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Phone (512) 463-7847, Fax (512) 475-2053

AGENDA ITEM MEMO

BOARD MEETING DATE: July 24, 2025

TO: Board Members

THROUGH: Bryan McMath, Executive Administrator
Ashley Harden, General Counsel
Georgia Sanchez, Chief Financial Officer

FROM: David Duran, Director, Debt and Portfolio Management
Thomas Quick, Financial Analyst, Debt and Portfolio Management

SUBJECT: 2025 State Water Implementation Revenue Fund for Texas and General Obligation Bonds

ACTION REQUESTED

Consider approving by resolution: (a) the issuance, sale and delivery of the State Water Implementation Revenue Fund for Texas (SWIRFT) Revenue Bonds, Series 2025 (Master Trust); (b) the issuance, sale and delivery of State of Texas, General Obligation Water Financial Assistance Bonds, Series 2025E (State Water Plan), and Taxable Series 2025F (State Water Plan); (c) the execution of the Bond Indenture and Bond Resolutions; (d) the execution of the State Water Implementation Fund for Texas Funds Transfer Agreement; (e) the Preliminary Official Statements; and (f) authorization for the Executive Administrator, Assistant Executive Administrator, Chief Financial Officer, Development Fund Manager, Director of Debt and Portfolio Management, or any other authorized representative to act on behalf of the Texas Water Development Board in the sale and delivery of such bonds.

BACKGROUND

The Texas Water Development Board (TWDB) is authorized to issue revenue bonds associated with the SWIRFT under the Texas Constitution section 49-d-13 and Subchapter H, Chapter 15 of the Texas Water Code, as amended. The proceeds of SWIRFT bonds are deposited to the credit of the SWIRFT and used to provide financial assistance to political subdivisions for projects included in the state water plan through the State Water Implementation Fund for Texas (SWIFT) program.

The TWDB is authorized to issue General Obligation (GO) bonds associated with the Texas Water Development Fund II under the Texas Constitution and general laws of the State, including particularly Article III, Sections 49-d-8, 49-d-9, 49-d-10, 49-d-11, and 49-d-14,

Texas Constitution, Subchapter L of Chapter 17 of the Texas Water Code, as amended, Chapter 1207, Texas Government Code, as amended, and Chapter 1371, Texas Government Code, as amended. The TWDB also has authority pursuant to Texas Constitution section 49-d-12 and Subchapter G, Chapter 15 of the Texas Water Code to make transfers from the SWIFT to support GO bonds which will be used to provide financial assistance to political subdivisions for projects included in the state water plan through the SWIFT program.

The required documents for the issuance of the SWIRFT Series 2025 Revenue Bonds and the GO Series 2025EF Bonds have been drafted. The attachments include drafts of the SWIRFT Bonds Authorizing Resolution, SWIFT Transfer Authorizing Resolution, Revenue Bond Indenture, GO Bond Resolutions, SWIFT Funds Transfer Agreement, Preliminary Official Statements, Trust Agreement, and the Estimated SWIFT 2025 Closing Detail Exhibit.

KEY ISSUES

The maximum par amount recommended for a Fall 2025 bond sale is $3.1 billion. Final bond sizing will be determined by the amount and terms of financial assistance formally requested by the political subdivisions as recorded in financing agreements executed prior to the pricing of the SWIRFT and GO bonds, as well as the costs of issuance.

Funds may be transferred from SWIFT to SWIRFT and the Financial Assistance Account of the Texas Water Development Fund II by a SWIFT Funds Transfer Agreement. The transfer made from SWIFT to SWIRFT will provide security for the SWIRFT bonds, while the transfer made from SWIFT to the Financial Assistance Account will support SWIFT projects purchased from Series 2025EF proceeds. The attached Estimated SWIFT 2025 Closing Detail Exhibit identifies the specific projects expected to be funded from the sale of SWIRFT and GO bonds. The Executive Administrator recommends a not-to-exceed transfer amount of $400 million pursuant to the SWIFT Funds Transfer Agreement. The actual amount for the transfer will be determined after the SWIRFT and GO bonds are priced and the corresponding bond purchase agreements are signed.

Legislative Budget Board and Bond Review Board approvals are required for this transaction. Responses from both will be received prior to posting of the Preliminary Official Statement.

The costs of issuance for the transaction have been estimated at a not-to-exceed of $4.75 per bond for the underwriter’s discount and $2,000,000 for all other transaction-related fees and expenses. The estimated costs of issuance are appropriate and may be negotiated further based on market conditions at the time of pricing.

Below is a short summary of the preliminary schedule of events currently anticipated for this transaction:

May 8	Transaction Team Selected
July 24	Bond issuance and documents approval
September 24-25	Bond Pricing
October 2	Adoption of Lending rate scales
October 9	Closing and delivery of the bonds

RECOMMENDATION

In order to provide low cost financing in a timely manner, the Executive Administrator recommends approving by resolution: (a) the issuance, sale and delivery of the SWIRFT Revenue Bonds, Series 2025 (Master Trust); (b) the issuance, sale and delivery of State of Texas, General Obligation Water Financial Assistance Bonds, Series 2025E (State Water Plan), and Taxable Series 2025F (State Water Plan) (c) the execution of the Bond Indenture and Bond Resolutions; (d) the execution of the SWIFT Funds Transfer Agreement; (e) the Preliminary Official Statements; and (f) authorization for the Executive Administrator, Assistant Executive Administrator, Chief Financial Officer, Development Fund Manager, Director of Debt and Portfolio Management, or any other authorized representative to act on behalf of the TWDB in the sale and delivery of such bonds.

Attachments:

1. Draft SWIRFT Revenue Bonds Authorizing Resolution
2. Draft SWIFT Transfer Authorizing Resolution
3. Draft 2025 (Master Trust) Bond Indenture
4. Draft 2025E Bond Resolution
5. Draft 2025F Bond Resolution
6. Draft SWIFT Funds Transfer Agreement
7. Draft Preliminary Official Statement for Series 2025 (Master Trust)
8. Draft Preliminary Official Statement for Series 2025E & 2025F (State Water Plan)
9. Draft Trust Agreement
10. Exhibit – Estimated SWIFT 2025 Closing Detail

RESOLUTION AUTHORIZING THE ISSUANCE OF TEXAS WATER DEVELOPMENT BOARD STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS REVENUE BONDS, IN ONE OR MORE SERIES, IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $2,200,000,000; APPROVING AND AUTHORIZING EXECUTION OF A BOND INDENTURE PROVIDING FOR THE ISSUANCE OF THE BONDS; PROVIDING FOR THE SALE AND DELIVERY OF THE BONDS; AUTHORIZING THE SALE THEREOF BY NEGOTIATION PURSUANT TO THE TERMS OF A BOND PURCHASE AGREEMENT PERTAINING THERETO; APPROVING A PRELIMINARY OFFICIAL STATEMENT WITH RESPECT TO THE BONDS; AUTHORIZING EXECUTION OF SUCH OTHER AND FURTHER INSTRUMENTS, CERTIFICATES AND DOCUMENTS AS MAY BE REQUIRED FOR THE ISSUANCE OF THE BONDS; DIRECTING PAYMENT OF COSTS OF ISSUANCE AND CONTAINING OTHER PROVISIONS RELATING TO THE ISSUANCE OF THE BONDS.

Recitals:

Article 3, Section 49-d-12 of the Texas Constitution ("Section 49-d-12") created the State Water Implementation Fund for Texas ("SWIFT") as a special fund in the state treasury outside the general revenue fund of the State of Texas (the "State") for the purpose of implementing the state water plan adopted by the Texas Water Development Board (the "Board") as required by general law.

Subchapter G of Chapter 15 of the Texas Water Code ("Subchapter G") provides the statutory framework for the administration and use of funds on deposit in SWIFT.

The Board is the designated agency of the State charged with the responsibility of administering the State Water Implementation Revenue Fund for Texas ("SWIRFT") under the provisions of Article 3, Section 49-d-13 of the Texas Constitution and Subchapter H of Chapter 15 of the Texas Water Code ("Subchapter H").

Pursuant to the provisions of Subchapter H, the Board is empowered to sell and issue revenue bonds in furtherance of the public purpose of providing financing or refinancing of any project within the scope of the state water plan adopted by the Board or other enumerated uses as set forth in subsection (a) of Section 15.474, Texas Water Code.

The Board has determined that the issuance of bonds, in one or more series, is in the best interests of the Board in the administration of SWIRFT and in making funds available to political subdivisions of the State ("Political Subdivisions") seeking financing of projects within the scope of the state water plan.

In connection with the issuance of revenue bonds in 2015, the Board executed that certain Master Trust Indenture, dated as of October 1, 2015, between the Board and The Bank of New York Mellon Trust Company, National Association ("BNY"), as Master Trustee (the "Master Trust

Indenture") in connection with the administration of SWIRFT, the issuance of Master Trust Bonds to augment SWIRFT, and in making funds available to Political Subdivisions seeking financing of projects within the scope of the state water plan; and

In connection with the issuance of the bonds hereinafter described, the Board has determined that the execution of the Bond Indenture (as herein defined), is in the best interests of the Board in the administration of SWIRFT and in making funds available to Political Subdivisions seeking financing of projects within the scope of the state water plan.

The Board has heretofore selected BofA Securities, Inc., as senior manager of the underwriting team (the "Underwriters") selected by the Board for the bonds hereinafter described.

Finding:

The Board hereby finds, in connection with the sale, issuance and delivery of the bonds herein authorized to be sold, and the execution of the documents herein authorized:

Moneys received from the sale of the bonds hereinafter described shall be deposited to the accounts within SWIRFT established in the Bond Indenture and used in the manner provided in the Bond Indenture.

NOW, THEREFORE, BE IT RESOLVED:

1. The Board hereby authorizes the sale, issuance and delivery of one or more series of special, limited revenue obligations in aggregate principal amount not to exceed $2,200,000,000 (the "Bonds"), to be issued as tax-exempt obligations to provide financing for any State Water Plan Projects, and to pay the costs of issuance of the Bonds. The Bonds shall be issued under the terms and provisions of the Master Trust Indenture and pursuant to the provisions of a Bond Indenture between the Board and BNY, as Bond Trustee, with respect to the Bonds (the "2025 Bond Indenture") substantially in the form attached to this Resolution, with such changes as are made pursuant to paragraphs 3 and 5 of this Resolution. The Bonds shall be issued in fully registered form, without coupons, and shall mature at such times and in such amounts, shall bear interest, shall carry such registration and conversion privileges, shall be payable in such manner, shall be subject to redemption and shall have such other and further qualities and provisions as shall be specifically provided in accordance with the parameters set forth herein and the Bond Indenture. Proceeds of the Bonds shall be deposited to the accounts within SWIRFT established in the Bond Indenture. The Bonds are issued under authority of the laws of the State of Texas, including specifically Subchapter H and Chapter 1371, Texas Government Code.

2. The Executive Administrator, the Assistant Executive Administrator, the Development Fund Manager, the Chief Financial Officer, the Director of Debt and Portfolio Management, and the General Counsel each is hereby authorized, empowered and directed to determine and establish the total principal amount of the Bonds, which in no event shall exceed $2,200,000,000, shall determine the date for issuance and sale of the Bonds and shall approve, execute and deliver a Purchase Agreement (defined herein) with the Underwriters and therein set forth the name and any special or additional series designation for the Bonds sold under the

terms of such Purchase Agreement, the dated date of the Bonds, the principal amount of the Bonds to be sold (subject to the limitations set forth above), the prices at which the Bonds shall be sold, the principal amortization schedules for the Bonds (including, without limitation, the designation of any of the maturities of the Bonds as Term Bonds and any sinking fund payments to be deposited to the credit of the respective Debt Service Account relating to any Term Bond so designated), the redemption features of the Bonds, the rate or rates of interest to be borne by the Bonds (which, for any maturity, may not exceed 8.00% per annum), and other matters relating to the issuance, sale and delivery of the Bonds, including, without limitation, whether to acquire a municipal bond insurance policy or policies in support of all or any portion of the Bonds. The Purchase Agreement shall contain a finding substantially to the effect that based on recommendations made by the financial advisor to the Board, the terms of the sale of the Bonds were the most advantageous to the Board reasonably obtained, and the sale of the Bonds is in the best interests of the Board. The Bonds shall not mature more than forty (40) years from their dated date. In no event shall the Bonds be issued and delivered if (a) the Bonds do not bear a rating greater than "BBB" or its equivalent from a Rating Agency (as defined in the Bond Indenture) or (b) the Legislative Budget Board has issued a written disapproval of the issuance of the Bonds. The Executive Administrator, the Assistant Executive Administrator, the Development Fund Manager, the Chief Financial Officer, the Director of Debt and Portfolio Management, and the General Counsel are hereby authorized, in the name and on behalf of the Board, to approve, distribute, and deliver a preliminary official statement (the "Preliminary Official Statement") and a final official statement relating to the Bonds to be used by the Underwriters in the marketing of the Bonds. A finding or determination made by the Executive Administrator, the Assistant Executive Administrator, the Development Fund Manager, the Chief Financial Officer, the Director of Debt and Portfolio Management, and/or the General Counsel acting under the authority delegated thereto by this Resolution with respect to all matters relating to the issuance and sale of the Bonds shall have the same force and effect as a finding or determination made by the Board.

3. The Preliminary Official Statement presented to the Board on this date pertaining to the Bonds is hereby approved and deemed final for purposes of distribution in connection with the public offering for sale of such obligations. Such form of the Preliminary Official Statement may be modified as appropriate in connection with the public offering and sale of Bonds, and the Executive Administrator is authorized on behalf of the Board to deem final the Preliminary Official Statement with respect to the public offering of the Bonds for purposes of distribution in connection with the public offering for sale of such obligations.

4. The Board hereby approves the draft presented on this date of the Bond Indenture, in substantially the form attached to this Resolution. The Board hereby authorizes the Executive Administrator to review and approve any proposed non-material additions, deletions, modifications, or other changes to the Bond Indenture from the form thereof presented on this date. The determination made by the Executive Administrator with respect to any proposed non-material additions, deletions, modifications, or other changes to the Bond Indenture shall have the same force and effect as a determination made by the Board.

5. The sale of the Bonds to the Underwriters shall be effected pursuant to the terms of one Bond Purchase Agreement by and between the Board and BofA Securities, Inc. (the "Purchase Agreement"), as representative of the underwriters listed in the Bond Purchase Agreement (together

with BofA Securities, Inc. the "Underwriters"), in substantially the form similar to bond purchase agreements previously executed by the Board in connection with negotiated sales of bonds by the Board, is hereby authorized; provided the precise principal amount of the Bonds, date of the Bonds, the years in which the Bonds will mature and the principal amount to mature in each of such years, the rate of interest to be borne by each such maturity, purchase prices, interest payment and record dates, the prices and terms upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the Board, as well as any mandatory sinking fund redemption provisions, and all other matters relating to the issuance, sale, and delivery of the Bonds, shall be effected in accordance with the terms of Section 3 of this Resolution. The takedown payable to the Underwriters shall not exceed $4.75/$1,000 bonds sold.

6. The Board hereby authorizes the Executive Administrator to approve fee agreements with BNY, as Bond Trustee, payable under the terms of the fee agreement in the manner provided through attachments in the Bond Indenture, as authorized by Section 15.474(c)(3), Water Code, as necessary and reasonable expenses incurred by the Board in administering SWIRFT.

7. Proceeds derived from the sale of the Bonds are hereby directed to be deposited with BNY, as bond trustee for the Bonds (the "Bond Trustee") for the Bonds, in accordance with the provisions of Article IV of the Bond Indenture.

8. The Bond Trustee is directed to pay costs of issuance of the Bonds from the Costs of Issuance Account established under the Bond Indenture pursuant to a letter of instructions prepared by the Board or its financial advisor.

9. Concurrently with the adoption of this Resolution, the Board has adopted one or more resolutions authorizing the issuance of State of Texas Water Financial Assistance Bonds for 2025, in one or more series, as tax-exempt or taxable bonds to provide financing for State Water Plan Projects (collectively, the “Water Financial Assistance Bonds”). The Water Financial Assistance Bonds will not be secured by or payable from the funds and accounts created under the Master Indenture and the Bond Indenture.

10. The Bonds will not be secured by the full faith and credit of the State.

11. The Executive Administrator, the Assistant Executive Administrator, the Development Fund Manager, the Chief Financial Officer, the Director of Debt and Portfolio Management or the General Counsel are hereby authorized to approve and execute, for and on behalf of the Board, all other and further documents, instruments, agreements, representations and certifications necessary or attendant to the sale, issuance and delivery of the Bonds. The appropriate officers and employees of the Board are hereby authorized to take all action necessary or appropriate to comply with and carry out all provisions of such documents, instruments, representations and certifications. The Board authorizes the payment of the fee of the Office of the Attorney General of the State of Texas for the examination of the proceedings relating to the issuance of the Bonds, in the amount determined in accordance with the provisions of Section 1202.004, Texas Government Code, as amended.

ADOPTED this 24th day of July, 2025.

TEXAS WATER DEVELOPMENT BOARD

(SEAL)

_____
L'Oreal Stepney, Chairwoman

ATTEST:

_____
Bryan McMath, Executive Administrator

RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A SWIFT FUNDS TRANSFER AGREEMENT TO PROVIDE REVENUES IN SUPPORT OF CERTAIN BONDS AUTHORIZED BY THE BOARD TO FINANCE STATE WATER PLAN PROJECTS; APPROVING AND AUTHORIZING EXECUTION OF A TRUST AGREEMENT; AUTHORIZING EXECUTION OF OTHER AND FURTHER INSTRUMENTS, CERTIFICATES AND DOCUMENTS RELATED THERETO.

Recitals:

Article 3, Section 49-d-12 of the Texas Constitution ("Section 49-d-12") created the State Water Implementation Fund for Texas ("SWIFT") as a special fund in the state treasury outside the general revenue fund of the State of Texas (the "State") for the purpose of implementing the state water plan adopted by the Texas Water Development Board (the "Board") as required by general law.

Subchapter G of Chapter 15 of the Texas Water Code ("Subchapter G") provides the statutory framework for the administration and use of funds on deposit in SWIFT.

The Board is the designated agency of the State charged with the responsibility of administering the State Water Implementation Revenue Fund for Texas ("SWIRFT") under the provisions of Article 3, Section 49-d-13 of the Texas Constitution and Subchapter H of Chapter 15 of the Texas Water Code ("Subchapter H").

Pursuant to the provisions of Subchapter H, the Board is empowered to sell and issue revenue bonds in furtherance of the public purpose of providing financing or refinancing of any project within the scope of the state water plan adopted by the Board or other enumerated uses as set forth in subsection (a) of Section 15.474, Texas Water Code.

The Board has determined by concurrent resolution that the issuance of revenue bonds (the "SWIRFT Bonds"), under the terms and provisions of the Master Trust Indenture and pursuant to the provisions of a Bond Indenture between the Board and The Bank of New York Mellon Trust Company, National Association ("BNY"), as Bond Trustee, with respect to the SWIRFT Bonds (the "Bond Indenture") in one or more series, is in the best interests of the Board in the administration of SWIRFT and in making funds available to political subdivisions of the State ("Political Subdivisions") seeking financing of projects within the scope of the state water plan.

Pursuant to the provisions of Article 3, Section 49-d-8 of the Texas Constitution, Article 3 ("Section 49-d-8"), Section 49-d-11 of the Texas Constitution, and Subchapter L of Chapter 17 of the Texas Water Code ("Subchapter L"), the Board is empowered to sell water financial assistance bonds, which shall be general obligations of the state, for the purposes authorized by Section 49-d-8.

Pursuant to Section 17.954 of Subchapter L, the Board is empowered to enter into bond enhancement agreements to enhance the marketability, security, or creditworthiness of water financial assistance bonds.

Pursuant to Section 17.959 of Subchapter L, the Board is authorized to deposit money and assets into the financial assistance account of the Texas Water Development Fund II ("Financial Assistance Account"), including (i) money and assets attributable to water financial assistance bonds designated by the board as issued for purposes described in Section 49-d-8, Article III, Texas Constitution, other than for purposes described in Sections 17.957 and 17.958, (ii) payments received under a bond enhancement agreement with respect to water financial assistance bonds designated by the board as issued for purposes described in Section 49-d-8, Article III, Texas Constitution, other than for purposes described in Sections 17.957 and 17.958, (iii) investment income earned on money on deposit in the financial assistance account and (iv) any other funds, regardless of their source, that the board directs be deposited to the credit of the financial assistance account.

The Board has determined by concurrent resolutions that the issuance of water financial assistance bonds (the "Water Financial Assistance Bonds"), in one or more series, is in the best interests of the Board in making funds available to Political Subdivision seeking financing of projects within the scope of the state water plan.

Section 15.435, Texas Water Code, provides that the Board and the Texas Treasury Safekeeping Trust Company (the "Trust Company") may enter into bond enhancement agreements to provide a source of revenue or security for the payment of (i) general obligation bonds issued by the Board, or of (ii) revenue bonds issued by the Board if the proceeds of the sale of such revenue bonds will be deposited to the credit of SWIRFT or other enumerated funds as set forth in subsection (b) of Section 15.435, Texas Water Code.

Section 17.954, Texas Water Code, provides that the Board may enter into bond enhancement agreements (including agreements that enhance the security or creditworthiness of water financial assistance bonds) that the Board determines to be necessary or appropriate to place the obligation of the Board, as represented by water financial assistance bonds, in whole or in part, on the cash flow or other basis desired by the Board.

Findings:

The Board hereby finds, in connection with the sale, issuance and delivery of the SWIRFT Bonds and the Water Financial Assistance Bonds authorized to be sold, and the execution of the documents herein authorized:

The SWIFT Funds Transfer Agreement between the Board and the Trust Company attached to this Resolution (the "Transfer Agreement") is a "bond enhancement agreement" under Section 49-d-12, Subchapter G, and Subchapter L, and conforms to the requirements set forth in Section 15.435, Texas Water Code.

The Transfer Agreement will be the first "bond enhancement agreement" to be executed by the Board for the fiscal year beginning September 1, 2025.

The Trust Agreement between the Board and the Custodian (identified therein) attached to this Resolution (the "Trust Agreement") is a "bond enhancement agreement" under Section 17.954, Texas Water Code.

After considering all other sources available to provide security or a source of revenues in support of (i) the SWIRFT Bonds, the moneys made available to the Board pursuant to the Transfer Agreement are needed for debt service payments on the SWIRFT Bonds, and (ii) the Water Financial Assistance Bonds, the moneys made available to the Board pursuant to the Transfer Agreement and the Trust Agreement are needed for debt service payments on the Water Financial Assistance Bonds to meet the Board's expectation that the Water Financial Assistance Bonds will be paid from revenue sources other than the general revenues of the State.

Moneys received pursuant to the terms of the Transfer Agreement shall be used only to support projects within the scope of the state water plan, as provided in the Transfer Agreement.

Moneys received from the sale of the SWIRFT Bonds are expected to be deposited to the accounts within SWIRFT established in the Bond Indenture and used in the manner provided in the Bond Indenture.

Moneys received from the sale of the Water Financial Assistance Bonds are expected to be deposited and administered in accordance with the resolutions authorizing issuance of the Water Financial Assistance Bonds and instructions provided by a representative of the Board (hereinafter designated).

NOW, THEREFORE, BE IT RESOLVED:

1. The Board hereby approves drafts presented on this date of the Transfer Agreement and the Trust Agreement, in substantially the forms attached to this Resolution.

The Board hereby authorizes the Executive Administrator to review and approve any proposed non-material additions, deletions, modifications, or other changes to the above-described documents from the forms thereof presented on this date. The determination made by the Executive Administrator with respect to any proposed non-material additions, deletions, modifications, or other changes to the above-described documents shall have the same force and effect as a determination made by the Board.

2. The Board hereby directs the Trust Company to make disbursements from SWIFT in accordance with the terms of the Transfer Agreement in the SWIRFT Bonds Stated Amount and GO Bonds Stated Amount (each as defined in the Transfer Agreement) to provide a source of revenue and security for the payment of the principal of and interest on the SWIRFT Bonds (in the case of the SWIRFT Bonds Stated Amount) and the Water Financial Assistance Bonds (in the case of the GO Bonds Stated Amount). The foregoing notwithstanding, moneys on deposit in SWIFT remaining after the transfer of the SWIRFT Bonds Stated Amount and GO Bonds Stated Amount are not intended to provide a source of revenue or security in support of the SWIRFT Bonds or the Water Financial Assistance Bonds. Financial assistance to Political Subdivisions made with the

proceeds of the SWIRFT Bonds or the Water Financial Assistance Bonds will be made in a manner consistent with the provisions of Sections 15.435, Texas Water Code.

3. The Executive Administrator, the Assistant Executive Administrator, the Development Fund Manager, the Chief Financial Officer, the Director of Debt and Portfolio Management or the General Counsel are hereby authorized to approve and execute, for and on behalf of the Board, all other and further documents, instruments, agreements, representations and certifications necessary or attendant to the execution of the Transfer Agreement and the Trust Agreement and the transfers contemplated thereby. The appropriate officers and employees of the Board are hereby authorized to take all action necessary or appropriate to comply with and carry out all provisions of such documents, instruments, representations and certifications.

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ADOPTED this 24th day of July, 2025.

TEXAS WATER DEVELOPMENT BOARD

(SEAL)

_____
L'Oreal Stepney, Chairwoman

ATTEST:

_____
Bryan McMath, Executive Administrator

FORM OF TRANSFER AGREEMENT

FORM OF TRUST AGREEMENT

BOND INDENTURE

Dated as of October 1, 2025

between

Texas Water Development Board

and

The Bank of New York Mellon Trust Company, National Association,
as Trustee

Authorizing and Securing

$_____
TEXAS WATER DEVELOPMENT BOARD
STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS
REVENUE BONDS, SERIES 2025 (MASTER TRUST)

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BOND INDENTURE

THIS BOND INDENTURE (the *"Indenture"*), dated as of October 1, 2025, between the TEXAS WATER DEVELOPMENT BOARD, an agency of the State of Texas (the *"Board"*), and THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association with trust powers duly organized, validly existing and authorized to accept and execute trusts of the character herein set out by virtue of the laws of the state of Texas, with a corporate trust office located in Houston, Texas, as Trustee (the *"Trustee"*);

WITNESSETH:

WHEREAS, pursuant to the Constitution and the laws of the State of Texas (the *"State"*), and particularly Chapter 15, Subchapter H of the Texas Water Code (*"Subchapter H"*), the Board is authorized to issue revenue bonds to provide money for the State Water Implementation Revenue Fund for Texas ("*SWIRFT*"); and

WHEREAS, under Subchapter H, the Board is authorized to use money in SWIRFT only to provide financing or refinancing for any State Water Plan Project, as defined herein; and

WHEREAS, under Subchapter H, the Board is authorized to provide for the management of SWIRFT and any accounts within SWIRFT by a corporate trustee that is a trust company or a bank that has the powers of a trust company, for and on behalf of the Board; and

WHEREAS, to facilitate the issuance of revenue bonds under Subchapter H, the Board executed and delivered a Master Trust Indenture, dated as of October 1, 2015, between the Board and The Bank of New York Mellon Trust Company, National Association, acting in the capacity of Master Trustee (the *"Master Trust Indenture"*); and

WHEREAS, the Board has determined to issue under this Indenture a series of bonds pursuant to Subchapter H to be designated TEXAS WATER DEVELOPMENT BOARD STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS REVENUE BONDS, SERIES 2025 (MASTER TRUST) (the *"Bonds"*), in the aggregate principal amount of $_____ for the purpose of providing funds in furtherance of Subchapter H to provide financing for any State Water Plan Project, and to pay the costs of issuance of the Bonds; and

WHEREAS, pursuant to a resolution adopted by the Board on July 24, 2025 (the *"Authorizing Resolution"*), the Board is authorized to execute and deliver this Indenture for the purpose of issuing and securing the Bonds as hereinafter provided; and

WHEREAS, all acts and things have been done and performed which are necessary to make the Bonds, when executed and issued by the Board, authenticated by the Trustee and delivered, the legal, valid and binding special, limited obligations of the Board in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent applicable, and to make this Indenture a valid and binding agreement for the security of Bonds authenticated and delivered under this Indenture;

GRANTING CLAUSES

NOW, THEREFORE, in consideration of the acceptance by the Trustee of the trusts and duties set forth in this Indenture on behalf of the holders and owners of all Bonds issued and secured hereunder; of the purchase and acceptance of the Bonds issued and secured by this Indenture by the holders and owners thereof; of the payment of the purchase price of the Bonds to the Trustee for application as provided hereinafter; and in order to secure the payment of any and all Bonds at any time issued and outstanding hereunder, according to the tenor and effect thereof and the interest thereon, the payment of all costs, fees and charges specified herein, and the payment of all other sums, if any, from time to time due to the holders and owners of all Bonds issued and secured hereunder and to the Trustee or its successors and assigns, or to others, according to the intent and meaning of all such Bonds and this Indenture, and for the purpose of securing the performance and observance by the Board of all the covenants and conditions herein contained, the Board has conveyed, transferred, assigned, confirmed, pledged and granted a security interest to, and does hereby convey, transfer, assign, confirm, pledge and grant a security interest to, the Trustee, and its successor or successors in trust, as Trustee for the benefit of the holders and owners of all Bonds issued and secured hereunder, in the following described properties, rights, interest and benefits, whether movable or immovable, real, personal or mixed, tangible or intangible (which are collectively called the *"Trust Estate"* or the *"Security"*):

GRANTING CLAUSE FIRST

All right, title and interest of the Board in and to the Political Subdivision Obligations set forth on Exhibit B made with the proceeds of the Bonds, as such Exhibit may be supplemented and amended from time to time in accordance with the terms of this Indenture, including the interest of the Board in and to all proceeds, fees, charges, Revenues, income, rentals, receipts, issues and benefits under the Political Subdivision Obligations, and the Repayments, as hereinafter defined, and all financing statements or other agreements, instruments or documents evidencing, securing or otherwise relating to the Political Subdivision Obligations and the Repayments;

GRANTING CLAUSE SECOND

All right, title and interest in and to any and all other property, movable or immovable, real, personal or mixed, tangible or intangible, from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security hereunder, by the Board or by anyone on behalf of the Board or with its written consent to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of this Indenture; and

GRANTING CLAUSE THIRD

All cash, moneys, securities, investments and interest earnings and investment income on such securities and investments, including specifically Political Subdivision Obligations not set forth on Exhibit B hereto and any moneys transferred to the Trustee in accordance with the Master Trust Indenture, which may at any time and from time to time, pursuant to the provisions of this Indenture, be paid to the Trustee or held by the Trustee in the funds and accounts created under this Indenture, except for (i) the interest of the Trustee in such cash, moneys, securities and

investments as may otherwise appear in this Indenture, (ii) moneys on deposit in the Costs of Issuance Account and the Rebate Fund, and (iii) amounts designated or required to be used to pay arbitrage rebate, whether held in the Rebate Fund;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all owners of the Bonds issued under and secured by this Indenture without privilege, preference, priority or distinction as to lien or otherwise, except as otherwise may be provided herein, of any of the Bonds over any other of the Bonds by reason of priority in their issuance or of principal over interest or interest over principal;

PROVIDED, HOWEVER, that if the Board, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of the Bonds and the redemption premium, if any, and interest due or to become due thereon, at the times and in the manner mentioned in the Bonds according to the true intent and meaning thereof, or shall provide, as permitted and provided by Article IX hereof, for the payment thereof and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions of this Indenture, then this Indenture and the rights hereby granted to the Trustee pursuant to this Indenture by the Board shall cease, determine and be void, otherwise this Indenture shall continue to be and remain in full force and effect;

MONEYS HELD IN or credited to the State Water Implementation Fund for Texas ("*SWIFT*") are not part of the Trust Estate and are not Security for the Bonds.

It is expressly declared that all the Bonds are to be issued, authenticated and delivered and the Trust Estate hereby pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed and the Board has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective holders and owners, from time to time, of the Bonds, or any interest therein, as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. The words and terms defined in the preamble to this Indenture and in this Section shall for all purposes of this Indenture have the meanings herein specified, unless the context clearly otherwise requires. Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa and the words "hereof" and "herein" shall be construed to refer to the entirety of this Indenture, and shall not be restricted to the particular Article, Section, subsection or paragraph in which they appear. References to any constitutional, statutory or regulatory provision means such provision as it exists on the date of this Indenture and any future amendments thereto or successor provisions thereof. References to any officer or designated position (e.g., Executive Administrator) include any Person acting in the capacity of such officer or designated position, whether on an acting, interim or permanent basis.

"*Act*" means Subchapter H.

"Advisory Committee" means the State Water Implementation Fund for Texas Advisory Committee established under the provisions of Subchapter G.

"*Affiliate*" means, with respect to the Trustee, any Person directly or indirectly controlling, controlled by, or under common control with, the Trustee.

"Assistance Account" means the account so designated and established by Section 4.1 of this Indenture.

"Authorized Denominations" means $5,000 or any integral multiple thereof.

"Authorizing Resolution" means the resolution adopted by the Board on July 24, 2025, authorizing the issuance of the Bonds and the execution of this Indenture.

"Beneficial Owner" or *"beneficial owner"* shall mean any Person who acquires a beneficial ownership interest in a Bond held by DTC or any successor Securities Depository hereunder. In determining the Beneficial Owner of the Bond, the Trustee may rely conclusively upon written representations made and written information given to the Trustee by DTC or any successor Securities Depository hereunder or their respective participants with respect to any Bond held by DTC or any successor Securities Depository hereunder in which a beneficial interest is claimed.

"Board" means the Texas Water Development Board.

"Board Representative" means the Executive Administrator, the Assistant Executive Administrator, the Chief Financial Officer of the Board, the Development Fund Manager, the General Counsel and any other member, officer or employee of the Board authorized by resolution of the Board to perform the act or sign the document in question.

"Bond Counsel" means McCall, Parkhurst & Horton L.L.P, or other counsel selected by the Board and nationally recognized as experienced in matters relating to bonds issued by states and their political subdivisions.

"Bondholder", "Bond Owner", "holder" or *"owner"* or any similar term, when used with reference to a Bond or Bonds, means any Person who shall be the registered owner of any Outstanding Bond or Bonds.

"Bond Register" means the registration record maintained by the Bond Registrar under Section 2.6 of this Indenture.

"Bond Registrar" means the Trustee.

"Bond Purchase Agreement" means the agreement between the Board and the underwriters named therein relating to the sale of the Bonds.

"Bonds" means the Texas Water Development Board State Water Implementation Revenue Fund for Texas Revenue Bonds, Series 2025 (Master Trust) of the Board, issued in the original aggregate principal amount of $_____, pursuant to this Indenture.

"Business Day" means any day other than a Saturday, a Sunday or any other day on which commercial banking institutions in New York, New York, or the city which the designated corporate trust office of the Master Trustee are authorized or required to be closed.

"Code" means the Internal Revenue Code of 1986, as may be amended from time to time, and all applicable temporary, proposed and final regulations and procedures promulgated under the Code or promulgated under the Internal Revenue Code of 1954, to the extent applicable to the Code (the "*Treasury Regulations*").

"Comptroller" means the Texas Comptroller of Public Accounts.

"Costs of Issuance" means the costs of issuance of the Bonds as certified by the Board on the Date of Delivery.

"Costs of Issuance Account" means the account so designated and established by Section 4.1 hereof.

"Coverage Requirement" has the meaning as set forth in Section 5.10 of this Indenture.

"Date of Delivery" means the initial date of delivery of the Bonds by the Board to the initial purchasers thereof.

"Debt Service Account" means the account so designated and established by Section 4.1 of this Indenture.

