$ 444,500	\$ 444,500	\$ 413,888	\$ 30,612
1st Lift expense	130,000	115,000	129,500	(14,500)
2nd Lift expense	235,000	200,000	170,136	29,864
3rd Lift expense	100,000	50,000	42,675	7,325
Canal rider vehicle expense	25,000	30,000	20,574	9,426
Canal rider mobile / pager	8,000	7,000	5,751	1,249
Canal rider fuel	85,000	50,000	21,486	28,514
Shary III pump	8,000	7,000	6,287	713
Diesel #1 & #2	4,200	3,200	1,691	1,509
Electric #1 - #10	6,400	6,400	6,446	(46)
Miscellaneous pump expense	6,000	4,000	6,112	(2,112)
Portable pumps expense	4,500	4,500	819	3,681
Total Operating Expenditures	<u>\$ 1,056,600</u>	<u>\$ 921,600</u>	<u>\$ 825,364</u>	<u>\$ 96,236</u>

UNITED IRRIGATION DISTRICT OF HIDALGO COUNTY
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET (Unaudited)
(BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

(Continued)

	Original Budget	Amended Budget	Actual	Variance with Final Budget Positive (Negative)
Total Revenues	\$ 3,622,836	\$ 3,465,164	\$ 3,100,650	\$ (364,514)
Total Administrative Expenditures	1,038,500	1,010,500	1,109,676	(99,176)
Total Maintenance Expenditures	708,500	656,300	574,446	81,854
Total Operating Expenditures	<u>1,056,600</u>	<u>921,600</u>	<u>825,364</u>	<u>96,236</u>
Net Profit (Loss)	<u>\$ 819,236</u>	<u>\$ 876,764</u>	<u>\$ 591,164</u>	<u>\$ (285,600)</u>

Reconciliation to GAAP Basis

Capitalized Grant Expenditures-Labor			106,902	
Depreciation Expense			(344,942)	
Capitalized Grant Expenditures-Equipment & Other			26,493	
Reimbursable Project Expenditures - Wildlife Refuge Project			<u>(43,292)</u>	
Change in Net Position-GAAP Basis			<u>\$ 336,325</u>	

	Original Budget	Amended Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Capital Outlay</u>				
Office capital outlays	\$ 10,000	\$ 5,000	\$ -	\$ 10,000
Major Rehab Projects	-	-	957,370	(957,370)
New heavy equipment	180,000	20,000	13,879	166,121
New vehicle purchases	38,000	38,000	-	38,000
Equipment-radio base station	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>1,500</u>
Total Capital Outlay	<u>\$ 229,500</u>	<u>\$ 63,000</u>	<u>\$ 971,249</u>	<u>\$ (741,749)</u>

United Irrigation District of Hidalgo County

Schedule of Employer Contributions

September 30, 2015

Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll ⁽¹⁾	Actual Contribution as a % of Covered Payroll
2005	Not Available	Not Available	Not Available	Not Available	Not Available
2006	\$56,560	\$56,560	-	\$808,000	7.0%
2007	58,762	58,762	-	839,459	7.0%
2008	45,143	61,961	(16,818)	885,152	7.0%
2009	43,240	71,555	(28,315)	1,022,211	7.0%
2010	59,936	72,212	(12,276)	1,031,599	7.0%
2011	61,352	75,344	(13,993)	1,076,350	7.0%
2012	60,940	71,815	(10,875)	1,025,931	7.0%
2013	66,891	72,371	(5,480)	1,033,867	7.0%
2014	65,494	74,064	(8,570)	1,058,062	7.0%

⁽¹⁾ Payroll is calculated based on contributions as reported to TCDRS.

United Irrigation District of Hidalgo County
Schedule of Changes in Net Pension Liability and Related Ratios
 September 30, 2015

	Year Ended December 31									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Total Pension Liability										
Service cost	\$ 122,520	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	239,251	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	(4,242)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	<u>(205,246)</u>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total pension liability	152,284	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	<u>2,994,277</u>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, ending (a)	<u>\$ 3,146,561</u>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary Net Position										
Employer contributions	\$ 74,064	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Member contributions	74,064	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investment income net of investment expenses	217,401	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	<u>(205,246)</u>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(2,530)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other	<u>(831)</u>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in fiduciary net position	156,923	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	<u>3,207,650</u>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position, ending (b)	<u>\$ 3,364,572</u>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability / (asset), ending = (a) - (b)	<u>\$ (218,012)</u>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position as a % of total pension liability	106.93%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pensionable covered payroll	\$ 1,058,062	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a % of covered payroll	-20.60%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

UNITED IRRIGATION DISTRICT OF HIDALGO COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2015

The District adopts an annual operating budget as required by the Texas Water Commission Volume of Permanent Rules, Chapter 293.97(b). The budget is adopted under the following procedures.

- The General Manager and Tax Assessor-Collector submit the proposed operating budget for all departments at the beginning of the year. The operating budget includes proposed expenditures and the means of financing them.
- The Board of Directors set a meeting time and date to review the budget.
- The budget is adopted by a majority vote of the Board of Directors.
- The budget amounts used in this report are as adopted by the Board of Directors.
- Budgetary appropriations lapse at the end of each fiscal year.
- The total estimated expenditures may not exceed the total estimated revenues plus cash on hand.
- The current level of budgetary control is the department level within the fund.

OTHER SUPPLEMENTARY INFORMATION

UNITED IRRIGATION DISTRICT OF HIDALGO COUNTY
 SCHEDULE OF REVENUES, GENERAL AND ADMINISTRATIVE, MAINTENANCE, OPERATING
 AND CAPITAL OUTLAY EXPENDITURES (Unaudited)
 FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

<u>REVENUES</u>	2015	2014
Flat rate assessments-net	\$ 426,722	\$ 425,326
Bond assessment revenues	76	161
Water sales	1,093,441	1,210,213
Interest	11,564	4,647
Penalties	24,918	51,152
Management fees	475,818	503,523
Other revenues	598,842	208,475
Sale of assets	-	195,782
Water allotment sales	45,000	43,496
Water contracts	424,270	416,699
Total Revenue	3,100,650	3,059,473

EXPENDITURES

General and Administrative

Expenditures

Administrative salaries	\$ 316,786	\$ 304,315
Payroll tax expense	81,223	92,582
Safety department	7,601	7,054
Retirement expense	41,970	73,136
Insurance and bonds	82,685	91,155
Group health insurance	156,461	158,719
Legal fees	60,348	37,770
Professional fee - Other	254,668	169,207
Accounting fees	12,475	12,000
Texas Water comission fees	22,263	13,174
Dues and fees	9,819	3,135
Computer hardware / programming	6,695	15,734
Misc director & employee	7,405	9,788
Administrative business	3,731	2,372
Administrative vehicle	942	555
Administrative fuel	2,251	3,478
Office utilities	20,572	20,472
Office supplies	18,096	19,051
Office equipment repair	3,687	1,007
Depreciation expense	344,942	368,902
Capitalized construction costs	(106,902)	(13,563)
Total General and Administrative Expenditures	\$ 1,347,716	\$ 1,390,042

UNITED IRRIGATION DISTRICT OF HIDALGO COUNTY
 SCHEDULE OF REVENUES, GENERAL AND ADMINISTRATIVE, MAINTENANCE, OPERATING
 AND CAPITAL OUTLAY EXPENDITURES - GENERAL FUND
 FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

(Continued)

	<u>2015</u>	<u>2014</u>
<u>Maintenance Expenditures</u>		
Maintenance salaries	\$ 319,639	\$ 327,888
Canal maintenance	23,451	16,928
Pipeline supplies	22,085	24,319
Cleaning canals supplies	17,852	30,905
Maintenance vehicle fuel	28,836	29,280
Maintenance vehicle	19,881	29,178
Miscellaneous maintenance	7,422	1,999
Shredder maintenance (brush control)	1,743	1,833
Tractor fuel	36,670	65,289
Tractor repairs & maintenance	68,514	87,572
Shop utilities	3,462	3,512
Shop equipment repairs	3,537	4,301
Building security	2,229	4,924
Shop inventory & supplies	4,711	7,222
Building maintenance	9,382	14,293
Sundry supplies	2,006	(24)
Uniform rental	3,028	3,476
Radio expenses	-	-
Capitalized construction costs	(26,493)	(69,130)
Reimbursable project costs	43,292	-
Total Maintenance Expenditures	<u>\$ 591,245</u>	<u>\$ 583,766</u>
<u>Operating Expenditures</u>		
Operating salaries	\$ 413,888	\$ 471,043
1st lift expense	129,500	163,470
2nd lift expense	170,136	236,149
3rd lift expense	42,675	105,450
Canal rider vehicle	20,574	25,144
Canal rider mobile / pager	5,751	7,031
Canal rider fuel	21,486	58,534
Shary III pump	6,287	6,286
Diesel #1 & #2	1,691	2,817
Electric #1 - #10	6,446	6,804
Miscellaneous pump	6,112	4,174
Portable pumps	819	3,293
Total Operating Expenditures	<u>\$ 825,364</u>	<u>\$ 1,090,195</u>

UNITED IRRIGATION DISTRICT OF HIDALGO COUNTY
 SCHEDULE OF REVENUES, GENERAL AND ADMINISTRATIVE, MAINTENANCE, OPERATING
 AND CAPITAL OUTLAY EXPENDITURES
 FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

(Continued)

	<u>2015</u>	<u>2014</u>
<u>Capital Outlay</u>		
Construction	\$ 957,370	\$ 83,008
Right of way	-	62,117
Maintenance equipment	13,879	239,079
Transportation equipment	-	19,433
Radio equipment	-	-
Total Capital Outlay	<u>\$ 971,249</u>	<u>\$ 403,637</u>
Total Expenditures	<u>\$ 3,735,574</u>	<u>\$ 3,467,640</u>

UNITED IRRIGATION DISTRICT OF HIDALGO COUNTY
SCHEDULE OF LEVY ASSESSMENTS RECEIVABLE (Unaudited)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Roll Year Flat Rate Assessments	Flat Rate Assessments Receivable 10/1/2014	Current Year Levy	Current Year Receipts	Adjustments	Flat Rate Assessments Receivable 9/30/2015
1981 & Prior	\$ 2,629	\$ -	\$ -	\$ -	\$ 2,629
1982	1,034	-	(12)	-	1,022
1983	1,447	-	(13)	-	1,435
1984	2,221	-	(22)	-	2,199
1985	2,761	-	(114)	-	2,647
1986	3,181	-	(143)	-	3,038
1987	3,073	-	(170)	-	2,903
1988	4,003	-	(182)	-	3,821
1989	4,570	-	(210)	-	4,360
1990	5,316	-	(203)	-	5,113
1991	6,146	-	(263)	-	5,882
1992	4,429	-	(221)	-	4,208
1993	5,828	-	(226)	-	5,602
1994	6,650	-	(277)	-	6,372
1995	7,269	-	(369)	-	6,900
1996	7,670	-	(383)	-	7,286
1997	6,942	-	(332)	-	6,609
1998	7,477	-	(356)	-	7,122
1999	7,142	-	(306)	-	6,836
2000	6,362	-	(261)	(17)	6,085
2001	7,321	-	(323)	(23)	6,976
2002	5,853	-	(201)	-	5,652
2003	7,124	-	(378)	-	6,746
2004	7,984	-	(280)	(17)	7,688
2005	8,909	-	(291)	(17)	8,602
2006	10,157	-	(352)	(17)	9,788
2007	12,087	-	(455)	(17)	11,616
2008	15,988	-	(647)	(17)	15,325
2009	22,077	-	(2,299)	(17)	19,761
2010	24,263	-	(1,600)	(17)	22,647
2011	28,235	-	(2,517)	(17)	25,701
2012	33,309	-	(2,948)	(34)	30,328
2013	41,469	-	(5,652)	(66)	35,751
2014	61,522	-	(17,549)	(128)	43,848
2015	-	434,278	(367,433)	(856)	65,989
Total Flat Rate Receivable	382,447	434,278	(406,985)	(1,255)	408,487
Allowance for Uncollectible	(116,696)	(6,300)	-	-	(122,996)
Flat Rate Assessments Receivable, Net of Allowance	<u>\$ 265,753</u>	<u>\$ 427,978</u>	<u>\$ (406,985)</u>	<u>\$ (1,255)</u>	<u>\$ 285,491</u>

UNITED IRRIGATION DISTRICT OF HIDALGO COUNTY
SCHEDULE OF BOND ASSESSMENTS RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Year	Bond Assessment Receivable 10/1/2014	Current Year Receipts	Bond Assessment Receivable 9/30/2015
1969	\$ 21	\$ -	\$ 21
1970	83	-	83
1971	161	-	161
1972	199	-	199
1973	105	-	105
1974	147	-	147
1975	192	-	192
1976	301	-	301
1977	284	(16)	268
1978	123	-	123
1979	116	-	116
1980	169	-	169
1981	176	-	176
1982	426	(3)	423
1983	648	(2)	646
1984	1,111	(16)	1,095
1985	1,379	(15)	1,364
1986	<u>1,282</u>	<u>(23)</u>	<u>1,259</u>
Total Bond Assessment Receivable	6,923	(76)	6,847
Allowance for Uncollectible	<u>(6,923)</u>	<u>76</u>	<u>(6,847)</u>
Bond Assessments Receivable, Net of Allowance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

UNITED IRRIGATION DISTRICT OF HIDALGO COUNTY
 SCHEDULE OF LIFT EXPENDITURES
 FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

LIFT EXPENDITURES FOR YEAR ENDED SEPTEMBER 30, 2015

	Total	First Lift	Second Lift	Third Lift
Gas	\$ 61,430	\$ 28,998	\$ 20,817	\$ 11,615
Electricity	212,216	67,230	128,940	16,046
Supplies and maintenance	56,932	32,862	17,083	6,987
Telephone	411	411	-	-
Other	11,321	-	3,295	8,026
Total Expenditures	<u>\$ 342,311</u>	<u>\$ 129,500</u>	<u>\$ 170,136</u>	<u>\$ 42,675</u>

LIFT EXPENDITURES FOR YEAR ENDED SEPTEMBER 30, 2014

	Total	First Lift	Second Lift	Third Lift
Gas	\$ 101,810	\$ 31,531	\$ 42,647	\$ 27,633
Electricity	275,335	97,801	148,344	29,190
Supplies and maintenance	104,785	26,467	39,007	39,312
Telephone	5,217	832	4,385	-
Other	17,922	6,840	1,766	9,316
Total Expenditures	<u>\$ 505,069</u>	<u>\$ 163,470</u>	<u>\$ 236,149</u>	<u>\$ 105,450</u>

UNITED IRRIGATION DISTRICT OF HIDALGO COUNTY
 SCHEDULE OF INSURANCE COVERAGE
 SEPTEMBER 30, 2015

COVERAGE TYPE	From	To	Amount	Insurer Name
<u>Commercial Package Policy</u>	8/1/2015	8/1/2016		TWCA Risk Management
Property Coverage (Blanket)			\$ 4,742,534	
Contractor's Equipment			180,000	
Electronic Equipment			53,343	
Boiler and Machinery (Blanket)			3,605,623	
General Liability			1,000,000	
Pollution Liability			100,000	
<u>Business Automobile Liability</u>	8/1/2015	8/1/2016	1,000,000	
Personal Injury Protection			400,000	
Uninsured/Underinsured Motorists			1,000,000	
Comprehensive/Collision			1,000	Ded. Each
<u>Directors and Officers Liability</u>	8/1/2015	8/1/2016	1,000,000	
<u>Workmen's Compensation</u>	8/1/2015	8/1/2016	Statutory	
<u>Public Employee Dishonesty Policy</u>	8/1/2015	8/1/2016	50,000	

United Irrigation District

Off Channel Storage Facility Planning Report

Adopted by the Board of Directors

March 12, 2015

Prepared by:

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Texas Board of Professional Engineers

Firm Registration No.F-897

Table of Contents

1. Introduction..... 1
2. Background..... 1
3. Conservation..... 2
4. Hidalgo County Irrigation District No. 16..... 4
5. Increased Reliability for PWS Customers..... 7
6. Proposed Site..... 8
7. Facility Operation..... 8
8. Budget..... 9

Tables

Table 1 - Historical Diversions..... 3
Table 2 - United Irrigation District River Losses..... 5
Table 3 - District No. 16 River Losses..... 6
Table 4 - Budget..... 10

Figures

Figure 1 - District Map..... 11
Figure 2.1 - Storage Facility Map on Aerial..... 12
Figure 2.2 - Storage Facility Map on USGS..... 13
Figure 3 - Site Plan..... 14
Figure 4 - Schematic Profile..... 15



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Planning Report

1. Introduction

United Irrigation District (UID) is planning to construct a 600 acre foot off-channel storage facility as a water conservation project. The facility will operate as part of the UID's conveyance system that currently diverts water from the Rio Grande under Certificate of Adjudication Number A847-001. UID diverts about 50,000 acre feet of water per year to serve about 25,000 acres of irrigated land with its boundaries and delivers water to the public water systems (PWS) of the City of Mission, the City of McAllen and the Sharyland Water Supply Corporation (SWSC) that together serve approximately 250,000 people. The project will also improve reliability of service to its PWS customers. The purpose of this planning document is to aid review by public agencies that will be involved in permitting and financing the project. UID is currently considering SWIFT funds through the Texas Water Development Board and will likely seek grant funds through the Bureau of Reclamation. The facility is expected to result in the conservation of 2,000 acre feet per year.

The Board of Directors of United Irrigation District considered this Report at their regular meetings on February 26, 2015 and March 12, 2015. The Board approved the Planning Report at the March 12, 2015 meeting.

2. Background

UID is a result of the consolidation of Hidalgo County Water Improvement District Numbers 7 and 14, which occurred in 1987. Each of these Districts were created in the 1920s and began with a total irrigable acreage of approximately 31,500 acres. Throughout the years, approximately 7,000 acres have been excluded and water converted to municipal use for three PWSs. UID was adjudicated 5,300 acre feet of Municipal and Industrial water rights for the City of Mission. UID is contracted to supply the three systems annually as follows:

City of Mission	10,675 acre feet
City of McAllen	11,250 acre feet
Sharyland WSC	1,400 acre feet

In addition, the City of Mission and Sharyland WSC have additional rights that United pumps for them. Table 1 provides a tabulation of the diversion by UID over the past 31 years. Also included in the table is the overall delivery efficiency that has improved substantially over time.

In recent years, UID has delivered more municipal water but has also become more efficient through completion of various water conservation projects funded by the Bureau of Reclamation. The current delivery efficiency of the District is about 85%.

UID also manages Hidalgo County Irrigation District No. 16 (D16) that diverts water upstream of the UID First Lift Pump Station. D16 serves about 12,000 acres of irrigated farmland and is authorized to divert up to 31,624 acre feet under Certificate of Adjudication Number 802-000.

3. Conservation

The UID boundary is shown in Figure 1 along with Water Certificates of Convenience and Necessity (CCN) Boundaries of its PWS customers. Figure 2 displays UID's First Lift Pump Station along the Rio Grande and the Proposed Storage Facility site. Other than the canal between the First Lift and the Second Lift Pump Stations, UID has no other off-channel storage. The storage capacity of this section of canal is about 80 acre feet. UID orders water from the Rio Grande Watermaster at least 48 hours prior to the time it plans to divert the water from the Rio Grande. The Watermaster releases the water from Falcon Lake according to the order schedule and 48 hours represents the time needed to execute the order and the time for the water to travel from Falcon to the UID First Lift Pump Station. Once an order is released from Falcon it cannot be stopped, so the diverter must divert the water on time or it is lost downriver to the Gulf of Mexico. TCEQ Chapter 303, Operation of the Rio Grande, dictates the procedures for ordering and diverting water and the Watermaster accounting methods. The Watermaster charges the Diverter's water right account the higher of the actual amount of water diverted or 90% of the order. UID typically orders water one week in advance and may amend the order two days in advance as required. During times of unpredicted wet weather, predicted irrigation and municipal demand can be significantly reduced resulting in UID's inability to divert ordered water. The Watermaster will charge 90% of the original order.

**Table 1
Water Diversions for Agricultural and Municipal Customers**

Fiscal Year	Total Diversion (Acre-Feet)	Agriculture In-Dist (Acre-Feet)	Agriculture Out-Dist (Acre-Feet)	Sharyland WSC (Acre-Feet)	City of Mission (Acre-Feet)	City of McAllen (Acre-Feet)	In District Lost Water (Acre-Feet)	Total Accounted Water (Acre-Feet)	In District Water Loss (Percent)	River Losses (Acre-Feet)	River Losses (Percent)	Overall Efficiency (Percent)
1984	44,452	20,515	2,520	1,656	3,156	0	16,605	27,847	37.4%	1,695	3.7%	59.0%
1985	34,006	12,007	2,192	1,099	3,213	0	15,495	18,511	45.6%	1,296	3.7%	50.8%
1986	42,101	15,031	2,050	1,449	4,339	0	19,232	22,869	45.7%	1,605	3.7%	50.6%
1987	39,451	16,599	1,202	2,097	4,242	0	15,311	24,140	38.8%	1,504	3.7%	57.5%
1988	52,234	24,940	2,582	2,909	5,238	0	16,565	35,669	31.7%	1,991	3.7%	64.6%
1989	66,596	29,942	3,917	4,104	6,459	0	22,174	44,422	33.3%	2,539	3.7%	63.0%
1990	57,560	24,318	3,134	5,261	5,685	0	19,162	38,398	33.3%	2,194	3.7%	63.0%
1991	34,105	15,308	1,088	5,313	6,769	0	5,627	28,478	16.5%	1,300	3.7%	79.8%
1992	36,903	13,446	301	5,360	6,686	0	11,110	25,793	30.1%	1,407	3.7%	66.2%
1993	41,209	14,756	845	5,157	6,846	0	13,605	27,604	33.0%	1,571	3.7%	63.3%
1994	37,710	14,495	1,506	4,384	7,311	0	10,014	27,696	26.6%	1,438	3.7%	69.8%
1995	40,830	17,439	358	4,566	8,037	0	10,430	30,400	25.5%	1,557	3.7%	70.8%
1996	52,163	21,093	1,684	3,340	8,834	0	17,212	34,951	33.0%	1,989	3.7%	63.3%
1997	41,914	16,078	1,052	3,833	8,967	0	11,984	29,930	28.6%	1,598	3.7%	67.7%
1998	41,118	17,044	526	4,386	7,509	0	11,653	29,465	28.3%	1,568	3.7%	68.0%
1999	32,911	10,811	1,148	5,044	7,775	0	8,133	24,778	24.7%	1,255	3.7%	71.6%
2000	39,694	14,081	1,018	5,627	8,924	0	10,044	29,650	25.3%	1,513	3.7%	71.0%
2001	32,503	11,898	372	5,150	8,485	0	6,598	25,905	20.3%	1,239	3.7%	76.0%
2002	38,712	18,447	256	5,372	8,277	0	6,360	32,352	16.4%	1,476	3.7%	79.9%
2003	25,667	8,166	144	5,022	8,413	0	3,922	21,745	15.3%	979	3.7%	81.0%
2004	23,573	6,675	267	4,207	7,184	955	4,285	19,288	18.2%	899	3.7%	78.1%
2005	37,667	12,026	626	4,406	11,280	5,347	3,982	33,685	10.6%	1,436	3.7%	85.8%
2006	44,659	13,968	533	5,210	9,452	5,317	10,179	34,480	22.8%	1,703	3.7%	73.5%
2007	30,432	6,595	254	4,755	9,431	4,250	5,147	25,285	16.9%	1,160	3.7%	79.4%
2008	36,831	13,910	700	5,312	10,895	3,602	2,412	34,419	6.5%	1,182	3.1%	90.3%
2009	43,042	15,910	775	5,312	11,520	6,222	3,303	39,739	7.7%	1,308	3.0%	89.4%
2010	32,525	7,907	225	5,026	10,043	5,641	3,683	28,842	11.3%	2,630	7.5%	81.2%
2011	53,085	15,987	751	5,411	12,239	7,734	10,963	42,122	20.7%	1,044	1.9%	77.4%
2012	48,762	14,181	500	5,251	14,616	9,225	4,989	43,773	10.2%	1,453	2.9%	86.9%
2013	57,243	23,147	434	5,608	14,185	9,252	4,617	52,626	8.1%	2,182	3.7%	88.3%
2014	47,727	17,929	49	4,745	13,421	7,657	3,927	43,800	8.2%	1,820	3.7%	88.1%
32 Year Average	41,529	15,634	1,065	4,399	8,369	2,103	9,959	31,570	24.0%	1,566	3.7%	72.3%
Recent 15 Year Average	39,475	13,388	460	5,094	10,558	4,347	5,627	33,847	14.3%	1,468	3.7%	82.1%
Recent 5 Year Average	47,868	15,830	392	5,208	12,901	7,902	5,636	42,233	11.8%	1,826	3.9%	84.3%

Note: River Losses were analyzed for years 2008-2012. The five year average of 3.7% was then applied to all other years.

The difference between the Watermaster charge and the order are “River Losses” and represent an estimate of the amount of water charged to the Diverter’s account that actually flows downstream to the Gulf of Mexico. The purpose of this storage facility is to provide a place to store water that has been ordered and will be charged to UID’s account.

Table 2 provides the amount of water UID lost downriver for the five calendar years from 2008-2012. The Table is based upon UID’s records of the amount of water ordered each week and the amount of water diverted. The difference between 90% of the order and the actual amount pumped, if positive, is the river loss. In general, over the five year period, UID has lost approximately 1,500 acre feet per year, or 3.7% of the amount diverted, downriver to the Gulf of Mexico.

There are times when No Charge Water is available in the Rio Grande, and UID can utilize the reservoir to store No Charge water when it is available. There is less opportunity for No Charge water above the Anzalduas Dam where the UID First Lift is located because the Watermaster is able to make adjustments at Anzalduas. In addition, there are times when UID may not be able to divert ordered water because of power or equipment failures at the river. Assuming these two events offset each other, UID will conserve approximately 1,500 acre feet per year by construction of the storage facility. The storage facility will be located on UID’s Main Canal between the First and Second Lift Pumping Facilities. Water stored in the facility will be diverted under UID’s Certificate Adjudication No. A847-001. The Diversion point and the place of use will not change.

4. Hidalgo County Irrigation District No. 16

UID manages Hidalgo County Irrigation District No. 16 (D16). D16 is located on the Rio Grande about 14 river miles upstream of the UID facility. During times when D16 cannot divert ordered water due to wet weather, water ordered by both Districts can be amended such that UID can divert D16’s water and store it in the proposed facility. Table 3 outlines D16’s river losses based on water ordered and water pumped for the period from 2008-2012. Typically, D16 loses about 1,000 acre feet per year.

Table 2
United Irrigation District
River Losses

Calendar Year	River Losses (Acre Feet)
2008	1,182
2009	1,308
2010	2,630
2011	1,044
2012	1,453
Average	1,523

Table 3
District No. 16
River Losses

Calendar Year	River Losses (Acre Feet)
2008	802
2009	229
2010	211
2011	2,436
2012	1,181
Average	972

Assuming UID can save about half of D16's annual losses there is an opportunity for this project to result in conservation of an additional 500 acre feet per year of D16's water through efficient management of the storage facility. The process of amending water orders for both District's is subject to the discretion of the Watermaster, in accordance with TCEQ Chapter 303. The amendments will result in immediate conservation and should be looked upon favorably by the Watermaster.

5. Increased Reliability for PWS Customers

UID will become a more reliable supplier for its PWS customers. TCEQ Chapter 290, states that a PWS water source "shall have a safe yield capable of supplying the maximum daily demands of the distribution system during extended periods of peak usage..." During times when the First Lift Plant cannot be operated or water cannot be pumped from the river due to quality concerns, the storage facility will serve as reserve in addition to each of the PWS's storage at their treatment plants.

The existing and projected future Water Treatment Plant capacities for each of the PWS customers are shown below. The first column provides the existing Maximum Day Capacity of each plant. The second column is a planned or contracted future capacity. Assuming an average day demand of about half the maximum day demand and about 15% transmission losses results in an average demand as shown in the third column, or a total future average demand of 137 acre feet per day.

Water Treatment Plant	Existing Capacity (MGD)	Future Capacity (MGD)	Projected Demand (Ac.Ft./Day)
SWSC West WTP	8.0	16.0	29
SWSC East WTP	6.0	16.0	29
McAllen North WTP	12.0	12.0	22
Mission North WTP	17.5	24.0	43
Mission South WTP	8.0	8.0	14
Total	51.5	76.0	137

The proposed reservoir will provide two (2) additional days of reserve for all of its PWS customers at their projected maximum capacity.

6. Proposed Site

The proposed site is located along UID's Main Canal on the dry side of the levee. UID is currently negotiating with the landowner and it is possible that those negotiations will not close and an alternate site may be pursued. UID has evaluated other sites and may eventually need to evaluate more sites. For the purposes of this report, the sited identified herein is utilized for development of the Budget. Figures 2.1 and 2.2 provide an exhibit of the proposed site on aerial and USGS backgrounds.

Sites on the river side of the flood control levee have been ruled out as flood studies and the International Boundary and Water Commission (IBWC) permitting process to cross the flood control levee are uncertain and costly.

7. Facility Operations

Figure 3 provides a site plan for the proposed storage facility. It will be located along UID's Main Canal, about 3.2 miles from the First Lift Station along the Main Canal. Figure 4 provides a profile of the storage facility and UID's canal. During normal operation, the storage facility will operate on the same level as the UID's canal. When the need arises to store additional water, the proposed pump station will pump water into the storage facility. The stored water will flow back in to the canal by gravity. When the need arises to utilize water stored in the lower half of the facility, the proposed pump station will pump water into the Main Canal. The lower half of the storage facility will fill from the Main Canal by gravity.

The proposed pumps will be able to match the maximum capacity of the First Lift Pumps (120 cfs) and the pumping rate of a Second Lift Pump (about 60 cfs) and some reduced variations. The suggested pump combinations are as follows:

Pump 1	15 cfs
Pump 2	30 cfs
Pump 3	60 cfs
Pump 4	60 cfs

This combination will allow the UID to pump 15, 30, 45, 60, 75, 90, 105 or 120 cfs with a spare.

8. Budget

The proposed reservoir site was utilized as a model to develop the budget. The "Soil Survey of Hidalgo County Texas," US Soil Conservation Service, 1981, was consulted as a preliminary evaluation of the soils. Based on this information, a liner will be required. Use of nearby natural clays in the area is possible, but not used for budgeting because it requires knowledge of the borrow location. A geosynthetic clay liner (GCL) is utilized for budgeting as GCLs have been used successfully for similar storage facilities. Since the facility level will fluctuate rapidly, concrete slope paving along the sides is budgeted. The concrete paving can be placed directly upon the GCL. Contours were obtained from TNRIS (IBWC developed the contours) and are dated 2006. Cut and fill calculations were performed using AutoCAD Civil 3D and the facility elevations are balanced to match cut and fill. The construction cost is based on experience by Ferris, Flinn & Medina, LLC on similar projects. Land acquisition and size is a tentative budget based on the appraised value of the site. Contingencies of 19% are budgeted at this point in the project to cover unknowns, inflation, etc.

The recommended budget for this project is \$8,000,000.

The primary funding source for this project is the Texas Water Development Board. Bureau of Reclamation (BOR) grant funds will be requested, but that source is very competitive and funding is not guaranteed.

**Table 4
Budget**

Item	Description	Quantity	Unit	Unit Cost	Total Cost
1	Cubic Yards of Fill	223,531	C.Y.	\$3.50	\$782,357
2	Geosynthetic Liner	220,353	S.Y.	\$10.00	\$2,203,530
3	Concrete Slope Paving	34,271	S.Y.	\$50.00	\$1,713,550
4	Pump Station and Piping	1	L.S.	\$500,000	\$500,000
6	12" Soil Cover on Floor	62,027	C.Y.	\$3.00	\$186,082
Projected Construction Cost					\$5,385,519
Contingencies				19%	\$825,929
Engineering & Surveying				8%	\$430,842
Geotechnical Investigation and Testing				2%	\$107,710
Land Acquisition					\$1,250,000
Total Project Cost					\$8,000,000
Cost Per Acre Foot of Capacity					\$12,903
Cost per Annual Acre Foot Conserved					\$4,000

Alternatives Analysis

The May 2015 “Off Channel Storage Facility Planning Report” does not discuss alternatives analysis; however, in 2013, the District had considered an alternative to construct three different reservoirs on land it currently owns throughout the District. The cost would have been about \$3,000,000 for 250 acre feet of storage. This alternative compares to the selected alternative as follows:

2013 – 3 Reservoir Alternative
250 Acre Feet

\$3,000,000

Two reservoirs only available
to serve part of the Districts

–

Selected Alternative
600 Acre Feet

\$8,000,000 (includes purchase of
land)

Available to whole District

Surplus land at other reservoir
sites may be sold to offset cost of
larger reservoir.

Attached is a Water Management Strategy Form transmitted to Region M outlining the 2013 Three Reservoir Alternative. The selected alternative, the proposed project, was eventually included in the 2016 Region M Plan.

SUBMIT OPTION SUBMITTAL FORM BY:

1. EMAIL TO: EATMANSR@BV.COM

2. U.S. MAIL TO: REGION M TECHNICAL CONSULTANT, ATTENTION SARA EATMAN,
1701 DIRECTORS BOULEVARD, SUITE 940, AUSTIN, TX 78744. FAX TO: 512-448-2389

Romans 15:13 **Water Management Strategy Submittal Form**

Contact Information (optional):

Keep my contact information private.

Contact Name: Mike Warshak	Title: General Manager
Affiliation: United Irrigation District	
Address: PO Box 877, Mission, TX 78573	
Telephone: 956-585-4818	E-mail Address: mike@rioplexwireless.com

Date Strategy Submitted: December 12, 2013

Strategy Name:

Off Channel Storage

Description of Strategy:

The District's strategy is to construct Off Channel Storage to better manage resources and improve overall yield of the Rio Grande System by pumping no-charge water and the ability to store cancelled water orders.

Location and Sponsor: Describe location(s) where strategy could be implemented and other areas that the strategy would affect, if applicable. Attach a map, if applicable. Also, indicate the proposed or existing user(s) (industry, municipality), or water provider (water supply corporation or similar).

The District would construct 25 acre-feet of storage at the Second Lift Pump Station, 75 acre-feet of storage at the Third Lift Pump Station and 150 acre-feet of storage at the North end of the District on the Bryan Canal. The District serves approximately 20,000 acres of irrigation in the Mission area and delivers about 30,000 acre-feet per year to the municipalities of Mission and McAllen and Sharyland Water Supply Corporation.

Quantity and Timing: Roughly quantify the amount of water that the strategy could provide over the next 50 years and in what timeframe that amount could be available. If strategy could be implemented in phases, include quantity estimates associated with each phase. If known, specify any important seasonal (e.g., more water could be available in winter) and/or frequency (e.g., more water could likely be available during above-average hydrologic years) considerations. If known, describe any key assumptions made in order to quantify the potential amount.

The reservoirs are anticipated to yield about 1,500 acre feet of additional water per year. The facilities could be brought on line in about three years.

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Additional Information

Technical Feasibility: Describe the maturity and feasibility of the concept/technology being proposed, and what research and/or technological development might first be needed.

The feasibility of off channel reservoirs in the lower Rio Grande Valley is well known. United Irrigation District is one of the few Districts in the area with very little off channel storage.

Costs: Provide cost and funding information, if available, including capital, operations, maintenance, repair, replacement, and any other costs and sources of funds (e.g., public, private, or both public and private). Identify what is and is not included in the provided cost numbers and provide references used for cost justification. Methodologies for calculating unit costs (e.g., \$/acre-foot or \$/million gallons) vary widely; therefore, do not provide unit costs without also providing the assumed capital and annual costs for the option, and the methodology used to calculate unit costs.

The anticipated cost is \$10,000 per acre-foot of storage for the 150 acre-foot reservoir and \$15,000 per acre-foot of storage for the two smaller reservoirs, resulting in an overall cost of \$3,000,000 for 250 acre-feet. The cost per anticipated yield of 1,500 acre-feet annually is a capital cost of \$2,000 per acre-foot. The cost is based on historical costs of similar size reservoirs.

Permitting: List the potential permits and/or approvals required and status of any permits and/or approvals received.

None required.

Legal / Public Policy Considerations: Describe potential legal/public policy considerations associated with the option. Describe any agreements necessary for implementation and any potential water rights issues, if known.

None are required. The District will divert water under its existing rights.

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Implementation Risk / Uncertainty: Describe any aspects of the option that involves potential risk or uncertainty related to implementing the option.

The District must manage its pumping operations to realize the potential yield.

Reliability: Describe the anticipated reliability of the option and any known risks to supply or demand, such as: drought risk, water contamination risk, risk of infrastructure failure, etc.

The strategy is reliable and there are no known risks.

Water Quality: Identify potential water quality implications (salinity and other constituents) associated with the option in all of the locations the option may affect.

None

Energy Needs: Describe, and quantify if known, the energy needs associated with the option. Include any energy required to obtain, treat, and deliver the water to the defined location at the defined quality.

Energy Required	Source(s) of Energy
Very little energy is required for this scheme.	Electric & Natural Gas

Hydroelectric Energy Generation: Describe, and quantify if known, any anticipated increases or decreases in hydroelectric energy generation as a result of the option.

Location of Generation	Impact to Generation
N/A	

Recreation: Describe any anticipated positive or negative effects on recreation.

Location(s)	Anticipated Benefits or Impacts
N/A	

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Environment: Describe any anticipated positive or negative effects on ecosystems within or outside of Region M.

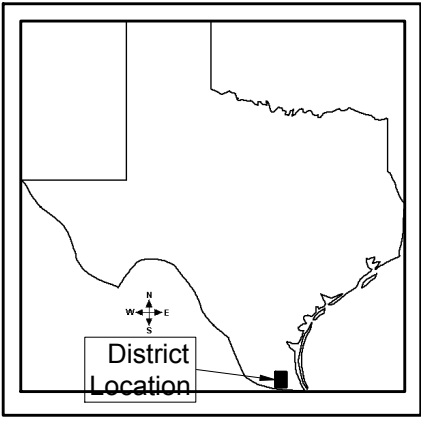
Location(s)	Anticipated Benefits or Impacts
N/A	

Socioeconomics: Describe anticipated positive or negative socioeconomic (social and economic factors) effects.

N/A

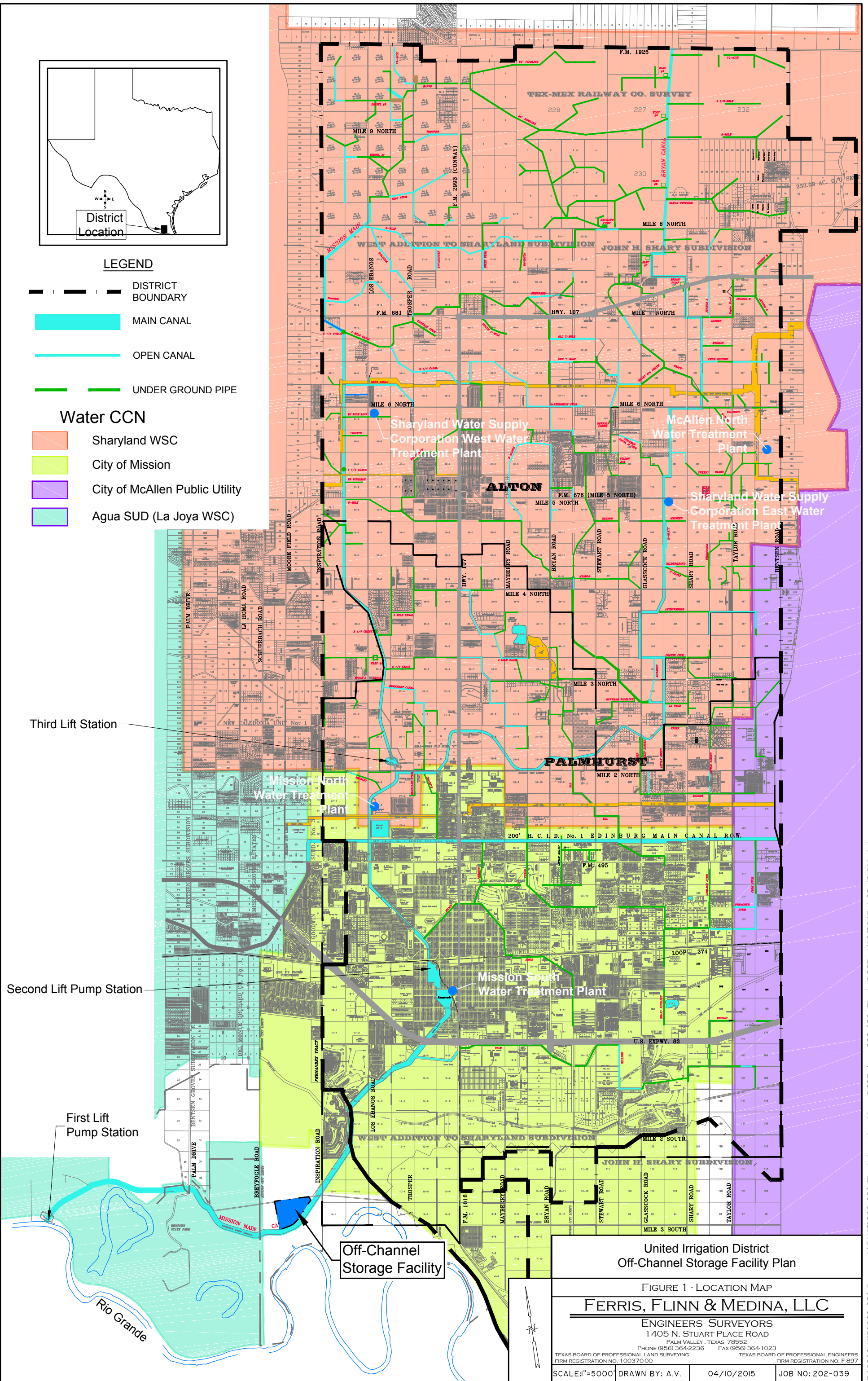
Other Information: Provide other information as appropriate, including potential secondary benefits or considerations. Attach supporting documentation or references, if applicable.

None.



LEGEND

- DISTRICT BOUNDARY
 - MAIN CANAL
 - OPEN CANAL
 - UNDER GROUND PIPE
- Water CCN**
- Sharyland WSC
 - City of Mission
 - City of McAllen Public Utility
 - Agua SUD (La Joya WSC)



United Irrigation District
Off-Channel Storage Facility Plan
 FIGURE 1 - LOCATION MAP
FERRIS, FLINN & MEDINA, LLC
 ENGINEERS SURVEYORS
 1405 N. STUART PLACE ROAD
 PALM VALLEY, TEXAS 78552
 PHONE (956) 364-2236 FAX (956) 364-1023
TEXAS BOARD OF PROFESSIONAL LAND SURVEYING FIRM REGISTRATION NO. 100370-00 TEXAS BOARD OF PROFESSIONAL ENGINEERS FIRM REGISTRATION NO. F-897
 SCALE: 1"=5000' DRAWN BY: A.V. 04/10/2015 JOB NO: 202-039

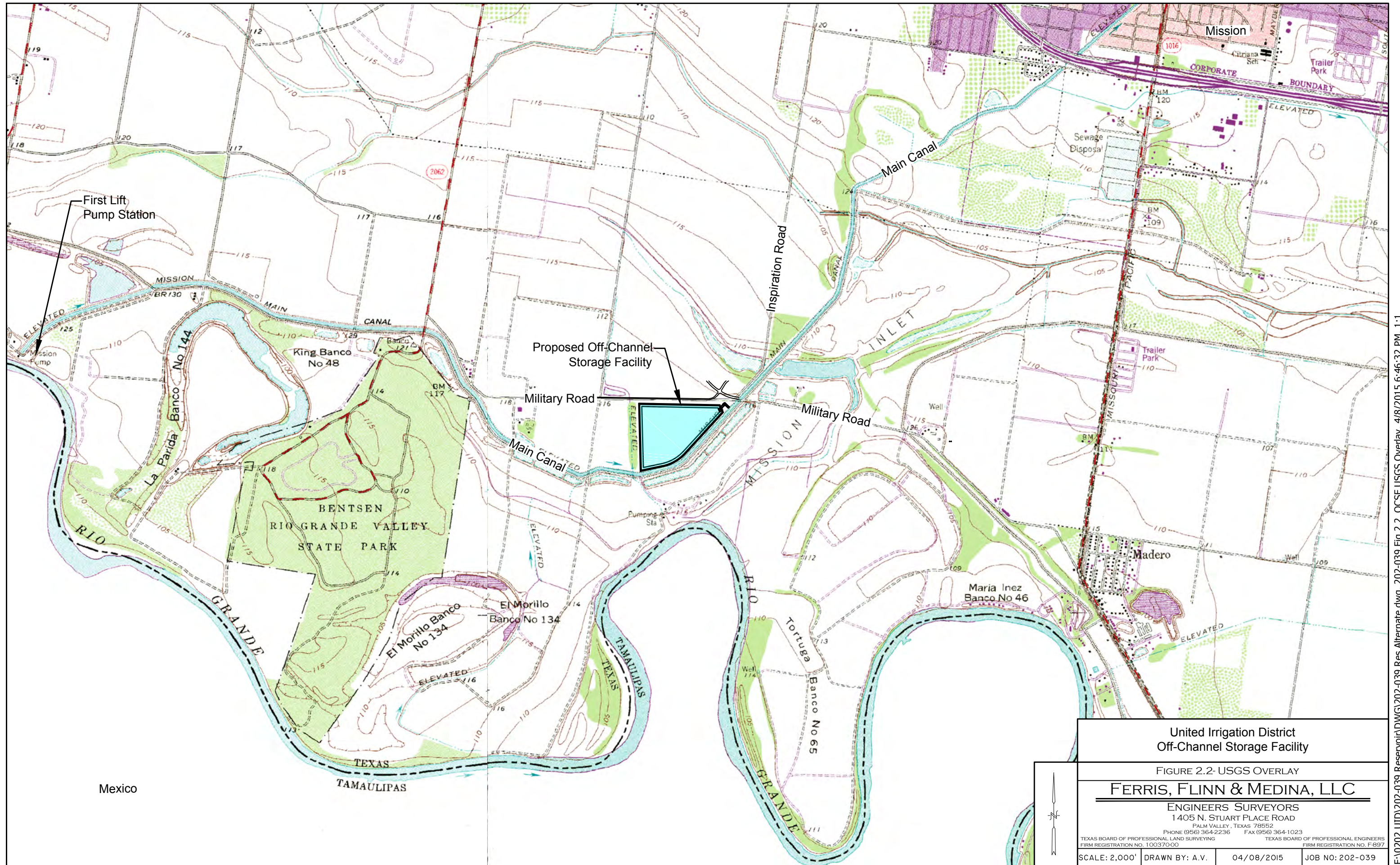
F:\0202 UTD\202-039 Reservoir\DWG\202-039 Fig 1_Location Map_OCSF.dwg, 202-039 Fig 1_OCSF, 4/10/2015 4:02:42 PM, 1:1



Proposed Off-Channel Storage Facility
 TOB=130', Bottom=113'
 Capacity=620 Acre feet

United Irrigation District Off-Channel Storage Facility			
FIGURE 2.1- AERIAL OVERLAY			
FERRIS, FLINN & MEDINA, LLC			
ENGINEERS SURVEYORS 1405 N. STUART PLACE ROAD PALM VALLEY, TEXAS 78552 PHONE (956) 364-2236 FAX (956) 364-1023			
TEXAS BOARD OF PROFESSIONAL LAND SURVEYING FIRM REGISTRATION NO. 100370-00		TEXAS BOARD OF PROFESSIONAL ENGINEERS FIRM REGISTRATION NO. F897	
SCALE: 2,000'	DRAWN BY: A.V.	04/08/2015	JOB NO: 202-039

F:\0202 UTD\202-039 Reservoir\DWG\202-039 Res Alternate.dwg, 202-039 Fig 2.1_OCSF Aerial Overlay, 4/8/2015 6:49:39 PM, 1:1