"Defeasance Securities" means (i) Federal Securities, and (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 the Board adopts or approves proceedings authorizing the issuance of refunding bonds or, if such defeasance is not in connection with the issuance of refunding bonds, on the date the Board provides for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally-recognized investment rating firm not less than "AAA" or its equivalent.

"Disclosure Counsel" means Bracewell LLP, or other counsel selected by the Board and nationally recognized as experienced in matters relating to bonds issued by states and their political subdivisions.

"DTC" has the meaning as set forth in Section 2.10 of this Indenture.

"DTC Participant" means the securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions.

"*Electronic Means*" shall mean the following communications methods: email, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

"EMMA" means the Electronic Municipal Market Access system.

"Events of Default" means any one or more of the events specified as such in Section 6.1 of this Indenture.

"Federal Securities" means direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America.

"Fiscal Year" means the fiscal year of the Board, which currently runs during the period beginning in each calendar year on September 1 and ending on August 31 of the calendar year next following.

"Fitch" means Fitch Ratings, Inc., and its successors and assigns.

"Indenture" means this Bond Indenture, as supplemented or amended by any Supplemental Indenture.

"Initial Bond" has the meaning set forth in Section 2.2(d) of this Indenture.

"Interest Payment Date" means April 15, 2025, and each October 15 and April 15 thereafter until maturity or prior redemption of the Bonds.

"Investment Agreement" means any of the following:

(1) any investment agreement with financial institutions whose long-term obligations are rated within the top two rating categories (without regard to gradations within the rating category) of any nationally recognized rating service or whose short-term obligations are rated within the top rating category of any nationally recognized rating service;

(2) any investment agreement rated within the top two rating categories of any nationally recognized rating service; and

(3) any investment agreement fully secured by Federal Securities.

"Investment Securities" means any of the following:

(1) Federal Securities;

(2) Investment Agreements;

(3) Demand deposits, including interest bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, other deposit products, certificates of deposit, including those placed by a third party pursuant to an

agreement between the Trustee and the Board, or bankers' acceptances of depository institutions, including the Trustee or any of its Affiliates;

(4) The following bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed full faith and credit of the United States of America (stripped securities being permitted only if they have been stripped by the agency itself): (i) direct obligations or fully guaranteed certificates of beneficial ownership of the United States Export-Import Bank, (ii) participation certificates and guaranteed pool certificates of the Small Business Administration; (iii) debentures of the Federal Housing Administration; (iv) guaranteed mortgage-back bonds and guaranteed pass-through obligations of the Government National Mortgage Association; and (v) project notes, local authority bonds, guaranteed debentures and guaranteed public housing notes and bonds of the United States Department of Housing and Urban Development;

(5) The following bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit United States government agencies (stripped securities being permitted only if they have been stripped by the agency itself): (i) senior debt obligations of the Federal Home Loan Bank System; (ii) participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; (iii) mortgage-backed securities and senior debt obligations of the Federal National Mortgage Association; (iv) obligations of the Resolution Funding Corporation; and (v) obligations of the Federal Farm Credit Banks Funding Corporation;

(6) Money market mutual funds registered under the Investment Company Act of 1940, the shares of which are registered under the Securities Act of 1933, and having a rating of no less than "AA" or its equivalent from a nationally recognized rating agency, including those for which the Trustee or an Affiliate receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise;

(7) Commercial paper, with a maturity not greater than 270 days, and rated, at the time of purchase, "Prime-1" by Moody's, "F1" or better by Fitch or "A-1" or better by S&P;

(8) General obligation bonds, notes or other obligations of states that are rated within the top two rating categories (without regard to gradations within the rating category) from a nationally recognized rating agency;

(9) Pre-refunded municipal obligations meeting the following conditions: (i) such obligations are (a) not to be redeemed prior to maturity or irrevocable instructions concerning their calling and redemption have been given and (b) the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions; (ii) such obligations are secured by Federal Securities that may be applied only to interest, principal, and premium payments of such obligations; (iii) the principal of and interest on such Federal Securities (plus any cash in the escrow fund with respect to such pre-refunded obligations) are sufficient to meet the liabilities of the obligations; (iv) the Federal Securities are serving as security for the obligations are held by an escrow agent or trustee; and (v) such Federal Securities are not available to satisfy any other claims, including those against the escrow agent or trustee;

(10) Repurchase agreements that conform to the provisions of the Public Funds Investment Act (Chapter 2256 of the Texas Government Code); and

(11) Federal funds or bankers' acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "A-1/Prime-1" or "Aa3" or better by Moody's and "F1" or "A" or better by Fitch and "A-1" or "A" or better by S&P at the time of the investment.

Ratings of Investment Securities shall be determined at the time of purchase of such Investment Securities and without regard to ratings subcategories, and the Trustee shall have no responsibility to monitor the ratings thereof. Moneys shall be invested in the manner permitted by the laws of the State, including, without limitation, Subchapter H.

"Master Trust Bonds" means all bonds of the Board at any time outstanding and secured under the Master Trust Indenture.

"Master Trust Indenture" means the Master Trust Indenture, dated as of October 1, 2015, between the Board and the Master Trustee, as further amended and supplemented.

"Master Trustee" means The Bank of New York Mellon Trust Company, National Association, Houston, Texas, as master trustee under the Master Trust Indenture, and any successor trustee pursuant to the Master Trust Indenture at the time serving as Master Trustee thereunder.

"Moody's" means Moody's Investors Service, Inc., and its successors and assigns.

"MSRB" means the Municipal Securities Rulemaking Board.

"Officer's Certificate" means a certificate of the Board signed by a Board Representative.

"Outstanding" or *"outstanding under this Indenture"* or *"outstanding hereunder"*, when used with reference to the Bonds, means, at any date as of which the amount of Outstanding Bonds is to be determined, the aggregate of all Bonds authorized and issued by the Board and authenticated and delivered by the Trustee under this Indenture, except:

(a) Bonds cancelled or surrendered to the Trustee for cancellation pursuant to Section 2.9 hereof on or prior to such date;

(b) Bonds deemed to have been paid as provided in Section 9.1 hereof; and

(c) Any Bond in lieu of or in substitution for which another Bond or Bonds shall have been issued by the Board and authenticated and delivered by the Trustee pursuant to this Indenture, unless proof satisfactory to the Trustee is presented that such Bond is held by a *bona fide* holder in due course.

In determining whether the holders of a requisite aggregate principal amount of Bonds Outstanding have concurred in any request, demand, authorization, direction, notice or waiver under this Indenture, Bonds which are owned by the Board shall be disregarded and deemed not to be outstanding for the purpose of any such determination; *provided, however,* that for the purpose of determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, or waiver, only Bonds which the Trustee actually

knows to be so owned shall be so disregarded except that if 100% of the Bonds are so owned, all Bonds shall be deemed Outstanding and shall not be disregarded.

"Paying Agent" means any paying agent for the Bonds (initially, the Trustee) and its successor or successors appointed pursuant to the provisions of this Indenture.

"Payment Date" means an Interest Payment Date or a Principal Payment Date.

"Person" shall mean an individual or an entity, including, without limitation, a corporation, a partnership, a limited liability company, an association, a joint stock company, a trust, an unincorporated organization, a governmental body or a Political Subdivision, a municipal corporation, a public corporation or any other group or organization of individuals.

"Political Subdivision" has the meaning specified for that term in Section 15.001(5), Texas Water Code. For purposes of this Indenture, the term "*Political Subdivision*" does not include a Water Supply Corporation.

"Political Subdivision Obligation" means each bond, note, agreement or other evidence of indebtedness purchased from or entered into by the Board with a Political Subdivision, evidencing the obligation of the Political Subdivision to repay the financial assistance made or incurred pursuant thereto from the proceeds of the Bonds, as further described in Exhibit B attached hereto. The term *"Political Subdivision Obligation"* excludes any Political Subdivision Obligation released pursuant to Section 5.10 of this Indenture from and after such release and includes any Political Subdivision Obligation substituted pursuant to Section 5.10 of this Indenture from and after such substitution.

"Portfolio Account" means the account so designated and established by Section 4.1 of this Indenture.

"Prepayment" shall mean any amount received by the Board from payment of principal of a Political Subdivision Obligation, which amount is received prior to the scheduled payment date of such Political Subdivision Obligation.

"Principal Payment Date" means April 15 in each of the years 20__ through 20__ and October 15 in each of the years 20__ through 20__, until maturity or prior redemption of the Bonds. A Principal Payment Date includes a mandatory sinking fund redemption date of the Bonds.

"Program Account" means the account by that name established by Section 301 of the Master Trust Indenture.

"Project Financing Account" means the account so designated and established by Section 4.1 of this Indenture.

"Rating Agencies" means any rating agency that, at the request of the Board, has issued and is currently maintaining a rating on the Bonds.

"Rebate Fund" means the fund so designated and established by Section 4.1 of this Indenture.

"Record Date" means the last Business Day of the calendar month next preceding each Interest Payment Date.

"Redemption Date" means the date all or a portion of the Bonds are scheduled for redemption prior to maturity, through the exercise of rights reserved by the Board to effect an optional redemption of Bonds.

"Repayment" means any payment due and payable by a Political Subdivision in repayment of its Political Subdivision Obligation.

"Representation Letter" has the meaning as set forth in Section 2.10 of this Indenture.

"Representative" has the meaning as set forth in the Bond Purchase Agreement.

"Revenue Account" means the account so designated and established by Section 4.1 of this Indenture.

"Revenues" means all Repayments paid to or for the account of the Board and any other payments made to or for the account of the Board by the Political Subdivisions under their Political Subdivision Obligations.

"Rule" means SEC Rule 15c2-12.

"S&P" means S&P Global Ratings, a division of S&P Global Inc., and its successors and assigns.

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

"Security" or *"Trust Estate"* is defined in the Granting Clauses to this Indenture.

"Securities Depository" means any "clearing agency" registered under Section 17A of the Securities Exchange Act of 1934, as amended, other than DTC, holding the Bonds in a book-entry-only system pursuant to Section 2.10 hereof.

"Significant Borrower" means any Political Subdivision whose outstanding aggregate Political Subdivision Obligations with a common security pledged to the payment thereof issued or incurred by such Political Subdivision and held, on and after April 1, 2025, in the Portfolio Account comprises at least twenty percent (20%) in aggregate principal amount of all Political Subdivision Obligations held in the Portfolio Account.

"State" means the State of Texas.

"State Water Plan" means the comprehensive water plan for the State prepared, developed, formulated and adopted by the Board no less often than every five (5) years pursuant to Subchapter C of Chapter 16 of the Texas Water Code. For purposes of this Indenture, the term *"State Water Plan"* means the comprehensive water plan for the State adopted by the Board on July 7, 2021, as amended, effective for the next succeeding five (5) year period.

"State Water Plan Bonds" means, for purposes of this Indenture, revenue bonds (including the Bonds) issued by the Board, or agreements executed by the Board, to finance State Water Plan Projects in accordance with the laws of the State, specifically revenue bonds issued under authority of Subchapter H that shall be payable from designated income and receipts of SWIRFT, including principal of and interest paid and to be paid on assets of SWIRFT or income from accounts created within SWIRFT by the Board.

"Subchapter G" means Subchapter G of Chapter 15 of the Texas Water Code.

"Subchapter H" means Subchapter H of Chapter 15 of the Texas Water Code.

"Supplemental Indenture" or *"indenture supplemental hereto"* means any indenture supplemental to or amendatory of this Indenture as originally executed, which is duly executed in accordance with the provisions of this Indenture.

"Surplus Revenue Account" means the account so designated and established by Section 4.1 of this Indenture.

"SWIFT" means the State Water Implementation Fund for Texas, created pursuant to Article 3, Section 49-d-12 of the State Constitution, as supplemented and amended.

"SWIRFT" means the State Water Implementation Revenue Fund for Texas, created pursuant to Article 3, Section 49-d-13 of the State Constitution, as supplemented and amended.

"Transfer Account" means the account by that name established by Section 302 of the Master Trust Indenture.

"Trustee" means The Bank of New York Mellon Trust Company, National Association, a national banking association, and any successor trustee pursuant to Section 7.5 or Section 7.9 hereof at the time serving as Trustee under this Indenture.

"TTSTC" means the Texas Treasury Safekeeping Trust Company.

"*Water Supply Corporation*" means a nonprofit water supply corporation created and operating under Chapter 67 of the Texas Water Code.

Section 1.2. Security for Bonds and Sources of Payments; Perfection of Security Interest. (a) The Bonds and the interest and any premium thereon shall be special, limited obligations of the Board secured by and payable solely from the Security. The Board hereby pledges and grants a lien on the Security to secure payment of the principal of, premium, if any, and interest on the Bonds and the respective owners thereof shall have a valid claim only against the Security and other funds and accounts, which Security and other funds and accounts are hereby pledged for the equal and ratable payment of the Bonds and the premium, if any, and interest thereon and shall be used for no other purpose other than to pay the principal of and premium, if any, and interest on the Bonds, except as may be otherwise expressly authorized in this Indenture. The Bonds and the premium, if any, and interest thereon shall not now and shall never constitute an indebtedness or an obligation, general or moral, or a pledge of the faith or loan of credit of the Board or the State, within the purview of any constitutional limitation or provision, and shall never constitute or give rise to a charge against the faith and credit or taxing

powers, if any, of the Board or the State, but shall be special, limited obligations of the Board, payable solely from the Trust Estate established hereunder and the Master Trust Indenture, the proceeds from the sale of the Bonds and the income from the temporary investment thereof. The Board has no taxing power.

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

Section 1.3. Day Counting. With respect to the interest on the Bonds, all computations hereunder involving numbers of days shall be made on the basis of a 360-day year consisting of twelve 30-day months.

ARTICLE II

GENERAL TERMS AND PROVISIONS OF BONDS

Section 2.1. Authorized Amount of Bonds. There is hereby authorized for issuance under this Indenture one series of Bonds designated "TEXAS WATER DEVELOPMENT BOARD STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS REVENUE BONDS, SERIES 2025 (MASTER TRUST)" in the original aggregate principal amount of $_____. No Bonds may be issued under the provisions of this Indenture except in accordance with this Article II.

Section 2.2. Terms of Bonds. (a) The Bonds shall be dated the Date of Delivery, shall mature on the dates and in the principal amounts and shall bear interest at the interest rates per annum as follows:

MATURITY SCHEDULE

Maturity Date	Principal Amount ($)	Interest Rate (%)	Maturity Date	Principal Amount ($)	Interest Rate (%)

(b) Each Bond shall bear interest from its Date of Delivery, or from the most recent date to which interest has been paid or duly provided for, payable semiannually on each Interest Payment Date. Interest shall be computed on the basis described in Section 1.3 of this Indenture.

(c) The Bonds are subject to redemption prior to maturity as set forth in Section 2.3 of this Indenture.

(d) The Bonds shall be issued in Authorized Denominations. The Bonds shall be lettered R and numbered from one consecutively upwards in order of issuance according to the Bond Register maintained by the Trustee as Bond Registrar or in such other manner as shall be determined by the Bond Registrar. The Bonds issued under this Indenture and the Trustee's certificate of authentication to be endorsed on all such Bonds shall be substantially in the form in Exhibit A attached hereto and made a part hereof, with such appropriate variations, additions and omissions as are permitted or required by this Indenture. The Bonds may have such letters, numbers or other identifying marks of identification (including identifying numbers and letters of

the Committee on Uniform Securities Identification Procedures (*"CUSIP"*) provided by FactSet Research Systems Inc. on behalf of the American Bankers Association and such legends and endorsements thereon as may, consistent herewith, be approved by the Board Representative. The foregoing notwithstanding, the Board agrees to cause to be delivered to the Paying Agent one (1) single bond, numbered T-1 and registered to the Representative (the "Initial Bond"), following the approval by the Attorney General and the registration by the Comptroller, as further provided in the FORM OF BOND.

(e) The Trustee is hereby designated as and agrees to act as Paying Agent and Bond Registrar for and with respect to the Bonds.

(f) The principal of and premium, if any, and interest on the Bonds shall be paid by the Trustee to the registered owner of such Bond as shown on the Bond Register at the close of business on the Record Date, (1) by check or draft mailed on the Payment Date to such registered owner at the address as it appears on the Bond Register at the close of business on the Record Date, or (2) at the written request addressed to the Trustee by any registered owner of Bonds in the aggregate principal amount of at least $1,000,000, by electronic wire transfer in immediately available funds to a bank in the continental United States for credit to the ABA routing number and account number filed with the Trustee no later than five (5) Business Days before the applicable Record Date.

Section 2.3. Redemption; Notice of Redemption. (a) The Bonds shall be subject to optional or mandatory sinking fund redemption by the Board prior to maturity in the manner and at the redemption price, as may be provided in this Section 2.3*,* and as further described in the Form of Bond. The Bonds are subject to redemption at the option of the Board, at any time and from time to time, in whole or in part, at the redemption price determined in the manner described in the Form of Bond. Bonds to be redeemed pursuant to the optional redemption provisions above shall be selected from the maturities and in the principal amounts as shall be determined by the Board. The exercise by the Board of its option to redeem any Bonds shall be evidenced by an Officer's Certificate and delivered to the Trustee at least forty-five (45) days prior to the Redemption Date fixed by the Board (unless a shorter notice shall be satisfactory to the Trustee), of such Redemption Date and, in case of any redemption at the election of the Board of less than all the Outstanding Bonds, of the respective principal amounts of the Bonds called for redemption.

(b) The Trustee shall select the Bonds, or portions thereof, to be redeemed from each maturity by lot, in such manner as it shall in its discretion determine.

(c) Official notice of any redemption of Bonds shall be given by the Trustee on behalf of the Board by mailing a copy of an official redemption notice by United States mail, first class, postage prepaid, at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to the Bondholder of the Bond or Bonds to be redeemed at the address shown on the Bond Register; *provided*, *however*, that the failure to send, mail or receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond, and it is hereby specifically provided that the giving of such notice as required above shall be the only notice actually required in connection with or as a prerequisite to the redemption of any of the Bonds or portions thereof. The distribution of any such notice of redemption of Bonds to be redeemed shall be given by the Trustee in the name of the Board and at the expense of the Board.

(d) All official notices of redemption shall be dated, and shall state:

(1) the date fixed for redemption,

(2) the redemption price,

(3) the CUSIP numbers of all Bonds being redeemed (*provided, however*, that such notice may contain a disclaimer as to the accuracy of such numbers),

(4) if less than all Outstanding Bonds are to be redeemed, the identification and the respective principal amounts of the Bonds to be redeemed,

(5) that on the date fixed for redemption the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and

(6) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the designated payment office of the Trustee.

(e) In addition to the foregoing notice, further notice shall be given by the Trustee on behalf of the Board as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

(1) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption, plus (i) the CUSIP numbers of all Bonds being redeemed (*provided, however*, that such notice may contain a disclaimer as to the accuracy of such numbers); (ii) the date of issuance of the Bonds as originally issued; (iii) the rate of interest borne by each Bond being redeemed; (iv) the maturity date of each Bond being redeemed; and (v) any other descriptive information as may be determined by the Board to be needed to identify accurately the Bonds being redeemed.

(2) Each further notice of redemption shall be sent one day prior to the date of mailing such notice to the owners of the Bonds by registered or certified mail or overnight delivery service to DTC and by facsimile or electronic transmission to EMMA or, upon the advice of Disclosure Counsel, one or more national information services that disseminate notices of redemption of obligations such as the Bonds.

(f) Upon the payment of the redemption price of Bonds being redeemed, each check or, at the best efforts of the Trustee, other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

(g) Notice of an optional redemption permitted by subsection (a) of this Section 2.3 may be made conditional upon the occurrence of events as shall be specified in such notice. The Trustee, at the direction of the Board, shall rescind such notice of the optional redemption of Bonds in accordance with this Section in the event moneys available solely for such optional

redemption in accordance with the requirements of this Section and sufficient to pay the Bonds called for optional redemption and accrued interest thereon to the date fixed for redemption and the redemption premium, if any, shall not have been deposited with the Trustee by the close of business of the fifth Business Day next preceding such optional redemption date.

(h) Upon the happening of the above conditions, and notice having been given as provided in this Section, the Bonds or the portions of the principal amount of Bonds thus called for redemption shall cease to bear interest on the specified redemption date, *provided,* that moneys sufficient for the payment of the redemption price are on deposit at the place of payment on the Payment Date, and shall no longer be entitled to the protection, benefit or security of this Indenture and shall not be deemed to be Outstanding under the provisions of this Indenture.

Section 2.4. Execution and Authentication. (a) The Bonds shall be executed on behalf of the Board with the official manual or facsimile signature of its Chair and attested with the official manual or facsimile signature of its Executive Administrator, and shall have affixed, impressed, imprinted or otherwise reproduced thereon the official seal of the Board or a facsimile thereof. In case any officer whose signature or facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes with the same force and effect as if such officer had remained in office until delivery.

(b) No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Indenture unless and until a certificate of authentication substantially in the form set forth in Exhibit A attached hereto and made a part hereof shall have been duly executed by a duly authorized signatory of the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized signatory of the Trustee, but it shall not be necessary that the same authorized signatory sign the certificate of authentication on all of the Bonds issued under this Indenture. The foregoing notwithstanding, if the Comptroller's Certificate of Registration substantially in the form set forth in Exhibit A attached hereto and made a part hereof shall have been duly executed by the Comptroller or a representative thereof, the Trustee shall not be required to execute the certificate of authentication described in the first sentence of this subsection (b).

Section 2.5. Mutilated, Lost, Stolen or Destroyed Bonds. In the event any Outstanding Bond, whether temporary or definitive, is mutilated, lost, stolen or destroyed, the Board may execute and, upon its request, the Trustee may authenticate a new Bond of the same principal amount and series and of like tenor as the mutilated, lost, stolen or destroyed Bond; *provided,* that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Board and the Trustee evidence of the ownership thereof and of such loss, theft or destruction in form satisfactory to the Board and the Trustee, together with an indemnity satisfactory to them. In the event any such Bond shall have matured or been called for redemption, instead of issuing a substitute Bond the Board may authorize the payment of the same. The Board and the Trustee may charge the holder or owner of such Bond with their reasonable fees and expenses in this connection. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be destroyed, lost or stolen shall constitute an original contractual obligation on the part of the Board, whether the Bond so alleged to be destroyed, lost or stolen be at any time enforceable by

anyone, and shall be equally and proportionately entitled to the benefits of this Indenture together with all other Bonds in substitution for which such Bonds were issued.

Section 2.6. Registration of Bonds. (a) All of the Bonds issued under this Indenture shall be negotiable, subject to the provisions for registration and transfer contained in this Indenture and in the Bonds. The Trustee shall be the Bond Registrar for the Bonds. So long as any of the Bonds shall remain Outstanding, there shall be maintained and kept for the Board, at the designated payment office of the Trustee, the Bond Register for the registration and transfer of the Bonds.

(b) Each Bond shall be transferable only upon the Bond Register at the designated payment office of the Trustee at the written request of the registered owner thereof or the legal representative thereof duly authorized in writing upon surrender thereof, together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or the legal representative thereof duly authorized in writing. Upon the transfer of any Bond, the Board shall issue in the name of the transferee, in Authorized Denominations, one or more Bonds of the same series and aggregate principal amount and with the same maturity as the surrendered Bonds.

(c) In case any tax, assessment or governmental or other charge upon any part of the Trust Estate is not paid as required herein, including, without limitation, charges levied against an owner of a Bond sufficient for reimbursement of any governmental charges required to be paid in the event such owner fails to provide a correct taxpayer identification number to the Trustee, the Trustee may pay such tax, assessment or governmental or other charge, without prejudice, however, to any rights of the Trustee or the Bondholders hereunder arising in consequence of such failure; and any amount at any time so paid under this clause (c) shall become so much additional indebtedness secured by this Indenture, and the same shall be paid out of the proceeds of Revenues collected from the property herein conveyed, if not otherwise caused to be paid; but the Trustee shall be under no obligation to make any such payment unless it shall have been provided with adequate funds for the purpose of such payment.

Section 2.7. Persons Treated as Bondholders. (a) Subject to the provisions of Section 2.2 hereof governing the payment of interest on any Bond transferred after a Record Date and prior to a Payment Date, for the purpose of receiving payment of, or on account of, the principal of and interest on any fully registered Bond and for all other purposes, the Board, the Trustee, the Bond Registrar and any Paying Agent may deem and treat the person in whose name such Bond shall be registered upon the Bond Register as the absolute owner of such Bond, whether or not such Bond is overdue, and neither the Board, the Trustee, the Bond Registrar nor any Paying Agent shall be affected by any notice to the contrary.

(b) Payment made to the Person deemed to be the owner of any Bond for the purpose of such payment in accordance with the provisions of this Section shall be valid and effectual, to the extent of the sum or sums so paid, to satisfy and discharge the liability upon such Bond in respect of which such payment was made.

Section 2.8. Exchange and Transfer of Bonds. (a) As long as any Bond remains Outstanding, the exchange of Bonds shall be permitted at the designated payment office of the Trustee.

(b) Any Bond or Bonds, upon surrender thereof at the designated payment office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his legal representative duly authorized in writing, may, at the option of the owner thereof, be exchanged for an equal aggregate principal amount of Bonds of the same series of any other Authorized Denominations.

(c) In all cases in which the privilege of exchanging or transferring Bonds is exercised, the Board shall execute and the Trustee shall deliver Bonds in accordance with the provisions of this Indenture. For every such exchange or transfer of Bonds, whether temporary or definitive, the Board or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer.

Prior to any transfer of the Bonds outside the book-entry system (including, but not limited to, the initial transfer outside the book-entry system) the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

Section 2.9. Cancellation and Destruction of Surrendered Bonds. Upon the surrender to the Trustee of any temporary or mutilated Bonds, or Bonds transferred or exchanged for other Bonds, or Bonds paid at maturity by the Board, the same shall forthwith be cancelled and periodically destroyed by the Trustee.

Section 2.10. Book-Entry System. The Bonds are eligible to be maintained in the book-entry-only system of The Depository Trust Company, New York, New York ("*DTC*"), and will be initially delivered in book-entry-only form.

(a) So long as the Bonds are in book-entry-only form, the Trustee shall comply with the terms of the Board's blanket letter of representations to DTC (herein the "*Representation Letter*"). References herein to Bondholders or registered Owners of the Bonds shall mean the registered Owner as set forth in the Representation Letter and shall not mean the Beneficial Owners of the Bonds. However, the book-entry-only system through DTC may be terminated upon the happening of any of the following:

(i) DTC or the Board advises the Trustee that DTC is no longer willing or able to properly discharge its responsibilities under the Representation Letter and the Board is unable to locate a qualified successor clearing agency satisfactory to the Board.

(ii) The Board, in its sole discretion, but with the consent of the Trustee, elects to terminate the book-entry-only system by notice to DTC and the Trustee; or

(iii) After the occurrence of an Event of Default (at which time the Trustee promptly shall notify DTC of such Event of Default), the Beneficial Owners of a majority in aggregate principal amount of the Bonds advise the Trustee in writing, through DTC, that the continuation of a book-entry-only system through DTC, to the exclusion of any

definitive Bond certificates being issued to any person other than DTC or its nominee is no longer in the best interest of the Beneficial Owners.

(b) Upon the occurrence of any event described in subsection (a) above, the Trustee shall notify DTC of the occurrence of such event and of the availability of definitive Bond certificates to Beneficial Owners requesting the same, in an aggregate outstanding amount representing the interest of each Owner, making such adjustments and allowances as it may find necessary or appropriate as to accrued interest. Definitive Bond certificates shall be issued only upon surrender to the Trustee of the Bond by DTC, accompanied by registration instructions from DTC for the definitive Bond certificates. Neither the Board nor the Trustee shall be liable for any delay in delivery of such instructions and conclusively may rely on, and shall be protected in relying on, such instructions. Upon issuance of definitive Bond certificates, the Representation Letter shall no longer be in force and effect, and the Trustee shall perform its obligations as required hereunder that were performed by DTC.

Whenever notice or other communication to the Bondholders is required by the Trustee under this Indenture, the Trustee shall give all such notices and communications specified herein or required by this Indenture to be given to Bondholders to DTC.

ARTICLE III

ISSUANCE OF THE BONDS

Section 3.1. Issuance of the Bonds. Upon the execution and delivery of this Indenture, the Board shall execute and deliver to the Trustee, and the Trustee shall authenticate, the Bonds, and the Trustee shall deliver the Bonds to the initial purchasers thereof as may be directed by the Board; *provided,* that, prior to such delivery, the Board shall cause to be delivered to the Trustee:

(a) a copy of the Authorizing Resolution, duly certified by the Executive Administrator of the Board;

(b) an original executed counterpart of this Indenture;

(c) a certified copy of the executed Master Trust Indenture;

(d) a written request and authorization to the Trustee on behalf of the Board, signed by a Board Representative, to authenticate and deliver the Bonds to the purchaser or purchasers therein identified upon payment to the Trustee of the sum therein specified including accrued interest on the Bonds to the Date of Delivery and setting forth instructions as to the delivery and application of the proceeds of the Bonds;

(e) a certificate of the Board as required by Section 202(b) of the Master Trust Indenture;

(f) an Officer's Certificate certifying that the Board has received all required disclosure filings under Section 2252.908, Texas Government Code, with respect to the Bonds and has notified or will notify the Texas Ethics Commission ("*TEC*") of its receipt of such filings by acknowledging such filings in accordance with TEC's rules;

(g) an opinion of Bond Counsel with respect to the authentication and delivery of the Bonds and to the effect that the Bonds have been duly authorized, executed and delivered by the Board and constitute valid, binding and enforceable obligations of the Board secured and payable from the sources pledged to secure their payment; and

(h) the Trustee shall have received the moneys specified in Section 4.2(b) hereof for deposit to the credit of the Assistance Account.

ARTICLE IV

FUNDS AND ACCOUNTS; FLOW OF FUNDS; INVESTMENTS

Section 4.1. Establishment of Funds and Accounts. SWIRFT is a special fund in the state treasury outside the general revenue fund of the State, and the Board has the authority under Section 15.473(c), Texas Water Code, to cause SWIRFT and any accounts established in SWIRFT to be managed by a corporate trustee. By executing this Indenture, the Board is exercising such authority granted to it by Section 15.473(c), Texas Water Code. The Board hereby creates and establishes the following special accounts within SWIRFT, each of which shall be held by the Trustee:

(a) State Water Implementation Revenue Fund for Texas 2025 Assistance Account (the *"Assistance Account"*);

(b) State Water Implementation Revenue Fund for Texas 2025 Project Financing Account (the *"Project Financing Account"*);

(c) State Water Implementation Revenue Fund for Texas 2025 Portfolio Account (the *"Portfolio Account"*), and within the Portfolio Account a Repayment Subaccount (the *"Repayment Subaccount"*) and a Prepayment Subaccount (the *"Prepayment Subaccount"*);

(d) State Water Implementation Revenue Fund for Texas 2025 Revenue Account (the *"Revenue Account"*), and within the Revenue Account a Repayment Subaccount (the *"Repayment Subaccount"*) and an Administrative Expenses Subaccount (the *"Administrative Expenses Subaccount"*);

(e) State Water Implementation Revenue Fund for Texas 2025 Debt Service Account (the *"Debt Service Account"*), and within the Debt Service Account, a Principal and Interest Subaccount and a Redemption Subaccount (each a *"Debt Service Subaccount"*);

(f) State Water Implementation Revenue Fund for Texas 2025 Surplus Revenue Account (the *"Surplus Revenue Account"*); and

(g) State Water Implementation Revenue Fund for Texas 2025 Costs of Issuance Account (the *"Costs of Issuance Account"*).

The Trustee also shall establish and maintain the Rebate Fund for the sole benefit of the United States of America. The Rebate Fund does not constitute a fund or account within SWIRFT. The Trustee may create additional accounts and subaccounts in any of the funds created under this Indenture as the Trustee may deem appropriate for the purpose of fulfilling its obligations hereunder.

Section 4.2. Application of Moneys. (a) The proceeds from the sale of the Bonds shall be applied on the Date of Delivery, as follows:

(i) $_____ shall be deposited in the Costs of Issuance Account, and applied as provided in Section 4.10 hereof; and

(ii) $_____shall be deposited in the Project Financing Account, for the purpose of making loans to Political Subdivisions through the acquisition of or interest contracted for by the Board in Political Subdivision Obligations as provided in Section 4.4 hereof.

(b) In addition, on the Date of Delivery, the Trustee shall receive from the Master Trustee moneys on deposit in the Transfer Account in the amount of $_____, which shall be deposited in the Assistance Account and applied as provided in Section 4.3 hereof.

Section 4.3. Assistance Account. There shall be deposited in the Assistance Account moneys as directed in Section 4.2(b) hereof. On or before each Interest Payment Date and Principal Payment Date designated in Exhibit C, the Trustee shall transfer from the Assistance Account the amounts shown on Exhibit C to the Principal and Interest Subaccount in the Debt Service Account to pay the principal of and interest on the Bonds. Moneys in the Assistance Account shall be invested only in Investment Securities pursuant to Section 4.18 of this Indenture and are treated as gross proceeds within the meaning of section 148 of the Code unless the Trustee receives an opinion of nationally-recognized bond counsel to the effect that such treatment under section 148 of the Code does not apply. A Board Representative shall execute an Officer's Certificate to modify or amend Exhibit C, including to reflect the deposit of funds available to the Board from any lawfully available source, or to liquidate and direct the transfer and deposit, and reinvestment of proceeds of Investment Securities, to the extent the Board Representative certifies in the Officer's Certificate that such actions are necessary or desirable to pay debt service on the Bonds.

Section 4.4 Project Financing Account. There shall be deposited in the Project Financing Account moneys as directed by clause (ii) of Section 4.2(a) hereof. At the direction of the Board through the delivery of an Officer's Certificate, the Trustee shall (i) disburse moneys in the Project Financing Account for the acquisition of Political Subdivision Obligations or interests therein or (ii) transfer moneys to the Principal and Interest Subaccount within the Debt Service Account. Political Subdivision Obligations so purchased shall be held in the Portfolio Account. Moneys in the Project Financing Account shall be invested pursuant to Section 4.18 of this Indenture.

Section 4.5 Portfolio Account. (a) All Political Subdivision Obligations acquired for SWIRFT, upon their acquisition by the Trustee at the direction of the Board, will be promptly transferred to the Trustee and deposited into the Portfolio Account as directed by a Board Representative through the execution and delivery to the Trustee of an Officer's Certificate

(including specifically an Officer's Certificate delivered in accordance with Section 4.4 of this Indenture) and held therein until paid in full. Promptly upon their receipt, Repayments of principal and premium, if any, of and interest on Political Subdivision Obligations shall be deposited by the Trustee in the Repayment Subaccount and thereafter shall be transferred promptly to the Revenue Account as described in Section 4.6 hereof.

(b) Moneys received as Prepayments of Political Subdivision Obligations which were funded in whole or in part with proceeds of the Bonds shall be retained in the Prepayment Subaccount of the Portfolio Account and used by the Trustee to acquire either Political Subdivision Obligations or Investment Securities, as directed by the Board in an Officer's Certificate. As required by the Code, moneys on deposit in the Portfolio Account representing Prepayments shall be used within one hundred and eighty (180) days of the receipt of the Prepayment to acquire Political Subdivision Obligations or to acquire Investment Securities, in satisfaction of the requirement described in Section 5.10(a)(i) of this Indenture, unless the Trustee receives an opinion of nationally-recognized bond counsel to the effect that the failure to take such action will not adversely affect the excludability from gross income of the interest payable on the Bonds then Outstanding. If the Board does not reasonably expect Prepayments to be applied to acquire Political Subdivision Obligations or Investment Securities, such moneys must be applied as provided in subsection (c) of this Section.