United Irrigation District
Off-Channel Storage Facility

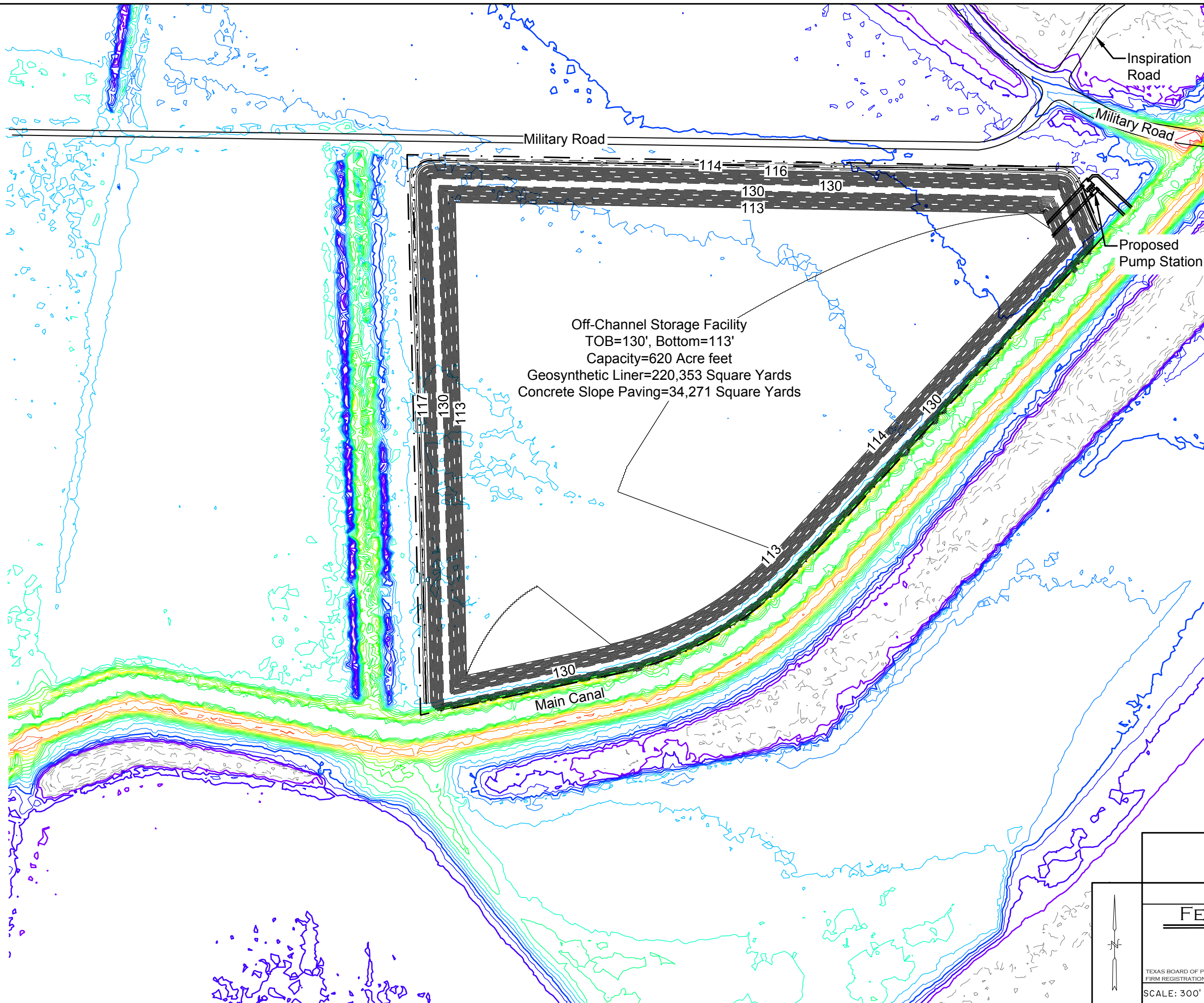
FIGURE 2.2- USGS OVERLAY

FERRIS, FLINN & MEDINA, LLC

ENGINEERS SURVEYORS
1405 N. STUART PLACE ROAD
PALM VALLEY, TEXAS 78552
PHONE (956) 364-2236 FAX (956) 364-1023
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F:\0202 UTD\202-039 Reservoir\DWG\202-039 Res Alternate.dwg, 202-039 Fig 2.2_OCSF USGS Overlay, 4/8/2015 6:46:32 PM, 1:1



No.	Min. Elev.	Max. Elev.	Color
1	111.00	112.00	Blue
2	112.00	113.00	Light Blue
3	113.00	114.00	Light Green
4	114.00	115.00	Light Yellow
5	115.00	116.00	Yellow
6	116.00	117.00	Light Orange
7	117.00	118.00	Light Red
8	118.00	119.00	Red
9	119.00	120.00	Dark Red
10	120.00	121.00	Orange
11	121.00	122.00	Light Orange
12	122.00	123.00	Yellow
13	123.00	124.00	Light Green
14	124.00	125.00	Light Blue
15	125.00	126.00	Blue
16	126.00	127.00	Dark Blue
17	127.00	128.00	Very Dark Blue
18	128.00	129.00	Black

United Irrigation District
Off-Channel Storage Facility

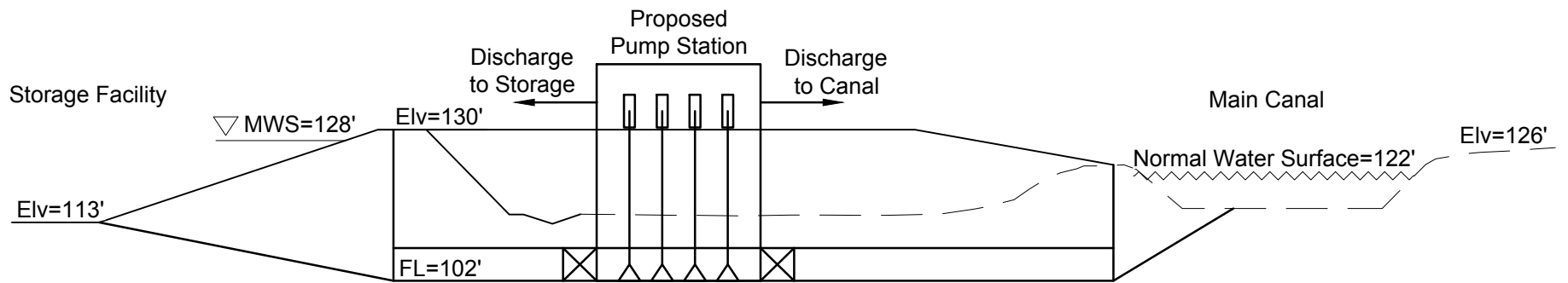
FIGURE 3 - SITE PLAN

FERRIS, FLINN & MEDINA, LLC

ENGINEERS SURVEYORS
1405 N. STUART PLACE ROAD
PALM VALLEY, TEXAS 78552
PHONE (956) 364-2236 FAX (956) 364-1023
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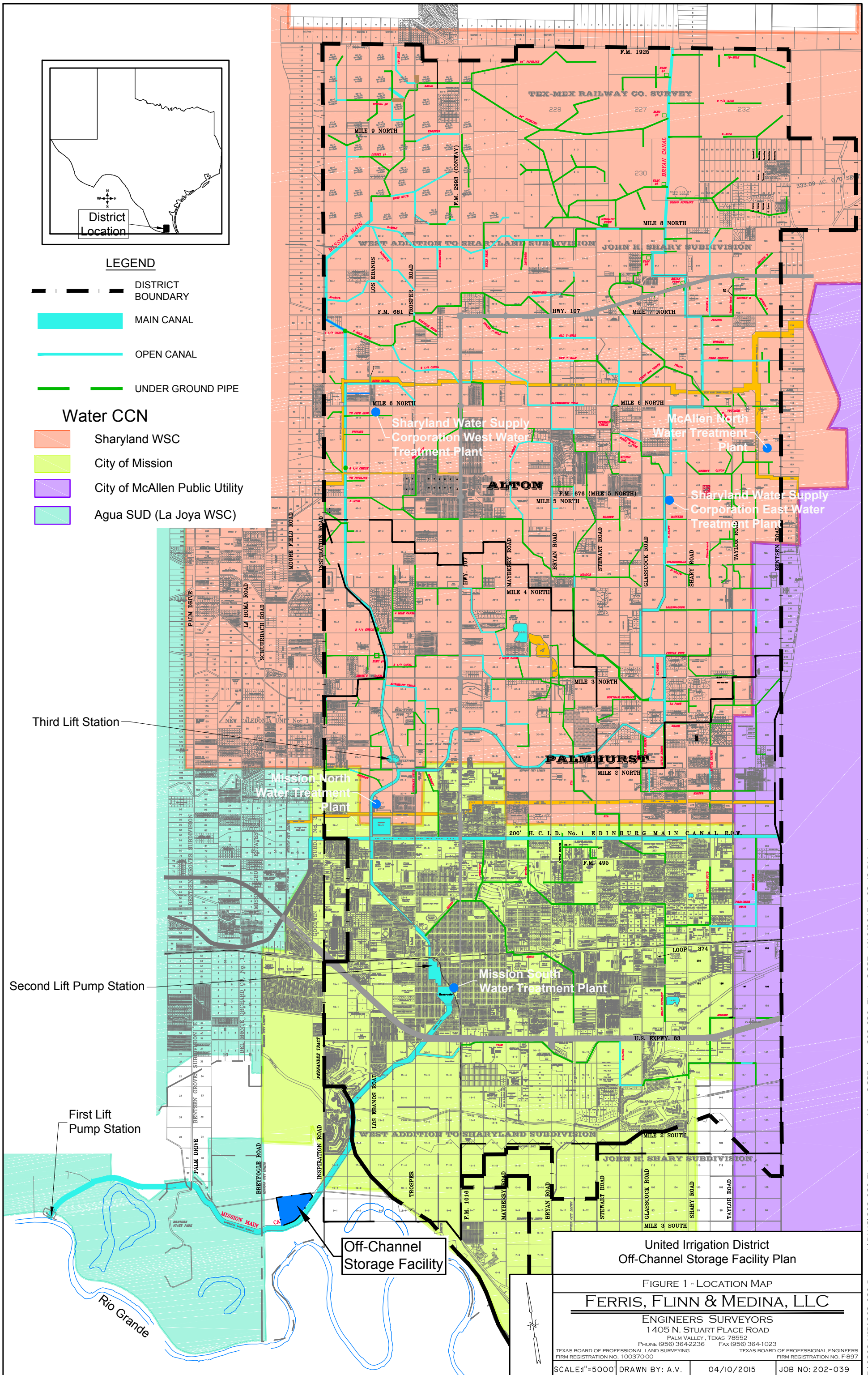
SCALE: 300' DRAWN BY: A.V. 04/08/2015 JOB NO: 202-039

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	United Irrigation District Off-Channel Storage Facility		
	FIGURE 4 - SCHEMATIC PROFILE		
	FERRIS & FLINN, LLC		
	CONSULTING ENGINEERS 1405 N. STUART PLACE ROAD HARLINGEN, TEXAS 78552 PHONE (956) 364-2236 FAX (956) 364-1023 TEXAS BOARD OF PROFESSIONAL ENGINEERS FIRM REGISTRATION NO.: F-897		
SCALE: 1"=30'	DRAWN BY: A.V.	02/17/2015	JOB NO: 202-039

F:\0202 UID\202-039 Reservoir\DWG\202-039 Res Alternate.dwg, 202-039 Fig 4_OCSF Schematic Profile, 2/17/2015 2:07:51 PM, 1:1



F:\0202 UTD\202-039 Reservoir\DWG\202-039 Fig 1_Location Map_OCSF.dwg, 202-039 Fig 1_OCSF, 4/10/2015 4:02:42 PM, 1:1



United Irrigation District
Off-Channel Storage Facility

FIGURE 2.1- AERIAL OVERLAY

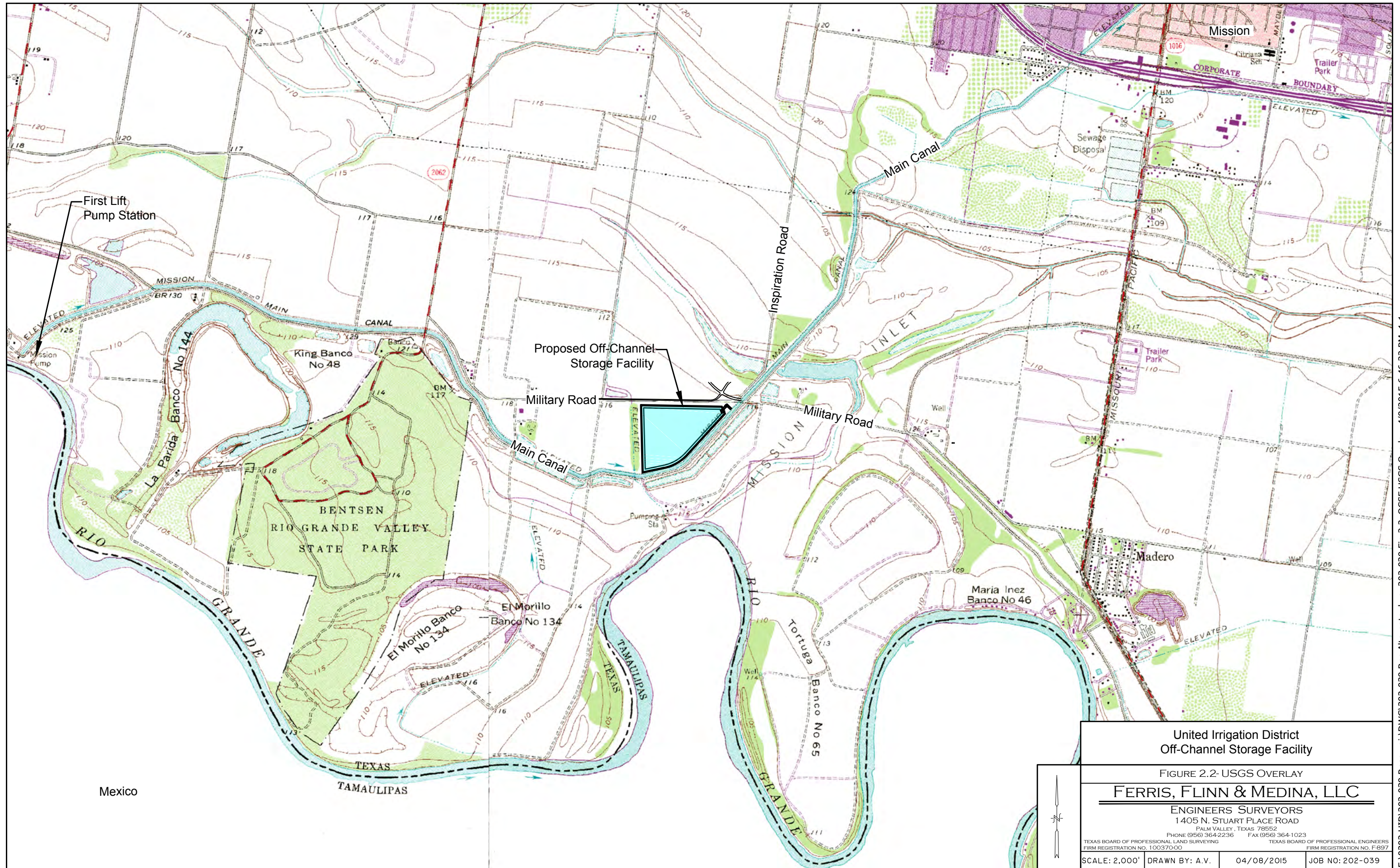
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F:\0202 UTD\202-039 Reservoir\DWG\202-039 Res Alternate.dwg, 202-039 Fig 2.1_OCSF Aerial Overlay, 4/8/2015 6:49:39 PM, 1:1



United Irrigation District
Off-Channel Storage Facility

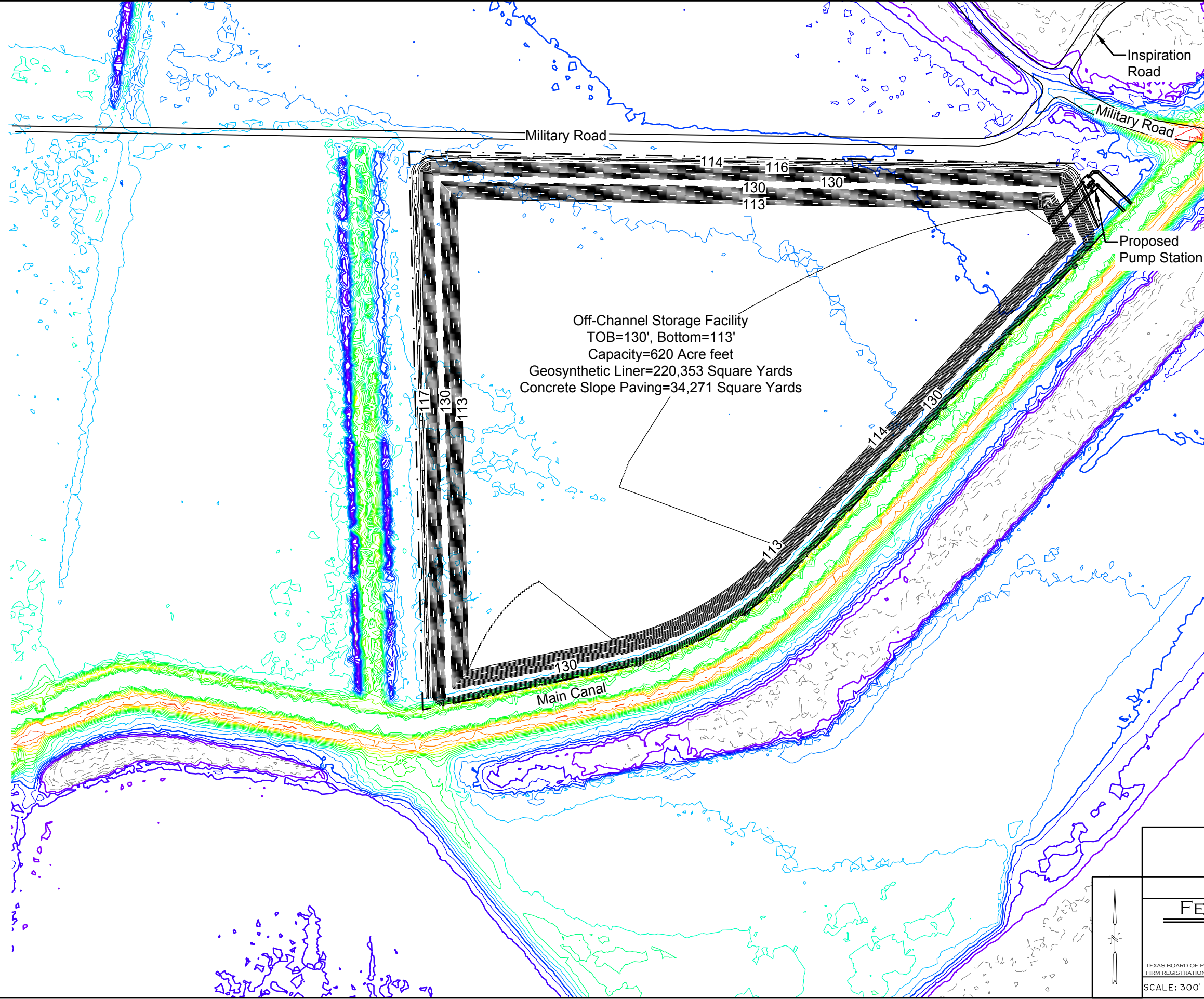
FIGURE 2.2- USGS OVERLAY

FERRIS, FLINN & MEDINA, LLC

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F:\0202 UTD\202-039 Reservoir\DWG\202-039 Res Alternate.dwg, 202-039 Fig 2.2_OCSF USGS Overlay, 4/8/2015 6:46:32 PM, 1:1



Off-Channel Storage Facility
 TOB=130', Bottom=113'
 Capacity=620 Acre feet
 Geosynthetic Liner=220,353 Square Yards
 Concrete Slope Paving=34,271 Square Yards

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13	123.00	124.00	Light Green
14	124.00	125.00	Light Blue
15	125.00	126.00	Blue
16	126.00	127.00	Dark Blue
17	127.00	128.00	Very Dark Blue
18	128.00	129.00	Black

United Irrigation District
 Off-Channel Storage Facility

FIGURE 3 - SITE PLAN

FERRIS, FLINN & MEDINA, LLC

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SCALE: 300' DRAWN BY: A.V. 04/08/2015 JOB NO: 202-039

F:\0202 UTD\202-039 Reservoir\DWG\202-039 Res Alternate.dwg, 202-039 Fig 3_OCSF Site Plan, 4/8/2015 6:44:04 PM, 1:1

Hidalgo County, Texas
Census Tracts

201.01	207.01
201.02	207.21
202.02	207.24
202.04	207.26
202.05	235.04
203.01	241.05
203.02	241.06
204.02	241.09
204.03	241.10
204.04	241.11
205.01	241.13
205.04	



NEW MEXICO

OKLAHOMA

ARKANSAS

TENNESSEE

NORTH CAROLINA

SOUTH CAROLINA

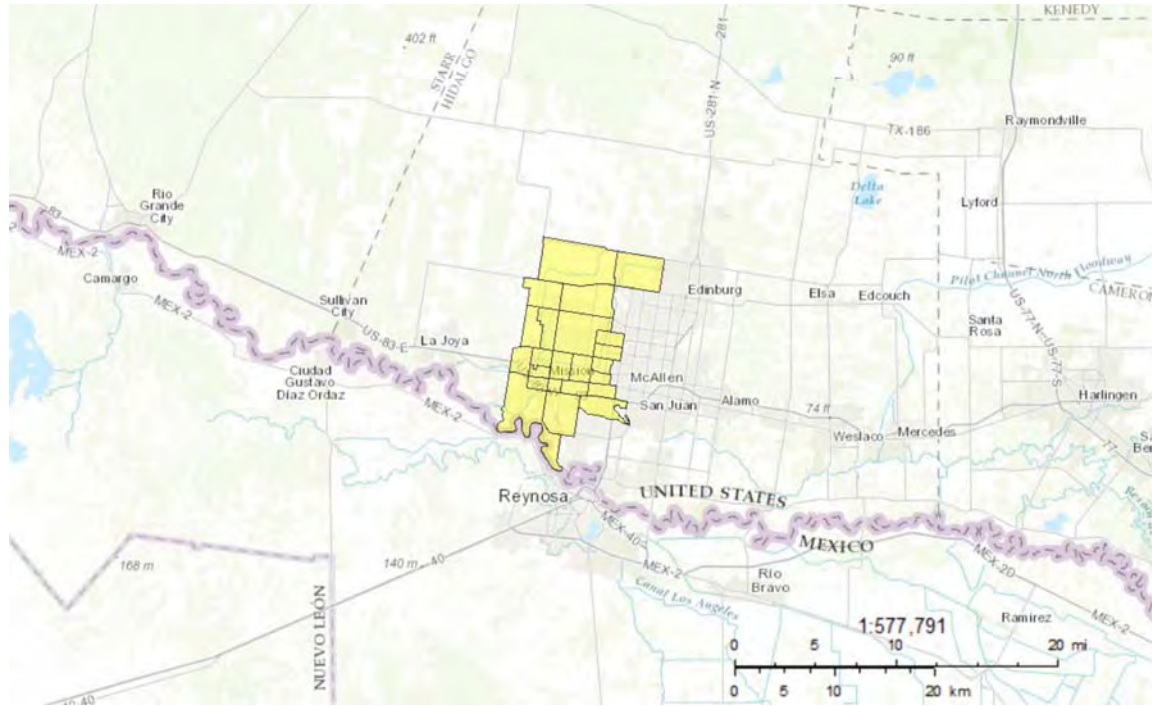
Legend:

Your Selections

2014 boundaries were used to map 'Your Selections'

Selection Results

Boundaries



**United Irrigation District Off Channel Storage Facility
Proposed Schedule**

<u>Task/Milestone</u>	<u>Duration (Days)</u>	<u>Date</u>
TWDB Applications Due		Wednesday, May 11, 2016
TWDB Approval of Applications	71	
Begin Environmental Review		Thursday, July 21, 2016
Environmental Review including Agency Coordination	60	
Begin Archeological Survey		Monday, September 19, 2016
Perform Archeological Survey and Report	28	
Submit Archeological Survey to THC	30	Monday, October 17, 2016
Archeological Survey approved by THC	7	Wednesday, November 16, 2016
Environmental Data Form submitted to TWDB for approval		Wednesday, November 23, 2016
TWDB Environmental Approval	30	
Funds available for Land Purchase/Reimbursement		Friday, December 23, 2016
Begin Detailed Engineering Design & Geotechnical Investigation		Monday, January 02, 2017
Design Period	182	
First Draft submitted to District for Approval		Monday, July 03, 2017
District Review	31	
Final Plans, Specifications, Engineering Report and Dam Safety H&H Analysis completed	60	
Plans, Specifications and Report submitted to TWDB and TCEQ for approval		Monday, October 02, 2017
Review and Correction Period	60	
Plans advertised for Bids		Friday, December 01, 2017
Advertisement Period	40	
Bids Due		Wednesday, January 10, 2018
Bid Evaluation and Contract Completion Period	61	
Start Construction		Monday, March 12, 2018
Construction Period	270	
Substantial Completion		Friday, December 07, 2018
Final Contract Close out and As-Built Drawings	90	
Project Final Completion		Thursday, March 07, 2019
<i>Note: Project may be accelerated 5 months by beginning engineering design during environmental review period with some risk that environmental findings alter the final design.</i>		
<i>Completion with accelerated schedule</i>		<i>Wednesday, October 03, 2018</i>

Population of District Costomers

Area	2010 Census	2040 Projection	2070 Projection
City of Mission	116,890	219,894	326,957
City of McAllen	129,877	244,325	363,284
Sheryland WSC	35,567	66,908	99,485

Total **282,334** **531,127** **789,726**

*Source: 2016 Rio Grande Regional Water Plan (Region M)