(c) Moneys on deposit in the Prepayment Subaccount of the Portfolio Account shall be transferred to the Redemption Subaccount in the Debt Service Account as directed by the Board in an Officer's Certificate and shall be used within ninety (90) days of their deposit to the Redemption Subaccount in the Debt Service Account to redeem Bonds. Prepayments which have not been applied in the manner described above in this subsection (c) may be held by the Board for a period in excess of ninety (90) days following their receipt if there has been delivered to the Board a written opinion of nationally-recognized bond counsel to the effect that such action will not (i) be inconsistent with the terms of this Indenture and (ii) adversely affect the excludability from gross income of the interest payable on the Bonds then Outstanding.

Section 4.6. Revenue Account. (a) There shall be deposited in the Revenue Account: (i) to the credit of the Repayment Subaccount, all Repayments representing principal of and interest on Political Subdivision Obligations transferred from the Portfolio Account; (ii) all net investment earnings on the funds and accounts (other than the Assistance Account and the Costs of Issuance Account) as set forth in Section 4.18 hereof; and (iii) Repayments representing amounts to be deposited to the credit of the Administrative Expenses Subaccount, and all other moneys directed to be deposited in the Revenue Account by the Board.

(b) Moneys in the Repayment Subaccount of the Revenue Account shall be transferred to the Debt Service Account to pay the principal of and interest due on the Bonds as provided in Section 4.11(b) hereof. Moneys in the Revenue Account which are needed to pay the fees and expenses described in Section 7.2 hereof shall be deposited to the credit of the Administrative Expenses Subaccount and used in the manner described in Section 4.11(b) hereof.

Section 4.7. Debt Service Account. (a) There shall be deposited in the Principal and Interest Subaccount of the Debt Service Account (i) the moneys received pursuant to Section 4.3 hereof, (ii) the moneys received pursuant to Section 4.4 hereof, and (iii) the amounts received

pursuant to Section 4.6 hereof. There shall be deposited in the Redemption Subaccount of the Debt Service Account all moneys received pursuant to Section 4.5(b) hereof.

(b) Moneys on deposit in the respective Debt Service Subaccounts of the Debt Service Account shall be applied solely to pay the interest on the Bonds as the same becomes due and payable and to pay the principal of and interest on the Bonds as the same becomes due and payable at maturity or upon the scheduled mandatory sinking fund redemption of Bonds, if any, prior to maturity. On each scheduled Interest Payment Date on the Bonds, the Trustee shall remit to the respective owners of such Bonds an amount from the Principal and Interest Subaccount of the Debt Service Account sufficient to pay the interest on the Bonds becoming due and payable on such Interest Payment Date. On each Principal Payment Date of the Bonds, the Trustee shall set aside and hold in trust an amount from the Principal and Interest Subaccount of the Debt Service Account, sufficient to pay the principal of the Bonds becoming due and payable on such Principal Payment Date. On each Redemption Date of the Bonds, the Trustee shall set aside and hold in trust an amount from the Redemption Subaccount of the Debt Service Account sufficient to pay the principal of and interest on the Bonds becoming due and payable on such Redemption Date as a result of the optional redemption of the Bonds. Pending such application, moneys in the Debt Service Account shall be invested pursuant to Section 4.18 of this Indenture.

Section 4.8. Intentionally Omitted.

Section 4.9. Surplus Revenue Account. Moneys in the Surplus Revenue Account shall be (i) transferred to the respective Debt Service Subaccounts within the Debt Service Account and used as a source of revenue for the payment or redemption of Bonds as directed in an Officer's Certificate, (ii) transferred to the Master Trustee as directed in an Officer's Certificate with instructions to deposit such moneys to the credit of the Program Account held by the Master Trustee, for use as described in the Officer's Certificate, including, without limitation, for the purposes described in Sections 305 and 306 of the Master Indenture, Section 15.435(i), Texas Water Code, and Section 15.474(c), Texas Water Code, or (iii) subject to the provisions of Section 305(c) of the Master Indenture, used for such other authorized purposes as the Board shall determine from time to time, but solely to the extent that such purposes are in accordance with the Act, and other applicable law related to the State Water Plan and the issuance of State Water Plan Bonds. Pending such application, moneys in the Surplus Revenue Account shall be invested pursuant to Section 4.18 of this Indenture.

Section 4.10. Costs of Issuance Account. The Trustee shall deposit in the Costs of Issuance Account from the proceeds of the Bonds the amount set forth in Section 4.2(i) of this Indenture. Moneys in the Costs of Issuance Account shall be applied by the Trustee to the payment of costs of issuance of the Bonds, including payment of all necessary fees, costs and expenses of the Trustee and the Board relating to the Bonds, as limited, in respect to the Trustee, by Section 7.2 of this Indenture. At the direction of the Board through the delivery of an Officer's Certificate, the Trustee will transfer any balance remaining in the Costs of Issuance Account not later than the one hundred eightieth (180th) day following the issuance of the Bonds to the Project Financing Account, the Principal and Interest Subaccount within the Debt Service Account, or both the Project Financing Account and the Principal and Interest Subaccount within the Debt Service Account. Moneys in the Costs of Issuance Account shall be invested pursuant to Section 4.18 of this Indenture.

Section 4.11. Flow of Funds. (a) On each Payment Date, the Trustee shall transfer from the Assistance Account the amount shown on Exhibit C to be transferred on such Payment Date to pay principal and interest due on the Bonds and deposit the same to the Principal and Interest Subaccount of the Debt Service Account.

(b) On each Payment Date, the Trustee shall transfer Revenues in the order of priority as follows:

FIRST, from the Repayment Subaccount of the Revenue Account, amounts sufficient, together with other amounts on deposit in the Principal and Interest Subaccount of the Debt Service Account, to pay principal and interest due on the Bonds and deposit the same to the Principal and Interest Subaccount of the Debt Service Account.

SECOND, from the Administrative Expenses Subaccount of the Revenue Account, amounts sufficient to pay the fees and expenses described in Section 7.2 of this Indenture.

The Trustee is directed by the Board to pay principal and interest due on the Bonds from the Principal and Interest Subaccount of the Debt Service Account. Any moneys remaining in the Revenue Account and the subaccounts therein, after making the transfers described above, may be transferred to the Surplus Revenue Account upon the Board delivering an Officer's Certificate directing the transfer of funds from the Revenue Account to the Surplus Revenue Account. Transfers to the Surplus Revenue Account may be made on a Payment Date, after the transfers described in FIRST and SECOND above have been made.

(c) If no later than forty (40) days prior to any Payment Date, it is determined there will not be available moneys sufficient to pay the principal of and interest on the Bonds then due, the Trustee shall immediately give notice to the Board and the Master Trustee of such projected deficiency. The notice shall indicate the amounts required to make up for such projected deficiency and request (i) that the Board take such measures as permitted by Section 4.3 of this Indenture to cure the deficiency and (ii) if the Board is unable to take such measures as permitted by Section 4.3 of this Indenture, that a transfer of moneys from the Program Account be effected. The Trustee shall deposit moneys made available by the Board, or transferred by the Master Trustee from the Program Account, and designated for deposit in the Debt Service Account in accordance with such designation.

Section 4.12. Reports to Board. The Trustee agrees to notify the Board in writing, within five (5) Business Days after each date on which principal of or interest on the Bonds is payable, of the following: (i) the name and the dated date of such Bonds; (ii) the name of the Trustee; (iii) the date on which such interest on the Bonds was payable, the rate or rates of interest borne by the Bonds and the aggregate amount of such interest payable; (iv) the date on which such interest on the Bonds was paid and the amount of such interest paid; (v) the date on which the principal of the Bonds was payable (whether at maturity, upon call for prior redemption or acceleration) and the amount of principal due on such date; and (vi) the date on which the principal of the Bonds was paid and the amount of such principal paid.

The Trustee shall, beginning within the second month following the month of the delivery of the Bonds, provide a monthly report to the Board setting forth (i) amounts withdrawn from and deposited in each fund and account relating to the Bonds hereunder, (ii) the balance on deposit in each such fund relating to the Bonds at the end of each period for which such report is

prepared, (iii) a brief description of all obligations held as investments in each such fund relating to the Bonds, (iv) the amount applied to the redemption of the Bonds, a description of the Bonds or portions of Bonds so redeemed, and an accounting of the Bonds of each maturity outstanding, and (v) any other information that the Board may reasonably request or that the Trustee may from time to time deem appropriate.

The Trustee shall also provide to the Board any other reports required by the agreement between the Board and the Trustee or as may be reasonably requested by the Board. The Trustee acknowledges that the Board may provide copies of such monthly reports from time to time to the Advisory Committee.

Section 4.13. Tax Covenants of the Board. (a) Covenants. The Board covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Bonds as obligations described in section 103 of the Code, and all applicable Treasury Regulations, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. Without limiting the generality of the foregoing, the Board covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Bonds is directly or indirectly used for any "private business use", as defined in section 141(b)(6) of the Code;

(2) to take any action to assure that an amount not exceeding the lesser of $5,000,000 or five (5) percent of the proceeds (i.e., original sale proceeds of the Bonds) are used to finance loans to Water Supply Corporations or entities other than Political Subdivisions which are not Water Supply Corporations, in contravention of section 141(c) of the Code;

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

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

(5) to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Bonds and to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds thereof, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage);

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

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

(b) Proceeds. The Board 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 refunded bonds expended prior to the Date of Delivery. It is the understanding of the Board that the covenants contained herein are intended to assure compliance with the Code and the Treasury Regulations. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Bonds, the Board will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally-recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the Board agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally-recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the Board hereby authorizes and directs any Board Representative to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Board, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

(c) Allocation of, and Limitation on, Expenditures for Loans to Political Subdivisions. The Board covenants to account for, or cause the Trustee to account for, the expenditure of the proceeds from the sale of the Bonds and any investment earnings thereon on its books and records in accordance with the requirements of the Code. The Board 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 interest on the Bonds. For purposes hereof, the Board shall not be obligated to comply with this covenant if it obtains an opinion of nationally recognized bond counsel that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest on the Bonds.

(d) Disposition of Loans to Political Subdivisions. The Board covenants that the Political Subdivision Obligations will not be sold or otherwise disposed in a transaction resulting in the receipt by the Board of cash or other compensation, unless the Board obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of interest on the Bonds, the proceeds of which were used to make or acquire such Political Subdivision Obligations. The Board shall assure that Political Subdivisions, or any related persons thereto, will be prohibited from purchasing the Bonds or a portion thereof in an amount related to the amount of the Political Subdivision Obligation (whether as the purchase of a Political Subdivision Obligation or otherwise) to be acquired by the Board from any such Political Subdivision. No Person, or any related party (as defined in section 1.150-1 of the Treasury Regulations) from whom the Board may acquire Political Subdivision Obligations, shall, pursuant to an arrangement, formal or informal, purchase Bonds

in an amount related to the amount of Political Subdivision Obligations to be acquired from such Person by the Board.

Section 4.14. Tax Covenants of the Trustee. For the purpose of maintaining the exclusion of the interest on the Bonds from gross income of the owners thereof for federal income tax purposes, the Trustee agrees that it shall not take, or fail to take, any action that could adversely affect the tax exempt status of the Bonds, unless it receives an opinion of nationally-recognized bond counsel that such action, or failure to take such action, does not adversely affect the tax exempt status of interest on the Bonds.

Section 4.15. Rebate Fund. In order to facilitate compliance with the covenant set forth in clause (6) of subsection (a) of Section 4.13 hereof, the Rebate Fund is established for the sole benefit of the United States of America, and the Rebate Fund shall not be subject to the claim of any other Person, including, without limitation, any Bondholder. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

Section 4.16. Non-Presentment of Bonds. Except as otherwise provided in Section 4.17 hereof, in the event any Bonds shall not be presented for payment when the principal thereof becomes due, if funds sufficient to pay such Bonds shall be held by the Trustee for the benefit of the owner or owners thereof, all liability of the Board to the owner or owners thereof for the payment of such Bonds shall forthwith cease, determine and be completely discharged and thereupon it shall be the duty of the Trustee to hold such funds without liability for interest thereon, for the benefit of the owner or owners of such Bonds, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Indenture or on, or with respect to, such Bonds.

Section 4.17. Unclaimed Moneys. All moneys which the Trustee shall have withdrawn from the Debt Service Account or shall have received from any other source and set aside for the purpose of paying any of the Bonds hereby secured shall be held in trust for the respective owners of such Bonds, but any moneys which shall be so set aside or deposited by the Trustee and which shall remain unclaimed by the owners of such Bonds for a period of three (3) years after the date on which such Bonds shall have become due and payable shall be paid to the Board; *provided, however,* that the Trustee, before making any such payment shall send a letter to the last known address for such Bondholders that said moneys have not been claimed and that after a date named therein any unclaimed balance of said moneys then remaining will be returned to the Board and thereafter the owners of such Bonds shall look only to the Board for payment and then only to the extent of the amount so received without any interest thereon, and the Trustee shall have no responsibility with respect to such moneys.

Section 4.18. Investments. Moneys in the Assistance Account, the Project Financing Account, the Costs of Issuance Account, the Revenue Account, the Portfolio Account, the Debt Service Account and the Surplus Revenue Account shall at all times be invested by the Trustee in Investment Securities, as directed in writing by a Board Representative, maturing at such times and in such amounts as will make cash available for the purposes of such funds and accounts as needed, subject to the restrictions, if any, set forth in Section 4.13 or Section 4.15 hereof. Net investment earnings on the funds and accounts (other than the Assistance Account and the Costs of Issuance Account) shall be transferred to the Revenue Account, by no later than the last Business Day of the month received. Should any Investment Security which has a minimum rating requirement have its rating withdrawn or reduced below the minimum rating

requirement, the Board shall not be required to cause the Investment Security to be sold. Upon receiving a written direction by a Board Representative, the Trustee may proceed to sell the Investment Security and purchase other Investment Securities with the proceeds of the sale of such Investment Security in accordance with written instructions from the Board Representative. Unless otherwise prohibited by this Section, the Trustee may invest money held hereunder in an Investment Security acquired in a transaction for which the Trustee or any Affiliate thereof receives compensation. The Trustee is entitled to rely conclusively on the written investment direction of the Board as to the suitability and legality of the directed investments.

The Trustee shall sell in accordance with its written trade execution policy or present for redemption any Investment Securities so purchased, consistent with written direction of the Board, whenever it shall be necessary so to do in order to provide money to make any payment or transfer of money from any such fund or account. Neither the Trustee nor the Paying Agent shall be liable for any loss resulting from any investment made in accordance with any written direction by the Board. In the event of a conflict between written directions received from the Board, the written directions most recently received by the Trustee shall be controlling.

Although the Board recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the Board hereby agrees that confirmations of Investment Securities are not required to be issued by the Trustee for each month in which a monthly statement is rendered. No statement need be rendered for any fund or account if no activity occurred in such fund or account during such month.

Section 4.19. Disposition of Funds and Accounts. After the payment in full of the principal of, premium, if any, and interest on the Bonds (including any obligations issued or incurred to refinance the Bonds), or provision therefor has been made, pursuant to Article IX hereof, all moneys in all funds and accounts, other than moneys so held pursuant to Article IX hereof, moneys on deposit in the Rebate Fund to be paid to the United States of America and moneys referred to in Section 4.17 hereof, shall be paid by the Trustee to the Master Trustee; *provided*, that if the Master Trust Indenture shall no longer be in effect, the Trustee shall transfer all such moneys to the Comptroller for deposit to the credit of SWIFT, consistent with the provisions of Section 15.435(i), Texas Water Code, for the purposes as designated in writing by a Board Representative.

ARTICLE V

GENERAL COVENANTS AND PROVISIONS

Section 5.1. Payment of Principal and Interest. The Board covenants that it will promptly pay, solely out of the Security, the principal of, premium, if any, and interest on every Bond issued under this Indenture at the place, on the date, and in the manner provided herein and in the Bonds according to the true intent and meaning thereof, subject only to the provisions of Section 1.2 of this Indenture.

Section 5.2. Performance of Covenants. The Board represents that it is duly authorized under the Constitution and the laws of the State, including particularly and without limitation the Act, to issue the Bonds authorized hereby and to execute this Indenture, to pledge the Revenues and other funds described herein and assigned and pledged hereby in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds and the execution

and delivery of this Indenture has been duly and effectively taken as provided herein; and that the Bonds, assuming the due authentication thereof by the Trustee, in the hands of the owners thereof are and will be valid and enforceable special, limited obligations of the Board according to the import thereof, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and to the exercise of judicial discretion in accordance with general principles of equity. The Board covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining to the Bonds and this Indenture.

Section 5.3. Instruments of Further Assurance. The Board covenants, whenever and so often as reasonably required to do so by the Trustee, promptly to execute and deliver or cause to be delivered Supplemental Indentures and all such other and further instruments, documents or assurances, and to promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the owners of the Bonds all rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by this Indenture, including, without limitation, the Revenues and other funds pledged hereby to the payment of the principal of, premium, if any, and interest on the Bonds.

Section 5.4. No Extension of Time of Payment of Interest. In order to prevent any claims for interest after maturity, the Board will not directly or indirectly extend or assent to the extension of time of payment of any claims for interest on any of the Bonds, and will not directly or indirectly be a party to or approve any such arrangement by purchasing or funding such claims for interest or in any other manner. In case any such claims for interest shall be extended or funded in violation of this Section, such claims for interest shall not be entitled, in case of any default under this Indenture, to the benefit or security of this Indenture, except subject to the prior payment in full of the principal of all Bonds issued and Outstanding under this Indenture, and of all claims for interest which shall not have been so extended or funded.

Section 5.5. Inspection of Project Records. The Board covenants and agrees that all books, records and documents in its possession relating to the Political Subdivision Obligations and the Revenues shall at all reasonable times be open to inspection by such accountants, attorneys or other agents as the Trustee or the Master Trustee may from time to time designate in writing.

Section 5.6. Bond Register. The Board shall have no responsibility with regard to the accuracy of the Bond Register, the accuracy of which is the sole responsibility of the Trustee. At reasonable times and under reasonable regulations established by the Trustee, the Bond Register may be inspected and copied by the Board or by the owners (or a designated representative thereof) of at least a majority in aggregate principal amount of the Bonds then Outstanding hereunder, such ownership and the authority of any such designated representative to be evidenced to the satisfaction of the Trustee.

Section 5.7. Assignment of Political Subdivision Obligations and Revenues. The Board has assigned and pledged to the Trustee its right, title and interest in the Political Subdivision Obligations (except as otherwise specifically provided in this Indenture and the Political Subdivision Obligations) and the Revenues for the benefit and security of the owners of the Bonds to secure the payment of the principal of, premium, if any, and interest on the Bonds when

due and for payment of all sums due under this Indenture in the manner herein and therein described and the punctual performance by the Board of all of its obligations under the terms and provisions of this Indenture.

Section 5.8. Rights under Political Subdivision Obligations. The Political Subdivision Obligations set forth the payment obligations of the Political Subdivision to repay and prepay its Political Subdivision Obligation received from the Board. The Board agrees that the Trustee, in its name or in the name of the Board, may enforce all rights of the Board and all obligations of each Political Subdivision under and pursuant to each Political Subdivision Obligation for and on behalf of the owners of the Bonds, whether the Board is in default hereunder or thereunder; *provided, however,* that the Trustee shall not be deemed to assume the Political Subdivision Obligations, and shall have no obligations under the Political Subdivision Obligations, except as expressly provided therein. The Board hereby agrees to cooperate fully with the Trustee in any proceedings, or to join in or commence in its own name any proceedings, for the enforcement of the obligations of a Political Subdivision under and pursuant to the related Political Subdivision Obligation, if the Trustee shall so reasonably request, provided any costs of the Board (including without limitation the reasonable fees and expenses of attorneys) in connection therewith shall be paid out of the Trust Estate. Notwithstanding anything in this Indenture to the contrary, the Board has retained its rights to enforce the covenants of a Political Subdivision agreed to under the related Political Subdivision Obligation, and in that connection the Trustee will cooperate with the Board in the exercise of such remedies. If an event of default shall occur and be continuing under any Political Subdivision Obligation, the Trustee may direct the Board to exercise its rights and remedies under such Political Subdivision Obligation. The Trustee acknowledges that the Board will be represented by the State Attorney General in any legal action taken by the Board to enforce its rights under a Political Subdivision Obligation.

Section 5.9. Board's Obligation Limited. Nothing in this Indenture is intended to require or obligate, nor shall anything herein or therein be interpreted to require or obligate, the Board for any purpose or at any time whatsoever, to provide, apply, or expend any funds coming into the hands of the Board other than (a) the funds derived from the issuance of the Bonds under this Indenture, (b) all Revenues and other moneys received pursuant to this Indenture or the Political Subdivision Obligations, and (c) moneys held in the funds and accounts under this Indenture.

Section 5.10. Release of Pledged Political Subdivision Obligations; Substitution of Pledged Political Subdivision Obligations; Prepayment of Pledged Political Subdivision Obligations.

(a) Release of Political Subdivision Obligations. The Trustee, upon the written direction of the Board, may release Political Subdivision Obligations from the lien of this Indenture, upon the satisfaction of the following:

(i) the delivery to the Trustee of an Officer's Certificate (A) to the effect that cash flow reports evidence the sufficiency of (1) available Revenues from the remaining Political Subdivision Obligations and interest earnings on investments for each Payment Date to pay not less than 1.0 times principal and interest coming due on the Bonds on each such Payment Date until maturity, and (2) any and all available revenues for each Payment Date securing all outstanding Master Trust Bonds to pay not less than 1.0 times principal and interest coming due on all Master Trust Bonds on each such Payment Date

(clauses (1) and (2) being herein referred to as the *"Coverage Requirement"*) and (B) specifying the Political Subdivision Obligations to be released; and

(ii) the delivery to the Trustee of an amendment to the schedule of Political Subdivision Obligations attached hereto as Exhibit B (which amendment does not require the consent of the owners of the Bonds).

(b) Substitution of Political Subdivision Obligations. The Trustee, upon the written direction of the Board, may release Political Subdivision Obligations and substitute one or more Political Subdivision Obligations for such Political Subdivision Obligation upon the delivery to the Trustee of (i) the instruments described above in Section 5.10(a) under "Release of Political Subdivision Obligations," *provided*, that the substituted Political Subdivision Obligation or Political Subdivision Obligations shall be included in the calculation of the Coverage Requirement and (ii) an Officer's Certificate stating that as a result of such substitution, the Coverage Requirement shall be not less than 1.0 times principal and interest coming due on the Bonds on each such Payment Date until maturity.

(c) Prepayment of Political Subdivision Obligations. Upon receipt of any Prepayment, if the Board cannot deliver to the Trustee an Officer's Certificate to the effect that the Coverage Requirement will be satisfied after taking into account such Prepayment, then the Board may exercise its rights described above in Section 5.10(b) under "Substitution of Political Subdivision Obligations".

(d) Amendment of Terms of Political Subdivision Obligations. The Board shall not consent to the amendment of the terms of a Political Subdivision Obligation unless the Board first delivers to the Trustee an Officer's Certificate to the effect that (i) the amendment will not cause the Coverage Requirement not to be satisfied and (ii) the amendment will not cause any representation, warranty or covenant of the Board in this Indenture to be inaccurate or breached in any material respect.

Section 5.11. No Parity or Superior Obligations. The Board shall not issue or incur any bonds, notes, or other obligations payable from or secured by, in whole or in part, any or all of the Security prior to or on a parity with the pledge of the Security securing payment of the Bonds.

ARTICLE VI

DEFAULTS AND REMEDIES

Section 6.1. Defaults; Events of Default. If any of the following events occurs, it is hereby defined as and declared to be and to constitute an "Event of Default":

(a) if default shall occur in the due and punctual payment of the principal of, premium, if any, or interest on any Bond; or

(b) if default shall be made by the Board in the observance of any of the covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, except for such a default described in Section 6.1(a) hereof, and such default shall have continued for a period of ninety (90) days after the Board shall have been

given written notice of such default by the Trustee or by the owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, subject to the provisions of Section 6.9 hereof.

Section 6.2. Remedies; Rights of Bondholders. (a) Upon the occurrence and continuance of an Event of Default, the Trustee may pursue any available remedy by action at law or suit in equity to enforce the payment of the principal of and interest on the Bonds then Outstanding, including any and all such actions arising under or by reason of the Political Subdivision Obligations either by itself or by causing the Board to exercise such rights and remedies under the Political Subdivision Obligations as the Trustee shall direct, pursuant to Section 5.8 of this Indenture.

(b) If an Event of Default shall have occurred and be continuing the Trustee may, in its discretion, and if requested so to do by the owners of at least a majority in aggregate principal amount of the Bonds then Outstanding and indemnified as provided in Section 7.1(l) hereof, the Trustee shall, exercise such one or more of the rights and powers conferred by this Section 6.2 as the Trustee shall deem most expedient in the interest of the owners of the Bonds.

(c) No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the owners of the Bonds) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given to the Trustee or to the owners of the Bonds hereunder or now or hereafter existing at law or in equity.

(d) No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein; and every such right and power may be exercised from time to time as often as may be deemed expedient.

(e) Notwithstanding anything in this Indenture to the contrary, acceleration is not a remedy should a default or Event of Default occur.

Section 6.3. Waivers of Events of Default. The Trustee shall waive any Event of Default and its consequences upon the written request of the owners of a majority in aggregate principal amount of the Bonds then Outstanding; *provided,* that there shall not be waived without the consent of the owners of all the Bonds then Outstanding (a) any Event of Default in the payment of the principal of any Outstanding Bonds at their maturity or upon the redemption thereof, or (b) any Event of Default in the payment when due of the interest on any such Bonds unless, prior to such waiver or rescission, all arrears of interest, and all expenses of the Trustee in connection with such Event of Default shall have been paid or deposited with the Trustee. In case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then and in every such case the Board, the Political Subdivision, the Trustee, and the owners of the Bonds shall be restored to their former positions, rights and obligations hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Section 6.4. Right of Bondholders to Direct Proceedings. Anything in this Indenture to the contrary notwithstanding, but subject to the provisions of Sections 5.8 and 7.1 hereof, the

owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, at any time, by written instrument or instruments executed and delivered to the Trustee, to direct the time, method, and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture or for the appointment of a receiver or any other proceedings hereunder; *provided,* that such direction shall not be otherwise than in accordance with applicable provisions of law and of this Indenture.

Section 6.5. Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any owner of the Bonds, and any recovery of judgment shall be for the equal benefit of the owners of all of the Outstanding Bonds.

Section 6.6. Rights and Remedies of Bondholders. No owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust thereof or for any other remedy hereunder unless a default has occurred of which the Trustee has been notified as provided in Section 7.1(h) hereof, or of which by said subsection it is deemed to have notice, and unless also such default shall have become an Event of Default and the owners of at least a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request to the Trustee, and shall have provided it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name and unless also they have provided to the Trustee indemnity as provided in Section 7.1(l) hereof, and unless the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its, his, her or their own name or names; and such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to any action or cause of action for the enforcement of this Indenture, or for any other remedy hereunder; it being understood and intended that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the owners of all of the Bonds then Outstanding. Nothing in this Indenture contained shall, however, affect or impair the right of any owner of any Bond to enforce the payment of the principal of, premium, if any, and interest on such Bond at the time, place, from the source and in the manner herein and in such Bond expressed.

Section 6.7. Application of Moneys in Event of Default. (a) Upon an Event of Default all moneys held or received by the Trustee pursuant to this Indenture (other than moneys in the Costs of Issuance Account, the Rebate Fund and arbitrage rebate, whether held in the Rebate Fund), or the Political Subdivision Obligation with respect to the defaulting Political Subdivision or pursuant to any right given or action taken under this Article shall, after payment of the reasonable costs and expenses, including those of the Trustee, in connection with the proceedings resulting in the collection of such moneys, shall be applied in the following order of priority, as follows:

> First – To the Debt Service Account, payment to the persons entitled thereto of all installments of principal and interest then due and payable on the Bonds, in the order in which such installments of principal and interest became due and payable, and, if the amount available shall not be sufficient to pay in full

any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege;

Second – To the payment of the reasonable expenses, liabilities and advances incurred or made by the Trustee, other than those incurred in connection with the proceedings resulting in the collection of such moneys; and

Third – The balance to the Master Trustee for deposit to the Program Account.

(b) Whenever moneys are to be applied pursuant to this Section, such moneys shall be applied at such times and from time to time as the Trustee shall determine, having due regard to the amount of such moneys available and which may become available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be a Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue.

(c) Whenever all of the Bonds have been paid under this Section, and all expenses and charges of the Trustee and the Board have been paid, any balance shall be paid to the Master Trustee for deposit in the Program Account or to the TTSTC as provided in Section 4.19 of this Indenture.

Section 6.8. Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, then and in every such case the Board and the Trustee shall be restored to their former positions and rights hereunder and all rights, remedies and powers of the Trustee shall continue as if no such proceeding had been taken.

Section 6.9. Notice of Defaults. Anything herein or to the contrary notwithstanding, no default specified in Section 6.1(b) hereof shall constitute an Event of Default until actual notice of such default by registered or certified mail shall be given to the Board by the Trustee or by the owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, and the Board shall have had ninety (90) days after receipt of such notice to correct said default or cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within such period; *provided, however,* if any default specified in Section 6.1(b) shall be such that it cannot be corrected within such period, it shall not constitute an Event of Default if corrective action is instituted by the Board within the applicable period and diligently pursued until the default is corrected.

ARTICLE VII

THE TRUSTEE

Section 7.1. Acceptance of the Trusts. The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the

following express terms and conditions, and no implied covenants or obligations shall be read into this Indenture against the Trustee:

(a) The Trustee, prior to the occurrence of any Event of Default and after the curing or waiving of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured or waived), the Trustee shall exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent person under reasonably similar circumstances would exercise or use under the circumstances.

(b) The Trustee may execute any of the trusts or powers of this Indenture and perform any of its duties by or through attorneys, agents, receivers, employees or such other professionals as may be reasonably necessary but shall be answerable for the conduct of the same in accordance with the standard specified above, and shall be entitled to consult with counsel and to act upon the opinion or advice of its counsel concerning all matters of trust of this Indenture and the duties under this Indenture, and, subject to the restrictions of Section 7.2 hereof, may in all cases pay such reasonable compensation to all such attorneys, agents, receivers, employees and such other professionals as may reasonably be employed in connection with the trusts of this Indenture. The Trustee may act upon an opinion of counsel, who may be an employee of the Trustee, and shall not be responsible for any loss or damage resulting from any action or non-action by it taken or omitted to be taken in good faith in reasonable reliance upon any such opinion of counsel.

(c) The Trustee shall not be responsible for any recital herein or in the Bonds (except in respect of its own recitals and the certificate of authentication of the Trustee endorsed on the Bonds), or for the validity of the execution by the Board of this Indenture or for any supplements hereto or instruments of further assurance, or for the sufficiency of the Security for the Bonds issued hereunder or intended to be secured thereby, and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Board or on the part of a Political Subdivision in connection with the matters referred to in this Indenture, except as herein set forth, and the Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Article IV of this Indenture.

(d) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered under this Indenture. The Trustee may also engage in or be interested in any financial or other transaction with the Board or any Political Subdivision.

(e) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, opinion of counsel, letter, or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Bond, shall be conclusive and binding upon all future owners of the same Bond and Bonds issued in exchange therefor or in place thereof.

(f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed on behalf of the Board by a Board Representative as sufficient evidence of the facts therein contained, and prior to the occurrence of a default of which the Trustee has been notified as provided in subsection (h) of this Section 7.1, or of which by said subsection it is deemed to have notice, the Trustee shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of a Board Representative under the seal of the Board to the effect that a resolution in the form therein set forth has been adopted by the Board as conclusive evidence that such resolution has been duly adopted and is in full force and effect.

(g) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not, except as provided in subsection (a) of this Section 7.1, be answerable for other than its negligence or willful misconduct.

(h) The Trustee shall not be required to take notice of or be deemed to have notice of any default hereunder, except the failure by the Board to cause to be made any of the payments to the Trustee required to be made by Article IV hereof, unless the Trustee shall be specifically notified in writing of such default by the Board or by the owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding; and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the designated corporate trust office of the Trustee and in the absence of such notice so delivered the Trustee may conclusively assume there is no default except as aforesaid; *provided*, that the Trustee will be required to take notice of the failure by any Political Subdivision to make a Repayment under the related Political Subdivision Obligation.

(i) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, accountants and representatives shall have the right, but shall not be required, to inspect all books, papers and records of the Board pertaining to the Political Subdivision Obligations and the Bonds, and to make copies thereof (at the Trustee's expense) and take such memoranda therefrom and in regard thereto as may be desired.

(j) The Trustee shall not be required to give any bond or surety in respect of the execution of the trusts and powers under this Indenture.

(k) Notwithstanding anything elsewhere in this Indenture contained, the Trustee shall have the right, but shall not be required, to demand, in respect to the authentication of any Bonds, the withdrawal of any cash or any action whatsoever within the scope of this Indenture, any showings, certificates, opinions, appraisals or other information, or action or evidence thereof, in addition to that required by the terms of this Indenture, as a condition of such action, deemed by the Trustee desirable for the purpose of establishing the right of the Board to the authentication of any Bonds, the withdrawal of any cash or the taking of any other action by the Trustee.

(l) Before taking any action under this Indenture, other than any action under Article II hereof (excepting Section 2.5), the payment of principal of, premium, if any, and interest on the Bonds and the declaration of default, the Trustee may, in its discretion, require that satisfactory indemnity be furnished to it by the owners of the Bonds or other parties for the reimbursement of all expenses which it may incur or advance and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct, by reason of any action so taken.

(m) All moneys received by the Trustee or any Paying Agent shall, until used or applied or invested as herein provided, be held in trust in the manner and for the purposes for which they were received, but need not be segregated from other funds, except to the extent required by this Indenture or law. Neither the Trustee nor any Paying Agent shall be under any liability for interest on any moneys received hereunder, except such as may be agreed upon.

(n) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("*Instructions*") given pursuant to this Indenture and delivered using Electronic Means; provided, however, that the Board shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("*Authorized Officers*") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Board whenever a person is to be added or deleted from the listing. If the Board elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The Board understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Board shall be responsible for ensuring that only Authorized Officers transmit such instructions to the Trustee and that the Board and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Board. The Trustee, as a condition to acting upon the Instructions, shall confirm by Electronic Means to the Board the receipt of the Instructions if the Instructions direct the external movement of at least $250,000 in funds. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction, absent negligence or willful misconduct on the part of the Trustee, and the Trustee shall endeavor to comply with such subsequent written instruction, once received. To the extent permitted by law, the Board agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Board; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

(o) The Trustee shall have no responsibility for the content of any offering memorandum or other offering document prepared in connection with the issuance of the Bonds or for the use of proceeds paid out in accordance with the terms hereof.

(p) No provisions of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it believes the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(q) If the Trustee is made a party to or intervenes in any litigation pertaining to this Indenture, the Trustee shall be compensated reasonably by the Board, to the extent permitted by law, for such extraordinary services and reimbursed for any and all claims, liabilities, losses, damages, fines, penalties, and expenses, including out-of-pocket and incidental expenses and legal fees occasioned thereby, unless such claim, liability, loss, damages, fine, penalty, and expense shall have been finally adjudicated to have resulted from the willful misconduct or negligence of the Trustee.

Section 7.2. Fees, Charges and Expenses of the Trustee. The Board shall pay, but solely from amounts on deposit in the Administrative Expenses Subaccount, to the Trustee, any Bond Registrar and any Paying Agent reasonable compensation as agreed upon by the Board and the Trustee, any Bond Registrar and any Paying Agent, for all services performed by the Trustee, the Bond Registrar or the Paying Agent, respectively, hereunder, and also the reasonable expenses, charges and other disbursements of the Trustee or the Paying Agent, respectively, and those of their respective attorneys, agents, employees and other professionals as may be reasonably necessary incurred in and about the administration and execution of the trusts hereby created and performance of their powers and duties under this Indenture, all in accordance with this Indenture. The schedule of fees and expenses of the Trustee for providing the services in respect to the administration and execution of the trusts hereby created and performance of the powers and duties as Trustee, Paying Agent and Bond Registrar under this Indenture are set forth in Exhibit D attached hereto.

Section 7.3. Notice to Bondholders if Default Occurs. If an Event of Default occurs and is continuing of which the Trustee is required by Section 7.1(h) hereof to take notice or if notice thereof be given as provided by Section 7.1(h) hereof, then the Trustee shall give written notice thereof within thirty (30) days by United States mail, first class, postage prepaid, to all owners of Bonds then Outstanding shown by the Bond Register.

Section 7.4. Intervention by Trustee. In any judicial proceeding to which the Board is a party or which in the opinion of the Trustee and its counsel has a substantial bearing on the interest of the owners of the Bonds, the Trustee may, in its discretion, intervene on behalf of the owners of the Bonds and shall do so if requested in writing by the owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, *provided,* that the Trustee shall first have been provided indemnity as provided in Section 7.1(l) hereof as it may require against the costs, expenses and liabilities which it may incur in or by reason of such proceeding. The rights and obligations of the Trustee under this Section 7.4 are subject to the approval of a court of competent jurisdiction. The foregoing notwithstanding, the Trustee shall have no duty or right to request from the TTSTC amounts in excess of those initially deposited to the Assistance Account.

Section 7.5. Successor Trustee. Any banking association or corporation into which the Trustee may be merged or with which it may be consolidated or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation resulting from any such merger, consolidation or transfer to which it is a party, *ipso facto*, shall be and become successor Trustee hereunder and vested with all of the title to the Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding; *provided*, that the representation contained in Section 7.15(b) hereof is still true and correct after such merger, consolidation or sale.

Section 7.6. Resignation by the Trustee. The Trustee may at any time and for any reason resign and be discharged of the trusts created by this Indenture by executing an instrument in writing resigning such trusts, specifying the date when such resignation shall take effect, and mailing the same to those Political Subdivisions with outstanding Political Subdivision Obligations, the Board, and to each owner of the Bonds then Outstanding as shown by the Bond Register not less than ninety (90) days before the date specified in such instrument when such resignation shall take effect. Subject to Section 7.8 hereof, such resignation shall take effect on the day specified in such instrument and notice, unless previously a successor Trustee shall be appointed by the owners of the Bonds or the Board, in which event such resignation shall take effect immediately on the appointment of such successor Trustee.

Section 7.7. Removal of Trustee. Provided that no Event of Default has occurred and is continuing, the Trustee may be removed with no less than forty-five (45) days' prior written notice (i) at the option of the Board (provided no Event of Default has occurred and is continuing), or (ii) by the owners of a majority in aggregate principal amount of the Bonds then Outstanding, in each case by written instrument or concurrent instruments delivered to the Trustee and, in the event of a removal by owners of the Bonds, to the Board.

Section 7.8. Effective Date for Resignation or Removal. No resignation or removal of the Trustee and no appointment of a successor Trustee shall become effective until the successor Trustee has accepted its appointment under Section 7.9 of this Indenture.

Section 7.9. Appointment of Successor Trustee by the Board or the Bondholders; Temporary Trustee. In case the Trustee hereunder shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor Trustee may be appointed by the Board (in the case of removal by the Board pursuant to clause (i) of Section 7.7 hereof), or by the owners of a majority in aggregate principal amount of the Bonds then Outstanding, by an instrument or concurrent instruments in writing signed by such owners, or by their legal representatives duly authorized; *provided,* nevertheless, that in case of such vacancy the Board by an instrument executed and signed by its Chair and attested by its Executive Administrator under its seal, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the owners of the Bonds in the manner above provided; and any such temporary Trustee so appointed by the Board shall immediately and without further act be superseded by the Trustee so appointed by such owners of the Bonds. Every such Trustee appointed pursuant to the provisions of this Section 7.9 shall be a trust company or bank organized and doing business under the laws of the United States of America or any state thereof, subject to supervision or examination by federal or

state regulatory board, having, or be wholly owned by an entity having, a reported capital and surplus of not less than $100,000,000, having an operations group of experienced trust officers with primary responsibility for municipal bond issues, if there be such an institution willing, qualified and able to accept the trusts under this Indenture upon reasonable and customary terms. In the event that a successor Trustee has not been appointed within sixty (60) days of such resignation, removal, dissolution or notice of dissolution or liquidation, the resigning Trustee may petition a court of competent jurisdiction for the appointment of a successor Trustee.

Section 7.10. Concerning Any Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge, and deliver to its predecessor and also to the Board and the Political Subdivisions an instrument in writing accepting such appointment hereunder and the obligations of the Trustee under this Indenture, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all of the estates, properties, rights, powers, and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities, records and moneys held by it as Trustee hereunder to its successor, and shall provide the Board with a final accounting of all of the funds, accounts and subaccounts held by such predecessor Trustee under this Indenture. Should any instrument in writing from the Board be required by any successor Trustee for more fully and certainly vesting in such successor the estates, properties, rights, powers and trusts hereby vested or intended to be vested in the predecessor, any and all of such instruments in writing shall, on request, be executed, acknowledged and delivered by the Board. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article, shall be filed or recorded by the successor Trustee in each recording office where this Indenture shall have been filed or recorded.

Section 7.11. Trustee Protected in Relying Upon Resolutions, Etc. The resolutions, opinions, certificates and other instruments provided for in this Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein, and shall be full warrant, protection, and authority to the Trustee for the withdrawal of cash hereunder and the taking or omission of any other action permitted by this Indenture.

Section 7.12. Successor Trustee as Trustee, Paying Agent and Bond Registrar. In the event of a change in the office of Trustee, the predecessor Trustee which has resigned, or has been removed or dissolved, shall cease to be Paying Agent for payment of principal of, premium, if any, and interest on the Bonds and Bond Registrar, and the successor Trustee shall become such Paying Agent and Bond Registrar.

Section 7.13. Certain Permitted Acts. The Trustee or any Paying Agent may become the owner of or deal in Bonds as fully and with the same rights it would have if it were not the Trustee or a Paying Agent. To the extent permitted by law, the Trustee, any Bond Registrar or any Paying Agent may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of the owners of the Bonds or effect or aid in any reorganization growing out of enforcement of the Bonds or this Indenture, whether any such committee shall represent the owners of a majority in aggregate principal amount of the Bonds then Outstanding.

Section 7.14. Records; Reporting Requirements. (a) The Trustee's records related to activities performed under this Indenture are subject to audit and inspection to the extent

provided for in State law. The Trustee will maintain such financial transaction records in accordance with generally accepted accounting principles.

(b) The Trustee will provide monthly financial reports to the Board. Each financial report will cover financial activities during the preceding period covered by the report. These reports will consist of financial transaction registers. Financial transaction register means a register of all financial transactions during the reporting period for each fund and account maintained under this Indenture. Each financial transaction register will identify the Bonds and contain, for each fund and account, a date, description and amount for all financial transactions and starting and ending balances.

(c) In addition, to the extent the financial reports required by paragraph (b) do not provide sufficient information for the Board as may be necessary for the conduct of the annual audit of the financial condition of the Board or for the Board to comply with the reporting requirements established by the State law, the Trustee shall provide such additional information as may be reasonably requested by the Board.

Section 7.15. Representations, Warranties and Covenants of the Trustee. The Trustee hereby represents, warrants and covenants as follows:

(a) All federal, state and local governmental, public, and regulatory authority approvals, consents, notices, authorizations, registrations, licenses, exemptions and filings that are required to have been obtained or made by the Trustee with respect to the authorization, execution, delivery, and performance by, or the enforcement against or by, the Trustee of this Indenture have been obtained, and are in full force and effect, and all conditions of such approvals, consents, notices, authorizations, registration, licenses, exemptions and filings have been fully complied with.

(b) The Trustee has a reported capital, surplus, and undivided profits of not less than $100,000,000.

(c) The Trustee has and shall maintain an operations group of experienced trust officers with primary responsibility for municipal bond issues.

ARTICLE VIII

SUPPLEMENTAL INDENTURES

Section 8.1. Supplemental Indentures Not Requiring Consent of Bondholders. The Board and the Trustee may without the consent of, or notice to, any of the owners of the Bonds, enter into supplemental indenture or indentures to this Indenture which shall not be inconsistent with the terms and provisions of this Indenture for any one or more of the following purposes:

(a) to cure ambiguity, formal defect, or omission in this Indenture;

(b) to grant to or confer upon the Trustee for the benefit of the owners of the Bonds any additional rights, remedies, powers or authority that may be lawfully granted to or conferred upon the owners of the Bonds or the Trustee or either of them;

(c) to subject to the lien and pledge of this Indenture additional revenues, properties or collateral;

(d) to modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification of this Indenture or any indenture supplemental hereto under any Federal statute hereafter in effect or under any state "Blue Sky Law", and, in connection therewith, if they so determine, to add to this Indenture or any indenture supplemental hereto such other terms, conditions and provisions as may be permitted or required by any such Federal statute or state "Blue Sky Law"; *provided,* that any such indenture supplemental hereto referred to in this subsection (d) shall not, in the judgment of the Trustee, which may rely on an opinion of counsel, be to the prejudice of the owners of the Bonds;

(e) to modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification of this Indenture under the Trust Indenture Act of 1939, as then amended, or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any state of the United States of America;

(f) to release Political Subdivision Obligations from the lien of this Indenture as permitted by Section 5.10 hereof;

(g) to evidence the appointment of a separate trustee or the succession of a new Trustee hereunder or a successor to the Bond Registrar;

(h) to conform the requirements of or respecting Sections 4.13, 4.14, 4.15 and 4.18 hereof with any subsequent amendments of section 148 of the Code or any regulation promulgated thereunder or with respect thereto;

(i) to make any change deemed necessary by the Board to maintain the exclusion of interest on the Bonds from gross income of the owners thereof for federal income tax purposes;

(j) to modify, amend or supplement this Indenture or any Supplemental Indenture in such manner to address the appointment of a Securities Depository to replace DTC and its book-entry-only system described in Section 2.10 hereof; or

(k) to make any other change which, in the sole judgment of the Trustee, does not materially adversely affect the interests of the owners of the Bonds. In exercising such judgment the Trustee may rely on the opinion of such counsel as it may reasonably select.

The Board and the Trustee may without the consent of, or notice to, any of the owners of the Bonds, enter into an indenture or indentures supplemental to this Indenture which shall not be inconsistent with the terms and provisions of this Indenture to amend, supplement or modify any provisions of this Indenture relating to the administration or implementation of the program to finance State Water Plan Projects, or affecting the ability of the Board to finance any State Water Plan Project; *provided*, that no such amendment, supplement or modification shall be enacted unless each of the Rating Agencies shall advise the Board in writing that the rating or ratings

assigned by the Rating Agency to the Board's then outstanding Bonds will not be lowered, reduced or withdrawn as a result of the amendment, supplement or modification proposed to be enacted; and *provided, further*, that the Board shall give notice in the manner described in Section 11.3 hereof within sixty (60) days of the approval of such amendment or modification by the Board to the Bondholders, the Master Trustee and the Rating Agencies. Such notice shall set forth the text of the amendment, supplement or modification and state that each Rating Agency has advised the Board the rating or ratings assigned by the Rating Agency to the Board's then outstanding Bonds have not or will not be lowered, reduced, or withdrawn as a result of the amendment, supplement or modification to be enacted.

Section 8.2. Supplemental Indentures Requiring Consent of Bondholders. (a) Except for Supplemental Indentures authorized by Section 8.1 hereof and subject to the further provisions contained in this Section, and not otherwise, the owners of at least a majority in aggregate principal amount of the Bonds then Outstanding shall have the right from time to time, anything contained in this Indenture to the contrary notwithstanding, to consent to and approve the execution by the Board and the Trustee of such other indenture supplemental hereto as shall be deemed necessary and desirable by the Board for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any indenture supplemental hereto. Nothing contained in this Section shall permit, or be construed as permitting, without the consent of the owners of all the Bonds then Outstanding (i) an extension of the stated maturity or reduction in the principal amount of, or reduction in the rate or extension of the time of payment of interest on, any Bonds, or (ii) the creation of any lien on all or any portion of the Revenues and other funds pledged under this Indenture prior to or on a parity with the lien of this Indenture, or (iii) a reduction in the aforesaid aggregate principal amount of the Bonds the owners of which are required to consent to any such Supplemental Indentures. No such amendment shall modify the rights, duties or immunities of the Trustee without the written consent of the Trustee.

(b) If at any time the Board shall request the Trustee to enter into any such Supplemental Indenture for any of the purposes of this Section, the Trustee shall cause notice of the proposed execution of such Supplemental Indenture to be mailed to the Rating Agencies and to each owner of the Bonds Outstanding as shown by the Bond Register by United States mail, first class, postage prepaid. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the designated corporate trust office of the Trustee for inspection by all owners of the Bonds. If within ninety (90) days, or such longer period as shall be prescribed by the Board following the mailing of such notice, the owners of at least a majority in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such Supplemental Indenture shall have consented to and approved the execution thereof as herein provided, no owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Board from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Indenture as in this Section 8.2 permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

(c) The Trustee may rely upon an opinion of counsel as conclusive evidence that any Supplemental Indenture entered into by the Board and the Trustee complies with the provisions of this Article VIII.

Section 8.3. Opinion of Bond Counsel. Notwithstanding anything to the contrary contained in Sections 8.1 and 8.2 hereof, before the Board and the Trustee enter into any Supplemental Indenture pursuant to Section 8.1 or Section 8.2 hereof, there shall have been delivered to the Board, the Trustee and the Political Subdivisions an opinion of Bond Counsel stating that such Supplemental Indenture is authorized or permitted by this Indenture and the Act, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the Board in accordance with its terms and will not adversely affect the exclusion of interest on the Bonds from gross income of the owners thereof for federal income tax purposes or State taxes.

Section 8.4. Notice to the Rating Agencies. The Trustee shall send a copy of each Supplemental Indenture executed and delivered pursuant to this Article VIII to the Rating Agencies.

ARTICLE IX

DEFEASANCE

Section 9.1. Defeasance. (a) When all of the Bonds shall have been paid and discharged and the Board shall have paid or caused to be paid all other sums payable hereunder by the Board, then the requirements contained in this Indenture and the pledge of Security made hereunder and all other rights granted hereby shall terminate. Bonds shall be deemed to have been paid and discharged within the meaning of this Indenture if there shall have been deposited with the Trustee, or other bank or trust company, having full trust powers and meeting the requirements of a successor Trustee hereunder impressed with a first lien to the Trustee for the benefit of the owners of the Bonds,

(i) at or prior to the maturity or redemption date of said Bonds, in trust for and irrevocably appropriated thereto, moneys and/or Defeasance Securities which, together with the interest to be earned on any such obligations, as evidenced by the written report of an independent certified public accountant, will be sufficient for the payment of the principal of said Bonds, the premium thereon, if any, and interest to accrue to the date of maturity or redemption, as the case may be, or if default in such payment shall have occurred on such date, then to the date of the tender of such payments; *provided, however,* that if any such Bonds shall be redeemed prior to the maturity thereof,

(1) the Board shall have elected to redeem such Bonds, and

(2) either notice of such redemption shall have been given, or the Board shall have given irrevocable instructions to the Trustee to redeem such Bonds; and

(ii) an opinion of Bond Counsel addressed to the Board and the Trustee to the effect that providing for the payment of the Bonds by depositing such moneys and/or Defeasance Securities with the Trustee in accordance with this Section will not cause the interest on the Bonds to be included in gross income of the owners for federal income tax purposes.

(b) Any moneys and obligations which at any time shall be deposited with the Trustee or other bank by or on behalf of the Board, for the purpose of paying and discharging any of the Bonds, shall be and are hereby assigned, transferred and set over to the Trustee or other bank or

trust company in trust for the respective owners of the Bonds, and such moneys shall be and are hereby irrevocably appropriated to the payment and discharge of this Indenture. All moneys deposited with the Trustee or other bank or trust company shall be deemed to be deposited in accordance with and subject to all of the provisions contained in this Indenture.

(c) Bonds for the payment of which moneys and/or Defeasance Securities shall have been deposited with the Trustee or such other bank or trust company (whether upon or prior to the maturity of such Bonds) shall be deemed to be paid and no longer Outstanding.

Section 9.2. Disposition of Trust Estate. Upon the payment or provision for payment of all Bonds as provided in Section 9.1 hereof, the Trustee shall execute and deliver to the Board such instruments in writing as shall be requisite to cancel and discharge the lien hereof, and, subject to the provisions of Section 4.19 hereof, shall reconvey, release, assign and deliver the estate, right, title and interest in and to all property conveyed, assigned or pledged to the Trustee or otherwise subject to the lien of this Indenture, except amounts in the Debt Service Account, to such person or persons as shall be directed by the Master Trustee with the written approval of the Board.

ARTICLE X

CONTINUING DISCLOSURE UNDERTAKING

Section 10.1. Annual Reports. The Board shall provide annually to the MSRB, within 195 days after the end of each Fiscal Year ending in or after 2025, financial information and operating data with respect to the Board of the general type included in Tables 1 and 2 and in Appendix A-1 in the final Official Statement authorized by the Board, being the information described in the resolution of the Board authorizing the execution of this Indenture. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles described in the resolution of the Board authorizing the execution of this Indenture and (2) audited, if the Board or the State, as appropriate, commissions an audit of such statements and the audit is completed within the period during which they must be provided. If audited financial statements are not so provided, then the Board shall provide notice that the audited financial statements are not available and provide unaudited financial statements within the required time for the applicable Fiscal Year to the MSRB, and audited financial statements when and if audited financial statements become available.

The current end of the Fiscal Year is August 31. Accordingly, the Board shall provide the updated information and operating data described above within 195 days after the end of each Fiscal Year, unless the Board changes its Fiscal Year. If the Board changes its Fiscal Year, it will notify the MSRB of the change (and of the date of the new Fiscal Year end) prior to the next date by which the Board otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be 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 or filed with the SEC. All filings shall be made electronically, in the format specified by the MSRB.

Section 10.2. Disclosure Event Notices. The Board shall notify the MSRB, in a timely manner not in excess of ten (10) Business Days after the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of holders of the Bonds, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Board;
13. The consummation of a merger, consolidation, or acquisition involving the Board or the sale of all or substantially all of the assets or business of the Board, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional Trustee or change in the name of the Trustee, if material;
15. Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

The Board shall notify the MSRB, in a timely manner, of any failure by the Board to provide financial information or operating data in accordance with Section 10.1 hereof by the time required by such Section.

As used in clause 12 above, the phrase "bankruptcy, insolvency, receivership or similar event" means the appointment of a receiver, fiscal agent or similar officer for the Board in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Board, or if jurisdiction has been assumed by leaving the Board and officials or officers of the Board in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Board.

As used in clauses 15 and 16 above, the term "Financial Obligation" means: (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii), however, the term Financial Obligation shall not include Municipal Securities as to which a final official statement has been provided to the MSRB consistent with the Rule; the term "Municipal Securities" means securities which are direct obligations of, or obligations guaranteed as to principal or interest by, a state or any political subdivision thereof, or any agency or instrumentality of a state or any political subdivision thereof, or any municipal corporate instrumentality of one or more states and any other Municipal Securities described by Section 3(a)(29) of the Securities Exchange Act of 1934, as the same may be amended from time to time; and the term "Obligated Person" means the Board.

Section 10.3. Limitations, Disclaimers, and Amendments. The Board shall be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the Board or the State remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the Board in any event will give the notice required by Section 10.2 of this Indenture of any Bond calls and defeasances that cause the Board and the State to be no longer "obligated persons".

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

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

All documents provided to the MSRB shall be accompanied by identifying information, as prescribed by the MSRB.

No default by the Board in observing or performing its obligations under this Article shall constitute a breach of or default under this Indenture for purposes of any other provision of this Indenture.

Nothing in this Article is intended or shall act to disclaim, waive, or otherwise limit the duties of the Board or the State under federal and State securities laws.

Should the Rule be amended to obligate the Board to make filings with or provide notices to entities other than the MSRB, the Board agrees to undertake such obligation in accordance with the Rule as amended.

The provisions of this Article may be amended by the Board 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 Board or the State, but only if (1) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Indenture that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a Person that is unaffiliated with the Board and the State (such as nationally-recognized bond counsel) determines that such amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. If the Board so amends the provisions of this Article, it shall include with any amended financial information or operating data next provided in accordance with Section 10.1 of this Indenture an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided. The Board may also amend or repeal the provisions of this continuing disclosure requirement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

Section 10.4. Continuing Disclosure Undertaking of Significant Borrowers. The Board shall require each Significant Borrower to adopt an ordinance, order or resolution (a "*Significant Borrower Undertaking*") pursuant to which each Significant Borrower must agree to provide annually to the MSRB financial information and operating data with respect to the Significant Borrower of the general type hereinafter described and timely notice of any failure to do so by the time required by the Significant Borrower Undertaking. For purposes of this Section, the term Significant Borrower includes (i) any Political Subdivision that is expected to be a Significant Borrower as of the date of this Indenture (an "*Existing Significant Borrower*") and (ii) a Political Subdivision that, as a result of the Board's future acquisition of its Political Subdivision Obligations, or substitution of its Political Subdivision Obligations held in the Portfolio Account as permitted by this Indenture, or the prepayment or redemption of other Political Subdivision Obligations held in the Portfolio Account established by this Indenture, becomes a Significant Borrower (a "*Future Significant Borrower*"). Any Existing Significant Borrower must agree to provide, within 195 days after the end of each fiscal year of the Existing Significant Borrower ending in or after the fiscal year in which the Political Subdivision Obligations were issued, financial information and operating data with respect thereto of the nature included in the Significant Borrower Undertaking. Any financial statements so to be provided shall be prepared in accordance with the accounting principles described in the Significant Borrower Undertaking, or such other accounting principles as such Existing Significant Borrower may be required to employ from time to time pursuant to state law or regulation. Any Future Significant Borrower must agree to provide, within 195 days after the end of each fiscal year of the Future Significant Borrower ending in or after the year the Political Subdivision became a Significant Borrower, financial information and operating data with respect thereto of the nature required by the Rule and the Significant Borrower Undertaking. Any

financial statements so to be provided shall be prepared in accordance with the accounting principles described in the Significant Borrower Undertaking, or such other accounting principles as such Significant Borrower may be required to employ from time to time pursuant to state law or regulation. In any case, if such Significant Borrower commissions an audit of such statements and the audit is completed within the period during which they must be provided, the financial statements to be provided shall be audited. If the audit of such financial statements is not complete within such period, then such Significant Borrower shall provide notice that the audited financial statements are not available and provide unaudited financial statements and thereafter audited financial statements for the applicable fiscal year to the MSRB, when and if the audit report on such statements become available.

If any Significant Borrower changes its fiscal year, it shall be the duty of such Significant Borrower, as required by its respective Significant Borrower Undertaking, to notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which such Significant Borrower otherwise would be required to provide financial information and operating data pursuant to this Section. The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be 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 or filed with the SEC.

Each Significant Borrower shall be obligated under its Significant Borrower Undertaking to observe and perform the covenants specified in this Section for so long as, but only for so long as, any Significant Borrower remains an "obligated person" with respect to the Bonds within the meaning of the Rule.

The provisions of this Section are for the sole benefit of the Holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person.

No default by any Significant Borrower in observing or performing its obligations as described in this Section shall constitute a breach of or default under this Indenture for purposes of any other provision of this Indenture. Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of any Significant Borrower under federal and state securities laws.

Each Significant Borrower Undertaking shall provide that the nature of the undertaking therein may be amended by any Significant Borrower 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 any Significant Borrower, but only if (1) the undertaking, as so amended, would have permitted an underwriter to purchase or sell its Political Subdivision Obligations in the primary offering of such Political Subdivision Obligations 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 Indenture that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with any Significant Borrower (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the Holders and beneficial owners of the Political Subdivision Obligations. If any Significant

Borrower so amends its respective Significant Borrower Undertaking, it shall include with any amended financial information or operating data next provided in accordance with 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.

The Board, as a condition to making financial assistance available to a Political Subdivision, requires that a Political Subdivision must include a provision in its authorizing proceedings to the effect that such Political Subdivision will covenant to provide relevant financial information and operating data with respect to such Political Subdivision annually to the MSRB within 195 days after the end of each fiscal year of such Political Subdivision, and to file with the MSRB certain specified "disclosure events" with respect to the Political Subdivision Obligations consistent with the Rule, as if the Board were a "Participating Underwriter" within the meaning of the Rule.

As a result of the prepayment or redemption of Political Subdivision Obligations held in the Portfolio Account established by this Indenture, should a Political Subdivision become a Future Significant Borrower, the Trustee will promptly notify the Board and the Political Subdivision that becomes a Future Significant Borrower in writing that the Political Subdivision has become a Future Significant Borrower. As a result of the Political Subdivision Obligations held in the Portfolio Account of a Political Subdivision that is a Significant Borrower no longer comprising at least twenty percent (20%) in aggregate principal amount of all Political Subdivision Obligations held in the Portfolio Account, the Trustee will promptly notify the Board and such Political Subdivision in writing that such Political Subdivision no longer is a Significant Borrower. Notice to the Political Subdivision shall be sent to the address provided to the Trustee by the Board at the time the Political Subdivision Obligation is directed by the Board to be purchased by the Trustee in accordance with the provisions of Section 4.5(a) hereof.

If the Board is unable, through no fault of its own, to obtain a Significant Borrower Undertaking from any Political Subdivision which currently has Political Subdivision Obligations held in the Portfolio Account established by this Indenture, and which subsequently becomes a Significant Borrower, the Board is under no obligation to take any action if any such Significant Borrower fails to provide the information requested.

ARTICLE XI

MISCELLANEOUS

Section 11.1. Consents, Etc., of Bondholders. Any consent, request, direction, approval, objection or other instrument required by this Indenture to be signed and executed by the owners of the Bonds may be in any number of concurrent writings of similar tenor and may be signed or executed by such owners in person or by a legal representative duly authorized in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing authorizing any such legal representative and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture (except for the assignment of a Bond), and shall be conclusive in favor of the Trustee with regard to any action taken under such request or other instrument, namely:

(a) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to

take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by affidavit of any witness to such execution or by any means which the Trustee may reasonably deem to be sufficient; and

(b) The fact of ownership by any person of Bonds shall be proved by the Bond Register maintained by the Bond Registrar.

For all purposes of this Indenture and of the proceedings for the enforcement of this Indenture, such person shall be deemed to continue to be the owner of such Bonds until the Trustee shall have received notice in writing to the contrary.

Section 11.2. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give any person or company other than the parties hereto, the Master Trustee and the owners of the Bonds, any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, conditions and provisions herein contained; this Indenture and all of the covenants, conditions and provisions of this Indenture being intended to be and being for the sole and exclusive benefit of the parties hereto and the owners of the Bonds as provided in this Indenture.

Section 11.3. Notices. Except as otherwise provided herein, it shall be sufficient service of any notice, request, complaint, demand or other paper required by this Indenture to be given to or filed with the Board, the Trustee, the Master Trustee, the Rating Agencies or the Bondholders if the same shall be duly mailed by United States mail, first class, postage prepaid, or sent by telegram, telecopy or telex or other similar communication, or when given by telephone, confirmed in writing by United States mail, first class, postage prepaid, or sent by electronic mail or other similar communication, on the same day, addressed:

(a) To the Board:

Texas Water Development Board
1700 North Congress Avenue
Austin, Texas 78701
Attention: Executive Administrator
Phone: (512) 463-7847
E-mail: General-Counsel@twdb.texas.gov
cc: General Counsel

(b) To the Trustee:

The Bank of New York Mellon Trust Company, National Association
601 Travis Street, 16th Floor, Houston, TX 77002
Attention: Corporate Trust Department
Phone: 713-483-6891
Fax: 713-483-6001
E-mail: brittni.little@bnymellon.com

(c) To the Master Trustee:

The Bank of New York Mellon Trust Company, National Association
601 Travis Street, 16th Floor, Houston, TX 77002
Attention: Corporate Trust Department
Phone: 713-483-6891
Fax: 713-483-6001
E-mail: brittni.little@bnymellon.com

(d) To Bond Counsel:

McCall, Parkhurst & Horton L.L.P.
717 N. Harwood, Suite 900
Dallas, Texas 75201
Phone: 214-754-9200
Fax: 214-754-9250
E-mail: administrator@mphlegal.com

(e) To Disclosure Counsel:

Bracewell LLP
711 Louisiana Street, Suite 2300
Houston, Texas 77002-2770
Phone: (713) 223-2300
Fax: (800) 404-3970
E-mail: barron.wallace@bracewell.com

(f) To the owners of the Bonds:

Addressed to each of the owners of all Bonds at the time Outstanding, as shown by the Bond Register. In case, by reason of the suspension of or irregularities in regular mail service, it shall be impractical to mail notice to the owners of Bonds of any event when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Trustee shall be deemed to be sufficient giving of such notice.

(g) Initially, to the Rating Agencies at:

Fitch Ratings
33 Whitehall Street
New York, New York 10004
Phone: (212) 908-0500

S&P Global Ratings
55 Water Street
New York, New York 10041
Phone: (212) 438-2124

In the event of notice to any party other than the Board, a copy of the notice shall be provided to the Board. Each party may change its address by giving written notice of the new address to the other parties.

The Trustee is hereby instructed to give notice to the Rating Agencies if (i) the Trustee resigns or is removed, or a new Trustee is appointed, (ii) the Trustee is notified in writing by the Board that a payment default under a Political Subdivision Obligation has occurred, (iii) there is a call for the redemption of all Bonds, or (iv) to the extent the Trustee is notified in writing by the Board if any amendment is made to this Indenture or a Political Subdivision Obligation.

Section 11.4. Payments Due on Saturdays, Sundays and Holidays. In any case where the date of maturity of interest or premium, if any, on or principal of the Bonds shall not be a Business Day, then payment of interest or premium, if any, or principal need not be made on such date but may be made (without additional interest) on the next succeeding Business Day with the same force and effect as if made on the date of maturity.

Section 11.5. Severability. (a) If any provision of this Indenture shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions in this Indenture or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatever.

(b) The invalidity of any one or more phrases, sentences, clauses or Sections in this Indenture shall not affect the remaining portion of this Indenture or any other part of this Indenture.

Section 11.6. Execution in Counterparts. This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. Delivery of an executed counterpart of a signature page of this Indenture by telecopy or other electronic imaging means shall be effective as delivery of a manually executed counterpart of this Indenture.

Section 11.7. Governing Law. This Indenture is being executed with the intent that it shall be construed and enforced in accordance with the laws of the State. Venue for any actions brought under this Indenture to which the Board is a party shall lie in Travis County, Texas.

Section 11.8. No Recourse against Board's Officers. No recourse shall be had for the payment of the principal of, premium, if any, and interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in this Indenture or the purchase contract relating to any Bonds against any past, present or future member, officer, official, agent or employee of the Board, or any incorporator, member, officer, official, employee, director or trustee of any successor thereto, as such, either directly or through the Board or any successor thereto, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such incorporator, member, officer, official, employee, director, agent or trustee as such is hereby

expressly waived and released as a condition of and consideration for the execution of this Indenture and the issuance of the Bonds.

Section 11.9. DTC Caption for Bonds. The following paragraph shall be used as a heading on the Bonds during the period that the provisions of Section 2.10(a) and (b) are applicable to the Bonds:

> Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York Corporation (*"DTC"*), to the Board or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co., or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest in this Bond.

Section 11.10. State Water Plan Projects. For purposes of this Indenture, State Water Plan Projects are those State Water Plan projects eligible to be financed under Subchapter H, specifically Section 15.474, Texas Water Code.

Section 11.11. Section 2271.002, Texas Government Code. Pursuant to Section 2271.002, Texas Government Code, the Trustee hereby represents that it is a company that does not, nor does any Affiliate of the Trustee, boycott Israel, and, subject to or as otherwise required by applicable Federal law, including, without limitation, 50 U.S.C. Section 4607, the Trustee, and any Affiliate of the Trustee, agrees not to boycott Israel during the term of this Indenture. As used herein, the term "boycott Israel" has the meaning given such term in Section 2271.002 of the Texas Government Code, and the term "company" has the meaning assigned to such term in Section 808.001(2) of the Texas Government Code. For purposes of this Section 11.11, the Trustee understands Affiliate to mean any entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit. Liability for breach of any such verification during the term of the Indenture shall survive until barred by the statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Indenture, notwithstanding anything in this Indenture to the contrary.

Section 11.12. Chapter 2252, Texas Government Code. For purposes of Subchapter F of Chapter 2252 of the Texas Government Code, the Trustee hereby represents that (i) it does not, nor does any Affiliate of the Trustee, engage in business with Iran, Sudan or any foreign terrorist organization as described in Chapter 2270 of the Texas Government Code, or Subchapter F of Chapter 2252 of the Texas Government Code, and (ii) it, and any Affiliate of the Trustee, is not a company identified on the lists maintained by the Texas Comptroller of Public Accounts under Sections 2252.153 or 2270.0201 of the Texas Government Code. The term "foreign terrorist organization" as used herein has the meaning assigned to such term in Section 2252.151 of the Texas Government Code. For purposes of this Section 11.12, the Trustee understands Affiliate to mean any entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit. Liability for breach of any such verification during the term of the Indenture shall survive until barred by the statute of limitations, and shall not be liquidated or

otherwise limited by any provision of this Indenture, notwithstanding anything in this Indenture to the contrary.

Section 11.13. Section 2252.908, Texas Government Code. The Trustee represents and warrants, for purposes of Section 2252.908 of the Texas Government Code, that the Trustee is a wholly owned subsidiary of a publicly traded business entity.

Section 11.14. Chapter 2276, Texas Government Code (*No Discrimination Against Fossil-Fuel Companies*). For purposes of Section 2276.002, Texas Government Code, as amended, the Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Indenture. The foregoing verification is made solely to enable the Board to comply with such Section. As used in the foregoing verification, "boycott energy companies" shall mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above. As used in this Section, Trustee understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Trustee within the meaning of SEC Rule 133(f), 17 C.F.R. § 230.133(f), and exists to make a profit. Liability for breach of any such verification during the term of the Indenture shall survive until barred by the statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Indenture, notwithstanding anything in this Indenture to the contrary.

Section 11.15. Chapter 2274, Texas Government Code (No Discrimination Against Firearm Entities and Firearm Trade Associations). For purposes of Section 2274.002, Texas Government Code, as amended, the Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate during the term of this Indenture against a firearm entity or firearm trade association. The foregoing verification is made solely to enable the Trustee to comply with such Section.. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" (A) means, with respect to the firearm entity or firearm trade association, to (i) refuse to engage in the trade of any goods or services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, (ii) refrain from continuing an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, or (iii) terminate an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association and (B) does not include (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories and (ii) a company's refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity's or association's status as a firearm entity or firearm trade association. As used in the foregoing verification, (b) "firearm entity" means a manufacturer,

distributor, wholesaler, supplier, or retailer of firearms (i.e., weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (i.e., devices specifically designed or adapted to enable an individual to wear, carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), or ammunition (i.e., a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range (as defined by Section 250.001, Texas Local Government Code), and (c) "firearm trade association" means a person, corporation, unincorporated association, federation, business league, or business organization that (i) is not organized or operated for profit (and none of the net earnings of which inures to the benefit of any private shareholder or individual), (ii) has two or more firearm entities as members, and (iii) is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c) of that code. As used in this Section, Trustee understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Trustee within the meaning of SEC Rule 133(f), 17 C.F.R. § 230.133(f), and exists to make a profit. Liability for breach of any such verification during the term of the Indenture shall survive until barred by the statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Indenture, notwithstanding anything in this Indenture to the contrary.