County/City	Census						
	2010	2020	2030	2040	2050	2060	2070
County-Other	44,311	47,407	50,849	54,339	58,099	61,967	65,934
East Rio Hondo WSC	23,267	27,435	32,052	36,736	41,782	46,971	52,291
El Jardin WSC	12,805	15,099	17,640	20,218	22,995	25,851	28,779
Harlingen	64,849	76,464	89,334	102,390	116,452	130,916	145,742
Indian Lake	640	755	882	1,011	1,150	1,293	1,439
La Feria	7,302	8,610	10,059	11,530	13,113	14,742	16,411
Laguna Vista	3,117	3,676	4,294	4,922	5,598	6,293	7,006
Los Fresnos	5,542	6,535	7,635	8,751	9,952	11,189	12,456
Los Indios	1,083	1,277	1,492	1,710	1,945	2,187	2,434
Military Highway WSC	16,505	19,462	22,737	26,060	29,639	33,320	37,094
North Alamo WSC	408	482	563	645	733	824	917
Olmito WSC	3,361	3,963	4,630	5,307	6,036	6,786	7,554
Palm Valley	1,304	1,538	1,797	2,059	2,342	2,633	2,931
Port Isabel	5,006	5,903	6,897	7,904	8,990	10,107	11,251
Primera	4,070	4,799	5,607	6,427	7,309	8,217	9,147
Rancho Viejo	2,437	2,874	3,358	3,848	4,377	4,920	5,477
Rio Hondo	2,356	2,778	3,246	3,720	4,231	4,757	5,295
San Benito	24,250	28,594	33,406	38,289	43,547	48,956	54,500
Santa Rosa	2,873	3,388	3,958	4,537	5,160	5,800	6,457
South Padre Island	2,816	3,321	3,880	4,447	5,057	5,685	6,329
<i>Cameron County Total</i>	<i>406,220</i>	<i>478,974</i>	<i>559,593</i>	<i>641,376</i>	<i>729,461</i>	<i>820,068</i>	<i>912,941</i>
Hidalgo County							
Agua SUD	41,133	52,129	64,729	77,379	90,055	102,731	115,054
Alamo	18,353	23,259	28,881	34,525	40,181	45,837	51,335
Alton	12,341	15,640	19,420	23,215	27,019	30,822	34,519
County-Other	32,223	40,847	50,722	60,632	70,564	80,490	90,146
Donna	15,798	20,021	24,860	29,719	34,587	39,456	44,189
Edcouch	3,161	4,006	4,974	5,946	6,920	7,894	8,841
Edinburg	77,100	97,711	121,329	145,041	168,800	192,560	215,659
Elsa	5,660	7,173	8,906	10,647	12,391	14,136	15,831
Hidalgo	11,198	14,191	17,621	21,065	24,516	27,967	31,322
Hidalgo County MUD							
#1	5,412	6,858	8,516	10,181	11,848	13,516	15,138
La Joya	3,985	5,050	6,271	7,496	8,724	9,952	11,146
La Villa	1,957	2,480	3,079	3,681	4,284	4,887	5,474
McAllen	129,877	164,597	204,382	244,325	284,348	324,372	363,284
Mercedes	15,570	19,732	24,501	29,290	34,088	38,886	43,551
Military Highway WSC	9,581	12,142	15,077	18,023	20,976	23,928	26,799
Mission	77,058	97,658	121,263	144,962	168,708	192,455	215,541
North Alamo WSC	116,890	148,138	183,945	219,894	255,915	291,937	326,957
Palmhurst	2,607	3,303	4,102	4,904	5,707	6,511	7,292
Palmview	5,460	6,919	8,592	10,271	11,953	13,636	15,272
Penitas	4,403	5,580	6,928	8,282	9,639	10,996	12,315
Pharr	70,400	89,220	110,785	132,437	154,131	175,826	196,918
Progreso	5,507	6,979	8,666	10,359	12,056	13,753	15,403
San Juan	33,856	42,906	53,277	63,690	74,123	84,556	94,699

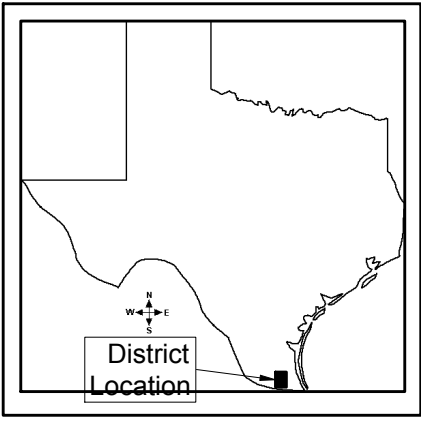
County/City	Census						
	2010	2020	2030	2040	2050	2060	2070
Sharyland WSC	35,567	45,075	55,970	66,908	77,869	88,829	99,485
Sullivan City	4,002	5,071	6,297	7,528	8,761	9,995	11,194
Weslaco	35,670	45,205	56,132	67,102	78,094	89,087	99,773
<i>Hidalgo County Total</i>	<i>774,769</i>	<i>981,890</i>	<i>1,219,225</i>	<i>1,457,502</i>	<i>1,696,257</i>	<i>1,935,015</i>	<i>2,167,137</i>
Jim Hogg County							
County-Other	742	819	889	950	1,018	1,077	1,131
Hebbronville	4,558	5,034	5,467	5,840	6,256	6,617	6,951
<i>Jim Hogg County Total</i>	<i>5,300</i>	<i>5,853</i>	<i>6,356</i>	<i>6,790</i>	<i>7,274</i>	<i>7,694</i>	<i>8,082</i>
Maverick County							
County-Other	28,010	31,983	36,197	40,127	44,196	48,095	51,839
Eagle Pass	26,248	31,124	36,294	41,116	46,108	50,893	55,488
<i>Maverick County Total</i>	<i>54,258</i>	<i>63,107</i>	<i>72,491</i>	<i>81,243</i>	<i>90,304</i>	<i>98,988</i>	<i>107,327</i>
Starr County							
Agua SUD	254	295	334	370	405	437	465
County-Other	24,657	28,631	32,385	35,841	39,269	42,334	45,113
Escobares	1,188	1,380	1,561	1,728	1,893	2,040	2,174
La Grulla	1,622	1,884	2,131	2,359	2,584	2,786	2,968
Rio Grande City	13,834	16,066	18,172	20,112	22,035	23,755	25,313
Rio WSC	3,298	3,831	4,333	4,795	5,253	5,663	6,035
Roma	9,765	11,341	12,827	14,196	15,554	16,768	17,868
Union WSC	6,350	7,375	8,342	9,232	10,114	10,904	11,619
<i>Starr County Total</i>	<i>60,968</i>	<i>70,803</i>	<i>80,085</i>	<i>88,633</i>	<i>97,107</i>	<i>104,687</i>	<i>111,555</i>
Webb County							
County-Other	6,146	7,810	9,658	11,418	13,023	14,536	15,899
El Cenizo	3,273	4,158	5,142	6,079	6,934	7,740	8,465
Laredo	236,091	299,969	370,952	438,558	500,216	558,332	610,669
Rio Bravo	4,794	6,091	7,532	8,905	10,157	11,337	12,400
<i>Webb County Total</i>	<i>250,304</i>	<i>318,028</i>	<i>393,284</i>	<i>464,960</i>	<i>530,330</i>	<i>591,945</i>	<i>647,433</i>
Willacy County							
County-Other	468	530	600	666	735	800	867
East Rio Hondo WSC	31	36	40	45	49	54	58
Lyford	2,611	2,981	3,360	3,723	4,110	4,485	4,851
North Alamo WSC	5,333	6,088	6,862	7,604	8,395	9,159	9,908
Raymondville	11,284	12,880	14,519	16,089	17,762	19,379	20,964
San Perlita	573	655	738	817	902	985	1,065
Sebastian MUD	1,834	2,094	2,360	2,615	2,887	3,150	3,408
<i>Willacy County Total</i>	<i>22,134</i>	<i>25,264</i>	<i>28,479</i>	<i>31,559</i>	<i>34,840</i>	<i>38,012</i>	<i>41,121</i>
Zapata County							
County-Other	2,321	2,785	3,262	3,787	4,366	4,962	5,587
San Ygnacio MUD	835	1,002	1,174	1,363	1,571	1,786	2,010

PROJECT BUDGET - Entity Name <u>United Irrigation District</u>						
Uses	TWDB Funds Series 1	TWDB Funds Series 2	TWDB Funds Series 3	Total TWDB Cost	Other Funds	Total Cost
Construction						
Construction	\$4,308,415	\$1,077,104	\$0	\$5,385,519	\$0	\$5,385,519
Subtotal Construction	\$4,308,415	\$1,077,104	\$0	\$5,385,519	\$0	\$5,385,519
Basic Engineering Fees						
Planning +	\$30,159	\$7,540	\$0	\$37,699	\$0	\$37,699
Design	\$211,112	\$52,778	\$0	\$263,890	\$0	\$263,890
Construction Engineering	\$60,319	\$15,079	\$0	\$75,397	\$0	\$75,397
Basic Engineering Other **	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Basic Engineering Fees	\$301,590	\$75,397	\$0	\$376,986	\$0	\$376,986
Special Services						
Application	\$6,607	\$1,652	\$0	\$8,259	\$0	\$8,259
Environmental	\$12,000	\$3,000	\$0	\$15,000	\$0	\$15,000
Water Conservation Plan	\$0	\$0	\$0	\$0	\$0	\$0
I/I Studies/Sewer Evaluation	\$0	\$0	\$0	\$0	\$0	\$0
Surveying	\$43,084	\$10,771	\$0	\$53,855	\$0	\$53,855
Geotechnical	\$43,084	\$10,771	\$0	\$53,855	\$0	\$53,855
Testing	\$43,084	\$10,771	\$0	\$53,855	\$0	\$53,855
Permits	\$20,000	\$5,000	\$0	\$25,000	\$0	\$25,000
Inspection	\$120,000	\$30,000	\$0	\$150,000	\$0	\$150,000
O&M Manual	\$4,000	\$1,000	\$0	\$5,000	\$0	\$5,000
Project Management (by engineer)	\$0	\$0	\$0	\$0	\$0	\$0
Pilot Testing	\$0	\$0	\$0	\$0	\$0	\$0
Water Distribution Modeling	\$0	\$0	\$0	\$0	\$0	\$0
Special Services Other **	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Special Services	\$291,859	\$72,965	\$0	\$364,825	\$0	\$364,825
Other						
Administration	\$0	\$0	\$0	\$0	\$0	\$0
Land/Easements Acquisition	\$1,000,000	\$250,000	\$0	\$1,250,000	\$0	\$1,250,000
Water Rights Purchase (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0
Capacity Buy-In (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0
Project Legal Expenses	\$20,000	\$5,000	\$0	\$25,000	\$0	\$25,000
Other **	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Other Services	\$1,020,000	\$255,000	\$0	\$1,275,000	\$0	\$1,275,000
Fiscal Services						
Financial Advisor	\$36,319	\$28,209	\$0	\$64,528	\$0	\$64,528
Bond Counsel	\$34,910	\$15,225	\$0	\$50,135	\$0	\$50,135
Issuance Cost	\$0	\$0	\$0	\$0	\$0	\$0
Bond Insurance/Surety	\$0	\$0	\$0	\$0	\$0	\$0
Fiscal/Legal	\$6,455	\$1,645	\$0	\$8,100	\$0	\$8,100
Capitalized Interest	\$0	\$0	\$0	\$0	\$0	\$0
Bond Reserve Fund	\$0	\$0	\$0	\$0	\$0	\$0
Loan Origination Fee	\$0	\$0	\$0	\$0	\$0	\$0
Other Fiscal Services						
Paying Agent	\$1,000	\$1,000	\$0	\$2,000	\$0	\$2,000
Escrow Agent	\$1,500	\$1,500	\$0	\$3,000	\$0	\$3,000
CUSIP Fee	\$1,000	\$1,000	\$0	\$2,000	\$0	\$2,000
Contingency	\$1,816	\$3,421	\$0	\$5,237	\$0	\$5,237
Subtotal Fiscal Services	\$83,000	\$52,000	\$0	\$135,000	\$0	\$135,000
Contingency						
Contingency	\$450,136	\$112,534	\$0	\$562,670	\$0	\$562,670
Subtotal Contingency	\$450,136	\$112,534	\$0	\$562,670	\$0	\$562,670
TOTAL COSTS	\$6,455,000	\$1,645,000	\$0	\$8,100,000	\$0	\$8,100,000

Other ** description as noted

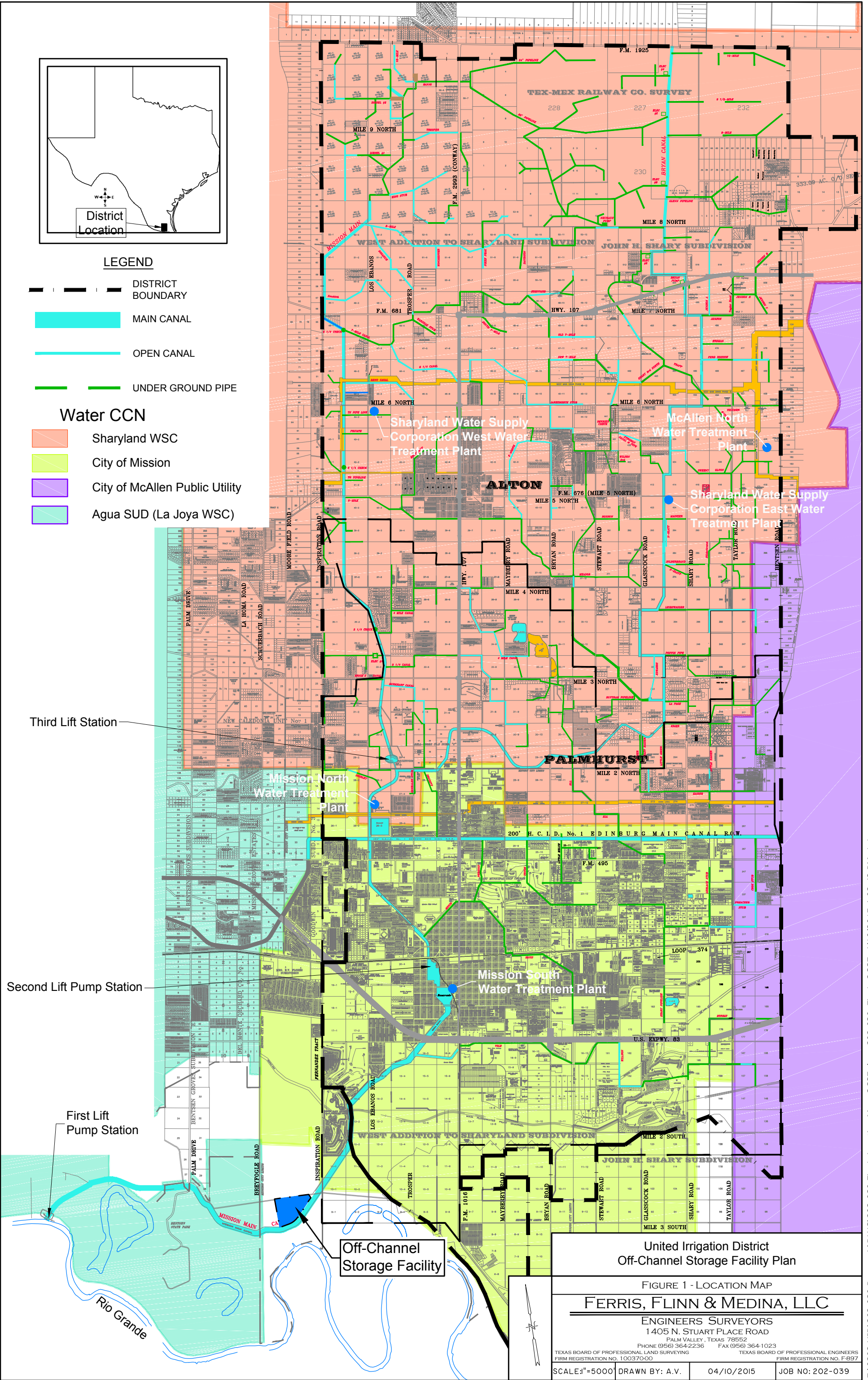
+ For Planning applications under the EDAP Program, please break down Planning costs as follows: - N/A

Texas Water Development Board Water Project Information							
A. Project Name Off Channel Storage Facility		B. Project No. 51030		C. County Hidalgo		D. Regional Planning Group (A-P) M	
E. Program(s) SWIFT		F. Loan <input checked="" type="checkbox"/> : \$ 8,100,000 Loan Forgiveness <input type="checkbox"/> : \$ _____ Grant <input type="checkbox"/> : \$ _____		G. Loan Term:			
H. Water Project Description: (Multiphase project, new or expansion; plant, well, storage, pump station, distribution system, etc) The 600 acre foot Off-Channel Storage Facility will operate as part of the UID's conveyance system that currently diverts water from the Rio Grande under Certificate of Adjudication Number A847-001. UID diverts about 50,000 acre feet of water per year to serve about 25,000 acres of irrigated land with its boundaries and delivers water to the public water systems (PWS) of the City of Mission, the City of McAllen and the Sharyland Water Supply Corporation (SWSC) that together serve approximately 250,000 people. The project will also improve reliability of service to its PWS customers. The facility is expected to result in the conservation of 2,000 acre feet per year. Attach map of service area affected by Project or other documentation.							
I. Is an Inter Basin Transfer potentially involved? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>				J. Is project located in a Groundwater District (If yes, identify District by name)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>			
K. Service Area Projected Population for at least a 20 year period: (if different from Planning Area, discuss in separate attachment)	Current Population		Projected Population				
	Year:	2010	2020	2025	2030	2035	2040
	Population:	282,334	336,598	407,730	448,862	489,994	531,127
Project Design Year: (Year for which project will be sized)		20 N/A		Design Population: (Population served by project on the design year)		531,127	
L. Is the proposed project included in a current Regional Water Plan? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Don't Know <input type="checkbox"/> (If Yes, please specify on what page in the Regional Water Plan - Regional Water Plan Page Number: <u>5-136</u>)							
M. What type of water source is associated directly with the proposed project ? Surface Water <input checked="" type="checkbox"/> Groundwater <input type="checkbox"/> Reuse <input type="checkbox"/>							
N. Will the project increase the volume of water supply? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> (through conservation)							
O. What volume of water is the project anticipated to deliver/ treat per year? <u>2,000</u> Acre-Feet/Year							
P. Current Water Supply Information Rio Grande Water Rights							
Surface Water Supply Source / Provider Names		Certificate No.		Source County		Annual Volume and Unit	
United Irrigation District		A847-001		Hidalgo		49,374.314 AcFt	
Groundwater Source Aquifer		Well Field location		Source County		Annual Volume and Unit	
N/A		N/A		N/A		N/A	
Q. Proposed Water Supply Associated Directly with the Proposed Project							
Surface Water Supply Source / Provider Names		Certificate No.		Source County		Annual Volume and Unit	
United Irrigation District		A847-001		Hidalgo		49,374.314 AcFt	
Groundwater Source Aquifer		Well Field location:		Source County		Annual Volume and Unit	
N/A		N/A		N/A		N/A	
R. Consulting Engineer Name			Telephone No.		E-mail address		
Frank A. Ferris, PE			956-364-2236		f.ferris@ferrisandflinn.com		
S. Applicant Contact Name, Title			Telephone No.		E-mail address		
Mike Warshak, General Manager			956-585-4818		mike@united-irrigation.com		



LEGEND

- DISTRICT BOUNDARY
 - MAIN CANAL
 - OPEN CANAL
 - UNDER GROUND PIPE
- Water CCN**
- Sharyland WSC
 - City of Mission
 - City of McAllen Public Utility
 - Agua SUD (La Joya WSC)



Third Lift Station

Second Lift Pump Station

First Lift Pump Station

Off-Channel Storage Facility

United Irrigation District
Off-Channel Storage Facility Plan

FIGURE 1 - LOCATION MAP

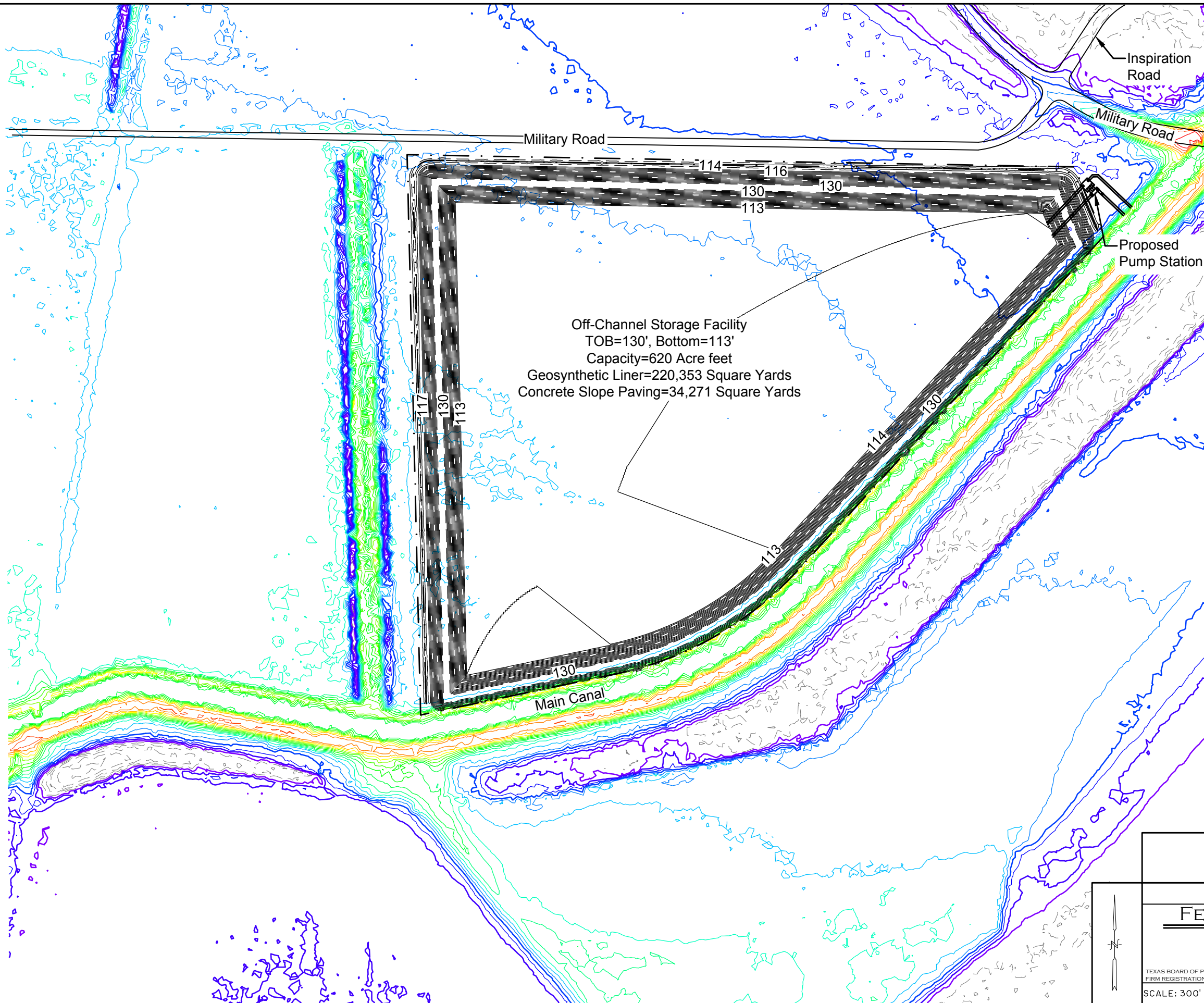
FERRIS, FLINN & MEDINA, LLC

ENGINEERS SURVEYORS
1405 N. STUART PLACE ROAD
PALM VALLEY, TEXAS 78552
PHONE (956) 364-2236 FAX (956) 364-1023

TEXAS BOARD OF PROFESSIONAL LAND SURVEYING FIRM REGISTRATION NO. 100370-00 TEXAS BOARD OF PROFESSIONAL ENGINEERS FIRM REGISTRATION NO. F-897

SCALE: 1"=5000' DRAWN BY: A.V. 04/10/2015 JOB NO: 202-039

F:\0202 UTD\202-039 Reservoir\DWG\202-039 Fig 1_Location Map_OCSF.dwg, 202-039 Fig 1_OCSF, 4/10/2015 4:02:42 PM, 1:1



Off-Channel Storage Facility
 TOB=130', Bottom=113'
 Capacity=620 Acre feet
 Geosynthetic Liner=220,353 Square Yards
 Concrete Slope Paving=34,271 Square Yards

Elevations Table			
No.	Min. Elev.	Max. Elev.	Color
1	111.00	112.00	Blue
2	112.00	113.00	Light Blue
3	113.00	114.00	Light Green
4	114.00	115.00	Light Yellow
5	115.00	116.00	Yellow
6	116.00	117.00	Light Orange
7	117.00	118.00	Orange
8	118.00	119.00	Light Red
9	119.00	120.00	Red
10	120.00	121.00	Light Purple
11	121.00	122.00	Purple
12	122.00	123.00	Light Blue
13	123.00	124.00	Blue
14	124.00	125.00	Light Green
15	125.00	126.00	Green
16	126.00	127.00	Light Yellow
17	127.00	128.00	Yellow
18	128.00	129.00	Light Orange

United Irrigation District
Off-Channel Storage Facility

FIGURE 3 - SITE PLAN

FERRIS, FLINN & MEDINA, LLC

ENGINEERS SURVEYORS
 1405 N. STUART PLACE ROAD
 PALM VALLEY, TEXAS 78552
 PHONE (956) 364-2236 FAX (956) 364-1023

TEXAS BOARD OF PROFESSIONAL LAND SURVEYING FIRM REGISTRATION NO. 100370-00 TEXAS BOARD OF PROFESSIONAL ENGINEERS FIRM REGISTRATION NO. F-897

SCALE: 300' DRAWN BY: A.V. 04/08/2015 JOB NO: 202-039



First Lift Pump Station

Proposed Off-Channel Storage Facility
 TOB=130', Bottom=113'
 Capacity=620 Acre feet

Military Road

Inspiration Road

Main Canal

Military Road

Main Canal

Rio Grande

Mission

Mexico

United Irrigation District Off-Channel Storage Facility			
FIGURE 2.1- AERIAL OVERLAY			
FERRIS, FLINN & MEDINA, LLC			
ENGINEERS SURVEYORS 1405 N. STUART PLACE ROAD PALM VALLEY, TEXAS 78552 PHONE (956) 364-2236 FAX (956) 364-1023			
<small>TEXAS BOARD OF PROFESSIONAL LAND SURVEYING FIRM REGISTRATION NO. 100370-00</small>		<small>TEXAS BOARD OF PROFESSIONAL ENGINEERS FIRM REGISTRATION NO. F897</small>	
SCALE: 2,000'	DRAWN BY: A.V.	04/08/2015	JOB NO: 202-039

© 2015 DigitalGlobe Image courtesy of USGS © 2015 GeoEye Image courtesy of Imag

F:\0202 UTD\202-039 Reservoir\DWG\202-039 Res Alternate.dwg, 202-039 Fig 2.1_OCSF Aerial Overlay, 4/8/2015 6:49:39 PM, 1:1

DRAFT DATE: MAY 9, 2016

RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF \$_____ IN PRINCIPAL AMOUNT OF *UNITED IRRIGATION DISTRICT SYSTEM REVENUE NOTES, SERIES 2016A* AND \$_____ IN PRINCIPAL AMOUNT OF *UNITED IRRIGATION DISTRICT SYSTEM REVENUE NOTES, TAXABLE SERIES 2016B* ; APPROVING A PAYING AGENT/REGISTRAR AGREEMENT AND AN ESCROW AGREEMENT FOR EACH SERIES OF NOTES; APPROVING AND AUTHORIZING ALL OTHER INSTRUMENTS AND PROCEDURES RELATED THERETO; AND PROVIDING FOR AN IMMEDIATE EFFECTIVE DATE

DATE OF APPROVAL: _____, 2016

TABLE OF CONTENTS

	<u>Page</u>
Preamble	1
Section 1. Amount and Purpose of the Series 2016 Notes	2
Section 2. Designation, Date, Denominations, Numbers, and Maturities of Series 2016 Notes	2
Section 3. Interest	4
Section 4. Characteristics of the Series 2016 Notes	5
Section 5. Form of Series 2016 Notes	10
Section 6. Definitions	18
Section 7. Pledge	19
Section 8. Annual Budget; Covenant to Satisfy Other Obligations	19
Section 9. Funds	20
Section 10 Revenue Fund	21
Section 11. Interest and Sinking Fund	21
Section 12. Debt Service Reserve Fund	22
Section 13. Operating Reserve Fund	23
Section 14. Investments	24
Section 15. Deficiencies in Funds	24
Section 16. Excess Revenues	24
Section 17. Security for Funds	24
Section 18. Additional Obligations	25
Section 19. Operation and Maintenance; Insurance	26
Section 20. Accounts and Fiscal Year	26
Section 21. Audit	26
Section 22. Inspections	27

Section 23. Special Covenants	27
Section 24. Parity Obligations Are Special Obligations	28
Section 25. Resolution a Contract; Amendments	28
Section 26. Defeasance of Series 2016 Notes	29
Section 27. Covenants Regarding Tax Exemption of Interest on the Series 2016A Notes	30
Section 28. Sale of Series 2016 Notes	33
Section 29. Approval of Escrow Agreement; Deposit of Proceeds	33
Section 30. Authority for Officers to Execute Documents and Approve Changes; Further Procedures	35
Section 31. Continuing Disclosure Undertaking	35
Section 32. Final Accounting	39
Section 33. Compliance with the Rules and Regulations of the Texas Water Development Board	40
Section 34. Incorporation of Recitals	42
Section 35. Effective Date	42
Exhibit A Form of Paying Agent/Registrar Agreement	
Exhibit B Written Procedures Relating to Continuing Compliance with Federal Tax Covenants	
Exhibit C-1 Form of Series 2016A Escrow Agreement	
Exhibit C-2 Form of Taxable Series 2016B Escrow Agreement	
Exhibit D Description of Annual Financial Information	

RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF \$_____ IN PRINCIPAL AMOUNT OF UNITED IRRIGATION DISTRICT SYSTEM REVENUE NOTES, SERIES 2016A AND \$_____ IN PRINCIPAL AMOUNT OF UNITED IRRIGATION DISTRICT SYSTEM REVENUE NOTES, TAXABLE SERIES 2016B ; APPROVING A PAYING AGENT/REGISTRAR AGREEMENT AND AN ESCROW AGREEMENT FOR EACH SERIES OF NOTES; APPROVING AND AUTHORIZING ALL OTHER INSTRUMENTS AND PROCEDURES RELATED THERETO; AND PROVIDING FOR AN IMMEDIATE EFFECTIVE DATE

STATE OF TEXAS §
COUNTY OF HIDALGO §
UNITED IRRIGATION DISTRICT §

WHEREAS, the UNITED IRRIGATION DISTRICT (the "*District*") is an irrigation district operating pursuant to Article 16, Section 59 of the Texas Constitution, Chapters 49 and 58 of the Texas Water Code, as amended, and other applicable laws of the State of Texas; and

WHEREAS, the Board of Directors of the District deems it necessary and advisable to make extensions and improvements to its drainage and irrigation water distribution system (the "*System*"), including an off channel storage facility to better manage pumping of water ordered from the Rio Grande Watermaster to significantly reduce river losses, which are more specifically described in an application (the "*Application*") submitted to the TEXAS WATER DEVELOPMENT BOARD (the "*Texas Water Development Board*" or the "*TWDB*"), for the benefit of its customers; and

WHEREAS, in the Application to the TWDB, the District requested financial assistance in the aggregate amount of \$_____ from the TWDB's *State Water Implementation Revenue Fund for Texas* ("*SWIRFT*") program to finance the planning, acquisition, design, and construction of certain improvements to the System identified by the TWDB as Project No. _____ (the "*Project*"); and

WHEREAS, the TWDB reviewed such application and, pursuant to Resolution No. 16-____ adopted on _____, 2016 (the "*TWDB Resolution*"), approved a commitment to provide financial assistance to the District for the Project by purchasing (i) \$_____ in aggregate principal amount of the District's *System Revenue Notes, Series 2016A* (defined in Section 1(a) below as the "*Series 2016A Notes*"), and (ii) \$_____ in aggregate principal amount of the District's *System Revenue Notes, Taxable Series 2016B* (defined in Section 1(b) below as the "*Taxable Series 2016B Notes*"); and

WHEREAS, in order to fund the Project the Board of Directors of the District finds and declares a public purpose and deems it advisable and in the best interests of the District to issue the Series 2016A Notes and the Taxable Series 2016B Notes (defined collectively in Section 1(c) below as the "*Series 2016 Notes*") payable from and secured by a lien on and pledge of the net revenues (the "*Net Revenues*") of the District's System; and

WHEREAS, the notes hereinafter authorized are to be issued and delivered pursuant to Section 49.153, Texas Water Code, as amended, Chapter 1201, Texas Government Code, as amended, and other applicable laws of the State of Texas; and

WHEREAS, it is hereby officially found and determined that the meeting at which this Resolution was passed 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 UNITED IRRIGATION DISTRICT THAT:

SECTION 1. AMOUNT AND PURPOSE OF THE SERIES 2016 NOTES.

(a) Series 2016A Notes: The notes of the District described in this Resolution which are to be purchased by the Texas Water Development Board pursuant to its SWIRFT program and which are further described in Sections 2(a) and 3(a) of this Resolution (the "**Series 2016A Notes**") are hereby authorized to be issued and delivered in the aggregate principal amount of \$_____ **FOR THE PURPOSE OF PROVIDING A PORTION OF THE FUNDS TO FINANCE IMPROVEMENTS TO THE DISTRICT'S DRAINAGE AND IRRIGATION WATER DISTRIBUTION SYSTEM AND FOR PAYING COSTS OF ISSUANCE.**

(b) Taxable Series 2016B Notes: The notes of the District described in this Resolution which are to be purchased by the Texas Water Development Board pursuant to its SWIRFT program and which are further described in Sections 2(b) and 3(b) of this Resolution (the "**Taxable Series 2016B Notes**") are hereby authorized to be issued and delivered in the aggregate principal amount of \$_____ **FOR THE PURPOSE OF PROVIDING A PORTION OF THE FUNDS TO FINANCE IMPROVEMENTS TO THE DISTRICT'S DRAINAGE AND IRRIGATION WATER DISTRIBUTION SYSTEM AND FOR PAYING COSTS OF ISSUANCE.**

(c) Series 2016 Notes: The Series 2016A Notes and the Taxable Series 2016B Notes are referred to collectively herein as the "**Series 2016 Notes**" and the term "**Series 2016 Note**" shall mean any of the Series 2016 Notes.

SECTION 2. DESIGNATION, DATE, DENOMINATIONS, NUMBERS, AND MATURITIES OF SERIES 2016 NOTES.

(a) Series 2016A Notes: Each Series 2016A Note issued pursuant to this Resolution shall be designated **UNITED IRRIGATION DISTRICT SYSTEM REVENUE NOTE, SERIES 2016A**, and initially there shall be issued, sold and delivered hereunder one fully registered note, without interest coupons, dated _____, 2016, in the aggregate principal amount of \$_____, numbered T-1 (the "**Initial Series 2016A Note**"), with notes issued in replacement thereof being in the denomination of **\$1,000** or any integral multiple thereof and numbered consecutively from R-1 upward, all payable to the initial registered owner thereof (with the Initial Series 2016A Note being payable to the initial purchaser designated in Section 28 hereof), or to the registered

assignee or assignees of said note or any portion or portions thereof (in each case, the "**Registered Owner**"), and the notes shall mature and be payable serially on _____ 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>
2018		2028		2038	
2019		2029		2039	
2020		2030		2040	
2021		2031		2041	
2022		2032		2042	
2023		2033		2043	
2024		2034		2044	
2025		2035		2045	
2026		2036		2046	
2027		2037			

The term "**Series 2016A Notes**" as used in this Resolution shall mean and include the notes initially issued and delivered pursuant to this Resolution with the terms set forth in Sections 1(a), 2(a) and 3(a) hereof and all substitute notes exchanged therefor, as well as all other related substitute notes and replacement notes issued pursuant hereto, and the term "**Series 2016A Note**" shall mean any of the Series 2016A Notes.

(b) **Taxable Series 2016B Notes:** Each Taxable Series 2016B Note issued pursuant to this Resolution shall be designated **UNITED IRRIGATION DISTRICT SYSTEM REVENUE NOTE, TAXABLE SERIES 2016B**, and initially there shall be issued, sold and delivered hereunder one fully registered note, without interest coupons, dated _____, 2016, in the aggregate principal amount of \$_____, numbered T-1 (the "**Initial Taxable Series 2016B Note**"), with notes issued in replacement thereof being in the denomination of **\$1,000** or any integral multiple thereof and numbered consecutively from R-1 upward, all payable to the initial registered owner thereof (with the Initial Taxable Series 2016B Note being payable to the initial purchaser designated in Section 28 hereof), or to the registered assignee or assignees of said note or any portion or portions thereof (in each case, the "**Registered Owner**"), and the notes shall mature and be payable serially on _____ 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>
2018		2028		2038	
2019		2029		2039	
2020		2030		2040	
2021		2031		2041	
2022		2032		2042	
2023		2033		2043	
2024		2034		2044	
2025		2035		2045	
2026		2036		2046	
2027		2037			

The term "***Taxable Series 2016B Notes***" as used in this Resolution shall mean and include the notes initially issued and delivered pursuant to this Resolution with the terms set forth in Sections 1(b), 2(b) and 3(b) hereof and all substitute notes exchanged therefor, as well as all other related substitute notes and replacement notes issued pursuant hereto, and the term "***Taxable Series 2016B Note***" shall mean any of the Taxable Series 2016B Notes.

SECTION 3. INTEREST.

(a) *Series 2016A Notes*: The Series 2016A Notes 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 2016 NOTE attached to this Resolution to their respective dates of maturity at the following rates per annum:

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE (%)</u>	<u>YEAR OF MATURITY</u>	<u>INTEREST RATE (%)</u>	<u>YEAR OF MATURITY</u>	<u>INTEREST RATE (%)</u>
2018		2028		2038	
2019		2029		2039	
2020		2030		2040	
2021		2031		2041	
2022		2032		2042	
2023		2033		2043	
2024		2034		2044	
2025		2035		2045	
2026		2036		2046	
2027		2037			

Interest shall be payable in the manner provided and on the dates stated in the FORM OF SERIES 2016 NOTE attached to this Resolution.

(b) Taxable Series 2016B Notes: The Taxable Series 2016B Notes 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 2016 NOTE attached to this Resolution to their respective dates of maturity at the following rates per annum:

<u>YEAR OF MATURITY</u>	<u>INTEREST RATE (%)</u>	<u>YEAR OF MATURITY</u>	<u>INTEREST RATE (%)</u>	<u>YEAR OF MATURITY</u>	<u>INTEREST RATE (%)</u>
2018		2028		2038	
2019		2029		2039	
2020		2030		2040	
2021		2031		2041	
2022		2032		2042	
2023		2033		2043	
2024		2034		2044	
2025		2035		2045	
2026		2036		2046	
2027		2037			

Interest shall be payable in the manner provided and on the dates stated in the FORM OF SERIES 2016 NOTE attached to this Resolution.

SECTION 4. CHARACTERISTICS OF THE SERIES 2016 NOTES. (a) Registration, Transfer, and Exchange; Authentication. The District shall keep or cause to be kept at the designated office of _____ (currently located in _____, Texas) (the "**Paying Agent/Registrar**") books or records for the registration of the transfer and exchange of the Series 2016 Notes (the "**Registration Books**"), and the District 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 the District and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers and exchanges as herein provided. The Paying Agent/Registrar Agreement between the District and the Paying Agent/Registrar, with respect to each series of the Series 2016 Notes and in substantially the form attached hereto as Exhibit A, is hereby approved and the President and Secretary of the District are hereby authorized to execute a Paying Agent/Registrar Agreement for each series 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 2016 Note to which payments with respect to the Series 2016 Notes 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 2016 Notes shall be made within three business days after request and presentation thereof. The District 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 2016 Note or Series 2016 Notes shall be paid as provided in the FORM OF SERIES 2016 NOTE set forth in Section 5 of this Resolution. Registration of assignments, transfers and exchanges of Series 2016 Notes shall be made in the manner provided and with the effect stated in the FORM OF SERIES 2016 NOTE set forth in Section 5 of this Resolution. Each substitute Series 2016 Note shall bear a letter and/or number to distinguish it from each other Series 2016 Note.

Except as provided in (c) below, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Series 2016 Note, date and manually sign the Paying Agent/Registrar's Authentication Certificate, and no such Series 2016 Note shall be deemed to be issued or outstanding unless such Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all paid Series 2016 Notes and Series 2016 Notes surrendered for transfer and exchange. No additional ordinances, orders or resolutions need be passed or adopted by the governing body of the District or any other body or person so as to accomplish the foregoing transfer and exchange of any Series 2016 Note or portion thereof, and the Paying Agent/Registrar shall provide for the preparation, execution and delivery of the substitute Series 2016 Notes in the manner prescribed herein. Pursuant to the Texas Government Code, Chapter 1201, the duty of transfer and exchange of Series 2016 Notes as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Series 2016 Note, the transferred and exchanged Series 2016 Note shall be valid, incontestable and enforceable in the same manner and with the same effect as the Series 2016 Notes 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 2016 Notes and Interest.* The District hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Series 2016 Notes, all as provided in this Resolution. The Paying Agent/ Registrar shall keep proper records of all payments made by the District and the Paying Agent/Registrar with respect to the Series 2016 Notes.

(c) *In General* The Series 2016 Notes (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Series 2016 Notes to be payable only to the registered owners thereof, (ii) may and shall be redeemed prior to their scheduled maturities, (iii) may be transferred and assigned, (iv) may be exchanged for other

Series 2016 Notes of the same series and maturity, (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) shall be payable as to principal interest, and (viii) shall be administered and the Paying Agent/Registrar and the District shall have certain duties and responsibilities with respect to the Series 2016 Notes, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF SERIES 2016 NOTE set forth in Section 5 of this Resolution. The Series 2016 Notes initially issued and delivered pursuant to this Resolution are not required to be, and shall not be, authenticated by the Paying Agent/ Registrar, but on each substitute Series 2016 Note issued in exchange for any Series 2016 Note or Series 2016 Notes 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 2016 NOTE.

(d) *Substitute Paying Agent/Registrar.* The District covenants with the registered owners of the Series 2016 Notes that at all times while the Series 2016 Notes are outstanding the District will provide a competent and legally qualified bank, trust company, financial institution or other entity to act as and perform the services of Paying Agent/Registrar for the Series 2016 Notes under this Resolution, and that the Paying Agent/Registrar will be one entity. The District reserves the right to, and may, at its option and to the extent permitted by law, (i) act in the capacity of Paying Agent/Registrar or (ii) 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, the District covenants that promptly it will assume the duties or 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 2016 Notes, to the new Paying Agent/Registrar designated and appointed by the District. Upon any change in the Paying Agent/Registrar, the District promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Series 2016 Notes, 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 2016 Notes.* The Series 2016 Notes issued in exchange for the Series 2016 Notes initially issued to the purchasers specified in Section 28 herein shall be initially issued in the form of a separate single fully registered Series 2016 Note for each maturity thereof. Upon initial issuance, the ownership of each such Series 2016 Note 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 (f) hereof, all of the outstanding Series 2016 Notes shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to the Series 2016 Notes registered in the name of Cede & Co., as nominee of DTC, the District 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 2016 Notes. Without limiting the immediately preceding sentence, the District 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 2016 Notes, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of the Series 2016 Notes, as shown on the Registration Books, of any notice with respect to the Series 2016 Notes or (iii) the payment to any DTC Participant or any other person, other than a registered owner of the Series 2016 Notes, as shown in the Registration Books of any amount with respect to principal of or interest on the Series 2016 Notes. Notwithstanding any other provision of this Resolution to the contrary, the District and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Series 2016 Note is registered in the Registration Books as the absolute owner of such Series 2016 Note for the purpose of payment of principal and interest with respect to such Series 2016 Notes, for the purpose of registering transfers with respect to such Series 2016 Notes and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Series 2016 Notes only to or upon the order 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 District's obligations with respect to payment of principal of and interest on the Series 2016 Notes 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 2016 Note evidencing the obligation of the District 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 District determines to discontinue the use of the Book-Entry-Only System through DTC, or DTC determines to discontinue providing its services with respect to the Series 2016 Notes, the District 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 2016 Notes to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Series 2016 Notes and transfer one or more separate Series 2016 Notes to DTC Participants having Series 2016 Notes credited to their DTC accounts; *provided, however, in no event shall the District discontinue the use of DTC as the securities depository for the Series 2016 Notes 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 2016 Notes. In such event, the Series 2016 Notes 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 2016 Notes shall designate, in accordance with the provisions of this Resolution. Whenever a successor securities depository has been appointed pursuant to this paragraph, the terms DTC and DTC Participant as used in this Resolution shall refer to such successor securities depository and its participants, respectively.

(g) Payments to Cede & Co. Notwithstanding any other provision of this Resolution to the contrary, so long as any Series 2016 Note is registered in the name of Cede & Co., as nominee for DTC, all payments with respect to principal of and interest on such Series 2016 Note and all notices with respect to such Series 2016 Note shall be made and given, respectively, in the manner provided in the representation letter of the District to DTC.

(h) DTC Letter of Representation. The officers of the District are herein authorized for and on behalf of the District and as officers of the District to enter into one or more Blanket Letters of Representation, or any amendments thereto, with DTC as deemed necessary to establish and maintain the Book-Entry-Only System with respect to the Series 2016 Notes.

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SECTION 5. FORM OF SERIES 2016 NOTES. The form of the Series 2016 Notes, including the form of the Paying Agent/Registrar's Authentication Certificate and the form of Assignment shall be, respectively, substantially as follows, with such appropriate variations, omissions, or insertions as are permitted or required by this Resolution.

FORM OF SERIES 2016 NOTE

R- ___	UNITED STATES OF AMERICA STATE OF TEXAS UNITED IRRIGATION DISTRICT SYSTEM REVENUE NOTE, [SERIES 2016A] [TAXABLE SERIES 2016B]	PRINCIPAL AMOUNT \$ _____
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<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF SERIES</u>	<u>CUSIP NO.</u>
_____ %	_____ __, 20__	_____ __, 2016	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT: **DOLLARS**

ON THE MATURITY DATE SPECIFIED ABOVE, UNITED IRRIGATION DISTRICT (the "***District***"), 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 Principal Amount specified above, and to pay interest thereon (calculated on the basis of a 360-day year of twelve 30-day months) from the date of initial delivery of this Note (as shown on the records of the "Paying Agent/Registrar" as defined and identified below) at the Interest Rate per annum specified above, payable on _____ __, 2017, and semiannually on each _____ __ and _____ __ thereafter to the Maturity Date specified above, or the date of redemption prior to maturity; except that if this Note 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 Note or Notes, if any, for which this Note is being exchanged is due but has not been paid, then this Note shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON THIS NOTE are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Note shall be paid to the Registered Owner hereof upon presentation and surrender of this Note at maturity or upon the date fixed for its redemption prior to maturity, at the designated office of _____ (currently located in _____, Texas), which is the "***Paying***

Agent/Registrar" for this Note. The payment of interest on this Note shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the District required by the Resolution authorizing the issuance of this Note (the "**Resolution**") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check 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 each 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 District. 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 appearing on the Registration Books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice. Any accrued interest due upon the redemption of this Note prior to maturity as provided herein shall be paid to the Registered Owner upon presentation and surrender of this Note for redemption and payment at the principal corporate trust office of the Paying Agent/Registrar (unless the redemption date is a regularly scheduled interest payment date, in which case accrued interest on such redeemed Notes shall be payable in the regular manner described above). The District covenants with the Registered Owner of this Note that on or before each principal payment date, interest payment date, and accrued interest payment date for this Note it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" referred to in the Resolution, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Notes, when due. Terms used in this Note and not otherwise defined shall have the meaning given in the Resolution.

NOTWITHSTANDING THE FOREGOING, as long as the Texas Water Development Board is the owner of this Note, payment of principal of and interest on this Note 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 Note shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the principal corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close, or the United States Postal Service is not open for business (each a "**Non-Business Day**"), then the date for such payment shall be the next succeeding day which is not a Non-Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS NOTE IS ONE OF A SERIES of Notes dated as of _____, 2016, authorized in accordance with the Constitution and laws of the State of Texas in the aggregate principal amount of \$_____ **FOR THE PURPOSE OF PROVIDING A PORTION OF THE FUNDS TO FINANCE IMPROVEMENTS TO THE DISTRICT'S DRAINAGE AND IRRIGATION WATER DISTRIBUTION SYSTEM AND FOR PAYING COSTS OF ISSUANCE.**

ON _____, 202_, AND ON ANY DATE THEREAFTER, the Notes of this Series maturing on or after _____, 202_, may be redeemed, in whole or in part, at the option of the District (and if in part the Notes of this Series shall be redeemed in inverse order of maturity and the Paying Agent/Registrar shall determine, by lot or other customary method within a maturity, the particular Notes to be redeemed), at a redemption price equal to the principal amount of the Notes to be redeemed plus accrued interest to the redemption date; provided, that during any period in which ownership of the Notes is determined by a book entry at a securities depository for the Notes, if fewer than all of the Notes of the same maturity and bearing the same interest rate are to be redeemed, the particular Notes of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the District and the securities depository.

AT LEAST 30 DAYS PRIOR to the date fixed for any redemption of Notes or portions thereof 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, at least 30 days prior to the date fixed for any such redemption to the Registered Owner of each Note to be redeemed at its address as it appeared on the Registration Books maintained by the Paying Agent/Registrar on the day such notice of redemption is mailed. 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 Notes or portions thereof which are to be so redeemed. If such written notice of redemption is mailed and if due provision for such payment is made, all as provided above, the Notes or portions thereof 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 from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Note shall be redeemed a substitute Note or Notes having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of **\$1,000**, at the written request of the Registered Owner, and in an aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Registered Owner upon the surrender thereof for cancellation, at the expense of the District, all as provided in the Resolution.