[EXECUTION PAGE FOLLOWS]

IN WITNESS WHEREOF, the Board has caused these presents to be signed in its name and behalf and its official seal to be hereunto affixed and attested by its duly authorized officers and, to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be signed in its name and behalf and its corporate seal to be hereunto affixed and attested by its duly authorized officers, all as of the date first above written.

TEXAS WATER DEVELOPMENT BOARD

By _____
Chief Financial Officer

(SEAL)

ATTEST:

_____
Executive Administrator

THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By _____

Title: _____

EXHIBIT A
FORM OF BOND

NO UNIT OF LOCAL GOVERNMENT OF THE STATE OF TEXAS PARTICIPATING IN THE SWIRFT PROGRAM ADMINISTERED BY THE TEXAS WATER DEVELOPMENT BOARD MAY PURCHASE THIS BOND, OR THIS BOND SHALL BE VOID. Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York Corporation (*"DTC"*), to the Board or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co., or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest in this Bond.

Registered
No. R- ___

Registered
$_____

UNITED STATES OF AMERICA
STATE OF TEXAS
TEXAS WATER DEVELOPMENT BOARD
STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS
REVENUE BOND, SERIES 2025 (MASTER TRUST)

Interest Rate	Maturity Date	Date of Delivery	CUSIP NO.
__%		October 9, 2025	

Registered Owner:

Principal Amount: _____ DOLLARS

Capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Indenture described herein.

THE TEXAS WATER DEVELOPMENT BOARD, an agency of the State of Texas (the *"Board"*), for value received, hereby promises to pay from the sources and as hereinafter provided to the Registered Owner shown above, or registered assigns, on the Maturity Date shown above the Principal Amount shown above, and in like manner to pay interest on said Principal Amount (computed on the basis of a 360-day year of twelve 30-day months) from the Date of Delivery shown above or from the most recent interest payment date to which interest has been paid or duly provided for, at the Interest Rate per annum shown above, semiannually on April 15, 2026, and on each October 15 and April 15 of each year thereafter (each a *"Payment Date"*), until said Principal Amount is paid.

The principal of and redemption premium, if any, and interest on, this Bond shall be payable in any currency of the United States of America which, at the respective dates of

payment thereof, is legal tender for the payment of public and private debts, and, except as otherwise provided herein, such principal and redemption premium, if any, shall be payable by check or draft at the designated payment office in Houston, Texas, of The Bank of New York Mellon Trust Company, National Association, as Trustee (the *"Trustee"*), upon presentation and surrender of this Bond. Payment of the interest on this Bond shall be made to the person appearing on the Bond Register as the Registered Owner thereof as of the commencement of business of the Trustee on the Record Date for such Payment Date. If this Bond is held in book-entry only form, it will be registered in the name of the securities depository or its nominee, which will initially be Cede & Co., as nominee for The Depository Trust Company (*"DTC"*). Payments of interest on and principal of this Bond shall be made to DTC in accordance with its procedures. If this Bond is not held in book-entry-only form, payments of interest on and principal of this Bond shall be paid by check or draft of the Trustee mailed to such Registered Owner at its address as it appears on the Bond Register or at such other address as is furnished to the Trustee in writing by such Registered Owner. Notwithstanding the foregoing, payment of the principal, redemption premium, if any, and interest to any beneficial owner of $1,000,000 or more in aggregate principal amount of Bonds as of the commencement of business of the Trustee on the Record Date for a particular Payment Date may be made by wire transfer to such owner upon written notice to the Trustee from such owner containing the wire transfer address (which shall be in the continental United States of America) to which such owner wishes to have such wire directed and acknowledging that an electronic transfer fee is payable and which written notice is given by such owner to the Trustee not less than five (5) Business Days prior to such Record Date, in each case, irrespective of any transfer or exchange of the Bonds subsequent to such Record Date and prior to such Payment Date, unless the Board shall default in the payment of interest due on such Payment Date. In the event of any such default, such defaulted interest shall be payable to the person in whose name this Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by the Trustee, as Bond Registrar, which special record date shall not be less than ten (10) days preceding the date of payment of such defaulted interest. No principal of and redemption premium on this Bond is payable, unless the Registered Owner thereof shall have surrendered this Bond at the designated payment office of the Trustee.

This Bond and the series of which it is a part are special limited obligations of the Board, and are payable solely from the payments, revenues and receipts derived by the Board from the Political Subdivisions, and any other funds held by the Trustee under the Indenture and available for such payment, and are secured by a pledge and assignment of such payments, revenues, receipts and funds, as provided in the Indenture. This Bond and the series of which it is a part do not constitute an indebtedness, general or moral, or a pledge of the faith or loan of credit of the Board or the State of Texas (the *"State"*), within the purview of any constitutional limitation or provision. The Board is obligated to pay the principal of and interest on the Bonds and other costs incidental thereto only from the sources specified above. Neither the faith and credit nor the taxing power, if any, of the Board or the State is pledged to the payment of the principal of and interest on the Bonds or other costs incidental thereto. The Board has no taxing power.

This Bond, dated as of the Date of Delivery shown above, is one of an authorized series of Bonds of the Board in the aggregate principal amount of $_____ designated as "Texas Water Development Board State Water Implementation Revenue Fund for Texas Revenue Bonds, Series 2025 (Master Trust) (the *"Bonds"*), authorized by resolution of the Board and issued under and secured by a Bond Indenture dated as of October 1, 2025 (the *"Indenture"*), duly executed and delivered by the Board to the Trustee, pursuant to and in full compliance with the laws of the State and particularly Subchapter H of Chapter 15 of the Texas Water Code (*"Subchapter H"*). The Bonds are issued for the purpose of providing moneys to fund loans to

political subdivisions of the State through the purchase of Political Subdivision Obligations to finance State Water Plan Projects, in furtherance of the laws of the State, particularly Subchapter H. To secure the payment of the principal of, premium, if any, and interest on the Bonds, the Board has pledged certain Political Subdivision Obligations to the Trustee under the Indenture.

To further secure the Bonds, the Board has entered into a Master Trust Indenture dated as of October 1, 2015 (the *"Master Trust Indenture"*) with The Bank of New York Mellon Trust Company, National Association, as Master Trustee, whereby certain moneys, to the extent available, will be deposited with the Master Trustee. Such moneys deposited with the Master Trustee will be available to the Trustee in the priorities specified in the Master Trust Indenture to provide a source of revenue or security for the payment of the Bonds, or in the event sufficient moneys are not available for the payment of the principal of and interest on the Bonds.

Copies of the Indenture and the Master Trust Indenture are on file at the principal corporate trust office of the Trustee, and reference is hereby made to the Indenture and the Master Trust Indenture for a description of the provisions, among others, with respect to the nature and extent of the security for the Bonds and the rights, duties and obligations of the Board, the Trustee and the owners of the Bonds.

The Bonds maturing on and after April 15, 20__, are subject to redemption, at the option of the Board, in whole or in part on any date on and after October 15, 20__, at the redemption price, of 100% of the principal amount thereof being redeemed, plus accrued interest thereon to the date fixed for redemption. Bonds to be redeemed pursuant to the optional redemption provisions above shall be selected from the maturities and in the principal amounts as shall be determined by the Board.

The Bonds scheduled to mature on October 15 in the years 20__ through 20__; 20__; 20__; and 20__ (the *"Term Bonds*") are subject to scheduled mandatory redemption by the Paying Agent by lot, or by any other customary method that results in a random selection, at a price equal to the principal amount thereof, plus accrued interest to the redemption date, out of moneys available for such purpose in the interest and sinking fund for the Bonds, on the dates and in the respective principal amounts, set forth in the following schedule:

____ Term Bond
Maturity: October 15, 20__

Mandatory Redemption Date	Principal Amount ($)
	*

____ Term Bond
Maturity: October 15, 20__

Mandatory Redemption Date	Principal Amount ($)
	*

____ Term Bond
Maturity: October 15, 20__

Mandatory Redemption Date	Principal Amount ($)
	*

____ Term Bond
Maturity: October 15, 20__

Mandatory Redemption Date	Principal Amount ($)
	*

____ Term Bond Maturity: October 15, 20__		____ Term Bond Maturity: October 15, 20__	
Mandatory Redemption Date	Principal Amount ($)	Mandatory Redemption Date	Principal Amount ($)
	*		*

Stated Maturity*

The principal amount of Term Bonds of a stated maturity required to be redeemed on any mandatory redemption date pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the Board, by the principal amount of any Term Bonds of the same maturity which, at least 45 days prior to a mandatory redemption date (1) shall have been acquired by the Board at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent for cancellation, (2) shall have been purchased and canceled by the Paying Agent at the request of the Board at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

Notice of redemption shall be given by the Trustee on behalf of the Board by mailing a copy of an official redemption notice by first class mail, postage prepaid, at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to the owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register; *provided, however,* that the failure to send, mail or receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond, and it is hereby specifically provided that the publication of such notice as required above shall be the only notice actually required in connection with or as a prerequisite to the redemption of any Bonds or portions thereof. Should notice to call Bonds for redemption at the option of the Board be given in the manner provided above, but the Board shall not be able to provide the Trustee with amounts sufficient to effect on the date fixed for redemption the payment of the entire redemption price of the Bonds so called for redemption, no Bonds shall be redeemed on the date fixed for redemption, and the notice of redemption for such Bonds shall be null and void.

This Bond is transferable, as provided in the Indenture, only upon the Bond Register kept for that purpose at the designated payment office of the Trustee at the written request of the Registered Owner hereof or his legal representative duly authorized in writing, upon surrender of this Bond to the Trustee, together with a written instrument of transfer satisfactory to the Trustee duly executed by the Registered Owner or his legal representative duly authorized in writing. Thereupon, and upon payment of the charges prescribed, a new Bond or Bonds of the same series and aggregate principal amount shall be issued to the transferee in exchange therefor as provided in the Indenture.

The Bonds are issuable in the form of fully registered bonds without coupons in the denomination of $5,000 each or any integral multiple thereof. Bonds may be exchanged for a

Bond or Bonds of other authorized denominations of the same maturity, interest rate and aggregate principal amount.

The Registered Owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. Modifications or alterations of the Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by a duly authorized signatory of the Trustee.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, the Texas Water Development Board has caused this Bond to be executed in its name by the manual or facsimile signature of its Chairwoman and attested by the manual or facsimile signature of its Executive Administrator, and its seal or a facsimile thereof to be hereunto affixed, impressed, imprinted or otherwise reproduced hereon, all as of the Date of Delivery shown above.

TEXAS WATER DEVELOPMENT BOARD

By:_____
Chairwoman

Attest:

By: _____ (SEAL)
Executive Administrator

CERTIFICATE OF COMPTROLLER OF PUBLIC ACCOUNTS (TO APPEAR ON INITIAL BOND ONLY)

OFFICE OF COMPTROLLER :

REGISTER NO._____

STATE OF TEXAS :

I hereby certify that there is on file and of record in my office a true and correct copy of the opinion of the Attorney General of the State of Texas approving this Bond and that this Bond has been registered this day by me.

Witness my signature and seal this

_____
Comptroller of Public Accounts of
the State of Texas

CERTIFICATE OF AUTHENTICATION

It is hereby certified that this Bond has been issued under the provisions of the Indenture described on the face of this Bond; and that this Bond has been issued in conversion of and exchange for or replacement of a Bond, Bonds or a portion of a Bond or Bonds of an issue 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.

THE BANK OF NEW YORK MELLON TRUST
COMPANY, NATIONAL ASSOCIATION, as
Trustee

By _____
Authorized Signatory

Date of Authentication: _____

[FORM OF ASSIGNMENT]

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

UNIF GIFT/TRAN MIN ACT--		_____Custodian _____ (Cust) (Minor) under Uniform Gifts/Trans to Minors Act _____ (State)
TEN COM --	as tenants in common	
TEN ENT --	as tenants by the entireties	
JT TEN --	as joint tenants with right of survivorship and not as tenants in common	

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

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

Print or Type Name, Address and Social Security Number
or other Taxpayer Identification Number of Transferee

_____

_____

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

_____

attorney to transfer the within Bond on the books kept by the Trustee for the registration thereof, with full power of substitution in the premises.

Dated: _____

_____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular.

Signature Guaranteed By:

_____

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution as defined by SEC Rule 17Ad-15 (17 CFR 240.17Ad-15).

By _____

Title: _____

The Initial Bond shall be in the form set forth above, except that the form of the single fully registered Initial Bond shall be modified as follows:

(i) immediately under the name of the bond the headings "Interest Rate", "Maturity Date", "Date of Delivery" and "CUSIP NO." shall be omitted; and

(ii) Paragraph one shall read as follows:

Registered Owner: BofA Securities, Inc.
Principal Amount: _____
Date of Delivery: October 9, 2025

THE TEXAS WATER DEVELOPMENT BOARD, an agency of the State of Texas (the *"Board"*), for value received, hereby promises to pay from the sources and as hereinafter provided to the Registered Owner shown above, or the registered assigns thereof, the Principal Amount hereinabove stated on April 15 and October 15 in each of the years and in principal installments in accordance with the following schedule:

Maturity Date	Principal Amount ($)	Interest Rate (%)	Maturity Date	Principal Amount ($)	Interest Rate (%)

and to pay interest thereon from the Date of Delivery specified above, on April 15, 2026, and semiannually on each October 15 and April 15 thereafter to the maturity date specified above, or to the date of redemption prior to maturity, at the interest rate per annum specified above. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

EXHIBIT B

SCHEDULE OF POLITICAL SUBDIVISION OBLIGATIONS

EXHIBIT C

SCHEDULE OF TRANSFERS FROM ASSISTANCE ACCOUNT

EXHIBIT D

SCHEDULE OF TRUSTEE FEES

BOND RESOLUTION
OF THE

TEXAS WATER DEVELOPMENT BOARD

AUTHORIZING THE ISSUANCE OF

STATE OF TEXAS WATER FINANCIAL ASSISTANCE BONDS,
SERIES 2025E
(STATE WATER PLAN)

AND SUCH OTHER SUBSERIES

AS MAY BE DESIGNATED PURSUANT TO THE TERMS HEREOF

ADOPTED:

JULY 24, 2025

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RESOLUTION

OF THE TEXAS WATER DEVELOPMENT BOARD AUTHORIZING THE ISSUANCE OF STATE OF TEXAS WATER FINANCIAL ASSISTANCE BONDS, SERIES 2025E (STATE WATER PLAN), AND SUCH OTHER SUBSERIES AS MAY BE DESIGNATED PURSUANT TO THE TERMS HEREOF, AND RESOLVING OTHER MATTERS RELATED THERETO

WHEREAS, the Texas Water Development Board (the "**Board**") has previously issued, sold, and delivered general obligation bonds of the State of Texas (the "**State**"), to fund one or more accounts of the Texas Water Development Fund II (referred to herein as "**Development Fund II**") established pursuant to the provisions of Section 49-d-8 of Article III of the Constitution of the State (the "**State Constitution**"), approved by the voters on November 4, 1997 ("**Section 49-d-8**"); and

WHEREAS, in addition to bonds authorized by other provisions of the State Constitution, Section 49-d-11 of Article III of the State Constitution ("**Section 49-d-11**") authorizes the Board to issue additional general obligation bonds of the State, at its determination and on a continuing basis, for one or more accounts of Development Fund II, in amounts such that the aggregate principal amount of the bonds issued under Section 49-d-11 that are outstanding at any time does not exceed $6,000,000,000; and

WHEREAS, as of the date of adoption of this Resolution, bonds in the aggregate principal amount of $186,163,160 (inclusive of unamortized premium) are outstanding pursuant to Section 49-d-11; and

WHEREAS, Section 49-d-11 states that (i) Section 49-d-8 applies to the bonds authorized by Section 49-d-11, (ii) the limitation in Section 49-d-8 that the Board may not issue bonds in excess of the aggregate principal amount of previously authorized bonds does not apply to the bonds authorized by and issued under Section 49-d-11, and (iii) a limitation on the percentage of State participation in any single project imposed by Article III of the State Constitution does not apply to a project funded with the proceeds of bonds issued under authority of Section 49-d-8 or Section 49-d-11; and

WHEREAS, the Board finds it advisable and determines that it is a public purpose and in the best interests of the State, in accordance with authority granted by Section 49-d-8, Section 49-d-11, and Subchapter L, Chapter 17 of the Texas Water Code (the "**Act**"), to authorize issuance of the Series 2025E Bonds (as defined herein) to provide funds for the Financial Assistance Account for Water Assistance Projects included in or related to the State Water Plan (as each such term is hereinafter defined), subject to the parameters set forth in this Resolution, as hereinafter provided; and

WHEREAS, debt service on bonds authorized to be issued pursuant to this Resolution is reasonably expected by the Board to be paid from revenue sources other than the general revenues of the State;

NOW, THEREFORE, BE IT RESOLVED BY THE TEXAS WATER DEVELOPMENT BOARD:

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

Section 1.01 Definitions. Throughout this Resolution (except in the FORM OF BOND attached as **Exhibit A** to this Resolution), in addition to the terms defined in the preamble to this Resolution the following terms and expressions used herein shall have the meanings specified in this Section.

"**Act**" means Subchapter L, Chapter 17, Texas Water Code.

"**Amortization Installment**" means the amount of money which is required for retirement of Term Bonds (whether at maturity or by mandatory redemption and including redemption premium, if any).

"**Approval Certificate**" means collectively one or more certificates executed by an Authorized Representative in accordance with the terms hereof which finalize the pricing and terms of the Series 2025E Bonds pursuant to the parameters set forth in this Resolution, including specifying the issuance of one or more subseries.

"**Attorney General**" means the Attorney General of the State.

"**Authentication Certificate**" has the meaning specified for that term in Section 2.07.

"**Authorized Denomination**" means $5,000 principal amount or maturity amount, as the case may be, and any integral multiple thereof.

"**Authorized Representative**" means each of the Executive Administrator, the Chief Financial Officer, the Development Fund Manager, the Director of Debt and Portfolio Management and the General Counsel of the Board, acting individually and not jointly.

"**Board**" means the Texas Water Development Board.

"**Bond**" or "**Bonds**" means a Series 2025E Bond or Series 2025E Bonds, as applicable.

"**Bond Appendix**" means the quarterly appendix prepared by the Comptroller which sets forth certain information regarding the State (including its government, finances, economic profile, and other matters) for use by State entities when issuing debt.

"**Bond Enhancement Agreement**" means any agreement of the nature described in Section 17.954(c), Texas Water Code.

"**Bond Payment Account**" has the meaning specified for that term in Section 5.03.

"**Book-Entry-Only System**" means the system maintained by the securities depository described in Section 2.11.

"**Business Day**" means a day other than a Saturday, Sunday, a legal holiday or a day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close.

"**Chapter 9**" means Chapter 9, Texas Business & Commerce Code.

"**Chapter 551**" means Chapter 551, Texas Government Code.

"**Chapter 1206**" means Chapter 1206, Texas Government Code.

"**Chapter 1208**" means Chapter 1208, Texas Government Code.

"**Chapter 1371**" means Chapter 1371, Texas Government Code.

"**Code**" means the Internal Revenue Code of 1986, as amended by all legislation, if any, enacted on or before the Date of Delivery.

"**Common Issue Bonds**" means the Series 2025E Bonds and any other tax-exempt bonds sold within 15 days of the first day on which there is a binding written contract for the sale or exchange of the Series 2025E Bonds, which are part of the same "issue" as the Series 2025E Bonds, as defined in section 1.150-1(c) of the Regulations.

"**Comptroller**" means the Texas Comptroller of Public Accounts.

"**Computation Amount**" means the surplus proceeds (rounded to the next higher $5,000 denomination) equal to the remainder of (i) thirty percent (30%) of the Net Proceeds less proceeds of Common Issue Bonds directly or indirectly used to make loans to Political Subdivisions as of the last day of the One-Year Computation Period (but not less than zero) or (H) ninety-five percent (95%) of the Net Proceeds less the proceeds of Common Issue Bonds directly or indirectly used to make loans to Political Subdivisions as of the last day of the Three-Year Computation Period (but not less than zero).

"**Continuing Disclosure Agreement**" means the Amended and Restated Continuing Disclosure Agreement dated March 12, 2019, between the Comptroller and the Texas Bond Review Board, as may be further amended from time to time.

"**Date of Delivery**" means the date of delivery of the Series 2025E Bonds to the Underwriters.

"**Dated Date**" means the date designated in the Approval Certificate as such with respect to the Series 2025E Bonds.

"**Defeasance Securities**" means, unless otherwise specified in an Approval Certificate, (i) Federal Securities, (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 the Board adopts or approves proceedings authorizing the issuance of refunding bonds or, if such defeasance is not in connection with the issuance of refunding bonds, on the date the Board provides for the funding of an escrow to effect the defeasance of the Series 2025E Bonds, are rated as to investment quality by a nationally-recognized investment rating firm not less than "AAA" or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Board adopts or approves proceedings authorizing the issuance of refunding bonds or, if such defeasance is not in connection with the issuance of refunding bonds, on the date the Board provides for the funding of an escrow to effect the defeasance of the Series 2025E Bonds, 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 that may be used to defease obligations such as the Series 2025E Bonds under the then applicable laws of the State.

"**Designated Payment/Transfer Office**" means the corporate trust office of the Paying Agent/Registrar designated as the place for payment, transfer and exchange of the Series 2025E Bonds, initially, the corporate trust office of the Paying Agent/Registrar in Dallas, Texas.

"**Development Fund I**" means the Texas Water Development Fund as described in the Development Fund I Constitutional Provisions.

"**Development Fund I Constitutional Provisions**" means Sections 49-c, 49-d, 49-d-1, 49-d-2, 49-d-5, 49-d-6 and 49-d-7 of Article III of the State Constitution.

"**Development Fund II**" has the meaning specified for that term in the preamble to this Resolution.

"**DTC**" means The Depository Trust Company, New York, New York, and its successors and assigns.

"**DTC Participant**" means the securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

"**Economically Distressed Areas Program Account**" means the account described in Section 17.958, Texas Water Code.

"**EDAP Project**" means any project found and determined by the Board to be in accordance with the purposes described in Subchapter K.

"**Eligible Investments**" means those investments in which the Board is authorized by law and its investment policy to invest its funds.

"**Federal Securities**" means direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America.

"**Financial Assistance Account**" means the account described in Section 17.959, Texas Water Code.

"**Financial Assistance Bonds**" means the general obligation bonds of the State issued by the Board under authority granted by Section 49-d-8, Section 49-d-9, and Section 49-d-11 to provide funds for the Financial Assistance Account of Development Fund II, including the Previously Issued Financial Assistance Bonds, the Series 2025A Bonds, the Series 2025B Bonds, the Series 2025E Bonds, and the Series 2025F Bonds.

"**Financial Obligation**" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of any such debt obligation or any such derivative instrument; provided that "Financial

Obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule. The Board and the Comptroller intend the words used in this definition to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

"**Fiscal Year**" means the period of time beginning in each calendar year on September 1 and ending on August 31 of the calendar year next following.

"**Form of Bond**" means the Form of Bond attached hereto as **Exhibit A**.

"**GASB**" means the Governmental Accounting Standards Board.

"**Holder**" or "**Owner**" means the person who is the registered owner of a Series 2025E Bond or subseries thereof, as shown on the Registration Books.

"**Initial Bonds**" means the Series 2025E Bonds authorized, issued, sold and delivered hereunder and upon which the registration certificate, executed by or on behalf of the Comptroller, has been placed.

"**Interest Payment Date**" means each February 1 and August 1, beginning on the first such date occurring after the Date of Delivery.

"**Money and Assets Attributable to Bonds**" means:

(1) the Board's rights to receive repayment of financial assistance provided from the Financial Assistance Account, together with any evidence of such rights;

(2) money received from the sale or other disposition of the Board's rights to receive repayment of such financial assistance;

(3) money received as repayment of such financial assistance;

(4) money and assets attributable to Financial Assistance Bonds, including money and assets transferred to the Financial Assistance Account from Development Fund I pursuant to Subsection (b) of Section 49-d-8; and

(5) money deposited in the Financial Assistance Account pursuant to Subsection (c) of Section 49-d-8.

"**MSRB**" means the Municipal Securities Rulemaking Board.

"**Net Proceeds**" means the amounts received from the sale of Common Issue Bonds less proceeds used to pay costs of issuance, including any underwriters' compensation, proceeds used to pay interest on such Common Issue Bonds during all or any portion of the One-Year Computation Period or the Three-Year Computation Period, as the case may be, and proceeds used to refund prior Bonds. Notwithstanding the foregoing, if applicable, the amount of Net Proceeds shall be adjusted to equal only the amount of Net Proceeds with respect to the portion of the Common Issue Bonds treated as a separate issue pursuant to Section 149(f)(7)(B) of the Code due to only that portion of the Common Issue

Bonds being reasonably expected (at the time of issuance of the Common Issue Bonds) to be used (or is intentionally used) to make loans as described in Section 149(f)(6)(A) of the Code.

"**Official Statement**" means the Official Statement pertaining to the Series 2025E Bonds, and authorized by Section 8.02 hereof.

"One-Year Computation Period" means the period ending on the last day of the one-year period commencing on the Date of Delivery.

"**Outstanding**" means, when used to modify the bonds issued, authenticated and delivered under this Resolution, the Series 2025E Bonds excluding (i) Series 2025E Bonds which have been exchanged or replaced or otherwise surrendered for cancellation, (ii) Series 2025E Bonds which have been paid, (iii) Series 2025E Bonds which have become due and for the payment of which money has been duly provided, and (iv) Series 2025E Bonds with respect to which this Resolution has been discharged pursuant to ARTICLE X.

"**Owner**" or "**Holder**" means the person who is the registered owner of a Series 2025E Bond or subseries thereof, as shown on the Registration Books.

"**Paying Agent/Registrar**" means the financial institution named in Section 2.06 or any successor thereto named in accordance with the provisions of Section 2.10.

"**Paying Agent/Registrar Agreement**" means the paying agent agreement between the Board and the Paying Agent/Registrar, relating to the performance of the duties and responsibilities of the Paying Agent/Registrar with respect to the Series 2025E Bonds.

"**Person**" means any natural person, firm, partnership, association, corporation, limited liability company, or public body.

"**Political Subdivision**" has the meaning specified for that term in Section 17.001(6), Texas Water Code.

"**Previously Issued Financial Assistance Bonds**" means bonds previously issued to provide funds for the Financial Assistance Account and any refunding bonds issued in replacement thereof.

"**Purchase Agreement**" means collectively one or more bond purchase agreements between the Board and the Underwriters relating to the sale of the Series 2025E Bonds.

"**Registration Books**" has the meaning specified for that term in Section 2.06.

"**Regulations**" has the meaning specified for that term in Section 6.02.

"**Resolution**" means this Resolution, dated July 24, 2025, authorizing the issuance of the Series 2025E Bonds and all amendments hereto.

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

"**Rural Water Assistance Fund**" means the account within the general revenue fund of the State established pursuant to Subchapter R.

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

"**Section 49-d-8**" means Section 49-d-8 of Article III of the State Constitution.

"**Section 49-d-9**" means Section 49-d-9 of Article III of the State Constitution.

"**Section 49-d-11**" means Section 49-d-11 of Article III of the State Constitution.

"**Series 2025A Bonds**" means the State of Texas Water Financial Assistance Bonds, Series 2025A, authorized to be issued in accordance with the terms of a Bond Resolution of the Board dated May 8, 2025.

"**Series 2025B Bonds**" means the State of Texas Water Financial Assistance Refunding Bonds, Series 2025B, authorized to be issued in accordance with the terms of a Bond Resolution of the Board dated May 8, 2025.

"**Series 2025E Bonds**" means the State of Texas Water Financial Assistance Bonds, Series 2025E (State Water Plan), authorized to be issued in accordance with the terms of this Resolution and the terms and conditions set forth in the Approval Certificate relating thereto, including any subseries.

"**Series 2025F Bonds**" means the State of Texas Water Financial Assistance Bonds, Taxable Series 2025F (State Water Plan), authorized to be issued in accordance with the terms of a Bond Resolution of the Board dated July 24, 2025.

"**State**" means the State of Texas.

"**State Constitution**" means the Constitution of the State.

"**State Participation Account**" means the account described in Section 17.957, Texas Water Code.

"**State Participation Project**" means any project found by the Board to be in accordance with the purposes described in Section 16.131, Texas Water Code.

"**State Treasury**" means the treasury of the State under the administration and supervision of the Comptroller.

"State Water Plan" means the comprehensive water plan for the State prepared, developed, formulated and adopted by the Board no less often than every five (5) years pursuant to Subchapter C of Chapter 16 of the Texas Water Code. For purposes of this Resolution, the term "State Water Plan" means the comprehensive water plan for the State adopted by the Board on July 7, 2021, as amended, effective for the next succeeding five (5) year period.

"**Subchapter K**" means Subchapter K, Chapter 17, Texas Water Code.

"**Subchapter Q**" means Subchapter Q, Chapter 15, Texas Water Code.

"**Subchapter R**" means Subchapter R, Chapter 15, Texas Water Code.

"**Term Bonds**" means Series 2025E Bonds so designated by the Board herein or in the Approval Certificate.

"Three-Year Computation Period" means the period ending on the last day of the three-year period commencing on the Date of Delivery.

"**Underwriters**" means the investment banking firms that contract to purchase the Series 2025E Bonds pursuant to the Purchase Agreement and in accordance with Section 8.01 hereof.

"**Water Assistance Project**" means any project for which the Board is authorized to provide financial assistance, in accordance with the purposes described by the Development Fund I Constitutional Provisions or Section 49-d-8, other than (i) an EDAP Project or (ii) a State Participation Project. The term "Water Assistance Project" includes, without limitation, transfers to or deposits to the credit of any state revolving fund administered by the Board under the provisions of the Texas Water Code, specifically Chapter 15, Texas Water Code, and transfers to or deposits to the credit of the Rural Water Assistance Fund, the Water Infrastructure Fund or the State Water Implementation Revenue Fund for Texas.

"**Water Infrastructure Fund**" means the special fund in the State Treasury established pursuant to Subchapter Q and administered by the Board.

Section 1.02 Rules of Construction.

(a) Designation of Articles, Sections. For all purposes of this Resolution, unless the context requires otherwise, all references to designated Articles, Sections and other subdivisions are to the Articles, Sections and other subdivisions of this Resolution. The words "herein," "hereof' and "hereunder" and other words of similar import refer to this Resolution as a whole and not to any particular Article, Section or other subdivision.

(b) References. Except where the context otherwise requires, terms defined in this Resolution to impart the singular number shall be considered to include the plural number and vice versa. References to any named Person means that party and its successors and assigns. References to any constitutional, statutory or regulatory provision means such provision as it exists on the date this Resolution is adopted by the Board and any future amendments thereto or successor provisions thereof. Any reference to the payment of principal in this Resolution shall be deemed to include the payment of Amortization Installments. References in this Resolution to the FORM OF BOND refer to the form attached to this Resolution as **Exhibit A**.

Section 1.03 Interpretations. The titles and headings of the Articles and Sections of this Resolution have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof.

ARTICLE II

THE SERIES 2025E BONDS

Section 2.01 Authorization of Bonds.

(a) Purpose; Maximum Amount. For the purposes set forth in Section 49-d-8 and Section 49-d-11, the negotiable general obligation bonds of the State to be known and designated as **STATE OF TEXAS WATER FINANCIAL ASSISTANCE BONDS**, **SERIES 2025E**, are hereby authorized and may be issued from time to time for the purpose of conserving and developing the water resources of the State, to-wit, by providing funds for the Financial Assistance Account for Water Assistance Projects included in or related to the State Water Plan, and paying expenses arising in connection with the issuance of the Series 2025E Bonds. The combined principal amount of all Series 2025E Bonds issued pursuant to this Resolution shall not exceed $550,000,000.

(b) Delegation of Authority. As authorized by Chapter 1371, each Authorized Representative, individually and not jointly, is hereby authorized, appointed and designated to act on behalf of the Board in selling and delivering, in one or more series or subseries, the Series 2025E Bonds and carrying out the procedures specified in this Resolution, including determining:

(i) the date for issuance and sale, and the Dated Date, of each series or subseries of Series 2025E Bonds;

(ii) the name and any special or additional series designation for each series or subseries of the Series 2025E Bonds;

(iii) the principal amount of each series or subseries of Series 2025E Bonds to be sold (subject to the limitations set forth in Section 2.01(a)), as well as the principal amount of each stated maturity within a series or subseries of Series 2025E Bonds;

(iv) the price at which the Series 2025E Bonds shall be sold;

(v) the principal amount of Series 2025E Bonds to be sold as current interest bonds, if any; the principal amount of Series 2025E Bonds to be sold as premium capital appreciation bonds, if any;

(vi) the principal amortization schedule for the Series 2025E Bonds (including, without limitation, the designation of any of the maturities of the Series 2025E Bonds as Term Bonds and any Amortization Installments to be deposited to the credit of the Bond Payment Account relating to any Term Bond so designated);

(vii) in accordance with the provisions of ARTICLE III hereof, the redemption features of the Series 2025E Bonds (including any associated premium);

(viii) the rate or rates of interest to be borne by the Series 2025E Bonds;

(ix) whether to execute or acquire a Bond Enhancement Agreement in support of all or any portion of the Series 2025E Bonds;

(x) the designation of the fund(s) or account(s) to which the proceeds of the Series 2025E Bonds may be transferred for legally authorized purposes; and

(xi) any other matters relating to the issuance, sale and delivery of the Series 2025E Bonds; all of which shall be specified in one or more Approval Certificates executed in accordance with the terms hereof and within the parameters set forth in Section 2.01(c) below.

(c) Parameters. The Authorized Representative may exercise any authority granted under Chapter 1371 so long as on the date the Approval Certificate is executed:

(i) the maximum maturity date of any Series 2025E Bonds issued hereunder shall not exceed forty (40) years from the issue date of such bonds;

(ii) the true interest cost rate applicable to the Series 2025E Bonds shall not exceed 8.00%;

(iii) the aggregate principal amount of the Series 2025E Bonds, together with all outstanding bonds issued pursuant to Section 49-d-11, shall not exceed $6,000,000,000; and

(iv) any series or subseries of Series 2025E Bonds issued hereunder must be sold no later than six (6) months after the date of adoption of this Resolution (though the closing of a particular series or subseries of Series 2025E Bonds sold in accordance with this provision may occur after such date as long as such closing period is determined by an Authorized Representative to be of reasonable duration).

Section 2.02 Denominations, Date and Interest Rates. The Series 2025E Bonds shall be in any Authorized Denomination, shall be numbered consecutively from R-1 upward, shall be dated the date described in the Approval Certificate, and shall be in substantially the form attached hereto as **Exhibit A** with such changes and modifications as are set forth in the Approval Certificate. Interest on the Series 2025E Bonds shall be payable on the Interest Payment Dates. The Series 2025E Bonds shall bear interest at rates as specified in the Approval Certificate. Interest shall be payable in the manner and on the terms provided in this Resolution and the Approval Certificate. The FORM OF BOND shall be completed in accordance with the terms of the Approval Certificate to reflect the aggregate principal amount of the Series 2025E Bonds sold to the Underwriters.

Section 2.03 Maturities and Amounts. The Series 2025E Bonds shall mature on the dates and in the amounts as set forth in the principal amortization schedule contained in the applicable Approval Certificate.