ALL NOTES OF THIS SERIES are issuable solely as fully registered Notes, without interest coupons, in the denomination of any integral multiple of **\$1,000** (an "**Authorized Denomination**"). As provided in the Resolution, this Note, or any unredeemed portion hereof, may, at the request of the Registered Owner or the assignee or assignees hereof, be assigned, transferred and exchanged for a like aggregate principal amount of fully registered Notes, without interest coupons, payable to the appropriate Registered Owner, assignee or assignees, as the case may be, having the same denomination or denominations in any integral multiple of

\$1,000 as requested in writing by the appropriate Registered Owner, assignee or assignees, as the case may be, upon surrender of this Note to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Resolution. Among other requirements for such assignment and transfer, this Note 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 Note or any portion or portions hereof in any integral multiple of **\$1,000** to the assignee or assignees in whose name or names this Note or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Note may be executed by the Registered Owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Note or any portion or portions hereof from time to time by the Registered Owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for transferring and exchanging any Note or portion thereof shall be paid by the District, but any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer or exchange as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer or exchange (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) with respect to any Note or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date; provided, however, such limitation of transfer shall not be applicable to an exchange by the Registered Owner of an unredeemed balance of a Note called for redemption in part.

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

IT IS HEREBY CERTIFIED, RECITED AND COVENANTED that this Note 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 Note have been performed, existed and been done in accordance with law; that this Note is a special obligation of the District, and that the interest on and principal of this Note, together with all other outstanding "Parity Obligations" (as defined and described in the Resolution), as such interest comes due, and as such principal matures, are payable from and secured by a lien on and pledge of the "Net Revenues" (as defined and described in the Resolution) derived from the operation of the "System" (as defined and described in the Resolution which consists generally of the District's drainage and irrigation water distribution system).

THE DISTRICT HAS RESERVED THE RIGHT, subject to the restrictions stated in the Resolution, to issue additional parity revenue bonds, notes or other obligations designated as "Additional Obligations" in the Resolution, which also may be secured by and payable from an irrevocable first lien on and pledge of the aforesaid Net Revenues on a parity and of equal dignity in all respects with this Note.

THE OWNER HEREOF SHALL NEVER HAVE THE RIGHT to demand payment of this Note out of any funds raised or to be raised by taxation.

BY BECOMING THE REGISTERED OWNER OF THIS NOTE, 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 District and agrees that the terms and provisions of this Note and the Resolution constitute a contract between each Registered Owner hereof and the District.

IN WITNESS WHEREOF, the District has caused this Note to be signed with the manual or facsimile signature of the President of the District, countersigned with the manual or facsimile signature of the Secretary of the District, and the official seal of the District has been duly impressed, or placed in facsimile, on this Note.

Countersigned:

(facsimile signature)
Secretary
United Irrigation District

(facsimile signature)
President
United Irrigation District

(Seal)

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

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. _____

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

Witness my signature and seal this

(COMPTROLLER'S SEAL)

Comptroller of Public Accounts
the State of Texas

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

(To be executed if this Note 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 Note has been issued under the provisions of the Resolution described in the text of this Note; and that this Note has been issued in exchange for a note or notes, or a portion of a note or notes of a series 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:

as Paying Agent/Registrar

By _____
Authorized Representative

FORM OF ASSIGNMENT:

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned Registered Owner of this Note, or duly authorized representative or attorney thereof, hereby sells, assigns and transfers this Note and all rights hereunder unto _____

/_____/ _____
(Assignee's Social Security or Taxpayer Identification Number) (Please print or typewrite Assignee's name and address, including zip code)

_____ and hereby irrevocably constitutes and appoints _____ attorney to transfer the registration of this Note on the Paying Agent/Registrar's Registration Books 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 Note in every particular, without alteration or enlargement or any change whatsoever.

INITIAL NOTE INSERTIONS

The Initial Series 2016A Note and the Initial Taxable Series 2016B Note shall be in the form set forth above except that:

- (A) Immediately under the name of the Series 2016A Note and the Taxable Series 2016B Note, the headings "Interest Rate" and "Maturity Date" shall both 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:

ON THE MATURITY DATE specified above, **UNITED IRRIGATION DISTRICT** (the "***District***"), 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 Note (as shown on the records of the "Paying Agent/Registrar," hereinafter defined), at the respective Interest Rates per annum specified below, payable on _____, 2017, and semiannually on each _____ and _____ 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 Note are set forth in the following schedule:

Maturity Date (_____)	Principal Installment (\$)	Interest Rate (%)
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

(Terms of the Series 2016A Notes in Sections 2(a) and 3(a) of this Resolution to be included and terms of the Taxable Series 2016B Notes in Sections 2(b) and 3(b) of this Resolution to be included .)

- (C) The Initial Series 2016A Note and the Initial Taxable Series 2016B Note shall each be numbered "T-1."

SECTION 6. DEFINITIONS. As used in this Resolution, the following terms and expressions shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

"Additional Obligations" shall mean the additional parity revenue bonds, notes or other obligations which the District reserves the right to issue and deliver in the future, as provided by this Resolution.

"Current Expenses of the System" shall mean the current, ordinary, reasonable, necessary, and proper expenses of operation and maintenance of the System, including reasonable, necessary, and proper salaries, labor, fees, materials, repairs, paying agents' charges, and properly allocated charges for insurance. Depreciation and payments into and out of the Interest and Sinking Fund and the other Funds, hereinafter described, shall never be considered as expenses of operation and maintenance.

"Fiscal Year" shall mean 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 the District and ending one year later.

"Gross Revenues of the System" shall mean all of the revenues, income, and receipts of every nature derived from the ownership or operation of the System.

"Net Revenues" shall mean the amount remaining after deducting the Current Expenses of the System from the Gross Revenues of the System.

"Parity Obligations" shall mean the Series 2016 Notes and any Additional Obligations.

"Principal and Interest Requirements" shall mean 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.

"Reimbursement Obligation" shall mean any obligation entered into by the District in connection with any Reserve Fund Credit Facility pursuant to which the District obligates itself

to reimburse a financial institution, insurance company or other entity for amounts paid or advanced by such entity pursuant to a Reserve Fund Credit Facility. Reimbursement Obligations may be payable from and secured by a lien on Net Revenues which is on parity with, or subordinate to, the lien on Net Revenues which secures the Parity Obligations pursuant to this Resolution.

"Reserve Fund Credit Facility" shall mean a policy of insurance, surety bond, letter of credit or similar instrument or contract which (i) is issued by an insurance company or financial institution whose senior debt securities are rated in the one of the three highest rating categories by the rating agencies which provide a rating, at the District's request, on the Parity Obligations, (ii) may not be terminated by the entity providing the facility prior to the final maturity date of the particular series of Parity Obligations for which an account in the Debt Service Reserve Fund is established pursuant to the order authorizing such series of Parity Obligations, and (iii) may be drawn upon demand by the District to provide funds to pay Principal and Interest Requirements on such particular series of Parity Obligations in the event moneys on deposit in the Interest and Sinking Fund are insufficient to make such payment.

"Series 2016 Notes" shall mean the *United Irrigation District System Revenue Notes, Series 2016*, issued pursuant to this Resolution.

"System" shall mean the District's existing drainage and irrigation water distribution system which is designed to deliver untreated water for irrigation and to provide for the drainage of lands and such other functions as are incidental to the accomplishment of such limited purposes as permitted by Chapter 58, Texas Water Code, together with all future improvements, enlargements, and additions thereto, and replacements thereof, and any other facilities acquired, constructed and designated by the District to be a component of the System, all as acquired or constructed from any source, including the issuance of Parity Obligations.

SECTION 7. PLEDGE. The Parity Obligations are and shall be secured and payable, equally and ratably on a parity, by and from a first lien on and pledge of the Net Revenues.

SECTION 8. ANNUAL BUDGET; COVENANT TO SATISFY OTHER OBLIGATIONS. The District covenants and agrees with the holders of the Parity Obligations as follows:

(a) As long as any Parity Obligations remain outstanding, the District shall develop an annual budget for each Fiscal Year which demonstrates that the Gross Revenues reasonably anticipated to be collected from all purchasers of raw water from the District during such Fiscal Year (taking into account all contractual requirements and restrictions the District has with such purchasers), less Current Expenses of the System budgeted for such Fiscal Year, will result in Net Revenues that will (i) equal at least 100% of the Principal and Interest Requirements on the Parity Obligations coming due during such Fiscal Year, (ii) maintain or restore the amount on deposit in the respective accounts of the Debt Service Reserve Fund and in the Operating Reserve Fund to the amounts and in the manner required by the respective resolutions

authorizing the issuance of the outstanding Parity Obligations (including this Resolution), and (iii) pay all Reimbursement Obligations coming due during each Fiscal Year, if any.

(b) If the District should become legally liable for any other obligations or indebtedness, the District shall fix, maintain, charge and collect additional rates and charges (to the extent permitted by all contractual requirements and restrictions the District has with its customers) for services rendered by the System sufficient to establish and maintain funds for the payment thereof.

SECTION 9. FUNDS. (a) Creation of Revenue Fund and Interest and Sinking Fund. All revenues of the System shall be kept separate and apart from all other funds of the District, and the following special Funds are hereby created and established and shall be maintained on the financial records of the District (or at an official depository of the District), so long as any of the Parity Obligations, or interest thereon, are outstanding and unpaid:

(i) **UNITED IRRIGATION DISTRICT SYSTEM REVENUE FUND**, hereinafter called the "**Revenue Fund**"; and

(ii) **UNITED IRRIGATION DISTRICT SYSTEM REVENUE NOTES INTEREST AND SINKING FUND**, hereinafter called the "**Interest and Sinking Fund.**"

(iii) **UNITED IRRIGATION DISTRICT SYSTEM OPERATING RESERVE FUND**, hereinafter called the "**Operating Reserve Fund.**"

(b) Creation of Debt Service Reserve Fund. Additionally, 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 the District (or at an official depository of the District), for the pro rata benefit of all Parity Obligations of such series for which an account is created, the **UNITED IRRIGATION DISTRICT SYSTEM REVENUE NOTES DEBT SERVICE RESERVE FUND**, hereinafter called the "**Debt Service Reserve Fund.**" The District may create and establish accounts in the Debt Service 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 Net Revenues and shall be held solely for the benefit of the registered owners of the particular Parity Obligations for which such account in the Debt Service Reserve Fund was established. Each such account in the Debt Service 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 Debt Service 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 Debt Service 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.

(c) *Creation of Construction Fund.* There is hereby further created and established shall be maintained on the financial records of the District (or at an official depository of the County) a fund to be called the **UNITED IRRIGATION DISTRICT SYSTEM REVENUE NOTES CONSTRUCTION FUND** (herein called the "*Construction Fund*"). Proceeds from the sale and delivery of a series of Parity Obligations which are issued to finance improvements to the System (other than proceeds representing accrued interest on such Parity Obligations and any premium on such Parity Obligations that is not used by the District 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) shall be deposited in an account of the Construction Fund established by the District in connection with the issuance of such series of Parity Obligations. Money in the Construction Fund shall be subject to disbursements by the District 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, engineering, architecture, financing, financial consultants and legal services related to the project being financed with proceeds of such series of Parity Obligations, and to pay related costs of issuance.

All funds remaining on deposit in the Series 2016 Account of the Construction Fund upon completion of the projects being financed with the proceeds from the Series 2016 Notes, if any, shall be used in accordance with the provisions of Section 32 this Resolution and as authorized by the Texas Water Development Board.

SECTION 10. REVENUE FUND. All Gross Revenues of the System shall be deposited as collected into the Revenue Fund. The Current Expenses of the System shall be paid from the Revenue Fund or from any other funds of the District lawfully available therefor. The Gross Revenues of the System not actually used to pay Current Expenses of the System shall be deposited from the Revenue Fund into the other Funds created by this Resolution, in the manner and amounts and at the times hereinafter provided, and each of such Funds shall have priority as to such deposits in the order in which they are treated in the following sections.

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 of the District is 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 on the Parity Obligations.

(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 the District 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.

(c) *Monthly Deposits.* In addition, there shall be transferred Net Revenues from the Revenue Fund and deposited into the Interest and Sinking Fund the following:

(i) on or before the last business day of each month, commencing with the month immediately following the issuance of any series of Parity Obligations, there shall be deposited into the Interest and Sinking Fund in approximately equal installments an amount as will be sufficient, together with other amounts, if any, then on deposit therein and available for such purpose, to pay the interest scheduled to come due on all outstanding Parity Obligations on the next interest payment date.

(b) on or before the last business day of each month, commencing with the twelfth (12th) month preceding the first principal payment date for a series of Parity Obligations, or commencing with the month immediately following the issuance of any series of Parity Obligations if delivery of such series of Parity Obligations is made less than twelve months preceding the first principal payment date for such series of Parity Obligations, there shall be deposited into the Interest and Sinking Fund in approximately equal installments an amount as will be sufficient, together with other amounts, if any, then on deposit therein and available for such purpose, to pay the principal scheduled to come due (either at stated maturity or due to mandatory sinking fund redemption) on all outstanding Parity Obligations on the next principal payment date.

(iii) on or before any optional redemption date set by the District for any Parity Obligations, there shall be deposited into the Interest and Sinking Fund an amount as will be sufficient to pay the principal of, premium, if any, and interest on the Parity Obligations scheduled to be redeemed on such optional redemption date.

SECTION 12. DEBT SERVICE RESERVE FUND.

(a) *Use of Funds.* Funds on deposit in an account of the Debt Service 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 to its original amount. If the amount on deposit in an account of the Debt Service 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 Debt Service Reserve Fund, any withdrawals on such Reserve Fund Credit Facilities shall be pro rata.

(b) *Series 2016 Notes Secured with Debt Service Reserve Fund.* The District hereby establishes an account in the Debt Service Reserve Fund, to be known as the "**Series 2016 Debt Service Reserve Fund Account**," for the benefit of the registered owners of the Series 2016 Notes. The amount required to be on deposit in the Series 2016 Debt Service Reserve Fund

Account is equal to the maximum annual Principal and Interest Requirements of the Series 2016 Notes calculated on the date of issuance and delivery of the Series 2016 Notes (i.e., \$ _____, the "**Series 2016 Reserve Account Requirement**"), which amount is equal to the lesser of (i) 100% of the maximum annual Principal and Interest Requirements of the Series 2016 Notes, (ii) 125% of the average annual Principal and Interest Requirements of the Series 2016 Notes, and (iii) 10% of the original principal amount of the Series 2016 Notes. The District initially shall fund the Series 2016 Debt Service Reserve Fund Account [by transferring on or before the date of delivery of the Series 2016 Notes available funds of the District in an amount equal to the Series 2016 Reserve Account Requirement] OR [within sixty (60) months from the date of initial delivery of the Series 206 Notes by making monthly deposits from funds on deposit in the Revenue Fund (but only after making the required deposits into the Interest and Sinking Fund and paying all Current Expenses then due) on the last business day of each month in approximately equal amounts].

(c) *Funding Deficiencies in Debt Service Reserve Fund.* When and so long as the money and investments in the Series 2016 Debt Service Reserve Fund Account total not less than the Series 2016 Reserve Account Requirement, no deposits need be made to the credit of the Series 2016 Debt Service Reserve Fund Account; but when and if the Series 2016 Debt Service Reserve Fund Account at any time contains less than the Series 2016 Reserve Account Requirement, the District covenants and agrees to cure the deficiency in the Series 2016 Reserve Account Requirement within sixty (60) months from the date the deficiency occurred by making monthly deposits from funds on deposit in the Revenue Fund (but only after making the required deposits into the Interest and Sinking Fund and paying all Current Expenses then due) on the last business day of each month in approximately equal amounts.

During such time as the Series 2016 Debt Service Reserve Fund Account contains the Series 2016 Reserve Account Requirement, the District may, at its option, withdraw all surplus funds in the Series 2016 Debt Service Reserve Fund Account in excess of the Series 2016 Reserve Account Requirement and deposit such surplus in the Revenue Fund. For the purpose of determining the amount on deposit to the credit of the Series 2016 Debt Service Reserve Fund Account, investments in which money in such account shall have been invested shall be computed at cost. The amount on deposit to the credit of the Series 2016 Debt Service Reserve Fund Account shall be computed by the District at least annually, and shall be computed immediately upon any withdrawal from the Series 2016 Debt Service Reserve Fund Account.

SECTION 13. OPERATING RESERVE FUND. The amount required to be on deposit in the Operating Reserve Fund is equal to the average annual Current Expenses of the System for the District's three most recently completed Fiscal Years (the "**Operating Reserve Fund Requirement**"). Funds on deposit therein may be used for any lawful purpose of the District, including but not limited to (i) paying Current Expenses of the System when due, and (ii) paying Principal and Interest Requirements on the Parity Obligations in the event funds on deposit in the Interest and Sinking Fund and the Debt Service Reserve Fund are insufficient to make such payments when due. When and so long as the money and investments in the Operating Reserve Fund total not less than the Operating Reserve Fund Requirement, no deposits need be made to the credit of the Operating Reserve Fund; but when and if the Operating Reserve Fund at any

time contains less than the Operating Reserve Fund Requirement, the District covenants and agrees to cure the deficiency in the Operating Reserve Fund Requirement within thirty-six (36) months from the date the deficiency occurred by making monthly deposits from funds on deposit in the Revenue Fund (but only after making the required deposits into the Interest and Sinking Fund, the Debt Service Reserve Fund and paying all Current Expenses then due) on the last business day of each month in approximately equal amounts. For the purpose of determining the amount on deposit to the credit of the Operating Reserve Fund, investments in which money in such account shall have been invested shall be computed at cost. The amount on deposit to the credit of the Operating Reserve Fund shall be computed by the District at the beginning of each Fiscal Year and shall be computed immediately upon any withdrawal from the Operating Reserve Fund.

SECTION 14. INVESTMENTS. Funds on deposit in the Interest and Sinking Fund, the Debt Service Reserve Fund, the Operating Reserve Fund, and the Construction Fund shall be secured by the depository bank of the District in the manner and to the extent required by law to secure other public funds of the District and may be invested from time to time in any investment authorized by applicable law, including but not limited to the Public Funds Investment Act (Chapter 2256, Texas Government Code), and the District's investment policy adopted in accordance with the provisions of the Public Funds Investment Act; 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. Income and profits from such investments shall be deposited in the respective Fund which holds such investments; however, any such income and profits from investments in the Construction Fund may be withdrawn by the District and deposited in the Interest and Sinking Fund to pay all or a portion of the interest next coming due on the Parity Obligations. It is further provided, however, that any interest earnings on proceeds which are required to be rebated to the United States of America pursuant to Section 27 hereof in order to prevent any Parity Obligations from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

SECTION 15. DEFICIENCIES IN FUNDS. If in any month the District shall fail to deposit into any Fund created by this Resolution the full amounts required, amounts equivalent to such deficiencies shall be set apart and paid into said Funds from the first available and unallocated Net Revenues for the following month or months, and such payments shall be in addition to the amounts otherwise required to be paid into said Funds during such month or months. To the extent necessary, the District shall increase the rates and charges for services of the System to make up for any such deficiencies.

SECTION 16. EXCESS REVENUES. The Net Revenues, in excess of those necessary to establish and maintain the Funds as required in this Resolution, or as hereafter may be required in connection with the issuance of Additional Obligations, may be used for any lawful purpose.

SECTION 17. SECURITY FOR FUNDS. All Funds created by this Resolution shall be secured in the manner and to the fullest extent permitted or required by law for the security of

public funds, and such Funds shall be used only for the purposes and in the manner permitted or required by this Resolution.

SECTION 18. ADDITIONAL OBLIGATIONS. The District reserves the right to issue additional parity revenue bonds, notes or other obligations for any purpose related to the System, to be known as Additional Obligations, which, when issued and delivered, shall be payable from and secured by a first lien on and pledge of the Net Revenues, in the same manner and to the same extent as the Parity Obligations, and the Parity Obligations shall in all respects be on a parity and of equal dignity. The Additional Obligations may be issued in one or more installments or series, provided, however, that no installment or series of Additional Obligations shall be issued unless:

(a) The President of the Board of Directors of the District or the General Manager of the District signs a certificate to the effect that, except for the issuance of refunding bonds to cure a default, no default exists in connection with any of the covenants or requirements of the resolutions authorizing the issuance of all then Outstanding Parity Obligations and that the Interest and Sinking Fund, the Debt Service Reserve Fund and the Operating Reserve Fund each contains the amount then required to be on deposit therein;

(b) The President of the Board of Directors of the District or the General Manager of the District signs a certificate to the effect that, during either the next preceding Fiscal Year, or any twelve (12) consecutive calendar month period ending not more than ninety (90) days prior to the adoption of the resolution authorizing the issuance of the then proposed Additional Obligations, the Net Revenues were at least equal to an aggregate of (i) 125% of the average annual principal and interest requirements of all then Outstanding Parity Obligations after giving effect to the Additional Obligations proposed for issuance, plus (ii) 100% of all Reimbursement Obligations required to be made during the first twelve months following the date of delivery of such Additional Obligations, if any. Such certificate shall include the calculations and shall identify the assumptions used to make the certifications in such certificate in a manner and format that is acceptable to the Executive Administrator of the TWDB. In the event (A) the certificate of the President of the Board of Directors or the General Manager of the District states that the Net Revenues for the period covered thereby were less than required above, and (B) a change in the rates and charges of the System went into effect after the first day, but prior to the last day, of the period covered by the certificate of the President of the Board of Directors or the General Manager of the District, and (C) the President of the Board of Directors or the General Manager of the District will additionally certify that, had such change in rates and charges been effective for the entire period covered by the certificate of the President of the Board of Directors or the General Manager of the District, the Net Revenues covered by the certificate of the President of the Board of Directors or the General Manager of the District would have been, in his or her opinion, at least equal to an aggregate of (1) 125% of the average annual

Principal and Interest Requirements (calculated on a Fiscal Year basis) of the Outstanding Parity Obligations, after giving effect to the Additional Obligations proposed to be issued, plus (2) 100% of all Reimbursement Obligations required to be made during the first twelve months following the date of delivery of such Additional Obligations, if any, then in such event the coverage specified in the first sentence of this paragraph (b) shall not be required for the period specified, and such certificate of the President of the Board of Directors or the General Manager of the District will be sufficient if accompanied by such additional certificate of the President of the Board of Directors or the General Manager of the District to the above effect;

(c) The Additional Obligations are scheduled to mature only on _____ and/or _____, and the interest thereon is scheduled to be paid only on _____ and _____; and

(d) All calculations of average annual Principal and Interest Requirements made pursuant to this Section are to be made as of and from the date of the Additional Obligations then proposed to be issued.

SECTION 19. OPERATION AND MAINTENANCE; INSURANCE. (a) While any of the Parity Obligations are outstanding the District covenants and agrees to keep all of the buildings, structures, and facilities of the System in good condition, repair, and working order, and to operate and maintain the System in an efficient manner and at reasonable expense.

(b) The District shall procure and maintain fire and extended coverage insurance on the facilities of the System, public liability insurance, and other insurance, including self-insurance, of kinds and in amounts which usually would be carried by private companies engaged in operating or owning sewage facilities. Any proceeds from fire and extended coverage insurance shall be used promptly to repair any property damaged or to replace any property destroyed, and all surplus insurance proceeds shall be deposited into the Revenue Fund, provided that if the insurance proceeds, together with other available funds, are not sufficient to repair or replace such property, the insurance proceeds shall be deposited into the Interest and Sinking Fund and maintained therein as an additional reserve for the benefit of the Parity Obligations.

SECTION 20. ACCOUNTS AND FISCAL YEAR. The District shall keep proper books of records and accounts, separate from all other records and accounts of the District, in which complete and correct entries shall be made of all transactions relating to the System. The District agrees to operate the System and keep its books of records and accounts pertaining thereto on the basis of its current Fiscal Year; provided, however, that the Board of Directors of the District may change such Fiscal Year by resolution duly passed, if such change is deemed necessary by the Board of Directors.

SECTION 21. AUDIT. 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 relating to the Net Revenues, and the Funds created pursuant to this Resolution, 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 the District, a copy of such audit for the preceding year shall be mailed to the Paying Agent/Registrar, to the Texas Water Development Board (as long as the Texas Water Development Board is the holder of any Parity Obligations), and to any of registered owners of the Parity Obligations who shall so request in writing. The annual audit reports shall be open to the inspection of the registered owners and their agents and representatives at all reasonable times.

SECTION 22. INSPECTIONS. Any holder or holder of any Parity Obligations shall have the right at all reasonable time to inspect the System and all records, accounts, and data of the District relating thereto.

SECTION 23. SPECIAL COVENANTS. The District further covenants as follows:

(a) Other than for the payment of the Parity Obligations herein authorized, the revenues and income of the System have not in any manner been pledged to the payment of any debt or other obligation of the District or the System.

(b) While any of the Parity Obligations are outstanding, the District will not, except for the issuance of Additional Obligations expressly permitted by this Resolution, additionally encumber the revenues and income of the System unless such encumbrance is made junior and subordinate in all respect to the Parity Obligations and all liens and pledges in connection therewith.

(c) No free service of the System shall be allowed, and should the District or any of its agencies or instrumentalities make use of the services and facilities of the System, payment of the reasonable value thereof shall be made by the District out of funds from sources other than the revenues and income of the System.

(d) So long as any Parity Obligations are outstanding, and except as hereinafter specifically permitted, the District shall not sell, lease, mortgage, encumber, or otherwise dispose of any part of the System. The District shall be authorized from time to time to sell any real or personal property if the District shall determine that any such real or personal property is no longer needed or is no longer useful in connection with the operation and maintenance of the System. The proceeds from the sale of any real or personal property shall be used to replace or provide substitutes for property sold, if deemed necessary by the District, or, if not, the proceeds shall be deposited into the Revenue Fund. The District shall be authorized to lease (including oil, gas, or mineral leases) any property of the System, if such lease or the use of such property will not adversely affect the operation and maintenance of the System, or in any way cause a decrease in the Net Revenues. No lease shall be made which will result in damage to or substantial diminution of the value of other property of the System. All rentals, revenues, receipts, and royalties derived by the District from any and all leases so made shall be placed in the Revenue Fund. It is further covenanted and agreed by the District that no real property of the System shall be sold or leased unless the District shall first procure a recommendation in writing from an independent Registered Professional Engineer of the State of Texas, to the effect that, in

his or her opinion, the proposed sale or lease, should be made and executed, and that such proposed sale or lease will not adversely affect the operation and maintenance of the System and will not cause a decrease in the Net Revenues.

SECTION 24. PARITY OBLIGATIONS ARE SPECIAL OBLIGATIONS. The Parity Obligations shall be special obligations of the District payable solely from the Net Revenues, and the holder or holders thereof shall never have the right to demand payment thereof out of funds raised or to be raised by taxation.

SECTION 25. RESOLUTION A CONTRACT; AMENDMENTS. (a) Resolution a Contract. This Resolution shall constitute a contract with the registered owners of the Parity Obligations, binding on the District and its successors and assigns, and shall not be amended or repealed by the District as long as any Parity Obligations remain outstanding except as permitted in this Section.

(b) Amendments Without Notice to or Consent of Registered Owners. The District may, without the consent of or notice to any registered owners of any Parity Obligations (but with prior written notice to the Texas Water Development Board as long as the Texas Water Development Board is the holder of any of the Parity Obligations), 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 (i) through (iv) of the first sentence in subsection (c) below) with respect to which the District receives written confirmation from each rating agency then maintaining a rating on the Parity Obligations at the request of the District 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, the District may, with the written consent of the registered owners of (i) the Texas Water Development Board as long as the Texas Water Development Board is the holder of any of the Parity Obligations Notes, and (ii) at least a majority in aggregate principal amount of the remaining Parity Obligations then outstanding and affected thereby, 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 (i) 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, (ii) give any preference to any Parity Obligation over any other Parity Obligation, (iii) extend any waiver of default to subsequent defaults, or (iv) reduce the aggregate principal amount of Parity Obligations required for consent to any such amendment, change, modification, or rescission.

(d) Notice of Amendment. Whenever the District shall desire to make any amendment or addition to or rescission of this Resolution requiring consent of the registered owners of the Parity Obligations, the District shall cause notice of the amendment, addition, or rescission to be sent by first class mail, postage prepaid, to the registered owners 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, the District 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) and the registered owners of all or a majority (as the case may be) in aggregate principal amount of the remaining Parity Obligations then outstanding and 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, the District 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 26. DEFEASANCE OF SERIES 2016 NOTES. (a) Any Series 2016 Note and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Note") within the meaning of this Resolution, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Series 2016 Note, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the District with the Paying Agent/Registrar for the payment of its services until all Defeased Notes shall have become due and payable. At such time as a Series 2016 Note shall be deemed to be a Defeased Note hereunder, as aforesaid, such Series 2016 Note and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes or revenues herein levied and pledged as provided in this Resolution, and such principal and interest shall be payable solely from such money or Defeasance Securities.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the District be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Series 2016 Notes and interest thereon, with respect to which such money has been so deposited, shall be turned over to the District, or deposited as directed in writing by the District. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Notes 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 subsection (a)(i) or (ii) of this Section. All income from such

Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Notes, with respect to which such money has been so deposited, shall be remitted to the District or deposited as directed in writing by the District.

(c) 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 on the date the governing body of the District 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 Series 2016 Notes.

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

(e) In the event that the District elects to defease less than all of the principal amount of Series 2016 Notes of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Series 2016 Notes by such random method as it deems fair and appropriate.

SECTION 27. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE SERIES 2016A NOTES. (a) Covenants. The District covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Series 2016A Notes 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, the District covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Series 2016A Notes or the projects financed therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by the District, 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 2016A Notes, 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 2016A Notes 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 2016A Notes (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 2016A Notes 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 2016A Notes 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 2016A Notes, 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 2016A Notes, other than investment property acquired with --

(A) proceeds of the Series 2016A Notes invested for a reasonable temporary period of 3 years or less or, in the case of a refunding bond, for a period of 30 days or less until such proceeds are needed for the purpose for which the Series 2016A Notes are 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 2016A Notes;

(7) to otherwise restrict the use of the proceeds of the Series 2016A Notes or amounts treated as proceeds of the Series 2016A Notes, as may be necessary, so that the Series 2016A Notes do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings); and

(8) 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 2016A Notes) 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 2016A Notes 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 (8), a "Rebate Fund" is hereby established by the District 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 noteholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) Proceeds. The District 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 obligations expended prior to the date of issuance of the Series 2016A Notes. It is the understanding of the District 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 2016A Notes, the District 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 2016A Notes 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 2016A Notes, the District 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 2016A Notes under section 103 of the Code. In furtherance of such intention, the District hereby authorizes and directs the President and the Secretary of the Board of Directors of the District and the General Manager of the District to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the District, which may be permitted by the Code as are consistent with the purpose for the issuance of the Series 2016A Notes.

(d) Allocation of, and Limitation on, Expenditures for the Project. The District 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 (the "**Project**") on its books and records in accordance with the requirements of the Internal Revenue Code. The District recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the District 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 2016A Notes, or (2) the date the Series 2016A Notes are

retired. The District 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 2016A Notes. For purposes hereof, the District 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.

(e) Disposition of Project. The District covenants that the property constituting the projects financed or refinanced with the proceeds of the Series 2016A Notes will not be sold or otherwise disposed in a transaction resulting in the receipt by the District 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 2016A Notes. For purpose of the foregoing, the District 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 2016A Notes. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the District 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 2016A Notes.

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

SECTION 28. SALE OF SERIES 2016 NOTES. The Series 2016 Notes are hereby sold and shall be delivered to the **TEXAS WATER DEVELOPMENT BOARD** in accordance with the rules and regulations of the Texas Water Development Board for a total purchase price of par and no accrued interest. The Series 2016 Notes initially shall be registered in the name of the **TEXAS WATER DEVELOPMENT BOARD**.

SECTION 29. APPROVAL OF ESCROW AGREEMENTS; DEPOSIT OF PROCEEDS.

(a) Series 2016A Notes: Concurrently with the initial delivery of the Series 2016A Notes, the District shall deposit all proceeds of the Series 2016A Notes into an escrow fund (the "**Series 2016A Escrow Fund**") established with _____ (the "**Escrow Agent**") pursuant to an Escrow Agreement between the District and the Escrow Agent, in substantially the form attached hereto as Exhibit C-1 (the "**Series 2016A Escrow Agreement**"). The Series 2016A Escrow Agreement, which will govern the periodic disbursement of proceeds of the Series 2016A Notes upon approval of the Texas Water Development Board, is hereby approved in substantially final form, and the President is hereby authorized, for and on behalf of the District, to approve any changes in the Series 2016A Escrow Agreement from the form attached hereto and to execute the Series 2016A Escrow Agreement in final form. All funds on

deposit in the Series 2016A Escrow Fund which are approved by the Texas Water Development Board to be transferred to the District in order to pay eligible project costs (instead of the Escrow Agent paying such project costs directly from the Series 2016A Escrow Fund to the appropriate vendor or service provider) shall be deposited by the District into the Series 2016A Account of the Construction Fund. Funds on deposit in the Series 2016A Account of the Construction Fund (i) may be invested from time to time in the manner provided by Section 14 of this Resolution, and (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. In satisfaction of the condition imposed in paragraph 9 of the TWDB Resolution, all funds remaining on deposit in the Series 2016A Escrow Fund and the Series 2016A Account of the Construction Fund upon completion of the project being financed with the proceeds from the Series 2016A Notes, if any, shall be used for any of the following purposes as approved by the District and the Executive Administrator of the Texas Water Development Board: (i) redeem, in inverse order of maturity, the outstanding Series 2016A Notes owned by the Texas Water Development Board; (ii) deposit into the Interest and Sinking Fund for the payment of interest or principal on the Series 2016A Notes owned by the Texas Water Development Board; or (iii) pay eligible project costs as authorized by the Executive Administrator.

(b) Taxable Series 2016B Notes: Concurrently with the initial delivery of the Taxable Series 2016B Notes, the District shall deposit all proceeds of the Taxable Series 2016B Notes into an escrow fund (the "**Taxable Series 2016B Escrow Fund**") established with _____ (the "**Escrow Agent**") pursuant to an Escrow Agreement between the District and the Escrow Agent, in substantially the form attached hereto as Exhibit C-2 (the "**Taxable Series 2016B Escrow Agreement**"). The Taxable Series 2016B Escrow Agreement, which will govern the periodic disbursement of proceeds of the Taxable Series 2016B Notes upon approval of the Texas Water Development Board, is hereby approved in substantially final form, and the President is hereby authorized, for and on behalf of the District, to approve any changes in the Taxable Series 2016B Escrow Agreement from the form attached hereto and to execute the Taxable Series 2016B Escrow Agreement in final form. All funds on deposit in the Taxable Series 2016B Escrow Fund which are approved by the Texas Water Development Board to be transferred to the District in order to pay eligible project costs (instead of the Escrow Agent paying such project costs directly from the Taxable Series 2016B Escrow Fund to the appropriate vendor or service provider) shall be deposited by the District into the Taxable Series 2016B Account of the Construction Fund. Funds on deposit in the Taxable Series 2016B Account of the Construction Fund (i) may be invested from time to time in the manner provided by Section 14 of this Resolution, and (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. In satisfaction of the condition imposed in paragraph 9 of the TWDB Resolution, all funds remaining on deposit in the Taxable Series 2016B Escrow Fund and the Taxable Series 2016B Account of the Construction Fund upon completion of the project being financed with the proceeds from the Taxable Series 2016B Notes, if any, shall be used for any of the following purposes as approved by the District and the Executive Administrator of the Texas Water Development Board: (i) redeem, in inverse order of maturity, the outstanding Taxable Series

2016B Notes owned by the Texas Water Development Board; (ii) deposit into the Interest and Sinking Fund for the payment of interest or principal on the Taxable Series 2016B Notes owned by the Texas Water Development Board; or (iii) pay eligible project costs as authorized by the Executive Administrator.

SECTION 30. AUTHORITY FOR OFFICERS TO EXECUTE DOCUMENTS AND APPROVE CHANGES; FURTHER PROCEDURES. The President, Vice President and Secretary of the Board of Directors of the District, and the General Manager of the District, shall each 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 execute, acknowledge, and deliver in the name and under the corporate seal 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 Series 2016 Notes, the sale of the Series 2016 Notes, the Paying Agent/Registrar Agreements, and the Escrow Agreements. In addition, prior to the initial delivery of the Series 2016 Notes, the President, Vice President and Secretary of the Board of Directors of the District, and the General Manager of the District, and Bond Counsel for the District are hereby authorized and directed to approve any technical 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 transactions contemplated and approved by this Resolution, (ii) obtain a rating from any of the national bond rating agencies or satisfy any requirements of Texas Water Development Board or the provider of a municipal bond insurance policy, if any, or (iii) obtain the approval of the Series 2016 Notes by the Attorney General's office. In case any officer whose signature shall appear on any Series 2016 Note shall cease to be such officer before the delivery of such Series 2016 Note, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery. The General Manager of the District are further authorized to pay to the Attorney General of Texas prior to the delivery of the Series 2016 Notes, for the Attorney General's review of the transcript of proceedings related to the Series 2016 Notes, the amount required pursuant to Section 1202.004, Texas Government Code, as amended.

SECTION 31. CONTINUING DISCLOSURE UNDERTAKING. 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, the District 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 2016 Notes. Notwithstanding the foregoing, and in satisfaction of the condition imposed in paragraph 7 of the TWDB Resolution, the District 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 2016 Notes if the Texas Water Development Board sells or otherwise transfers any of the Series 2016 Notes and the beneficial owners of the Texas Water Development Board's bonds if the District is an obligated person with respect to the Texas Water

Development Board's bonds under the Rule. On that basis, the District hereby agrees to provide continuing disclosure as set forth below:

(a) Definitions. As used in this Section, the following terms have the meanings ascribed to such terms below:

"**EMMA**" means the Electronic Municipal Market Access system being established by the MSRB.

"**MSRB**" means the Municipal Securities Rulemaking Board.

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

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

(b) Annual Reports. The District shall provide annually to the MSRB through EMMA within six months after the end of each Fiscal Year ending in or after 2016, financial information and operating data with respect to the District described in Exhibit D hereto. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles described in Exhibit D hereto, or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the District commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the District shall provide (1) unaudited financial statements for such Fiscal Year within such six month period, and (2) audited financial statements for the applicable Fiscal Year to the MSRB through EMMA when and if the audit report on such statements become available.

If the District changes its Fiscal Year, it will notify the MSRB through EMMA of the date of the new Fiscal Year end prior to the next date by which the District otherwise would be required to provide financial information and operating data pursuant to this paragraph (b).

The financial information and operating data to be provided pursuant to this paragraph (b) 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, if it is available from the MSRB) that theretofore has been provided to the MSRB through EMMA or filed with the SEC.

(c) Event Notices.

(i) The District shall notify the MSRB through EMMA in an electronic format as prescribed by the MSRB, in a timely manner (but not in excess of ten business days after the occurrence of the event) of any of the following events with respect to the Series 2016 Notes, if such event is material within the meaning of the federal securities laws:

1. Non-payment related defaults;
2. Modifications to rights of Noteholders;
3. Note calls;
4. Release, substitution, or sale of property securing repayment of the Series 2016 Notes;
5. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and
6. Appointment of a successor or additional trustee or the change of name of a trustee.

(ii) The District shall notify the MSRB through EMMA in an electronic format as prescribed by the MSRB, in a timely manner (but not in excess of ten business days after the occurrence of the event) of any of the following events with respect to the Series 2016 Notes, without regard to whether such event is considered material within the meaning of the federal securities laws:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions or 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 Series 2016A Notes, or other events affecting the tax status of the Series 2016A Notes;
6. Tender offers;
7. Defeasances;

8. Rating changes; and
9. Bankruptcy, insolvency, receivership or similar event of an obligated person.

(iii) The District shall notify the MSRB through EMMA, in a timely manner, of any failure by the District to provide financial information or operating data in accordance with subsection (b) of this Section by the time required by such subsection.

(d) *Limitations, Disclaimers, and Amendments.* The District shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the District remains an "obligated person" with respect to the Series 2016 Notes within the meaning of the Rule, except that the District in any event will give notice of any deposit made in accordance with Section 26 of this Resolution that causes Series 2016 Notes no longer to be outstanding.

The provisions of this Section are for the sole benefit of the holders and beneficial owners of the Series 2016 Notes, 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. The District undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the District's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The District does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Series 2016 Notes at any future date.

UNDER NO CIRCUMSTANCES SHALL THE DISTRICT BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY NOTE OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE DISTRICT, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, 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 the District in observing or performing its obligations under this Section 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 the District under federal and state securities laws.

The provisions of this Section may be amended by the District from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Series 2016 Notes in the primary offering of the Series 2016 Notes 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 2016 Notes consent to such amendment or (b) a person that is unaffiliated with the District (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the holders and beneficial owners of the Series 2016 Notes. The District may also amend or repeal the provisions of this continuing disclosure agreement 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 2016 Notes in the primary offering of the Series 2016 Notes. If the District so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with paragraph (b) of this Section 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 32. FINAL ACCOUNTING. In compliance with 31 TAC §363.42(a)(2)(C), the District covenants and agrees that within 60 days after completion of the Project, it shall render a final accounting to the Texas Water Development Board in reference to the total cost incurred by the District for improvements and extensions to the System being financed by the District with proceeds of the Series 2016 Notes together with a copy of "as built" plans of the projects being financed with proceeds of the Series 2016 Notes. If such projects as finally completed are built at a total cost less than the amount of available funds for building such projects, or if the Executive Administrator of the Texas Water Development Board disapproves construction of any portion of such projects as not being in accordance with the plans and specifications, the District agrees to immediately, with filing of the final accounting, return to the Texas Water Development Board the amount of any such excess and/or the cost determined by the Executive Administrator of the Texas Water Development Board relating to the parts of such projects not built in accordance with the plans and specifications, to the nearest multiple of the authorized denominations for the Series 2016 Notes, upon the surrender and cancellation of a like amount of such Series 2016 Notes held by the Texas Water Development Board in inverse order of their stated maturities. In determining the amount of available funds for building such projects, the District agrees to account for all amounts deposited to the credit of the Series 2016 Account of the Construction Fund, including all loan funds extended by the Texas Water Development Board, if any, all other funds available from such projects as described in the project engineer's or fiscal representative's sufficiency of funds statement, and all interest earned by the District on money in the Series 2016 Account of the Construction Fund.

SECTION 33. COMPLIANCE WITH THE RULES AND REGULATIONS OF, AND WITH SPECIFIC COVENANTS REQUIRED BY, THE TEXAS WATER DEVELOPMENT BOARD.¹

(a) Compliance with Applicable Laws, Rules and Regulations. In compliance with 31 TAC §363.42(a)(2)H), the District covenants to comply with all applicable federal laws, rules, and regulations as well as the laws of the State of Texas (including but not limited to Chapters 15, 16, and 17 of the Texas Water Code, as applicable) and the rules and regulations of the Texas Water Development Board.

(b) 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 2016 Notes that restricts or limits the TWDB's full exercise of such remedies shall be of no force and effect.

(c) Proceeds to Series 2016 Notes 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, the proceeds of the Series 2016 Notes 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.

(d) 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 2016 Notes shall be used by the District 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, the District 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 the District, its contractors, consultants, agents, officials and employees as a result of activities relating to the project.

(e) Report on Use of Project Funds to Compensate Historically Underutilized Businesses. In satisfaction of the condition imposed in paragraph 13 of the TWDB Resolution, the District shall report to the TWDB the amounts of Project funds, if any, that were used to compensate historically underutilized businesses that worked on the Project, in accordance with 31 TAC § 363.1312.

¹ Note: The agreements and representations in this Section will be revised to reflect the actual requirements set forth in the TWDB Approving Resolution after such Resolution is approved.

(f) No Acquisition of Source Series Notes. In satisfaction of the condition imposed in paragraph 20 of the TWDB Resolution, neither the District nor a related party thereto will acquire any of the Texas Water Development Board's "Source Series Notes" in an amount related to the amount of the Series 2016 Notes to be acquired from the District by the Texas Water Development Board.

(g) Obligation to Notify TWDB Prior to Changing Legal Status. In satisfaction of the condition imposed in paragraph 1 on page 7 of the TWDB Resolution, the District covenants to notify the Executive Administrator of the TWDB prior to taking any actions to alter its legal status in any manner, such as by conversion to a conservation and reclamation district or a sale-transfer-merger with another retail public utility.

(h) Conveyance of Series 2016 Notes. In satisfaction of the condition imposed in paragraph 2 on page 8 of the TWDB Resolution, prior to any action by the District to convey Series 2016 Notes held by the TWDB to another entity, the conveyance and the assumption of the Series 2016 Notes must be approved by the TWDB.

(i) Compliance with Standard Emergency Discovery Conditions for Threatened and Endangered Species. In satisfaction of the condition imposed in paragraph 3 on page 8 of the TWDB Resolution, the District covenants to comply with the standard emergency discovery conditions for threatened and endangered species and cultural resources, as more fully specified in the final environmental finding of the Executive Administrator of the TWDB.

(j) Records and Accounts; Annual Audit. In compliance with 31 TAC §363.42(a)(2)(D) and (G), the District covenants that (i) 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) 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.

(k) Maintenance of Insurance. In compliance with 31 TAC 363.42(a)(2)(L), the District covenants and agrees that while the Series 2016 Notes remain outstanding it will maintain casualty and other insurance on the properties of the System and its operations of a kind and in such amounts sufficient to protect the TWDB's interest in the Project. The payment of premiums for all insurance policies required under the provisions hereof shall be considered maintenance and operating expenses of the System.

(l) Compliance with Federal Contracting Law. The District acknowledges that it has a legal obligation to comply with any applicable requirements of federal law relating to contracting with disadvantaged business enterprises.

(m) Compliance with State Contracting Law. The District acknowledges that it has a legal obligation to comply with any applicable requirements of State law relating to contracting with historically underutilized businesses.

SECTION 34. INCORPORATION OF RECITALS. The District hereby finds that the statements set forth in the recitals of this Resolution are true and correct, and the District hereby incorporates such recitals as a part of this Resolution.

SECTION 35. EFFECTIVE DATE. Pursuant to the provisions of Section 1201.028, Texas Government Code, as amended, this Resolution shall become effective immediately after its approval by the Board of Directors.

[The remainder of this page left blank intentionally]

PASSED AND APPROVED BY THE BOARD OF DIRECTORS OF UNITED IRRIGATION DISTRICT AT A REGULAR MEETING HELD ON THIS ____ DAY OF _____, 2016.

President
United Irrigation District

ATTEST:

Secretary
United Irrigation District

(Seal)

Signature Page to the Resolution Authorizing the Issuance of
United Irrigation District System Revenue Notes, Series 2016A and Taxable Series 2016B

EXHIBIT A

FORM OF PAYING AGENT/REGISTRAR AGREEMENT

The Paying Agent/Registrar Agreement is omitted at this point as it 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 2016A Notes, the District's chief financial officer (the "*Responsible Person*"), which currently is the General Manager of the District, 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 2016A Notes will be entered into within six (6) months of the date of delivery of the Series 2016A Notes (the "*Issue Date*");
- (ii) monitor that at least 85% of the proceeds of the Series 2016A Notes to be used for the construction, renovation or acquisition of any facilities are expended within three (3) years of the Issue Date;
- (iii) restrict the yield of the investments to the yield on the Series 2016A Notes after three (3) 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 2016A Notes does not exceed an amount equal to the debt service on the Series 2016A Notes in the succeeding 12 month period plus a carryover amount equal to one-twelfth of the principal and interest payable on the Series 2016A Notes for the immediately preceding 12-month period;
- (v) ensure that no more than 50% of the proceeds of the Series 2016A Notes are invested in an investment with a guaranteed yield for 4 years or more;
- (vi) maintain any official action of the District (such as a reimbursement resolution) stating its intent to reimburse with the proceeds of the Series 2016A Notes 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 2016A Notes are retired.

B. Private Business Use. With respect to the use of the facilities financed or refinanced with the proceeds of the Series 2016A Notes 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 2016A Notes are outstanding, any person, other than the District, the employees of the District, the agents of the District 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 2016A Notes are outstanding, any person, other than the District, the employees of the District, the agents of the District 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 2016A Notes are outstanding, any person, other than the District, the employees of the District, the agents of the District 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 2016A Notes are outstanding, any person, other than the District, has a naming right for the facilities or any other contractual right granting an intangible benefit;
- (vi) determine whether, at any time the Series 2016A Notes 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 the 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 2016A Notes and the use of the facilities financed or refinanced thereby for a period ending three (3) years after the complete extinguishment of the Series 2016A Notes. If any portion of the Series 2016A Notes 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 the District'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 2016A Notes. 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-1

FORM OF SERIES 2016A ESCROW AGREEMENT

The Series 2016A Escrow Agreement is omitted at this point as it appears in executed form elsewhere in this Transcript of Proceedings.

EXHIBIT C-2

FORM OF TAXABLE SERIES 2016B ESCROW AGREEMENT

The Taxable Series 2016B Escrow Agreement is omitted at this point as it appears in executed form elsewhere in this Transcript of Proceedings.

EXHIBIT D

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 31 of this Resolution:

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the District to be provided annually in accordance with such Section are as specified below:

1. Financial Statements for the last completed Fiscal Year which will be unaudited, unless an audit is performed in which event the audited financial statements will be made available.