Section 2.04 Execution of Bonds. Each Series 2025E Bond shall be executed for and on behalf of the State as a general obligation of the State by having placed thereon the lithographed or printed facsimile or the manual signatures of the Chair of the Board and the Executive Administrator, and the manually impressed or lithographed or printed facsimile seal of the Board. Lithographed or printed facsimile signatures and seal shall have the same effect as if each Series 2025E Bond had been manually signed by such officers, and the seal had been manually impressed on each Series 2025E Bond.

In case any officer whose signature is on a Series 2025E Bond no longer holds such office at the time of authentication, or was the proper officer on the date of execution but not on the nominal date of action, the Series 2025E Bond shall nevertheless be valid.

Section 2.05 Temporary Bonds. Pending the preparation of definitive Series 2025E Bonds, the Board may execute and, upon the Board's request, the Paying Agent/Registrar shall authenticate and deliver, one or more temporary Series 2025E Bonds substantially of the tenor of the definitive Series 2025E Bonds in lieu of which they are delivered, with such appropriate insertions, omissions, substitutions and other variations, as evidenced by the execution of such temporary Series 2025E Bonds, as such officers executing such temporary Series 2025E Bonds may determine.

Until exchanged for Series 2025E Bonds in definitive form, such Series 2025E Bonds in temporary form shall be entitled to the benefit and security of this Resolution. The Board, without unreasonable delay, shall prepare, execute and deliver to the Paying Agent/Registrar, and upon the presentation and surrender of the temporary Series 2025E Bonds to the Paying Agent/Registrar, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor, definitive Series 2025E Bonds of the same maturity, aggregate principal amount or maturity amount, as the case may be, and bearing or accruing interest at the same rate as the temporary Series 2025E Bonds surrendered. The exchange shall be made without any charge to any owner of Series 2025E Bonds.

Section 2.06 Appointment and Duties of Paying Agent/Registrar.

(a) Appointment. The Board hereby appoints The Bank of New York Mellon Trust Company, N.A., as the initial Paying Agent/Registrar for the Series 2025E Bonds. The Board shall keep or cause to be kept at the Designated Payment/Transfer Office of the Paying Agent/Registrar books or records of the registration and transfer of the Series 2025E Bonds (the "**Registration Books**"), and the Board hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such transfers and registrations under such reasonable regulations as the Board and the Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such transfers and registrations as herein provided. It shall be the duty of the Paying Agent/Registrar to obtain from the registered owner and record in the Registration Books the address of such registered owner of each Series 2025E Bond to which payments with respect to the Series 2025E Bonds shall be mailed, as herein provided. The Board or its designee 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 Board hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Series 2025E Bonds, and to act as its agent to convert and exchange or replace Series 2025E Bonds, all as provided in this Resolution. The Paying Agent/Registrar shall keep proper records of all payments made by the Board and the Paying Agent/Registrar with respect to the Series 2025E Bonds, and of all conversions and exchanges of such Series 2025E Bonds, and all replacements of such Series 2025E Bonds, as provided in this Resolution.

(b) Duties. The Paying Agent/Registrar shall perform such duties as are required of the Paying Agent/Registrar hereunder and under the Paying Agent/Registrar Agreement. The Executive Administrator or the designee thereof is hereby authorized to execute and deliver for and on behalf of the Board the Paying Agent/Registrar Agreement, which shall be in substantially the form utilized in connection with Previously Issued Financial Assistance Bonds, with such changes as the Executive

Administrator may approve, such approval to be conclusively evidenced by the execution and delivery of such agreement by the Executive Administrator or the designee thereof.

Section 2.07 Registration, Transfer and Exchange of Bonds.

(a) Transfer. Registration of each Series 2025E Bond may be transferred on the Registration Books only upon presentation and surrender of such Series 2025E Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar for transfer of registration and cancellation, together with proper written instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing the assignment of the Series 2025E Bond, or any portion thereof in any Authorized Denomination, to the assignee or assignees thereof, and the right of such assignee or assignees to have the Series 2025E Bond or any such portion thereof registered in the name of such assignee or assignees. Upon the assignment and transfer of any Series 2025E Bond or any portion thereof, a new substitute Series 2025E Bond or Series 2025E Bonds shall be issued in conversion and exchange therefor in the manner provided in this Section.

(b) Duty of Conversion, Exchange or Replacement. Pursuant to Chapter 1206, and particularly Subchapter B thereof, the duty of conversion and exchange or replacement of Series 2025E Bonds in the manner prescribed herein is hereby imposed upon the Paying Agent/Registrar. Each Series 2025E Bond may be converted into and exchanged for fully registered Series 2025E Bonds in the manner set forth herein. Each Series 2025E Bond issued and delivered pursuant to this Resolution, to the extent of the unpaid or unredeemed principal amount or maturity amount thereof, as the case may be, upon surrender of such Series 2025E Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar, together with a written request therefor duly executed by the registered owner or the assignee or assignees thereof, or its or their duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the Paying Agent/Registrar, at the option of the registered owner or such assignee or assignees, as appropriate, shall be converted into and exchanged for fully registered Series 2025E Bonds in the form prescribed in the FORM OF BOND of like series or subseries, in any Authorized Denomination (subject to the requirement hereinafter stated that each substitute Series 2025E Bond shall have a single stated maturity date), as requested in writing by such registered owner or such assignee or assignees, in an aggregate principal amount or maturity amount, as the case may be, equal to the unpaid or unredeemed principal amount or maturity amount of any Series 2025E Bond or Series 2025E Bonds, as the case may be, so surrendered, and payable to the appropriate registered owner, assignee, or assignees, as the case may be. If a portion of any Series 2025E Bond shall be redeemed prior to its scheduled maturity as provided herein, a substitute Series 2025E Bond or Series 2025E Bonds having the same maturity date, of like series or subseries and bearing or accruing interest at the same rate, in any Authorized Denomination at the written request of the registered owner, and in an aggregate principal amount or maturity amount, as the case may be, equal to the unredeemed portion thereof, will be issued to the registered owner upon surrender thereof for cancellation. The Paying Agent/Registrar promptly shall cancel all Series 2025E Bonds surrendered for conversion and exchange or replacement. If any Series 2025E Bond or portion thereof is assigned and transferred or converted, each Series 2025E Bond issued in exchange therefor shall have the same principal maturity date, be of like series or subseries and bear or accrue interest at the same rate, as the Series 2025E Bond for which it is being exchanged.

(c) No Additional Actions Necessary. No additional ordinances, orders, or resolutions need be passed or adopted by the Board or any other Person so as to accomplish the foregoing conversion and exchange or replacement of any Series 2025E Bond or portion thereof, and the Paying

Agent/Registrar shall provide for the printing, execution and delivery of the substitute Series 2025E Bonds in the manner prescribed herein. All Series 2025E Bonds issued in conversion and exchange or replacement of any other Series 2025E Bond or portion thereof (i) shall be issued in fully registered form with the principal of and interest on such Series 2025E Bonds to be payable only to the registered owners thereof, (ii) may be redeemed prior to their scheduled maturities, (iii) may be transferred and assigned, (iv) may be converted and exchanged for other Series 2025E Bonds, shall have the characteristics, (v) shall be signed and sealed, and (vi) the principal of and interest thereon shall be payable, all if and as provided with respect to the Series 2025E Bonds, and in the manner required or indicated, in ARTICLE II of this Resolution. Each substitute Series 2025E Bond shall bear a letter and/or number to distinguish it from each other Series 2025E Bond. Each fully registered Series 2025E Bond delivered in conversion of and exchange for or replacement of any Series 2025E Bond or portion thereof as permitted or required by any provision of this Resolution shall constitute one of the Series 2025E Bonds for all purposes of this Resolution, and may again be converted and exchanged or replaced.

(d) Authentication Certificate. On each substitute Series 2025E Bond issued in conversion of and exchange for or replacement of any Series 2025E Bond or Series 2025E Bonds issued under this Resolution there shall be printed thereon a Paying Agent/Registrar's Authentication Certificate (the "**Authentication Certificate**"), in the form set forth in the FORM OF BOND. An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Series 2025E Bond, date and manually sign the Authentication Certificate, and no such Series 2025E Bond shall be deemed to be issued or outstanding unless the Authentication Certificate is so executed. Upon the execution of the Authentication Certificate, the converted and exchanged or replaced Series 2025E Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Initial Bonds which originally were delivered pursuant to this Resolution, approved by the Attorney General, and registered by the Comptroller.

(e) Restrictions on Transfer or Exchange. Neither the Board, the State nor the Paying Agent/Registrar shall be required (i) to issue, transfer, or exchange any Series 2025E Bond subject to redemption during a period beginning at the opening of business thirty (30) days before the day of the first mailing of a notice of redemption of Series 2025E Bonds and ending at the close of business on the day of such mailing or (ii) to transfer or exchange any Series 2025E Bond after it is selected for redemption, in whole or in part, prior to the redemption date; except that at the option of the registered owner of at least $1,000,000 in principal amount of Series 2025E Bonds, the Paying Agent/Registrar shall be required to transfer or exchange any such Series 2025E Bond which has been selected in whole or in part for redemption upon surrender thereof. In which event, the Paying Agent/Registrar may make such arrangements as it deems appropriate for notation on each new Series 2025E Bond issued in exchange for or upon transfer of the Series 2025E Bond so selected for redemption of an appropriate legend to the effect that such new Series 2025E Bond has been so selected for redemption.

(f) Payment of Fees. The registered owner of any Series 2025E Bond requesting any conversion and exchange shall pay the Paying Agent/Registrar's reasonable and standard or customary fees and charges for converting and exchanging any such Series 2025E Bond or portion thereof, together with any taxes or governmental charges required to be paid with respect thereto, all as a condition precedent to the exercise of such privilege of conversion and exchange; except that in the case of the conversion and exchange of an assigned and transferred Series 2025E Bond or any portion or portions thereof in any Authorized Denomination, and in the case of the conversion and exchange of the unredeemed portion of a Series 2025E Bond which has been redeemed in part prior to maturity, as

provided in this Resolution, such fees and charges will be paid by the Board. In addition, the Board hereby covenants with the registered owners of the Series 2025E Bonds that it will pay the (i) reasonable and standard or customary fees and charges of the Paying Agent/Registrar for its services with respect to the payment of the principal of and interest on the Series 2025E Bonds, when due, and (ii) fees and charges of the Paying Agent/Registrar for services with respect to the transfer or registration of Series 2025E Bonds, and with respect to the conversion and exchange of Series 2025E Bonds solely to the extent above provided.

Section 2.08 Owners of Bonds. The Person in whose name any Series 2025E Bond shall be registered in the Registration Books at any time shall be treated as the absolute owner thereof for all purposes of this Resolution, whether such Series 2025E Bond shall be overdue, and the Board and the Paying Agent/Registrar shall not be affected by any notice to the contrary unless otherwise required by law; and payment of, or on account of, the principal of and premium, if any, and interest on any such Series 2025E Bond shall be made only to such registered owner. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2025E Bond to the extent of the sum or sums so paid.

Section 2.09 Damaged, Mutilated, Lost, Stolen or Destroyed Bonds.

(a) Replacement. In the event any outstanding Series 2025E Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new Series 2025E Bond of the same principal amount or maturity amount, as the case may be, maturity date, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Series 2025E Bond, in replacement for such Series 2025E Bond in the manner hereinafter provided.

(b) Application for Replacement. Application for replacement of damaged, mutilated, lost, stolen, or destroyed Series 2025E Bonds shall be made to the Paying Agent/Registrar. In every case of loss, theft or destruction of a Series 2025E Bond, the applicant for a replacement Series 2025E Bond shall furnish to the Board and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft or destruction of a Series 2025E Bond, the applicant shall furnish to the Board and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft or destruction of such Series 2025E Bond, as the case may be. In every case of damage or mutilation of a Series 2025E Bond, the applicant shall surrender to the Paying Agent/Registrar for cancellation the Series 2025E Bond so damaged or mutilated.

(c) Payment in Lieu of Replacement. Notwithstanding the foregoing provisions of this Section, in the event any such Series 2025E Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of, premium, if any, or interest on the Series 2025E Bond, the Board may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Series 2025E Bond) instead of issuing a replacement Series 2025E Bond, provided security or indemnity is furnished as above provided in this Section.

(d) Payment of Costs. Prior to the issuance of any replacement Series 2025E Bond, the Paying Agent/Registrar shall charge the owner of such Series 2025E Bond with all legal, printing, and other expenses in connection therewith. Every replacement Series 2025E Bond issued pursuant to the provisions of this Section by virtue of the fact that any Series 2025E Bond is lost, stolen or destroyed shall

constitute a contractual obligation of the Board whether the lost, stolen, or destroyed Series 2025E Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Resolution equally and proportionately with any and all other Series 2025E Bonds duly issued under this Resolution.

(e) Legal Authority. In accordance with Chapter 1206, this Section shall constitute authority for the issuance of any such replacement Series 2025E Bond without necessity of further action by the Board of any other Person, and the duty of the replacement of such Series 2025E Bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Series 2025E Bonds in the form and manner and with the effect, as provided in Section 2.07 for Series 2025E Bonds issued in conversion and exchange for other Series 2025E Bonds.

Section 2.10 Successor Paying Agent/Registrars. The Board covenants with the registered owners of the Series 2025E Bonds that at all times while the Series 2025E Bonds are outstanding the Board will provide a competent and legally qualified bank or trust company to act as and perform the services of Paying Agent/Registrar for the Series 2025E Bonds under this Resolution, and that the Paying Agent/Registrar will be one entity. The Board reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than sixty (60) days' written notice to the Paying Agent/Registrar. 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 Board covenants that promptly it will appoint a competent and legally qualified bank or trust company which shall be a corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers, subject to supervision or examination by federal or state authority, 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 2025E Bonds, to the new Paying Agent/Registrar designated and appointed by the Board. Upon any change in the Paying Agent/Registrar, the Board promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Series 2025E Bonds, by United States mail, first-class, postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar and the Designated Payment/Transfer Office. 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.

Section 2.11 Book-Entry-Only System. The Initial Bonds shall be delivered to the Underwriters against payment received therefrom on the Date of Delivery. The senior managing underwriter named in Section 8.01 hereof, acting as the representative for the Underwriters, shall be required to promptly surrender the Initial Bonds to the Paying Agent/Registrar for exchange. Series 2025E Bonds issued in exchange therefor shall be registered in the name of Cede & Co., as nominee of DTC, as registered owner of the Series 2025E Bonds, and held in the custody of DTC. Unless otherwise requested by DTC, a single certificate will be issued and delivered to DTC for each maturity of the Series 2025E Bonds. Beneficial owners of Series 2025E Bonds will not receive physical delivery of Series 2025E Bond certificates except as provided hereinafter. For so long as DTC shall continue to serve as securities depository for the Series 2025E Bonds as provided herein, all transfers of beneficial ownership interests will be made by book-entry-only, and no investor or other party purchasing, selling or otherwise

transferring beneficial ownership of Series 2025E Bonds is to receive, hold or deliver any Series 2025E Bond certificate.

With respect to Series 2025E Bonds registered in the name of Cede & Co., as nominee of DTC, the Board and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any Person on whose behalf a DTC Participant holds an interest in the Series 2025E Bonds. Without limiting the immediately preceding sentence, the Board 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 2025E Bonds, (ii) the delivery to any DTC Participant or any other Person, other than a registered owner of the Series 2025E Bonds, as shown on the Registration Books, of any notice with respect to the Series 2025E Bonds, including any notice of redemption, and (iii) the payment to any DTC Participant or any other Person, other than a registered owner of the Series 2025E Bonds, as shown in the Registration Books, of any amount with respect to principal of or premium, if any, or interest on the Series 2025E Bonds.

Replacement Series 2025E Bonds may be issued directly to beneficial owners of Series 2025E Bonds other than DTC, or its nominee, but only in the event that: (i) DTC determines not to continue to act as securities depository for the Series 2025E Bonds (which determination shall become effective no less than ninety (90) days after written notice to such effect to the Board and the Paying Agent/Registrar); (ii) the Board has advised DTC of its determination (which determination is conclusive as to DTC and beneficial owners of the Series 2025E Bonds) that DTC is incapable of discharging its duties as securities depository for the Series 2025E Bonds; or (iii) the Board has determined (which determination is conclusive as to DTC and the beneficial owners of the Series 2025E Bonds) that the interests of the beneficial owners of the Series 2025E Bonds might be adversely affected if such book-entry-only system of transfer is continued. Upon occurrence of any of the foregoing events, the Board shall use its best efforts to attempt to locate another qualified securities depository to replace DTC. If the Board fails to locate another qualified securities depository to replace DTC, the Board shall cause to be authenticated and delivered replacement Series 2025E Bonds, in certificate form, to the beneficial owners of the Series 2025E Bonds. In the event that the Board makes the determination noted in (ii) or (iii) above (provided that the Board undertakes no obligation to make any investigation to determine the occurrence of any events that would permit the Board to make any such determination), and has made provisions to notify the beneficial owners of Series 2025E Bonds of such determination by mailing an appropriate notice to DTC, it shall cause to be issued replacement Series 2025E Bonds in certificate form to beneficial owners of the Series 2025E Bonds as shown on the records of DTC provided to the Board.

Whenever, during the term of the Series 2025E Bonds, the beneficial ownership thereof is determined by a book entry at DTC, the requirements in this Resolution of holding, delivering or transferring Series 2025E Bonds shall be deemed modified to require the appropriate Person or entity to meet the requirements of DTC as to registering or transferring the book entry to produce the same effect.

If at any time, DTC ceases to hold the Series 2025E Bonds as securities depository, (i) if the Board appoints a replacement securities depository, all references to DTC shall refer to such replacement securities depository and (ii) if the Board does not appoint a replacement securities depository, all references herein to DTC shall be of no further force or effect.

Section 2.12 All Bonds On Parity. No Financial Assistance Bond shall be entitled to priority of payment over any other Financial Assistance Bond in the application of any moneys made available by

law for the payment thereof, irrespective of the fact that some of the Financial Assistance Bonds may have been or may be delivered prior to the delivery of other Financial Assistance Bonds, it being the intent of this Resolution that all Financial Assistance Bonds shall rank equally on parity with each other.

ARTICLE III

REDEMPTION OF BONDS BEFORE MATURITY

Section 3.01 Limitation on Redemption. Unless otherwise provided in the Approval Certificate, the Series 2025E Bonds shall be subject to redemption before scheduled maturity only as provided in this Article. Any provision of this Article, including, without limitation, any provisions relating to the method or selection of Series 2025E Bonds for redemption may be modified in an Approval Certificate.

Section 3.02 Optional and Mandatory Redemption of Bonds. The Series 2025E Bonds shall be subject to optional redemption and mandatory redemption by the Board on behalf of the State prior to maturity in the manner and at the redemption price as described in the Approval Certificate. The FORM OF BOND shall be completed upon the execution of the Approval Certificate to reflect the redemption provisions, if any, applicable to Bonds as provided for in the Approval Certificate.

Section 3.03 Partial Redemption.

(a) The Series 2025E Bonds redeemed in part shall be selected for redemption as described in the FORM OF BOND.

(b) A portion of a single Bond of a denomination greater than an Authorized Denomination may be redeemed but only in a principal amount equal to a minimum Authorized Denomination or any integral multiple thereof. The Paying Agent/Registrar shall treat each minimum Authorized Denomination of such Bond as though it were a single Bond for purposes of selection for redemption.

(c) Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar shall authenticate and deliver an exchange Bond in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

Section 3.04 Notice of Redemption.

(a) The Paying Agent/Registrar shall record in the Registration Books all such redemptions of principal of the Series 2025E Bonds or any portion thereof. Notice of any redemption of the Series 2025E Bonds shall be given to the registered owners thereof by the Paying Agent/Registrar in the manner provided in the FORM OF BOND.

(b) In addition to the manner of providing notice of redemption of the Series 2025E Bonds as set forth in the FORM OF BOND, the Paying Agent/Registrar shall give notice of redemption of the Series 2025E Bonds by United States mail, first-class postage prepaid, at least thirty (30) days prior to a redemption date to each registered securities depository and to the MSRB. In addition, in the event of a redemption caused by an advance refunding of the Series 2025E Bonds, the Paying Agent/Registrar shall send a second notice of redemption to the Persons specified in the immediately preceding sentence at least thirty (30) days but not more than ninety (90) days prior to the actual redemption date. Any notice

sent to the registered securities depositories or the MSRB shall be sent so that they are received at least two (2) days prior to the general mailing, publication or electronic posting date of such notice. The Paying Agent/Registrar shall also send a notice of redemption to the registered owner of any Series 2025E Bonds who has not sent the Series 2025E Bonds in for redemption sixty (60) days after the redemption date. The failure to send, mail or receive any such notice described in this clause (b), or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Series 2025E Bond.

(c) The Board reserves the right to give notice of its election to optionally redeem Series 2025E Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of monies and/or Defeasance Securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date or (ii) that the Board retains the right to rescind such notice at any time prior to the scheduled redemption date if the Board delivers a certificate or other direction to the Paying/Agent Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice of redemption shall be of no effect if such monies and/or Defeasance Securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission to the affected Owners. Any Series 2025E Bonds subject to conditional redemption where redemption has been rescinded shall not constitute an event of default and shall remain outstanding.

(d) Each redemption notice, whether required in the FORM OF BOND or otherwise by this Resolution, shall contain a description of the Series 2025E Bonds to be redeemed, including the complete name of the Series 2025E Bonds, the series, the date of issue, the interest rate, the maturity date, the CUSIP number, if any, the amounts called of each Series 2025E Bond, the publication and mailing date for the notice, the date of redemption, the redemption price, the name of the Paying Agent/Registrar and the address at which the Series 2025E Bond may be redeemed including a contact person and telephone number.

(e) All redemption payments made by the Paying Agent/Registrar to the registered owners of the Series 2025E Bonds shall include a CUSIP number relating to each amount paid to such registered owner.

(f) Should notice to call Series 2025E Bonds for redemption at the option of the Board be given in the manner provided above, but the Board shall not be able to provide the Paying Agent/Registrar with amounts sufficient to effect on the date fixed for redemption the payment of the entire redemption price of the Series 2025E Bonds so called for redemption, no Series 2025E Bond shall be redeemed on the date fixed for redemption, and the notice of redemption for such Series 2025E Bonds shall be null and void. Such occurrence shall not result in default of the Board's payment obligations on the Series 2025E Bonds as provided herein or in the Series 2025E Bonds.

Section 3.05 Payment Upon Redemption.

(a) By each redemption date, the Board shall deposit with the Paying Agent/Registrar money sufficient to pay all amounts due on the redemption date.

(b) Upon presentation and surrender of any Bond called for redemption at the designated office of the Paying Agent/Registrar on or after the date fixed for redemption, the Paying Agent/Registrar

shall pay the principal of and accrued interest on such Bond to the date of redemption from the money provided for that purpose.

Section 3.06 Effect of Redemption.

(a) Notice of redemption having been given, and due provision having been made for payment, Series 2025E Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption; thereafter, such Series 2025E Bonds or portions thereof shall cease to bear interest from the date fixed for redemption, whether or not such Series 2025E Bonds are presented and surrendered for payment on such date.

(b) If the Board shall fail to make provision for the payment of all sums due on a redemption date, then any Series 2025E Bond or portion thereof called for redemption shall continue to bear interest until due provision is made for the payment of same by the Board.

ARTICLE IV

FORM OF BONDS AND CERTIFICATES

Section 4.01 Form of Bond and Certificates. The form of all Series 2025E Bonds, including the form of the Authentication Certificate and the form of Assignment to be printed on each of the Series 2025E Bonds, and the form of registration certificate of the Comptroller that shall accompany the Initial Bonds, shall be substantially in the form as set forth in the FORM OF BOND, with such appropriate variations, omissions or insertions as are permitted or required by this Resolution or the applicable Approval Certificate. The Series 2025E Bonds may have such letters, numbers or other identifying marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements thereon as may, consistent herewith, be approved by the Chair of the Board or the Authorized Representative.

Section 4.02 Opinion of Bond Counsel. A copy of the approving opinion of Orrick, Herrington & Sutcliffe LLP, bond counsel to the Board in connection with the issuance of the Series 2025E Bonds, in the form in which it is to be delivered upon payment for the Series 2025E Bonds, either will be printed on the reverse side of or otherwise attached to the Series 2025E Bonds or will be delivered to DTC if the Series 2025E Bonds are held in book-entry-only form; and the use of the lithographed or printed facsimile signature of the Executive Administrator to certify to the correctness of such copy is hereby authorized.

Section 4.03 Printing of Statement of Insurance. The Board hereby authorizes the printer of the Series 2025E Bonds to print thereon any statement of insurance with respect to the Series 2025E Bonds furnished by any municipal bond insurance company insuring the Series 2025E Bonds.

ARTICLE V

SECURITY AND PAYMENT OF BONDS; ESTABLISHMENT AND FLOW OF FUNDS

Section 5.01 General Obligations. The Financial Assistance Bonds, including the Previously Issued Financial Assistance Bonds, the Series 2025E Bonds, and the Series 2025F Bonds, constitute general obligations of the State pursuant to Section 49-d-8, and for the faithful performance in proper time and manner of each official or other act required and necessary to provide for the prompt payment of principal of and premium, if any, and interest on each of the Financial Assistance Bonds when due, the full faith and credit of the State and, in the manner herein provided, the resources of the Board are hereby pledged.

Section 5.02 Confirmation of Texas Water Development Fund II. It is found, determined and confirmed that Development Fund II has been established in the State Treasury. Pursuant to the Act, Development Fund II shall contain the State Participation Account, the Economically Distressed Areas Program Account and the Financial Assistance Account. In addition, Development Fund II may contain such additional accounts as the Board determines are necessary and convenient for the administration of Development Fund II.

Section 5.03 Confirmation of Constitutional and Statutory Funds.

(a) Section 49-d-8 and Legislative Powers. All Bond proceeds (other than any proceeds to be used to refund outstanding bonds or other obligations) shall be deposited in the State Treasury to the credit of the Financial Assistance Account. Section 49-d-8 provides that accounts within Development Fund II shall consist of certain identified items, and Subsection (g) of Section 49-d-8 further states that:

> "[Section 49-d-8] being intended only to establish a basic framework and not to be a comprehensive treatment of the Texas Water Development Fund II, there is hereby reposed in the legislature full power to implement and effectuate the design and objects of [Section 49-d-8], including the power to delegate such duties, responsibilities, functions, and authority to the Texas Water Development Board as it believes necessary."

(b) Financial Assistance Account. Consistent with the Act and Section 49-d-8, the "Texas Water Development Fund II Water Financial Assistance Account" (the "**Financial Assistance Account**") shall receive such moneys as described below, and the moneys therein shall be used as described below:

(i) Money and Assets Attributable to Bonds designated by the Board as issued for Water Assistance Projects;

(ii) payments received under a Bond Enhancement Agreement with respect to Financial Assistance Bonds designated by the Board as issued for Water Assistance Projects;

(iii) investment income earned on money on deposit in the Financial Assistance Account; and

(iv) any other funds, regardless of their source, that the Board directs be deposited to the credit of the Financial Assistance Account.

Except for those moneys that the Board determines are unavailable for such purpose, moneys on deposit in the Financial Assistance Account shall be used to pay principal of and interest on the Financial Assistance Bonds. The Board may use moneys on deposit in the Financial Assistance Account for Water Assistance Projects in any manner that the Board determines necessary for the administration of the Financial Assistance Account, consistent with the provisions of Section 49-d-8 and the laws of the State, including specifically the Act, and this Resolution. Moneys on deposit in the Financial Assistance Account may also be used for payment of the expenses of the Board incurred in connection with the issuance of the Financial Assistance Bonds and the administration of Development Fund II.

(c) Bond Payment Account. The Board has established in the State Treasury the "Texas Water Development Fund II Water Financial Assistance Bond Payment Account" (the "**Bond Payment Account**"), as a special account into which shall be deposited in the manner, within the time limits, and from sources as prescribed in Sections 5.04 and 5.05, amounts sufficient to pay when due the principal of and premium, if any, and interest payable on the Financial Assistance Bonds, including, to the extent determined by the Board, amounts sufficient to make payments by the Board under one or more Bond Enhancement Agreements with respect to principal of or interest on such Financial Assistance Bonds.

Section 5.04 Flow of Funds for Debt Service.

(a) Transfers for Payments of Bonds. While and so long as any Financial Assistance Bond is outstanding, on or before the date interest or interest on and principal of the Bonds is scheduled to become due and payable, the Board shall cause to be transferred, from the moneys available for such purpose in the Financial Assistance Account, to the Bond Payment Account an amount which shall be sufficient to pay the principal of and premium, if any, and interest on the Financial Assistance Bonds, including, to the extent determined by the Board, an amount which shall be sufficient to make payments by the Board under one or more Bond Enhancement Agreements with respect to principal of or interest on such Financial Assistance Bonds, when such interest or principal and interest, and premium, if any, or such payments, if any, become due and payable, with allowance being made for moneys currently on deposit in the Bond Payment Account and available to make such payments.

(b) Notice to Comptroller of Insufficient Funds. If the Executive Administrator or the designee thereof determines within fifteen (15) days of an interest or principal payment date that the money available in the Financial Assistance Account for transfer to the Bond Payment Account, as described in subsection (a) of this Section, is not sufficient to pay the principal of, premium, if any, and interest on the Financial Assistance Bonds which then are outstanding and are scheduled to be due and payable on such interest or principal payment date, including, to the extent determined by the Board, an amount which shall be sufficient to make payments by the Board under one or more Bond Enhancement Agreements with respect to principal of or interest on such Financial Assistance Bonds, it is hereby made the duty of the Executive Administrator or the designee thereof to request the Comptroller to deposit in the Bond Payment Account out of the first moneys coming into the State Treasury, not later than three (3) days prior to such interest or principal payment date, or as soon thereafter as sufficient money shall have been received in the State Treasury, an amount sufficient so that the total amount in the Bond Payment Account will be sufficient to pay the principal, premium, if any, and interest to mature and come due on such interest or principal payment date, or to make any payments by the Board, to the extent

determined by the Board, under any Bond Enhancement Agreement with respect to principal of or interest on such Financial Assistance Bonds, and to pay all collection and exchange charges in connection therewith.

(c) Use of Remaining Moneys. After making the transfers for the benefit of the Bond Payment Account as provided above in this Section, other available moneys remaining in the Financial Assistance Account may, at the direction of the Board, be used for all of the purposes for which the Board may expend moneys in the Financial Assistance Account under Section 49-d-8.

(d) Bond Enhancement Agreement. Payments to be made by the Board under the terms of a Bond Enhancement Agreement shall be governed by the resolution adopted by the Board authorizing the execution and delivery of such Bond Enhancement Agreement.

(e) Transfers Upon Board Resolution. Anything contained in this Section to the contrary notwithstanding, money in the Financial Assistance Account representing proceeds from a series of Financial Assistance Bonds, prepayments of financial assistance provided from the Financial Assistance Account, or proceeds from the sale or other disposition of the Board's rights to receive repayment of such financial assistance shall not be available for transfer to the Bond Payment Account unless by resolution the Board specifically authorizes the transfer of any such proceeds or prepayments so identified in said resolution to the Bond Payment Account. Proceeds from the Series 2025E Bonds shall be deposited to the Bond Payment Account to the extent specified in the applicable Approval Certificate.

Section 5.05 Constitutional Provisions for Debt Payment. The Board recognizes the absolute and ultimate obligation of the State to provide during each Fiscal Year all money necessary for the payment of the principal of and premium, if any, and interest on the Financial Assistance Bonds, including payments by the Board under one or more Bond Enhancement Agreements with respect to principal of or interest on such Financial Assistance Bonds, when such interest or principal and interest become due, out of the first moneys coming into the State Treasury, in such Fiscal Year, not otherwise appropriated by the State Constitution, as set forth in Subsection (e) of Section 49-d-8, as follows:

> "... If there is not enough money in any account available to pay the principal of and interest on the general obligation bonds issued for such account, including money to make payments by the Texas Water Development Board under a bond enhancement agreement as authorized by law with respect to principal of or interest on such bonds, there is appropriated out of the first money coming into the state treasury in each fiscal year not otherwise appropriated by this constitution an amount that is sufficient to pay the principal of and interest on such general obligation bonds that mature or become due during that fiscal year or to make bond enhancement payments with respect to those bonds."

Section 5.06 Deposit and Transfer of Funds - Duties of Comptroller. The Comptroller is hereby authorized and directed to make the deposits and transfers (including specifically deposits and transfers required to be made as provided in Section 5.03 hereof) required under all provisions of the resolutions authorizing the Financial Assistance Bonds, including this Resolution. The Comptroller is hereby authorized and directed to do all things necessary or convenient to make current funds available at the place of payment for the Financial Assistance Bonds (including the Designated Payment/Transfer Office of the Paying Agent/Registrar for the Series 2025E Bonds) to pay principal of and interest on all

Financial Assistance Bonds as they mature and come due and to provide such current funds as are required for the redemption thereof prior to maturity, or to make any payments under one or more Bond Enhancement Agreements with respect to principal of or interest on such Financial Assistance Bonds, all in accordance with their respective authorizing resolutions. It is made the duty of the Comptroller to make such deposits and transfers as are required in instances wherein the Board exercises its option to call Financial Assistance Bonds for payment prior to maturity. Remittances to the place of payment for the Financial Assistance Bonds (including the Designated Payment/Transfer Office of the Paying Agent/Registrar for the Series 2025E Bonds) of money for payment of principal and interest or for redemption of Financial Assistance Bonds must be made in accordance with the provisions hereof.

Section 5.07 Payment of Bonds. The Board hereby covenants that it shall establish procedures with the Comptroller whereby sufficient moneys shall be withdrawn from the Bond Payment Account and forwarded to the place of payment for the Financial Assistance Bonds (including the Paying Agent/Registrar for the Series 2025E Bonds) for the payment of interest on and principal of the Financial Assistance Bonds, and any premium thereon, becoming due on each interest or principal payment date. The Board further covenants that it shall establish procedures with the Comptroller whereby sufficient moneys shall be withdrawn from the Bond Payment Account and forwarded to the place of payment for the payments, if any, to be made under one or more Bond Enhancement Agreements with respect to the principal of or interest on such Financial Assistance Bonds. In addition, the Board covenants that such moneys shall be forwarded to the place of payment for the Financial Assistance Bonds (including the Designated Payment/Transfer Office of the Paying Agent/Registrar for the Series 2025E Bonds), or the place of payment for such payments, if any, to be made under any such Bond Enhancement Agreement, no later than each such interest or principal payment date.

Section 5.08 Cooperation with State Officers. It is the duty of the Board, its officers, employees and agents (who are hereby so authorized and directed) to cooperate with and aid the Comptroller in calculating the amounts to be deposited in, or transferred to, the appropriate accounts and in ascertaining the amounts to be remitted to the place of payment for the Financial Assistance Bonds (including the Designated Payment/Transfer Office of the Paying Agent/Registrar for the Series 2025E Bonds), or the place of payment for such payments, if any, to be made under any such Bond Enhancement Agreement.

Section 5.09 Investment of Funds. All money in Development Fund II and the accounts created therein that is not immediately committed to the purposes thereof or the payment of the Financial Assistance Bonds issued for any such account may be invested by the Board in Eligible Investments, and the Board may sell any Eligible Investment at the governing market rate.

ARTICLE VI

COVENANTS AND REMEDIES

Section 6.01 Special Covenant. The Board covenants that it will faithfully and promptly deposit into the Financial Assistance Account all money received from the sale of obligations acquired from Political Subdivisions with moneys from the Financial Assistance Account.

Section 6.02 Covenants to Maintain Tax-Exempt Status.

(a) Definitions. When used in this Section, the following terms have the following meanings:

"**Closing Date**" means the date on which the Common Issue Bonds are first authenticated and delivered to the initial purchasers thereof against payment therefor.

"**Code**" means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date.

"**Computation Date**" has the meaning set forth in Section 1.148-1(b) of the Regulations.

"**Gross Proceeds**" means any proceeds as defined in Section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in Section 1.148-1(c) of the Regulations, of the Common Issue Bonds.

"**Investment**" has the meaning set forth in Section 1.148-1(b) of the Regulations.

"**Nonpurpose Investment**" means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of the Common Issue Bonds are invested and which is not acquired to carry out the governmental purposes of the Common Issue Bonds.

"**Rebate Amount**" has the meaning set forth in Section 1.148-1(b) of the Regulations.

"**Regulations**" means any proposed, temporary, or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Common Issue Bonds. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

"**Yield**" of

(i) any Investment has the meaning set forth in Section 1.148-5 of the Regulations; and

(ii) the Common Issue Bonds has the meaning set forth in Section 1.1484 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The Board shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any Common Issue Bond to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the Board receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Common Issue Bond, the Board shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by section 141 of the Code and the Regulations and rulings thereunder, the Board shall at all times prior to the last stated maturity of the Common Issue Bonds:

(1) take any action necessary to assure that state or local governments exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Common Issue Bonds, and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(2) take any action necessary to assure that state or local governments do not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Common Issue Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, unless either (i) such use is merely as a member of the general public on the same terms as all other members of the general public, except possibly any rate differences corresponding to amount of use or (ii) such charge or payment consists of taxes of general application within the state or local governments or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan. Except to the extent permitted by section 141 of the Code and the Regulations and rulings thereunder, the Board shall not use Gross Proceeds of the Common Issue Bonds and shall take any action necessary to assure that Gross Proceeds of the Common Issue Bonds are not used to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be "loaned" to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

(e) Allocation of, and Limitation on, Expenditures for Loans to Political Subdivisions. The Board shall account for the expenditure of the proceeds from the sale of the Common Issue Bonds and any investment earnings thereon to be used for the purposes described in Section 2.01 on its books and records in accordance with the requirements of the Code. The Board 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 Common Issue Bonds.

(f) Disposition of Loans to Political Subdivisions. Loans to Political Subdivisions will not be sold or otherwise disposed in a transaction resulting in the receipt by the Board of cash or other compensation, unless the Board obtains an opinion of nationally- recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Common Issue Bonds, the proceeds of which were used to make or refinance the making of such loans. The Board shall assure that Political Subdivisions, or any related persons thereto, will be prohibited from purchasing the Common

Issue Bonds or a portion thereof in an amount related to the amount of the loan to be acquired by the Board from any such Political Subdivision.

(g) Not to Invest at Higher Yield. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the Board shall not at any time prior to the final stated maturity of the Common Issue Bonds directly or indirectly invest Gross Proceeds in any Investment, if as a result of such investment the Yield of any Investment acquired with Gross Proceeds, whether then held or previously disposed of, exceeds the Yield of the Common Issue Bonds.

(h) Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the Regulations and rulings thereunder, the Board shall not take or omit to take any action which would cause the Common Issue Bonds to be federally guaranteed within the meaning of section 149(b) of the Code and the Regulations and rulings thereunder.

(i) Information Report. The Board shall timely file the information required by section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(j) Rebate of Arbitrage Profits. Except to the extent otherwise provided in section 148(f) of the Code and the Regulations and rulings thereunder:

(1) The Board shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last outstanding Common Issue Bond is discharged. However, to the extent permitted by law, the Board may commingle Gross Proceeds of the Common Issue Bonds with other money of the Board, provided that the Board separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(2) Not less frequently than each Computation Date, the Board shall calculate the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Regulations and rulings thereunder. The Board shall maintain such calculations with its official transcript of proceedings relating to the issuance of the Common Issue Bonds until six years after the final Computation Date.

(3) As additional consideration for the purchase of the Common Issue Bonds by the purchasers thereof and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the Board shall pay to the United States the amount that when added to the future value of previous rebate payments made for the Common Issue Bonds equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such

other forms and information as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder. In order to facilitate compliance with this covenant, a "Rebate Fund" is hereby established by the Board 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, any bondholder. The Rebate Fund Is established for the additional purpose of compliance with section 148 of the Code.

(4) The Board shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (2) and (3), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) of the Regulations.

(k) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the Board shall not, at any time prior to the earlier of the stated maturity or final payment of the Common Issue Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection (j) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Common Issue Bonds not been relevant to either party.

(l) Elections. The Board hereby directs and authorizes the Executive Administrator and the Chief Financial Officer of the Board, either or any combination of them, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Common Issue Bonds, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

(m) Common Issue Bonds Not Hedge Bonds.

(1) At the time the original bonds refunded by the Common Issue Bonds were issued, the Board reasonably expected that at least 85% of the spendable proceeds of such bonds would be spent within three years after such bonds were issued.

(2) Not more than 50% of the proceeds of the original bonds refunded by the Common Issue Bonds were invested in Nonpurpose Investments having a substantially guaranteed Yield for a period of 4 years or more.

Section 6.03 Creation of Accounts and Subaccounts. The Board covenants that it will maintain within the funds and accounts described in Section 5.03 such accounts and subaccounts as the Board, in cooperation with the Comptroller, determines necessary for the convenient and efficient administration of such funds and accounts so as not to commingle moneys derived from the issuance of or dedicated to the payment of bonds or other obligations issued by the Board, the interest on which is exempt from federal income taxation under the applicable provisions of the Code.

Section 6.04 Remedies of Bondholders. All rights available to the owners of the Financial Assistance Bonds under the Constitution and the laws of the State, including, without limitation, Section 17.970, Texas Water Code, to compel the performance of their official duties by the Board, its

officers and employees, and by other officers of the State to the end that the principal of and interest on the Financial Assistance Bonds may be paid promptly, are hereby recognized.

Section 6.05 Bond Enhancement Agreements. Pursuant to authority granted to the Board by Section 17.954, Texas Water Code, the Board reserves the right at any time and from time to time to enter into one or more Bond Enhancement Agreements that the Board hereafter determines to be necessary or appropriate to place the obligation of the Board, as represented by the Series 2025E Bonds, in whole or in part, on the interest rate, currency, cash flow, or other basis desired by the Board.

ARTICLE VII

SUPPLEMENTS AND AMENDMENTS

Section 7.01 Amendment of Resolution with Consent of Registered Owners.

(a) Amendments Requiring Consent. The registered owners of Series 2025E Bonds aggregating in principal amount at least 51% of the aggregate principal amount or maturity amount, as the case may be, of the Series 2025E Bonds at the time outstanding (but not including in any case Series 2025E Bonds which may then be held or owned by or for the account of the Board) shall have the right from time to time to approve an amendment of this Resolution which may be deemed necessary or desirable by the Board; *provided*, *however*, that nothing herein contained shall permit or be construed to permit the amendment of the terms and conditions contained in this Resolution or in the Series 2025E Bonds so as to:

(i) make any change in the maturity of any of the Series 2025E Bonds;

(ii) reduce the rate of interest borne by any of the Series 2025E Bonds;

(iii) reduce the principal amount or maturity amount, as applicable, payable on any of the Series 2025E Bonds;

(iv) modify the terms of payment of principal of or interest on or maturity amount of, as the case may be, any Series 2025E Bond, or impose any conditions with respect to such payment;

(v) change the minimum percentage of the principal amount or maturity amount of the Series 2025E Bonds necessary for consent to such amendment; or

(vi) affect the rights of the registered owners of less than all of the Series 2025E Bonds then outstanding;

unless such amendment or amendments be approved by the registered owners of all of the Series 2025E Bonds at the time outstanding.

(b) Notice. If at any time the Board shall desire to amend this Resolution under this Section, the Board shall cause notice of the proposed amendment to be published in a financial newspaper or journal published in The City of New York, New York, or the City of Austin, Texas, once during each calendar week for at least four (4) successive calendar weeks. Such notice shall briefly set forth the

nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of the Board and the designated office of the Paying Agent/Registrar for inspection by all registered owners of Series 2025E Bonds. Such publication is not required, however, if notice in writing is given to each registered owner.

(c) Adoption of Amendatory Resolution. Whenever at any time, within one (1) year from the date of this publication of said notice or other service of written notice, the Board shall receive an instrument or instruments executed by the registered owners of at least 51% in aggregate principal amount or maturity amount, as the case may be, of Series 2025E Bonds then outstanding, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file with the Paying Agent/Registrar, the Board may adopt the amendatory resolution in substantially the same form.

(d) Effectiveness of Consents. Any consent given by the registered owner of a Series 2025E Bond pursuant to the provisions of this Resolution shall be irrevocable for a period of six (6) months from the date of the first publication or mailing of the notice provided for in this Resolution, and shall be conclusive and binding upon all future registered owners of the same Series 2025E Bond during such period. Such consent may be revoked at any time after six (6) months from the date of the first publication or mailing of such notice by the registered owner who gave such consent, or by a successor in title, by filing notice of such revocation with the Paying Agent/Registrar and the Board, but such revocation shall not be effective if the registered owners of at least 51% in aggregate principal amount and maturity amount, as applicable, of the Series 2025E Bonds outstanding as in this Section defined have, prior to the attempted revocation, consented to and approved the amendment.

(e) Proof of Ownership. For the purposes of this Section, proof of ownership of any Series 2025E Bond shall be established by the registration of any such Series 2025E Bond on the Registration Books kept and maintained by the Paying Agent/Registrar.

Section 7.02 Amendment of Resolution Without Consent of Registered Owners.

(a) Amendments Not Requiring Consent. The foregoing provisions of this Article notwithstanding, the Board may, without prior notice to or the consent of the registered owners, pursuant to an amendatory resolution, from time to time:

(i) impose conditions or restrictions additional to, but not in diminution of, those contained in this Resolution, respecting the issuance of Financial Assistance Bonds;

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

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

(iv) adopt amendments to this Resolution that provide for the payment of principal of and interest on the Financial Assistance Bonds or the payment of administrative expenses of the Board from Bond proceeds; or

(v) adopt amendments to this Resolution (including specifically, without limitation, amendments under authority of Section 7.02 and 9.04) that, in the opinion of nationally-recognized bond counsel acceptable to the Board, do not adversely affect the registered owners.

(b) Specific Amendments not Requiring Consent. In addition to the foregoing, the Board expressly reserves the right, without prior notice to or consent from the registered owners of the Financial Assistance Bonds, to amend the provisions of ARTICLE VII of this Resolution to reflect subsequent amendments to the State Constitution and the Act, including, without limitation, amendments altering:

(i) the administration of Development Fund II; or

(ii) the accounts within Development Fund II; or

(iii) the deposit or application of moneys received by the Board as repayments of loans to Political Subdivisions and interest on those loans, or proceeds from the sale, transfer or lease of facilities held for any account within Development Fund II; or

(iv) the use of the proceeds of the Financial Assistance Bonds; or

(v) the rights, duties and obligations of the Comptroller as specified in ARTICLE VII; or

(vi) the procedure for payment of the Financial Assistance Bonds; or

(vii) the payment of expenses of administering Development Fund II and other authorized expenses of the Board; or

(viii) the administration of the Water Infrastructure Fund;

provided, *however*, that such amendments to this Resolution can be made only if:

(A) the Board receives an opinion of nationally-recognized bond counsel acceptable to the Board to the effect that such amendments comply with the Act and this Resolution, that the Financial Assistance Bonds continue to be general obligations of the State and the State Constitution provides for appropriation out of the first money coming into the State Treasury in each Fiscal Year, not otherwise appropriated by the State Constitution, of an amount sufficient to pay the principal of and interest on the Financial Assistance Bonds that mature or become payable during that Fiscal Year, to the extent the same are not otherwise paid from funds pledged to their payment;

(B) bond counsel acceptable to the Board renders an opinion substantially to the effect that any such amendment will not adversely affect the excludability of interest on any tax-exempt Financial Assistance Bonds from gross income for federal income tax purposes; and

(C) each nationally-recognized securities rating agency that issued a rating at the time the Financial Assistance Bonds were initially delivered to the underwriters or purchasers thereof and that has a then existing rating thereon confirms in writing that

subsequent to any such amendment, the Financial Assistance Bonds will continue to be rated as general obligation bonds of the State.

(c) Notice. If the Board so amends this Resolution as provided in subsection (b) above, it shall cause notice of such amendment to be published one (1) time in a financial newspaper or journal of general circulation in the City of New York, New York, or the City of Austin, Texas. Such notice shall contain a summary of the amendatory language, recite that the conditions set forth in clauses (viii)(A), (B) and (C) of subsection (b) have been satisfied, and recite the effective date of such amendment. Such notice shall be published within thirty (30) days of the effective date of such amendment as set forth in such notice. Such notice shall state that a copy thereof is on file at the principal office of the Board for inspection. Such publication is not required, however, if written notice is given to each registered owner of the Financial Assistance Bonds.

Section 7.03 Effect of Amendatory Resolutions. Upon the adoption of any amendatory resolution pursuant to the provisions of this Section, this Resolution shall be deemed to be amended in accordance with such amendatory resolution, and the respective rights, duties and obligations of the Board under this Resolution and all the registered owners of outstanding Series 2025E Bonds shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such amendments.

Section 7.04 Bonds May Bear Notation. Series 2025E Bonds authenticated and delivered after the execution of any amendatory resolution pursuant to this Article may bear a notation in form approved by the Paying Agent/Registrar as to any matter provided for in such amendatory resolution. If the Board or the Paying Agent/Registrar shall so determine, new Series 2025E Bonds so modified as to conform, in the opinion of the Board and the Paying Agent/Registrar, to any such amendatory resolution may be prepared and executed by the Board and authenticated and delivered by the Paying Agent/Registrar in exchange for the Series 2025E Bonds then outstanding.

ARTICLE VIII

PROVISIONS CONCERNING SALE OF BONDS

Section 8.01 Issuance and Sale of Bonds.

(a) Approval Certificate. An Authorized Representative, acting for and on behalf of the Board, shall approve, execute and deliver one or more Approval Certificates, which completed and executed Approval Certificates shall evidence the sale (including the date of such sale) of a series or subseries of Series 2025E Bonds by the Board to the Underwriters. The Approval Certificate shall contain a finding substantially to the effect that based on recommendations made to the Authorized Representative by the financial advisor to the Board, the terms of the sale of the Series 2025E Bonds were the most advantageous to the Board reasonably obtained, and the sale of the Series 2025E Bonds is in the best interests of the Board.

(b) Underwriters. BofA Securities, Inc. is hereby designated as the senior managing underwriter for the Underwriters. The Authorized Representative, acting for and on behalf of the Board, shall select such additional investment banking firms as deemed appropriate to assure that the Series 2025E Bonds are sold on terms advantageous to the Board.

(c) Purchase Agreement. The Purchase Agreement shall be in substantially the form utilized in connection with the sale of Previously Issued Financial Assistance Bonds. A Purchase Agreement shall contain the terms of the sale of the Series 2025E Bonds, as negotiated by the Authorized Representative in accordance with the terms hereof. At the direction of an Authorized Representative, Series 2025E Bonds, and Series 2025F Bonds may be sold, but are not required to be sold, pursuant to the terms of a common Purchase Agreement. Each Authorized Representative is hereby authorized and directed to execute the Purchase Agreement for and on behalf of the Board. An Authorized Representative's approval of a Purchase Agreement shall be conclusively evidenced by the execution thereof. It is hereby officially found, determined, and declared that the terms of this sale were and are to be negotiated under authority granted by Section 17.955, Texas Water Code.

(d) Ratings. No Series 2025E Bonds shall be delivered unless prior to delivery, the particular series or subseries of Series 2025E Bonds shall have been rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for long term obligations, as required by Chapter 1371.

(e) Payment of Attorney General Fee. The Board hereby authorizes the payment of the fee of the Attorney General for the examination of the proceedings relating to the issuance of the Series 2025E Bonds, in the amount determined in accordance with the provisions of Section 1202.004, Texas Government Code.

(f) Effect of Determination Made by Authorized Representative. A finding or determination made by an Authorized Representative acting under the authority delegated thereto by this Resolution with respect to all matters relating to the issuance and sale of the Series 2025E Bonds shall have the same force and effect as a finding or determination made by the Board.

Section 8.02 Official Statement. Prior to execution of a Purchase Agreement, the Authorized Representative, acting for and on behalf of the Board, shall cause a preliminary Official Statement to be prepared for distribution in connection with the initial offering and sale of the Series 2025E Bonds, such document to be in substantially the form utilized in connection with the sale of Previously Issued Financial Assistance Bonds, with such changes and completions as the Authorized Representative may deem necessary or appropriate to enable the Authorized Representative, acting for and on behalf of the Board, to deem the preliminary Official Statement to be final as of its date, except for such omissions as are permitted by the Rule. Within seven (7) business days after the execution of a Purchase Agreement, the Authorized Representative, acting for and on behalf of the Board, shall cause a final Official Statement to be provided to the Underwriters in compliance with the Rule and the rules of the MSRB. The use of such final Official Statement by the Underwriters is hereby approved and authorized and the proper officials of the Board are authorized to sign such Official Statement.

Section 8.03 Custody of Bonds. After the Initial Bonds have been executed, it shall be the duty of the Chair of the Board, or some officer, employee or attorney of the Board acting through authority therefrom, to deliver the Initial Bonds to the Attorney General for examination and approval. After the Initial Bonds shall have been approved by the Attorney General they shall be delivered to the Comptroller for registration. The Initial Bonds thus registered shall remain in the custody of the Chair of the Board, or some officer, employee or attorney of the Board acting through authority therefrom, or subject to the order of the Chair, until delivery of the Series 2025E Bonds to the Underwriters on the Date of Delivery.

Section 8.04 Use of Bond Proceeds. Proceeds from the sale of Series 2025E Bonds shall, promptly upon receipt by the Board, be deposited to the credit of the funds and accounts described in this Resolution and applied in the manner specified in the applicable Approval Certificate signed by an Authorized Representative.

ARTICLE IX

CONTINUING DISCLOSURE UNDERTAKING

Section 9.01 Continuing Disclosure Undertaking of the Comptroller.

(a) General. The Board and the legal and beneficial owners of the Series 2025E Bonds are third-party beneficiaries of the Continuing Disclosure Agreement. The Comptroller is required to observe the Continuing Disclosure Agreement in respect of any issue of "Securities," as defined in the Continuing Disclosure Agreement (which include the Series 2025E Bonds), for so long as the State remains an "obligated person" as defined in the Rule. Under the Continuing Disclosure Agreement, the Comptroller will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the MSRB as described below.

(b) Annual Reports of the State. Pursuant to the Continuing Disclosure Agreement, the Comptroller will provide certain updated financial information and operating data to the MSRB annually. The Comptroller is not obligated to provide such financial and operating data more frequently than on an annual basis. The information to be updated includes all quantitative financial information and operating data with respect to the State of the general type included in the Bond Appendix. The Comptroller will update and provide this information within 195 days after the end of each fiscal year of the State. The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's EMMA website or filed with the SEC, as permitted by the Rule. The updated information provided by the Comptroller may be provided on a cash basis and need not be audited, but the Comptroller will provide audited financial statements of the State prepared in accordance with generally accepted accounting principles for governmental entities when the State Auditor completes its statutorily required audit of such financial statements. The accounting principles pursuant to which such financial statements must be prepared may be changed from time to time to comply with State law.

(c) Event Notices of the Comptroller. Under the Continuing Disclosure Agreement, the Comptroller has also agreed to provide notice to the MSRB of any of the following events, with respect, to the Series 2025E Bonds, in a timely manner and not more than ten (10) business days after occurrence of the event:

(i) incurrence of a Financial Obligation of the State, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the State, any of which affect security holders, if material; and

(ii) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the State, any of which reflect financial difficulties.

(d) Change in State Fiscal Year. The State's current fiscal year end is August 31. If the State changes its fiscal year, the Comptroller will notify the MSRB of the change prior to the next date by which the Comptroller otherwise would be required to provide financial information and operating data as described above.

Section 9.02 Continuing Disclosure Undertaking of the Board.

(a) Annual Reports of the Board. The Board shall provide annually to the MSRB, within 195 days after the end of each Fiscal Year ending in or after 2025, financial information and operating data with respect to the Board and the State of the general type included in Table 1, Table 2, and Appendix B of the final Official Statement authorized by Section 8.02 hereof, being the information described in **Exhibit B** hereto. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles described in **Exhibit B** hereto and (2) audited, if the Board or the State, as appropriate, commissions an audit of such statements and the audit is completed within the period during which they must be provided. If audited financial statements are not so provided, then the Board shall provide unaudited financial statements within the required time for the applicable Fiscal Year to the MSRB, and audited financial statements when and if audited financial statements become available.

(b) Event Notices of the Board. The Board shall notify the MSRB, in a timely manner not in excess of ten (10) Business Days after the occurrence of any of the following events with respect to the Series 2025E Bonds:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2025E Bonds, or other material events affecting the tax status of the Series 2025E Bonds;

(7) Modifications to rights of holders of the Series 2025E Bonds, if material;

(8) Series 2025E Bond calls, if material, and tender offers;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the Series 2025E Bonds, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the Board;

(13) The consummation of a merger, consolidation, or acquisition involving the Board or the sale of all or substantially all of the assets or business of the Board, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) Appointment of a successor or additional Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material.

As used in clause 12 above, the phrase "bankruptcy, insolvency, receivership or similar event" means the appointment of a receiver, fiscal agent or similar officer for the Board in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Board, or if jurisdiction has been assumed by leaving the Board and officials or officers of the Board in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Board. The Board shall notify the MSRB, in a timely manner, of any failure by the Board to provide financial information or operating data in accordance with Section 9.02(a) by the time required by such Section.

(c) Change in Board Fiscal Year. If the Board changes its Fiscal Year, it will notify the MSRB of the change (and of the date of the new Fiscal Year end) prior to the next date by which the Board otherwise would be required to provide financial information and operating data pursuant to this Section.

Section 9.03 Incorporation by Reference. The financial information and operating data to be provided pursuant to this Article may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB or filed with the SEC, as permitted by the Rule. All filings shall be made electronically, in the format specified by the MSRB.

Section 9.04 Limitations, Disclaimers, and Amendments. The Board shall be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the Board or the State remains an "obligated person" with respect to the Series 2025E Bonds within the meaning of the Rule, except that the Board in any event will give the notice required by Section 9.02(b) of any Series 2025E Bond calls and defeasance that cause the Board and the State to no longer be "obligated persons".

The provisions of this Article are for the sole benefit of the holders and beneficial owners of the Series 2025E Bonds, and nothing in this Article, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other Person. The Board undertakes to provide only

the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Article and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Board's or the State's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Article or otherwise, except as expressly provided herein. The Board does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Series 2025E Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE BOARD BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY SERIES 2025E BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE BOARD, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS ARTICLE, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

All documents provided to the MSRB pursuant to this Article shall be accompanied by identifying information, as prescribed by the MSRB.

No default by the Board in observing or performing its obligations under this Article shall constitute a breach of or default under this Resolution for purposes of any other provision of this Resolution.

Nothing in this Article is intended or shall act to disclaim, waive, or otherwise limit the duties of the Board or the State under federal and State securities laws.

Should the Rule be amended to obligate the Board to make filings with or provide notices to entities other than the MSRB, the Board agrees to undertake such obligation in accordance with the Rule as amended.

The provisions of this Article may be amended by the Board 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 Board or the State, but only if (1) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell Series 2025E Bonds in the primary offering of the Series 2025E Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount or maturity amount (or any greater amount required by any other provision of this Resolution that authorizes such an amendment) of the outstanding Series 2025E Bonds consent to such amendment or (b) a Person that is unaffiliated with the Board and the State (such as nationally-recognized bond counsel) determines that such amendment will not materially impair the interests of the holders and beneficial owners of the Series 2025E Bonds. If the Board so amends the provisions of this Article, it shall include with any amended financial information or operating data next provided in accordance with Section 9.02(a) an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided. The Board may also amend or repeal the provisions of this continuing disclosure requirement 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 2025E Bonds in the primary offering of the Series 2025E Bonds.

ARTICLE X

DEFEASANCE

Section 10.01 Series 2025E Bonds Deemed Paid. Any Series 2025E Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "**Defeased Bond**"), except to the extent hereinafter provided in this Article, when payment of the principal of such Series 2025E Bond, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by the Board irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other similar 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 Board with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Series 2025E Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Series 2025E Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the Financial Assistance Account, and such principal and interest shall be payable solely from such money or Defeasance Securities. Notwithstanding any other provision of this Resolution to the contrary, it is hereby provided that any determination not to redeem Defeased Bonds that is made in conjunction with the payment arrangements specified in clauses (i) or (ii) above shall not be irrevocable; provided, that in the proceedings providing for such payment arrangements, the Board (1) expressly reserves the right to call the Defeased Bonds for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Bonds immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

Section 10.02 Investment in Defeasance Securities. Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Board 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 2025E Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Board, or deposited as directed in writing by the Board. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in clauses (i) or (ii) of Section 10.01. All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Bonds, with respect to which such money has been so deposited, shall be remitted to the Board or deposited as directed in writing by the Board.

Section 10.03 Paying Agent/Registrar Services. Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for

such Defeased Bonds the same as if they had not been defeased, and the Board shall make proper arrangements to provide and pay for such services as required by this Resolution.

Section 10.04 Selection of Series 2025E Bonds for Defeasance. In the event that the Board elects to defease less than all of the principal amount of Series 2025E Bonds of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Series 2025E Bonds by such random method as it deems fair and appropriate and consistent with the terms of this Resolution.

ARTICLE XI

MISCELLANEOUS PROVISIONS

Section 11.01 Further Procedures. The Chair of the Board, the Executive Administrator, the Development Fund Manager, the Director of Debt and Portfolio Management, the General Counsel, the Chief Financial Officer, and/or any other officers of the Board and each of them, shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the seal of the Board and on behalf of the Board all agreements, instruments, or such other documents, whether mentioned herein or not, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution, and the initial sale and delivery of the Series 2025E Bonds. In addition, prior to the initial delivery of the Series 2025E Bonds, the Chair of the Board, the Executive Administrator, the Development Fund Manager, the Director of Debt and Portfolio Management, the Chief Financial Officer, and/or the General Counsel of the Board and the Board's Bond Counsel 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: (i) in order to cure any technical ambiguity, formal defect, or omission in the Resolution or such other document; or (ii) as requested by the Attorney General or his representative to obtain the approval of the Series 2025E Bonds by the Attorney General and if such officer or counsel determines that such ministerial changes are consistent with the intent and purpose of the Resolution, which determination shall be final. In the event that any officer of the Board whose signature shall appear on any document shall cease to be such officer before the delivery of such document, such signature nevertheless shall be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 11.02 Open Meeting; Notice. It is hereby officially found and determined that the meeting at which this Resolution is adopted is open to the public as required by law at all times during which this Resolution and the subject matter thereof are discussed, considered and formally acted upon; and reasonable notice of this meeting was delivered to the Secretary of State of the State, as required by Chapter 551.

Section 11.03 Prior Actions. All actions taken by the Board authorizing the issuance of the Series 2025E Bonds are in all things approved, ratified and confirmed, except that to the extent such actions conflict with any provision of this Resolution, the terms and provisions of this Resolution shall control and prevail.

Section 11.04 Perfection of Security Interest in Pledge. Chapter 1208 applies to the issuance of the Series 2025E Bonds and the pledge of the credit of the State made pursuant to Section 49-d-8, and such pledge is therefore valid, effective, and perfected. If State law is amended at

any time while the Series 2025E Bonds are outstanding and unpaid such that such pledge is to be subject to the filing requirements of Chapter 9, then in order to preserve to the registered owners of the Series 2025E Bonds the perfection of the security interest in said pledge, the Board agrees to take such measures as it determines are reasonable and necessary under State law to comply with the applicable provisions of Chapter 9 and enable a filing to perfect the security interest in said pledge to occur.

[*Remainder of Page Intentionally Left Blank*]

ADOPTED AND APPROVED this July 24, 2025.

Chair
Texas Water Development Board

ATTEST:

Executive Administrator
Texas Water Development Board

(SEAL)

LIST OF EXHIBITS

Exhibit A Form of Bond

Exhibit B Description of Annual Financial Information of the Board

EXHIBIT A

FORM OF BOND

NO. _____ $_____

UNITED STATES OF AMERICA
STATE OF TEXAS
WATER FINANCIAL ASSISTANCE BOND
SERIES 2025E (STATE WATER PLAN)[1]

MATURITY DATE	INTEREST RATE	DATED DATE	CUSIP
	%	_____, 20__	

Registered Owner:
Principal Amount:

ON THE MATURITY DATE SPECIFIED ABOVE, THE STATE OF TEXAS, ACTING BY AND THROUGH THE TEXAS WATER DEVELOPMENT BOARD (the "Board"), hereby promises to pay to the registered owner specified above, or to the registered assignees hereof (either being hereinafter called the "registered owner") the principal amount specified above and to pay interest thereon, from the dated date of this Bond specified above, to the date of its scheduled maturity or date of redemption, prior to its scheduled maturity, at the rate of interest per annum specified above, with said interest being payable on _____, 20_, and semiannually on each _____ and _____ thereafter, except that if the Paying Agent/Registrar's Authentication Certificate appearing on the face of this Bond is dated later than _____, 20_, such interest is payable semiannually on each _____ and _____ following such date of authentication.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity or upon the date fixed for its redemption, prior to its scheduled maturity, at the corporate trust office of The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent/Registrar") in Dallas, Texas (the "Designated Payment/Transfer Office"). The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof as shown on the registration books kept by the Paying Agent/Registrar at the close of business on the fifteenth day of the month next preceding such interest payment date (the "Record Date") by check drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Board required 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, postage prepaid, on each such interest payment date, to the registered owner of record on the Record Date at its address as it appears on the registration books kept by the Paying Agent/Registrar, as hereinafter described. The Board covenants with the registered owner of this Bond that no later than each principal payment date and interest payment date for this Bond it will make available to the Paying Agent/Registrar the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Series 2025E Bonds (as defined herein) when due.

[1] Designation of subseries, if any, to be provided in an Approval Certificate.

INTEREST ON the Series 2025E Bonds shall be computed on the basis of a 360-day year of twelve 30-day months.

ANY PAYMENTS required to be made hereunder on any day which is not a Business Day (as defined below) shall be made instead on the next succeeding Business Day and no interest shall accrue on such payments in the interim. "Business Day" means a day other than a Saturday, Sunday, a legal holiday or a day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close. Notwithstanding the foregoing, during any period in which ownership of the Series 2025E Bonds is determined only by a book entry at a securities depository for the Series 2025E Bonds, any payment to the securities depository, or its nominee or registered assigns, shall be made in accordance with existing arrangements between the Board and the securities depository.

THIS BOND is one of a series of Bonds of like tenor and effect except as to number, maturity, interest rate and right of prior redemption, dated as of the dated date of this Bond specified above, aggregating _____ ($_____) (the "Series 2025E Bonds")[1], issued pursuant to authority granted to the Board by Section 49-d-8 of Article III of the Texas Constitution ("Section 49-d-8"), Section 49-d-11 of Article III of the Texas Constitution ("Section 49-d-11") and Subchapter L, Chapter 17, Texas Water Code ("Subchapter L"), and a resolution authorizing the issuance of the series of Bonds of which this is one, adopted by the Board and duly of record in the minutes of the Board (hereinafter called the "Bond Resolution"), to provide funds for the Financial Assistance Account for Water Assistance Projects, including projects included in the State Water Plan, and to pay expenses arising in connection with the issuance of the Series 2025E Bonds. In the Bond Resolution, the Board delegated to certain designated officials the authority to establish and approve the final terms of sale of the Series 2025E Bonds through the execution of one or more Approval Certificates (the Bond Resolution and applicable Approval Certificate are collectively referred to herein as the "Resolution"). Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Resolution.

THE SERIES 2025E BONDS having stated maturities on and after _____ __ , 20__ shall be subject to redemption prior to maturity, at the option of the Board, in whole or in part, in Authorized Denominations, on _____ __, 20__, or on any date thereafter, at the redemption price of par plus accrued interest to the date of redemption.

THE SERIES 2025E BONDS maturing on August 1, in the years _____ (the "Term Bonds") are subject to mandatory sinking fund redemption annually, on August 1 of the years and in the principal amounts set forth below, plus accrued interest from the most recent interest payment date on which interest has been paid or fully provided for, to the redemption date:

Term Bonds due August 1, 20___

Mandatory Redemption Date (August 1)	Principal Amount

† Final Maturity

[1] Designation of subseries, if any, to be provided in an Approval Certificate.

THE PRINCIPAL AMOUNT of Term Bonds required to be redeemed shall be reduced, at the option of the Board, by the principal amount of Term Bonds which, at least 50 days prior to the mandatory sinking fund redemption date (1) shall have been defeased or acquired by the Board and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the Board with money in the Bond Fund, or (3) shall have been redeemed pursuant to the optional redemption provisions set forth above and not theretofor credited against a mandatory sinking fund redemption requirement. On or before August 1 of every year in which there are mandatory redemption requirements as defined above for the Term Bonds, the Paying Agent/Registrar shall determine the principal amount of Term Bonds that must be mandatorily redeemed on August 1 of such year, after taking into account deliveries for cancellation and prior redemption of Term Bonds as provided above.

THE SERIES 2025E BONDS shall be subject to extraordinary mandatory redemption prior to their scheduled maturities, on _____ (the "One-Year Extraordinary Mandatory Redemption"), in an amount equal to the Computation Amount applicable to the One-Year Computation Period (as each term is defined in the Resolution), plus accrued interest to the date of such extraordinary mandatory redemption, at the redemption prices set forth below, expressed as percentages of the principal amount of each maturity of the Series 2025E Bonds so redeemed:

Maturity	Redemption Price (%)

THE FOREGOING NOTWITHSTANDING, the Series 2025E Bonds shall not be subject to such extraordinary mandatory redemption if the Board obtains an opinion of nationally-recognized bond counsel acceptable to the Board to the effect that the failure by the Board to cause such extraordinary mandatory redemption to occur will not adversely affect the excludability of interest on the Series 2025E Bonds from gross income for federal income tax purposes.

THE SERIES 2025E BONDS shall be subject to extraordinary mandatory redemption prior to their scheduled maturities, on _____ (the "Three-Year Extraordinary Mandatory Redemption"), in an amount equal to the Computation Amount applicable to the Three-Year Computation Period (as defined in the Resolution), plus accrued interest to the date of such extraordinary mandatory redemption, at the redemption prices set forth below, expressed as percentages of the principal amount of each maturity of the Series 2025E Bonds so redeemed:

Maturity	Redemption (%)

FOLLOWING THE EARLIER OF (i) the 90th day after the Three-Year Computation Period for the Series 2025E Bonds and (ii) the date on which ninety-five percent (95%) of the proceeds of the Series 2025E Bonds have been used to make loans, if such date occurs prior to the end of the Three-Year Computation Period for the Series 2025E Bonds, the Series 2025E Bonds shall not be subject to extraordinary mandatory redemption.

THE FOREGOING NOTWITHSTANDING, the Series 2025E Bonds shall not be subject to such extraordinary mandatory redemption if the Board obtains an opinion of nationally recognized bond counsel acceptable to the Board to the effect that the failure by the Board to cause such extraordinary mandatory redemption to occur will not adversely affect the excludability of interest on the Series 2025E Bonds from gross income for federal income tax purposes.

For Purposes of the One-Year Extraordinary Mandatory Redemption and the Three-Year Extraordinary Mandatory Redemption of Bonds, as the case may be, the Series 2025E Bonds subject to such redemption shall be selected on a "Pro-Rata Basis"; provided, that if any amount required to be redeemed remains after such selection, such remaining amount shall be applied to the redemption of $5,000 principal amount of each maturity of Series 2025E Bonds in inverse order of maturity. The term "Pro-Rata Basis" means that the principal amount of Series 2025E Bonds of a particular maturity shall be determined by multiplying the Computation Amount by the ratio which the principal amount of Series 2025E Bonds of such maturity then Outstanding bears to the aggregate principal amount of Series 2025E Bonds then Outstanding and subject to redemption.