2. All quantitative financial information and operating data with respect to the District of the general type included in the Application for Financial Assistance submitted to the Texas Water Development Board in the following item numbers under Part C - Financial Information:

Item 32	Top ten customers by annual revenue with corresponding usage and percentage of total use;
Item 38	Last five-years of taxable assessed valuation and related tax information;
Item 41	Top ten taxpayers;
Item 46	Operating statement; and
Item 47	Annual audit.

Accounting Principles

The accounting principles referred to in such Section are the accounting principles described in the notes to the financial statements referred to in item 1 of the paragraph above.

PRIVATE PLACEMENT MEMORANDUM DATED (TBD) DRAFT

NEW ISSUE BOOK-ENTRY-ONLY

On the date of initial delivery of the Notes (defined below), Issuer's Bond Counsel (identified on page i) will render its opinion substantially in the form attached in APPENDIX C - FORM OF OPINION OF BOND COUNSEL.

\$6,455,000
UNITED IRRIGATION DISTRICT
SYSTEM REVENUE NOTES
SERIES 2016A (the "Notes")
(TWDB – SWIFT)

Dated: TBD

Due: September 1

Interest Payment Dates: Interest on the Notes will be payable on September 1 and March 1 each year, commencing September 1, 2017 (each an "Interest Payment Date"). The Notes will bear interest from the date of delivery thereof at the rates per annum set forth in "APPENDIX A - MATURITY SCHEDULE."

Record Date: The close of business on the last business day of the calendar month immediately preceding the applicable Interest Payment Date, commencing September 1, 2017.

Date Interest Accrues: Each Note shall bear interest from the Delivery Date thereof or the most recent Interest Payment Date to which interest has been paid or provided for at the respective rate set forth in "APPENDIX A – MATURITY SCHEDULE", such interest payable semiannually on September 1 and March 1 of each year until the earliest of maturity or prior redemption, commencing on September 1, 2017.

Redemption: The Notes are subject to redemption prior to maturity as provided herein. See "THE NOTES - Redemption Provisions" herein.

Authorized Denominations: The Notes are being issued as fully registered Notes in denominations of **\$5,000**, or any integral multiple thereof.

Paying Agent/Registrar: The paying agent ("Paying Agent/Registrar/Registrar") for the Notes is **TBD**

Book-Entry-Only System: Upon initial issuance, the ownership of the Notes will be registered in the registration books of the Issuer kept by the Paying Agent/Registrar, in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") to which principal, redemption premium, if any, and interest payments on the Notes will be made. The purchasers of the Notes will not receive physical delivery of bond certificates. Principal of, interest, and premium if any, on the Notes will be payable at the designated office of the Paying Agent/Registrar in **TBD**, Texas as the same become due and payable.

Issuer: United Irrigation District

Official Action: Resolution approved on **TBD**.

Purpose: See "APPENDIX B - OFFICIAL ACTION."

Security for the Notes: See "APPENDIX B - OFFICIAL ACTION."

Ratings: See "OTHER INFORMATION – Ratings."

Delivery Date: **TBD**.

See "APPENDIX A - MATURITY SCHEDULE" for Principal Amounts, Maturities, Interest Rates, Prices or Yields, and Initial CUSIP Numbers

UNITED IRRIGATION DISTRICT

1006 W. Mile 2 Road

Mission, TX 78574

Board of Directors

Jesus Garcia – President

Mike Helle – Vice President

Ricardo Garcia – Secretary

Kathleen E. Reavis – Member

Michael Broughton – Member

District Independent Consultants

McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, Bond Counsel

FirstSouthwest, a Division of Hilltop Securities Inc., Pharr and Dallas, Texas, Financial Advisor

TBD, Paying Agent/Registrar

TBD, Escrow Agent

Ferris, Flinn & Medina, LLC, Palm Valley, Texas, Engineer

TABLE OF CONTENTS

	Page
INTRODUCTION	1
THE NOTES	1
General Description	1
Purpose	1
Authority for Issuance	1
Security for the Notes	1
Redemption Provisions	1
Notice of Redemption; Selection of Notes to Be Redeemed	2
Book-Entry-Only System.....	2
TAX MATTERS	2
Opinion	2
OTHER INFORMATION	2
Forward - Looking Statements.....	2
Ratings	3
LITIGATION	3
General.....	3
The Issuer.....	3
CONTINUING DISCLOSURE OF INFORMATION.....	3
Compliance with Prior Undertakings.....	3
MISCELLANEOUS	3
ADDITIONAL INFORMATION.....	4
APPENDIX A MATURITY SCHEDULE	
APPENDIX B FORM OF OFFICIAL ACTION	
APPENDIX C FORM OF OPINION OF BOND COUNSEL	

**Private Placement Memorandum
relating to**

\$6,455,000

**UNITED IRRIGATION DISTRICT
SYSTEM REVENUE NOTES
SERIES 2016A (the “Notes”)**

INTRODUCTION

This Private Placement Memorandum, including the cover page and appendices, contains brief descriptions of the Issuer, provides certain information with respect to the issuance by the Issuer, and summaries of certain provisions of the “Notes” pursuant to the Official Action. Except as otherwise set forth herein, capitalized terms used but not defined in this Private Placement Memorandum have the meanings assigned to them in the Official Action. See “APPENDIX B – “FORM OF OFFICIAL ACTION” attached hereto.

APPENDIX A contains the maturity schedule for the Notes. APPENDIX B contains the Official Action and a description of the purpose for the proceeds of the Notes. APPENDIX C contains a copy of the proposed opinion of Bond Counsel with respect to the Notes. The summaries of the documents contained in the forepart of this Private Placement Memorandum are not complete or definitive, and every statement made in this Private Placement Memorandum concerning any provision of any document is qualified by reference to such document in its entirety.

THE NOTES

General Description

The Notes are being issued in the aggregate principal amount set forth in APPENDIX A of this Private Placement Memorandum and will mature and be subject to redemption prior to maturity as described herein. The Notes are being issued as fully registered Notes in denominations of **\$5,000**, or any integral multiple thereof. The Notes will be dated as of the stated date of issue and will mature on the dates referenced thereon, and will bear interest from the Delivery Date at the rates per annum set forth in “APPENDIX A - MATURITY SCHEDULE.”

Interest on the Notes is payable semiannually on each Interest Payment Date, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Principal of and the redemption price with respect to the Notes will be payable to the Owners upon presentation and surrender at the principal office of the Paying Agent/Registrar.

Purpose

See “APPENDIX B - FORM OF OFFICIAL ACTION.”

Authority for Issuance

The Notes are issued pursuant to Article 16, Section 59 of the Texas Constitution, Chapters 49 and 58 of the Texas Water Code, as amended (particularly, Section 49.153, Texas Water Code) and the Official Action adopted by the Issuer.

Security for the Notes

See “APPENDIX B - FORM OF OFFICIAL ACTION.”

Redemption Provisions

On March 1, 2027, or on any date thereafter, the Notes maturing on and after September 1, 2027 may be redeemed prior to their scheduled maturities in inverse order of maturity, upon the written direction of the Issuer, with funds provided by the Issuer, at par plus accrued interest to the date fixed for redemption as a whole, or in part, and if less than all of a maturity is to be redeemed the Paying Agent/Registrar will determine by lot the Notes, or portions

thereof within such maturity to be redeemed (provided that a portion of a Note may be redeemed only in Authorized Denominations).

Notice of Redemption; Selection of Notes to Be Redeemed

See “APPENDIX B - FORM OF OFFICIAL ACTION.”

The Paying Agent/Registrar, so long as a Book-Entry-Only System is used for the Notes, will send any notice of redemption of the Notes, notice of proposed amendment to the Resolution or other notices with respect to the Notes only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of the redemption of the Notes called for redemption or any other action premised on any such notice. Redemption of portions of the Notes by the Issuer will reduce the outstanding principal amount of such Notes held by DTC.

Book-Entry-Only System

The information in this caption concerning The Depository Trust Company, New York, New York (“DTC”) and DTC’s book entry system has been obtained from DTC and the Issuer makes no representation or warranty nor takes any responsibility for the accuracy or completeness of such information.

DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Notes and deposited with DTC. See APPENDIX B - “FORM OF OFFICIAL ACTION.”

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument (from over 100 countries) that DTC’s participants (the “Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions, in deposited securities, through electronic computerized book entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearance Corporation, and Fixed Income Clearance Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s rating of: “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

TAX MATTERS

Opinion

Bond Counsel will deliver its opinion on the date of delivery of the Notes substantially in the form as attached in “APPENDIX C - FORM OF OPINION OF BOND COUNSEL.”

OTHER INFORMATION

Settlement of Purchase of Obligations

The Texas Water Development Board (the “Board”) and the Issuer intend for the delivery of the Obligations to be facilitated through the book-entry-only system of DTC. See “THE OBLIGATIONS - Book-Entry-Only System”. In connection with the delivery of the Obligations, a settlement agent may be used to effect the delivery of the

Obligations. If such a settlement agent is used, such settlement agent (i) is being used solely to facilitate book-entry delivery of the Obligations, (ii) will be acting solely as a "Clearing DTC Participant" and not as an "underwriter" (each as defined in Section 2(a)(1) of the U.S. Securities Act of 1933, as amended, (iii) is not acting as a fiduciary or municipal advisor to the Board or the Issuer with regard to the Obligations and, accordingly, has no fiduciary duty to either the Board or the Issuer under Federal or state securities laws, and therefore is not required by federal or state law to act in the best interests of the Board or the Issuer, (iv) in providing information to either the Board or the Issuer, is not providing "advice" with the meaning of Section 15B of the Securities Exchange Act of 1934, as amended, and that the information provided has not been relied on by either the Board or the Issuer in the issuance of the Obligations and (v) has not provided any legal, accounting, regulatory or tax advice to the Issuer.

Forward - Looking Statements

The statements contained in this Private Placement Memorandum, including the cover page, appendices, and any other information or documents provided by the Issuer, that are not purely historical, are forward-looking statements, including statements regarding the Issuer's expectations, hopes, intentions, or strategies regarding the future. Holders and beneficial owners of the Notes have placed reliance on forward-looking statements. All forward looking statements included in this Private Placement Memorandum are based on information available to the Issuer on the date hereof. It is important to note that the Issuer's actual results could differ materially from those in such forward-looking statements.

Ratings

No application has been made to any ratings agency or municipal bond insurance company for qualification of the Notes for ratings or municipal bond insurance, respectively.

LITIGATION

General

On the date of delivery of the Notes to the initial purchasers thereof, the Issuer will execute and deliver a certificate to the effect that, except as disclosed herein, no litigation of any nature has been filed or is pending, as of that date, to restrain or enjoin the issuance or delivery of the Notes or which would affect the provisions made for their payment or security or in any manner questioning the validity of the Notes.

The Issuer

There is no litigation, proceeding, inquiry, or investigation pending by or before any court or other governmental authority or entity (or, to the best knowledge of the Issuer, threatened) that adversely affects the power, authority or obligation of the Issuer to deliver the Notes, the security for, or the validity of, the Notes or the financial condition of the Issuer.

CONTINUING DISCLOSURE OF INFORMATION

In Section 31 of the Official Action, the Issuer has made an agreement for the benefit of the holders and beneficial owners of the Notes. The Issuer is required to observe the agreement for so long as it remains obligated to advance funds to pay the Notes. Under the agreement, the Issuer will be obligated to provide certain updated financial information and operating data, and timely notice of specified material events, to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System. SEE APPENDIX B - "FORM OF OFFICIAL ACTION."

Compliance with Prior Undertakings

The District has not previously entered into a continuing disclosure agreement in accordance with the Securities and Exchange Commission Rule 15c2-12.

MISCELLANEOUS

Any statements made in this Private Placement Memorandum involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Private Placement Memorandum nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Notes.

The information contained above is neither guaranteed as to accuracy or completeness nor to be construed as a representation by the Issuer. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Private Placement Memorandum nor any sale made hereunder is to create, under any circumstances, any implication that there has been no change in the affairs of the Issuer or the Issuer from the date hereof.

The Private Placement Memorandum is submitted in connection with the sale of the securities referred to herein to the Texas Water Development Board on the Delivery Date and may not be reproduced or used, as a whole or in part, for any other purpose.

ADDITIONAL INFORMATION

The Private Placement Memorandum speaks only as of its date and the information contained herein is subject to change. Descriptions of the Notes and the Official Action and any other agreements and documents contained herein constitute summaries of certain provisions thereof and do not purport to be complete. This Private Placement Memorandum was approved by the Issuer.

APPENDIX A
MATURITY SCHEDULE

\$6,455,000

UNITED IRRIGATION DISTRICT
SYSTEM REVENUE NOTES, SERIES 2016

(TWDB – SWIFT)

CUSIP Prefix: TBD

TBD

APPENDIX B
FORM OF OFFICIAL ACTION

APPENDIX C
FORM OF OPINION OF BOND COUNSEL

PRIVATE PLACEMENT MEMORANDUM DATED (TBD) DRAFT

NEW ISSUE BOOK-ENTRY-ONLY

On the date of initial delivery of the Notes (defined below), Issuer's Bond Counsel (identified on page i) will render its opinion substantially in the form attached in APPENDIX C - FORM OF OPINION OF BOND COUNSEL.

\$1,645,000
UNITED IRRIGATION DISTRICT
SYSTEM REVENUE NOTES
TAXABLE SERIES 2016B (the "Notes")
(TWDB – SWIFT)

Dated: TBD

Due: September 1

Interest Payment Dates: Interest on the Notes will be payable on September 1 and March 1 each year, commencing September 1, 2017 (each an "Interest Payment Date"). The Notes will bear interest from the date of delivery thereof at the rates per annum set forth in "APPENDIX A - MATURITY SCHEDULE."

Record Date: The close of business on the last business day of the calendar month immediately preceding the applicable Interest Payment Date, commencing September 1, 2017.

Date Interest Accrues: Each Note shall bear interest from the Delivery Date thereof or the most recent Interest Payment Date to which interest has been paid or provided for at the respective rate set forth in "APPENDIX A – MATURITY SCHEDULE", such interest payable semiannually on September 1 and March 1 of each year until the earliest of maturity or prior redemption, commencing on September 1, 2017.

Redemption: The Notes are subject to redemption prior to maturity as provided herein. See "THE NOTES - Redemption Provisions" herein.

Authorized Denominations: The Notes are being issued as fully registered Notes in denominations of **\$5,000**, or any integral multiple thereof.

Paying Agent/Registrar: The paying agent ("Paying Agent/Registrar/Registrar") for the Notes is **TBD**

Book-Entry-Only System: Upon initial issuance, the ownership of the Notes will be registered in the registration books of the Issuer kept by the Paying Agent/Registrar, in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") to which principal, redemption premium, if any, and interest payments on the Notes will be made. The purchasers of the Notes will not receive physical delivery of bond certificates. Principal of, interest, and premium if any, on the Notes will be payable at the designated office of the Paying Agent/Registrar in **TBD**, Texas as the same become due and payable.

Issuer: United Irrigation District

Official Action: Resolution approved on **TBD**.

Purpose: See "APPENDIX B - OFFICIAL ACTION."

Security for the Notes: See "APPENDIX B - OFFICIAL ACTION."

Ratings: See "OTHER INFORMATION – Ratings."

Delivery Date: **TBD**.

See "APPENDIX A - MATURITY SCHEDULE" for Principal Amounts, Maturities, Interest Rates, Prices or Yields, and Initial CUSIP Numbers

UNITED IRRIGATION DISTRICT

1006 W. Mile 2 Road

Mission, TX 78574

Board of Directors

Jesus Garcia – President

Mike Helle – Vice President

Ricardo Garcia – Secretary

Kathleen E. Reavis – Member

Michael Broughton – Member

District Independent Consultants

McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, Bond Counsel

FirstSouthwest, a Division of Hilltop Securities Inc., Pharr and Dallas, Texas, Financial Advisor

TBD, Paying Agent/Registrar

TBD, Escrow Agent

Ferris, Flinn & Medina, LLC, Palm Valley, Texas, Engineer

TABLE OF CONTENTS

	Page
INTRODUCTION	1
THE NOTES	1
General Description	1
Purpose	1
Authority for Issuance	1
Security for the Notes	1
Redemption Provisions	1
Notice of Redemption; Selection of Notes to Be Redeemed	2
Book-Entry-Only System.....	2
TAX MATTERS	2
Opinion	2
OTHER INFORMATION	2
Forward - Looking Statements.....	2
Ratings	3
LITIGATION	3
General.....	3
The Issuer.....	3
CONTINUING DISCLOSURE OF INFORMATION.....	3
Compliance with Prior Undertakings.....	3
MISCELLANEOUS	3
ADDITIONAL INFORMATION.....	4
APPENDIX A MATURITY SCHEDULE	
APPENDIX B FORM OF OFFICIAL ACTION	
APPENDIX C FORM OF OPINION OF BOND COUNSEL	

**Private Placement Memorandum
relating to**

\$1,645,000

**UNITED IRRIGATION DISTRICT
SYSTEM REVENUE NOTES
TAXABLE SERIES 2016B (the “Notes”)**

INTRODUCTION

This Private Placement Memorandum, including the cover page and appendices, contains brief descriptions of the Issuer, provides certain information with respect to the issuance by the Issuer, and summaries of certain provisions of the “Notes” pursuant to the Official Action. Except as otherwise set forth herein, capitalized terms used but not defined in this Private Placement Memorandum have the meanings assigned to them in the Official Action. See “APPENDIX B – “FORM OF OFFICIAL ACTION” attached hereto.

APPENDIX A contains the maturity schedule for the Notes. APPENDIX B contains the Official Action and a description of the purpose for the proceeds of the Notes. APPENDIX C contains a copy of the proposed opinion of Bond Counsel with respect to the Notes. The summaries of the documents contained in the forepart of this Private Placement Memorandum are not complete or definitive, and every statement made in this Private Placement Memorandum concerning any provision of any document is qualified by reference to such document in its entirety.

THE NOTES

General Description

The Notes are being issued in the aggregate principal amount set forth in APPENDIX A of this Private Placement Memorandum and will mature and be subject to redemption prior to maturity as described herein. The Notes are being issued as fully registered Notes in denominations of **\$5,000**, or any integral multiple thereof. The Notes will be dated as of the stated date of issue and will mature on the dates referenced thereon, and will bear interest from the Delivery Date at the rates per annum set forth in “APPENDIX A - MATURITY SCHEDULE.”

Interest on the Notes is payable semiannually on each Interest Payment Date, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Principal of and the redemption price with respect to the Notes will be payable to the Owners upon presentation and surrender at the principal office of the Paying Agent/Registrar.

Purpose

See “APPENDIX B - FORM OF OFFICIAL ACTION.”

Authority for Issuance

The Notes are issued pursuant to Article 16, Section 59 of the Texas Constitution, Chapters 49 and 58 of the Texas Water Code, as amended (particularly, Section 49.153, Texas Water Code) and the Official Action adopted by the Issuer.

Security for the Notes

See “APPENDIX B - FORM OF OFFICIAL ACTION.”

Redemption Provisions

On March 1, 2027, or on any date thereafter, the Notes maturing on and after September 1, 2027 may be redeemed prior to their scheduled maturities in inverse order of maturity, upon the written direction of the Issuer, with funds provided by the Issuer, at par plus accrued interest to the date fixed for redemption as a whole, or in part, and if less than all of a maturity is to be redeemed the Paying Agent/Registrar will determine by lot the Notes, or portions

thereof within such maturity to be redeemed (provided that a portion of a Note may be redeemed only in Authorized Denominations).

Notice of Redemption; Selection of Notes to Be Redeemed

See “APPENDIX B - FORM OF OFFICIAL ACTION.”

The Paying Agent/Registrar, so long as a Book-Entry-Only System is used for the Notes, will send any notice of redemption of the Notes, notice of proposed amendment to the Resolution or other notices with respect to the Notes only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of the redemption of the Notes called for redemption or any other action premised on any such notice. Redemption of portions of the Notes by the Issuer will reduce the outstanding principal amount of such Notes held by DTC.

Book-Entry-Only System

The information in this caption concerning The Depository Trust Company, New York, New York (“DTC”) and DTC’s book entry system has been obtained from DTC and the Issuer makes no representation or warranty nor takes any responsibility for the accuracy or completeness of such information.

DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Notes and deposited with DTC. See APPENDIX B - “FORM OF OFFICIAL ACTION.”

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument (from over 100 countries) that DTC’s participants (the “Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions, in deposited securities, through electronic computerized book entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearance Corporation, and Fixed Income Clearance Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s rating of: “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

TAX MATTERS

Opinion

Bond Counsel will deliver its opinion on the date of delivery of the Notes substantially in the form as attached in “APPENDIX C - FORM OF OPINION OF BOND COUNSEL.”

OTHER INFORMATION

Settlement of Purchase of Obligations

The Texas Water Development Board (the “Board”) and the Issuer intend for the delivery of the Obligations to be facilitated through the book-entry-only system of DTC. See “THE OBLIGATIONS - Book-Entry-Only System”. In connection with the delivery of the Obligations, a settlement agent may be used to effect the delivery of the

Obligations. If such a settlement agent is used, such settlement agent (i) is being used solely to facilitate book-entry delivery of the Obligations, (ii) will be acting solely as a "Clearing DTC Participant" and not as an "underwriter" (each as defined in Section 2(a)(1) of the U.S. Securities Act of 1933, as amended, (iii) is not acting as a fiduciary or municipal advisor to the Board or the Issuer with regard to the Obligations and, accordingly, has no fiduciary duty to either the Board or the Issuer under Federal or state securities laws, and therefore is not required by federal or state law to act in the best interests of the Board or the Issuer, (iv) in providing information to either the Board or the Issuer, is not providing "advice" with the meaning of Section 15B of the Securities Exchange Act of 1934, as amended, and that the information provided has not been relied on by either the Board or the Issuer in the issuance of the Obligations and (v) has not provided any legal, accounting, regulatory or tax advice to the Issuer.

Forward - Looking Statements

The statements contained in this Private Placement Memorandum, including the cover page, appendices, and any other information or documents provided by the Issuer, that are not purely historical, are forward-looking statements, including statements regarding the Issuer's expectations, hopes, intentions, or strategies regarding the future. Holders and beneficial owners of the Notes have placed reliance on forward-looking statements. All forward looking statements included in this Private Placement Memorandum are based on information available to the Issuer on the date hereof. It is important to note that the Issuer's actual results could differ materially from those in such forward-looking statements.

Ratings

No application has been made to any ratings agency or municipal bond insurance company for qualification of the Notes for ratings or municipal bond insurance, respectively.

LITIGATION

General

On the date of delivery of the Notes to the initial purchasers thereof, the Issuer will execute and deliver a certificate to the effect that, except as disclosed herein, no litigation of any nature has been filed or is pending, as of that date, to restrain or enjoin the issuance or delivery of the Notes or which would affect the provisions made for their payment or security or in any manner questioning the validity of the Notes.

The Issuer

There is no litigation, proceeding, inquiry, or investigation pending by or before any court or other governmental authority or entity (or, to the best knowledge of the Issuer, threatened) that adversely affects the power, authority or obligation of the Issuer to deliver the Notes, the security for, or the validity of, the Notes or the financial condition of the Issuer.

CONTINUING DISCLOSURE OF INFORMATION

In Section 31 of the Official Action, the Issuer has made an agreement for the benefit of the holders and beneficial owners of the Notes. The Issuer is required to observe the agreement for so long as it remains obligated to advance funds to pay the Notes. Under the agreement, the Issuer will be obligated to provide certain updated financial information and operating data, and timely notice of specified material events, to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System. SEE APPENDIX B - "FORM OF OFFICIAL ACTION."

Compliance with Prior Undertakings

The District has not previously entered into a continuing disclosure agreement in accordance with the Securities and Exchange Commission Rule 15c2-12.

MISCELLANEOUS

Any statements made in this Private Placement Memorandum involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Private Placement Memorandum nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Notes.

The information contained above is neither guaranteed as to accuracy or completeness nor to be construed as a representation by the Issuer. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Private Placement Memorandum nor any sale made hereunder is to create, under any circumstances, any implication that there has been no change in the affairs of the Issuer or the Issuer from the date hereof.

The Private Placement Memorandum is submitted in connection with the sale of the securities referred to herein to the Texas Water Development Board on the Delivery Date and may not be reproduced or used, as a whole or in part, for any other purpose.

ADDITIONAL INFORMATION

The Private Placement Memorandum speaks only as of its date and the information contained herein is subject to change. Descriptions of the Notes and the Official Action and any other agreements and documents contained herein constitute summaries of certain provisions thereof and do not purport to be complete. This Private Placement Memorandum was approved by the Issuer.

APPENDIX A
MATURITY SCHEDULE

\$1,645,000

UNITED IRRIGATION DISTRICT
SYSTEM REVENUE NOTES, TAXABLE SERIES 2016B

(TWDB – SWIFT)

CUSIP Prefix: TBD

TBD

APPENDIX B
FORM OF OFFICIAL ACTION

APPENDIX C
FORM OF OPINION OF BOND COUNSEL