IF FEWER THAN ALL OF THE SERIES 2025E BONDS are called for redemption, the maturities (or mandatory sinking fund redemption amounts within a maturity) to be redeemed will be selected by the Board, and the Series 2025E Bonds to be redeemed within any one maturity will be selected by the Paying Agent/Registrar by lot (or in such other manner as the Paying Agent/Registrar may determine) in integral multiples of $5,000; *provided, however*, that during any period in which ownership of such Series 2025E Bonds to be redeemed is determined only by a book-entry at DTC, or a successor securities depository, if fewer than all of such Series 2025E Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Series 2025E Bonds of such maturity and bearing such interest rate will be selected in accordance with the arrangements between the Board and DTC or successor securities depository; *provided, further, however*, that such selection methodology shall not apply to the Series 2025E Bonds that are redeemed pursuant to application of the extraordinary mandatory redemption provisions above, in which case selection of redeemed Series 2025E Bonds shall occur in the manner described above.

AT LEAST thirty (30) days prior to the date fixed for any redemption, (a) a written notice of such redemption shall be given to the registered owner of each Bond or a portion thereof being called for redemption by depositing such notice in the United States mail, first-class postage prepaid, addressed to each such registered owner at his address shown on the registration books of the Paying Agent/Registrar, and (b) notice of such redemption either shall be published one (1) time in or posted electronically on the website of a financial journal or publication of general circulation in the United States of America or the State of Texas carrying as a regular feature notices of municipal bonds called for redemption; *provided, however*, that the failure to send, mail, or receive such notice described in clause (a) above, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond, and the Resolution provides that the provision of notice as described in clause (a) above shall be the only notice actually required in connection with or as a prerequisite to the redemption of any Bonds. By the date fixed for any such redemption due provision shall be made by the Board with the Paying Agent/Registrar for the payment of the required redemption price for this Bond or the portion hereof which is to be so redeemed, plus accrued interest thereon to the date fixed for redemption. Should notice to call Bonds for redemption at the option of the Board be given in the manner provided above, but the Board shall not be able to provide the Paying Agent/Registrar with amounts sufficient to effect on the date fixed for redemption the payment of the entire redemption price of the Series 2025E Bonds so called for redemption, no Bonds shall be redeemed on the date fixed for redemption, and the notice of redemption for such Bonds shall be null and void. Such occurrence shall not result in default of the Board's payment obligations on the Series 2025E Bonds as provided herein or in the Resolution. By each redemption date, the Board shall deposit with the Paying Agent/Registrar money sufficient to pay all amounts due on the redemption date.

THE BOARD RESERVES the right to give notice of its election to optionally redeem Series 2025E Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or Defeasance Securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date or (ii) that the Board retains the right to rescind such notice at any time prior to the scheduled redemption date if the Board delivers a certificate or other direction to the Paying Agent/Registrar instruction the Paying Agent/Registrar to rescind the redemption notice, and such notice of redemption shall be of no effect if such moneys and/or Defeasance Securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission to the affected Owners. Any Bonds subject to conditional redemption where redemption has been rescinded shall not constitute an event of default and shall remain outstanding.

IF SUCH NOTICE of redemption is given, and if due provision for such payment is made, all as provided in the paragraph above, this Bond, or the portion thereof which is to be so redeemed, thereby automatically shall be redeemed prior to its scheduled maturity, and shall not bear interest after the date fixed for its redemption, and shall not be regarded as being Outstanding except for the right of the registered owner to receive the redemption price plus accrued interest to the date fixed for redemption from the Paying Agent/Registrar out of the funds provided for such payment. The Paying Agent/Registrar shall record in the Registration Books all such redemptions of principal of this Bond or any portion hereof. If a portion of any Bond shall be redeemed, a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any Authorized Denomination, 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 Board, all as provided in the Resolution

THIS BOND OR ANY PORTION OR PORTIONS HEREOF IN ANY AUTHORIZED DENOMINATION may be assigned and shall be transferred only in the registration books of the Board kept by the Paying Agent/Registrar acting in the capacity of registrar for the Series 2025E Bonds, upon the terms and conditions set forth in the Resolution. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar at the Designated Payment/Transfer Office, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any Authorized Denomination to the assignee or assignees. A new Bond or Bonds payable to such assignee, or to the previous registered owner in the case of the assignment and transfer of only a portion of this Bond, shall be delivered by the Paying Agent/Registrar in conversion of and exchange for this Bond, all in the form and manner as provided in the next paragraph hereof for the conversion and exchange of other Bonds.

AS PROVIDED in the Resolution, this Bond, or any unredeemed portion hereof, may, at the request of the registered owner or the assignee or assignees hereof, be converted into and exchanged for a like aggregate principal amount of fully registered Bonds payable to the appropriate registered owner, assignee, or assignees, as the case may be, having the same maturity date and interest rate, in any Authorized Denomination, as requested in writing by the appropriate registered owner or assignee, upon surrender of this Bond to the Paying Agent/Registrar at the Designated Payment/Transfer Office for cancellation.

NEITHER THE BOARD, the State of Texas, nor the Paying Agent/Registrar shall be required (a) to issue, transfer, exchange or make any conversion of any Bond subject to redemption during a period beginning at the opening of business thirty (30) days before the day of the first mailing of a notice of redemption of Bonds and ending at the close of business on the day of such mailing or (b) to transfer or exchange any Bond after it is selected for redemption, in whole or in part, prior to the redemption date; provided, however, that at the option of the registered owner of at least $1,000,000 in principal amount of the Series 2025E Bonds, the Paying Agent/Registrar shall be required to transfer or exchange any Bonds which have been selected in whole or in part for redemption upon the surrender thereof. The registered owner requesting conversion and exchange of any Bond or portion thereof shall pay the Paying Agent/Registrar's customary fees and charges, together with any taxes or governmental charges required to be paid with respect thereto, as a condition precedent to the exercise of such privilege of conversion and exchange, except, however, that in the case of the conversion and exchange of an assigned and transferred Bond or Bonds or portion thereof, and in the case of the conversion and exchange of a portion of a Bond which has been redeemed prior to maturity, as provided herein, the fees and charges of the Paying Agent/Registrar will be paid by the Board.

WHENEVER the beneficial ownership of this Bond is determined by a book entry at a securities depository for the Series 2025E Bonds, the foregoing requirements of holding, delivering or transferring this Bond shall be modified to require the appropriate person or entity to meet the requirements of the securities depository as to registering or transferring the book entry to produce the same effect.

IN THE EVENT any Paying Agent/Registrar for the Series 2025E Bonds is changed by the Board, resigns or otherwise ceases to act as such, the Board has covenanted in the Resolution that it promptly will appoint a competent and legally qualified substitute therefor, and promptly will cause written notice thereof to be mailed to the registered owners of the Series 2025E Bonds.

BY BECOMING the registered owner of this Bond, the registered owner thereby acknowledges all of the terms and provisions of the Resolution, agrees to be bound by such terms and provisions, acknowledges that the Resolution is duly recorded and available for inspection in the official minutes and records of the Board, and agrees that the terms and provisions of this Bond and the Resolution constitute a contract between each registered owner hereof and the Board.

THE ISSUE of Bonds of which this is one shall be and is hereby made a general obligation of the State of Texas, pursuant to Section 49-d-8 and Subchapter L, and for the faithful performance of all covenants, recitals and stipulations herein contained, and for the faithful performance in proper time and manner of each official or other act required and necessary to provide for the prompt payment of principal of and interest on this Bond when due, the resources of the Board and the full faith and credit of the State of Texas are hereby pledged.

PAYMENTS OF THE PRINCIPAL OF and premium, if any, and interest on this Bond shall be made primarily from the "Texas Water Development Fund II Water Financial Assistance Account" (the "Financial Assistance Account") within the Texas Water Development Fund II ("Development Fund II") created by Section 49-d-8. The Financial Assistance Account shall be comprised of (1) the Board's rights to receive repayment of financial assistance provided from such account, together with any evidence of such rights; (2) money received from the sale or other disposition of the Board's rights to receive repayment of such financial assistance; (3) money received as repayment of such financial assistance; (4) money and assets attributable to bonds issued and sold by the Board for such account, including

money and assets transferred from the Texas Water Development Fund pursuant to Section 49-d-8; (5) money deposited to such account from the sale, transfer, or lease, in whole or in part, of facilities held for such account; (6) payments received by the Board under a bond enhancement agreement as authorized by law with respect to bonds issued for such account; (7) interest and other income received from investment of money in such account; and (8) any other funds, regardless of their source, that the Board directs be deposited to the Financial Assistance Account. Proceeds from the sale of the bonds on deposit in the Financial Assistance Account shall not be available to pay the principal of and premium, if any, and interest on this Bond and the series of which it is a part unless specifically authorized by the Board. The Bonds and all other bonds or other obligations issued or incurred by the Board pursuant to Section 49-d-8, Section 49-d-9, or Section 49-d-11 to provide funds for the Financial Assistance Account of Development Fund II or to refund any such bonds or obligations are referred to herein as "Financial Assistance Bonds". Section 49-d-8 provides that to the extent there is not money in any account available for payment of principal of and interest on the Financial Assistance Bonds issued for such account, there is appropriated out of the first money coming into the State Treasury (as defined in the Resolution) in each fiscal year, not otherwise appropriated by the Texas Constitution, an amount which is sufficient to pay the principal of and interest on such Financial Assistance Bonds that mature or become due during that fiscal year.

IT IS HEREBY certified and recited that all acts, conditions and things required to be done precedent to and in the issuance of this Bond and the series of which it forms a part have been properly done, have happened and have been performed in regular and due time, form and manner as required by the Constitution and laws of the State of Texas and the Resolution, and that the series of Bonds of which this is a part does not exceed any constitutional or statutory limitation, and that provision has been made for the payment of the principal of and interest on this Bond and the series of which it is a part as such principal and interest become due by a continuing appropriation heretofore made by Section 49-d-8 and by a pledge of the credit of the State of Texas.

[Remainder of Page Intentionally Left Blank]

IN TESTIMONY WHEREOF, this Bond is executed with the lithographed or printed facsimile or manual signatures of the Chair of the Texas Water Development Board and the Executive Administrator, and the seal of said Board is lithographed, printed or manually impressed hereon.

THE STATE OF TEXAS

_____
Chair
Texas Water Development Board

ATTEST:

_____
Executive Administrator
Texas Water Development Board

(SEAL)

[To accompany Definitive Bonds only]

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

It is hereby certified that this Bond has been issued under the provisions of the Resolution described on the face of this Bond; and that this Bond has been issued in conversion of and exchange for or replacement of a Bond, Bonds or a portion of a Bond or Bonds of an issue which originally was approved by the Attorney General of the State of Texas and registered by the Texas Comptroller of Public Accounts.

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., Paying Agent/Registrar

Dated _____

By: _____
Authorized Representative

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto (Print or typewrite name, address, and zip code of transferee:) _____ _____(Social Security or other identifying number _____) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED:

_____

NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular.

_____

Signature guaranteed:

_____

[To accompany Initial Bond(s) only]

REGISTRATION CERTIFICATE OF
TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER)
OF PUBLIC ACCOUNTS) REGISTER NO. _____
THE STATE OF TEXAS)

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

WITNESS my signature and seal of office this _____.

_____
Texas Comptroller of Public Accounts

(SEAL)

The Initial Series 2025E Bond shall be in the form set forth therefor in this Exhibit, except as follows:

Heading and paragraphs one (1) through three (3) shall be replaced as follows:

NO. T-1 $_____

UNITED STATES OF AMERICA
STATE OF TEXAS
WATER FINANCIAL ASSISTANCE BOND
SERIES 2025E (STATE WATER PLAN)[1]

Bond Date:

_____, 2025

Registered Owner: _____

Principal Amount: _____ DOLLARS

THE STATE OF TEXAS, ACTING BY AND THROUGH THE TEXAS WATER DEVELOPMENT BOARD (the "Board"), for value received, acknowledges itself indebted to and hereby promises to pay to the registered owner named above, or the registered assigns thereof, the Principal Amount hereinabove stated on August 1 in the years and in principal installments in accordance with the following schedule:

Year of Stated Maturity	Principal Amount ($)	Interest Rates (%)

(Information to be inserted from Approval Certificate).

(without right of prior redemption) and to pay interest on the unpaid principal installments hereof from the date of its delivery at the per annum rates of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on _____, 20__, and each _____ and _____ thereafter, until maturity. Principal installments of this Series 2025E Bond are payable in the year of maturity or on a redemption date to the registered owner hereof by The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Paying Agent/Registrar"), upon presentation and surrender, at its designated offices in Dallas, Texas (the "Designated Payment/Transfer Office"). Interest is payable to the registered owner of this Bond whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date," which is the fifteenth day of the month next preceding each interest payment date, and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or collection charges to the registered owner hereof and in any coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts. If the date for the payment of the

[1] Designation of subseries, if any, to be provided in an Approval Certificate.

principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to be closed, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to be closed; and payment on such date shall have the same force and effect as if made on the original date payment was due.

EXHIBIT B

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION OF THE BOARD

The following information is referred to in Section 9.02 of this Resolution.

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the Board to be provided annually in accordance with such Section is the quantitative financial information and operating data pertaining to the Board included in Table 1, Table 2, and Appendix B of the Official Statement relating to the Bonds.

Accounting Principles

The accounting principles referred to in such Section are generally accepted accounting principles for governmental units as prescribed by the Government Accounting Standards Board from time to time, as such principles may be changed from time to time to comply with state law or regulation.

BOND RESOLUTION
OF THE

TEXAS WATER DEVELOPMENT BOARD

AUTHORIZING THE ISSUANCE OF

STATE OF TEXAS WATER FINANCIAL ASSISTANCE BONDS,
TAXABLE SERIES 2025F
(STATE WATER PLAN)

AND SUCH OTHER SUBSERIES

AS MAY BE DESIGNATED PURSUANT TO THE TERMS HEREOF

ADOPTED:

JULY 24, 2025

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RESOLUTION

OF THE TEXAS WATER DEVELOPMENT BOARD AUTHORIZING THE ISSUANCE OF STATE OF TEXAS WATER FINANCIAL ASSISTANCE BONDS, TAXABLE SERIES 2025F (STATE WATER PLAN), AND SUCH OTHER SUBSERIES AS MAY BE DESIGNATED PURSUANT TO THE TERMS HEREOF, AND RESOLVING OTHER MATTERS RELATED THERETO

WHEREAS, the Texas Water Development Board (the "**Board**") has previously issued, sold, and delivered general obligation bonds of the State of Texas (the "**State**"), to fund one or more accounts of the Texas Water Development Fund II (referred to herein as "**Development Fund II**") established pursuant to the provisions of Section 49-d-8 of Article III of the Constitution of the State (the "**State Constitution**"), approved by the voters on November 4, 1997 ("**Section 49-d-8**"); and

WHEREAS, in addition to bonds authorized by other provisions of the State Constitution, Section 49-d-11 of Article III of the State Constitution ("**Section 49-d-11**") authorizes the Board to issue additional general obligation bonds of the State, at its determination and on a continuing basis, for one or more accounts of Development Fund II, in amounts such that the aggregate principal amount of the bonds issued under Section 49-d-11 that are outstanding at any time does not exceed $6,000,000,000; and

WHEREAS, as of the date of adoption of this Resolution, bonds in the aggregate principal amount of $186,163,160 (inclusive of unamortized premium) are outstanding pursuant to Section 49-d-11; and

WHEREAS, Section 49-d-11 states that (i) Section 49-d-8 applies to the bonds authorized by Section 49-d-11, (ii) the limitation in Section 49-d-8 that the Board may not issue bonds in excess of the aggregate principal amount of previously authorized bonds does not apply to the bonds authorized by and issued under Section 49-d-11, and (iii) a limitation on the percentage of State participation in any single project imposed by Article III of the State Constitution does not apply to a project funded with the proceeds of bonds issued under authority of Section 49-d-8 or Section 49-d-11; and

WHEREAS, the Board finds it advisable and determines that it is a public purpose and in the best interests of the State, in accordance with authority granted by Section 49-d-8, Section 49-d-11, and Subchapter L, Chapter 17 of the Texas Water Code (the "**Act**"), to authorize issuance of the Series 2025F Bonds (as defined herein) to provide funds for the Financial Assistance Account for Water Assistance Projects included in or related to the State Water Plan (as each such term is hereinafter defined), subject to the parameters set forth in this Resolution, as hereinafter provided; and

WHEREAS, debt service on bonds authorized to be issued pursuant to this Resolution is reasonably expected by the Board to be paid from revenue sources other than the general revenues of the State;

NOW, THEREFORE, BE IT RESOLVED BY THE TEXAS WATER DEVELOPMENT BOARD:

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

Section 1.01 Definitions. Throughout this Resolution (except in the FORM OF BOND attached as **Exhibit A** to this Resolution), in addition to the terms defined in the preamble to this Resolution the following terms and expressions used herein shall have the meanings specified in this Section.

"**Act**" means Subchapter L, Chapter 17, Texas Water Code.

"**Amortization Installment**" means the amount of money which is required for retirement of Term Bonds (whether at maturity or by mandatory redemption and including redemption premium, if any).

"**Approval Certificate**" means collectively one or more certificates executed by an Authorized Representative in accordance with the terms hereof which finalize the pricing and terms of the Series 2025F Bonds pursuant to the parameters set forth in this Resolution, including specifying the issuance of one or more subseries.

"**Attorney General**" means the Attorney General of the State.

"**Authentication Certificate**" has the meaning specified for that term in Section 2.07.

"**Authorized Denomination**" means $5,000 principal amount or maturity amount, as the case may be, and any integral multiple thereof.

"**Authorized Representative**" means each of the Executive Administrator, the Chief Financial Officer, the Development Fund Manager, the Director of Debt and Portfolio Management and the General Counsel of the Board, acting individually and not jointly.

"**Board**" means the Texas Water Development Board.

"**Bond**" or "**Bonds**" means a Series 2025F Bond or Series 2025F Bonds, as applicable.

"**Bond Appendix**" means the quarterly appendix prepared by the Comptroller which sets forth certain information regarding the State (including its government, finances, economic profile, and other matters) for use by State entities when issuing debt.

"**Bond Enhancement Agreement**" means any agreement of the nature described in Section 17.954(c), Texas Water Code.

"**Bond Payment Account**" has the meaning specified for that term in Section 5.03.

"**Book-Entry-Only System**" means the system maintained by the securities depository described in Section 2.11.

"**Business Day**" means a day other than a Saturday, Sunday, a legal holiday or a day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close.

"**Chapter 9**" means Chapter 9, Texas Business & Commerce Code.

"**Chapter 551**" means Chapter 551, Texas Government Code.

"**Chapter 1206**" means Chapter 1206, Texas Government Code.

"**Chapter 1208**" means Chapter 1208, Texas Government Code.

"**Chapter 1371**" means Chapter 1371, Texas Government Code.

"**Code**" means the Internal Revenue Code of 1986, as amended by all legislation, if any, enacted on or before the Date of Delivery.

"**Comptroller**" means the Texas Comptroller of Public Accounts.

"**Continuing Disclosure Agreement**" means the Amended and Restated Continuing Disclosure Agreement dated March 12, 2019, between the Comptroller and the Texas Bond Review Board, as may be further amended from time to time.

"**Date of Delivery**" means the date of delivery of the Series 2025F Bonds to the Underwriters.

"**Dated Date**" means the date designated in the Approval Certificate as such with respect to the Series 2025F Bonds.

"**Defeasance Securities**" means, unless otherwise specified in an Approval Certificate, (i) Federal Securities, (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 the Board adopts or approves proceedings authorizing the issuance of refunding bonds or, if such defeasance is not in connection with the issuance of refunding bonds, on the date the Board provides for the funding of an escrow to effect the defeasance of the Series 2025F Bonds, are rated as to investment quality by a nationally-recognized investment rating firm not less than "AAA" or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Board adopts or approves proceedings authorizing the issuance of refunding bonds or, if such defeasance is not in connection with the issuance of refunding bonds, on the date the Board provides for the funding of an escrow to effect the defeasance of the Series 2025F Bonds, 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 that may be used to defease obligations such as the Series 2025F Bonds under the then applicable laws of the State.

"**Designated Payment/Transfer Office**" means the corporate trust office of the Paying Agent/Registrar designated as the place for payment, transfer and exchange of the Series 2025F Bonds, initially, the corporate trust office of the Paying Agent/Registrar in Dallas, Texas.

"**Development Fund I**" means the Texas Water Development Fund as described in the Development Fund I Constitutional Provisions.

"**Development Fund I Constitutional Provisions**" means Sections 49-c, 49-d, 49-d-1, 49-d-2, 49-d-5, 49-d-6 and 49-d-7 of Article III of the State Constitution.

"**Development Fund II**" has the meaning specified for that term in the preamble to this Resolution.

"**DTC**" means The Depository Trust Company, New York, New York, and its successors and assigns.

"**DTC Participant**" means the securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

"**Economically Distressed Areas Program Account**" means the account described in Section 17.958, Texas Water Code.

"**EDAP Project**" means any project found and determined by the Board to be in accordance with the purposes described in Subchapter K.

"**Eligible Investments**" means those investments in which the Board is authorized by law and its investment policy to invest its funds.

"**Federal Securities**" means direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America.

"**Financial Assistance Account**" means the account described in Section 17.959, Texas Water Code.

"**Financial Assistance Bonds**" means the general obligation bonds of the State issued by the Board under authority granted by Section 49-d-8, Section 49-d-9, and Section 49-d-11 to provide funds for the Financial Assistance Account of Development Fund II, including the Previously Issued Financial Assistance Bonds, the Series 2025A Bonds, the Series 2025B Bonds, the Series 2025F Bonds, and the Series 2025F Bonds.

"**Financial Obligation**" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of any such debt obligation or any such derivative instrument; provided that "Financial Obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule. The Board and the Comptroller intend the words used in this definition to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

"**Fiscal Year**" means the period of time beginning in each calendar year on September 1 and ending on August 31 of the calendar year next following.

"**Form of Bond**" means the Form of Bond attached hereto as **Exhibit A**.

"**GASB**" means the Governmental Accounting Standards Board.

"**Holder**" or "**Owner**" means the person who is the registered owner of a Series 2025F Bond or subseries thereof, as shown on the Registration Books.

"**Initial Bonds**" means the Series 2025F Bonds authorized, issued, sold and delivered hereunder and upon which the registration certificate, executed by or on behalf of the Comptroller, has been placed.

"**Interest Payment Date**" means each February 1 and August 1, beginning on the first such date occurring after the Date of Delivery.

"**Money and Assets Attributable to Bonds**" means:

(1) the Board's rights to receive repayment of financial assistance provided from the Financial Assistance Account, together with any evidence of such rights;

(2) money received from the sale or other disposition of the Board's rights to receive repayment of such financial assistance;

(3) money received as repayment of such financial assistance;

(4) money and assets attributable to Financial Assistance Bonds, including money and assets transferred to the Financial Assistance Account from Development Fund I pursuant to Subsection (b) of Section 49-d-8; and

(5) money deposited in the Financial Assistance Account pursuant to Subsection (c) of Section 49-d-8.

"**MSRB**" means the Municipal Securities Rulemaking Board.

"**Official Statement**" means the Official Statement pertaining to the Series 2025F Bonds, and authorized by Section 8.02 hereof.

"**Outstanding**" means, when used to modify the bonds issued, authenticated and delivered under this Resolution, the Series 2025F Bonds excluding (i) Series 2025F Bonds which have been exchanged or replaced or otherwise surrendered for cancellation, (ii) Series 2025F Bonds which have been paid, (iii) Series 2025F Bonds which have become due and for the payment of which money has been duly provided, and (iv) Series 2025F Bonds with respect to which this Resolution has been discharged pursuant to ARTICLE X.

"**Owner**" or "**Holder**" means the person who is the registered owner of a Series 2025F Bond or subseries thereof, as shown on the Registration Books.

"**Paying Agent/Registrar**" means the financial institution named in Section 2.06 or any successor thereto named in accordance with the provisions of Section 2.10.

"**Paying Agent/Registrar Agreement**" means the paying agent agreement between the Board and the Paying Agent/Registrar, relating to the performance of the duties and responsibilities of the Paying Agent/Registrar with respect to the Series 2025F Bonds.

"**Person**" means any natural person, firm, partnership, association, corporation, limited liability company, or public body.

"**Political Subdivision**" has the meaning specified for that term in Section 17.001(6), Texas Water Code.

"**Previously Issued Financial Assistance Bonds**" means bonds previously issued to provide funds for the Financial Assistance Account and any refunding bonds issued in replacement thereof.

"**Purchase Agreement**" means collectively one or more bond purchase agreements between the Board and the Underwriters relating to the sale of the Series 2025F Bonds.

"**Registration Books**" has the meaning specified for that term in Section 2.06.

"**Resolution**" means this Resolution, dated July 24, 2025, authorizing the issuance of the Series 2025F Bonds and all amendments hereto.

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

"**Rural Water Assistance Fund**" means the account within the general revenue fund of the State established pursuant to Subchapter R.

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

"**Section 49-d-8**" means Section 49-d-8 of Article III of the State Constitution.

"**Section 49-d-9**" means Section 49-d-9 of Article III of the State Constitution.

"**Section 49-d-11**" means Section 49-d-11 of Article III of the State Constitution.

"**Series 2025A Bonds**" means the State of Texas Water Financial Assistance Bonds, Series 2025A, authorized to be issued in accordance with the terms of a Bond Resolution of the Board dated May 8, 2025.

"**Series 2025B Bonds**" means the State of Texas Water Financial Assistance Refunding Bonds, Series 2025B, authorized to be issued in accordance with the terms of a Bond Resolution of the Board dated May 8, 2025.

"**Series 2025E Bonds**" means the State of Texas Water Financial Assistance Bonds, Series 2025E (State Water Plan), authorized to be issued in accordance with the terms of a Bond Resolution of the Board dated July 24, 2025.

"**Series 2025F Bonds**" means the State of Texas Water Financial Assistance Bonds, Taxable Series 2025F (State Water Plan), authorized to be issued in accordance with the terms of this Resolution and the terms and conditions set forth in the Approval Certificate relating thereto, including any subseries.

"**State**" means the State of Texas.

"**State Constitution**" means the Constitution of the State.

"**State Participation Account**" means the account described in Section 17.957, Texas Water Code.

"**State Participation Project**" means any project found by the Board to be in accordance with the purposes described in Section 16.131, Texas Water Code.

"**State Treasury**" means the treasury of the State under the administration and supervision of the Comptroller.

"State Water Plan" means the comprehensive water plan for the State prepared, developed, formulated and adopted by the Board no less often than every five (5) years pursuant to Subchapter C of Chapter 16 of the Texas Water Code. For purposes of this Resolution, the term "State Water Plan" means the comprehensive water plan for the State adopted by the Board on July 7, 2021, as amended, effective for the next succeeding five (5) year period.

"**Subchapter K**" means Subchapter K, Chapter 17, Texas Water Code.

"**Subchapter Q**" means Subchapter Q, Chapter 15, Texas Water Code.

"**Subchapter R**" means Subchapter R, Chapter 15, Texas Water Code.

"**Term Bonds**" means Series 2025F Bonds so designated by the Board herein or in the Approval Certificate.

"**Underwriters**" means the investment banking firms that contract to purchase the Series 2025F Bonds pursuant to the Purchase Agreement and in accordance with Section 8.01 hereof.

"**Water Assistance Project**" means any project for which the Board is authorized to provide financial assistance, in accordance with the purposes described by the Development Fund I Constitutional Provisions or Section 49-d-8, other than (i) an EDAP Project or (ii) a State Participation Project. The term "Water Assistance Project" includes, without limitation, transfers to or deposits to the credit of any state revolving fund administered by the Board under the provisions of the Texas Water Code, specifically Chapter 15, Texas Water Code, and transfers to or deposits to the credit of the Rural Water Assistance Fund, the Water Infrastructure Fund or the State Water Implementation Revenue Fund for Texas.

"**Water Infrastructure Fund**" means the special fund in the State Treasury established pursuant to Subchapter Q and administered by the Board.

Section 1.02 Rules of Construction.

(a) Designation of Articles, Sections. For all purposes of this Resolution, unless the context requires otherwise, all references to designated Articles, Sections and other subdivisions are to the Articles, Sections and other subdivisions of this Resolution. The words "herein," "hereof' and "hereunder" and other words of similar import refer to this Resolution as a whole and not to any particular Article, Section or other subdivision.

(b) References. Except where the context otherwise requires, terms defined in this Resolution to impart the singular number shall be considered to include the plural number and vice versa. References to any named Person means that party and its successors and assigns. References to any constitutional, statutory or regulatory provision means such provision as it exists on the date this Resolution is adopted by the Board and any future amendments thereto or successor provisions thereof. Any reference to the payment of principal in this Resolution shall be deemed to include the payment of Amortization Installments. References in this Resolution to the FORM OF BOND refer to the form attached to this Resolution as **Exhibit A**.

Section 1.03 Interpretations. The titles and headings of the Articles and Sections of this Resolution have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof.

ARTICLE II

THE SERIES 2025F BONDS

Section 2.01 Authorization of Bonds.

(a) Purpose; Maximum Amount. For the purposes set forth in Section 49-d-8 and Section 49-d-11, the negotiable general obligation bonds of the State to be known and designated as **STATE OF TEXAS WATER FINANCIAL ASSISTANCE BONDS**, **SERIES 2025F**, are hereby authorized and may be issued from time to time for the purpose of conserving and developing the water resources of the State, to-wit, by providing funds for the Financial Assistance Account for Water Assistance Project, included in or related to the State Water Plan, and paying expenses arising in connection with the issuance of the Series 2025F Bonds. The combined principal amount of all Series 2025F Bonds issued pursuant to this Resolution shall not exceed $350,000,000.

(b) Delegation of Authority. As authorized by Chapter 1371, each Authorized Representative, individually and not jointly, is hereby authorized, appointed and designated to act on behalf of the Board in selling and delivering, in one or more series or subseries, the Series 2025F Bonds and carrying out the procedures specified in this Resolution, including determining:

(i) the date for issuance and sale, and the Dated Date, of each series or subseries of Series 2025F Bonds;

(ii) the name and any special or additional series designation for each series or subseries of the Series 2025F Bonds;

(iii) the principal amount of each series or subseries of Series 2025F Bonds to be sold (subject to the limitations set forth in Section 2.01(a)), as well as the principal amount of each stated maturity within a series or subseries of Series 2025F Bonds;

(iv) the price at which the Series 2025F Bonds shall be sold;

(v) the principal amount of Series 2025F Bonds to be sold as current interest bonds, if any; the principal amount of Series 2025F Bonds to be sold as premium capital appreciation bonds, if any;

(vi) the principal amortization schedule for the Series 2025F Bonds (including, without limitation, the designation of any of the maturities of the Series 2025F Bonds as Term Bonds and any Amortization Installments to be deposited to the credit of the Bond Payment Account relating to any Term Bond so designated);

(vii) in accordance with the provisions of ARTICLE III hereof, the redemption features of the Series 2025F Bonds (including any associated premium);

(viii) the rate or rates of interest to be borne by the Series 2025F Bonds;

(ix) whether to execute or acquire a Bond Enhancement Agreement in support of all or any portion of the Series 2025F Bonds;

(x) the designation of the fund(s) or account(s) to which the proceeds of the Series 2025F Bonds may be transferred for legally authorized purposes; and

(xi) any other matters relating to the issuance, sale and delivery of the Series 2025F Bonds; all of which shall be specified in one or more Approval Certificates executed in accordance with the terms hereof and within the parameters set forth in Section 2.01(c) below.

(c) Parameters. The Authorized Representative may exercise any authority granted under Chapter 1371 so long as on the date the Approval Certificate is executed:

(i) the maximum maturity date of any Series 2025F Bonds issued hereunder shall not exceed forty (40) years from the issue date of such bonds;

(ii) the true interest cost rate applicable to the Series 2025F Bonds shall not exceed 8.00%;

(iii) the aggregate principal amount of the Series 2025F Bonds, together with all outstanding bonds issued pursuant to Section 49-d-11, shall not exceed $6,000,000,000; and

(iv) any series or subseries of Series 2025F Bonds issued hereunder must be sold no later than six (6) months after the date of adoption of this Resolution (though the closing of a particular series or subseries of Series 2025F Bonds sold in accordance with this provision may occur after such date as long as such closing period is determined by an Authorized Representative to be of reasonable duration).

Section 2.02 Denominations, Date and Interest Rates. The Series 2025F Bonds shall be in any Authorized Denomination, shall be numbered consecutively from R-1 upward, shall be dated the date described in the Approval Certificate, and shall be in substantially the form attached hereto as **Exhibit A** with such changes and modifications as are set forth in the Approval Certificate. Interest on the Series 2025F Bonds shall be payable on the Interest Payment Dates. The Series 2025F Bonds shall bear interest at rates as specified in the Approval Certificate. Interest shall be payable in the manner and on the terms provided in this Resolution and the Approval Certificate. The FORM OF BOND shall be completed in accordance with the terms of the Approval Certificate to reflect the aggregate principal amount of the Series 2025F Bonds sold to the Underwriters.

Section 2.03 Maturities and Amounts. The Series 2025F Bonds shall mature on the dates and in the amounts as set forth in the principal amortization schedule contained in the applicable Approval Certificate.

Section 2.04 Execution of Bonds. Each Series 2025F Bond shall be executed for and on behalf of the State as a general obligation of the State by having placed thereon the lithographed or printed facsimile or the manual signatures of the Chair of the Board and the Executive Administrator, and the manually impressed or lithographed or printed facsimile seal of the Board. Lithographed or printed facsimile signatures and seal shall have the same effect as if each Series 2025F Bond had been manually signed by such officers, and the seal had been manually impressed on each Series 2025F Bond.

In case any officer whose signature is on a Series 2025F Bond no longer holds such office at the time of authentication, or was the proper officer on the date of execution but not on the nominal date of action, the Series 2025F Bond shall nevertheless be valid.

Section 2.05 Temporary Bonds. Pending the preparation of definitive Series 2025F Bonds, the Board may execute and, upon the Board's request, the Paying Agent/Registrar shall authenticate and deliver, one or more temporary Series 2025F Bonds substantially of the tenor of the definitive Series 2025F Bonds in lieu of which they are delivered, with such appropriate insertions, omissions, substitutions and other variations, as evidenced by the execution of such temporary Series 2025F Bonds, as such officers executing such temporary Series 2025F Bonds may determine.

Until exchanged for Series 2025F Bonds in definitive form, such Series 2025F Bonds in temporary form shall be entitled to the benefit and security of this Resolution. The Board, without unreasonable delay, shall prepare, execute and deliver to the Paying Agent/Registrar, and upon the presentation and surrender of the temporary Series 2025F Bonds to the Paying Agent/Registrar, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor, definitive Series 2025F Bonds of the same maturity, aggregate principal amount or maturity amount, as the case may be, and bearing or accruing interest at the same rate as the temporary Series 2025F Bonds surrendered. The exchange shall be made without any charge to any owner of Series 2025F Bonds.

Section 2.06 Appointment and Duties of Paying Agent/Registrar.

(a) Appointment. The Board hereby appoints The Bank of New York Mellon Trust Company, N.A., as the initial Paying Agent/Registrar for the Series 2025F Bonds. The Board shall keep or cause to be kept at the Designated Payment/Transfer Office of the Paying Agent/Registrar books or records of the registration and transfer of the Series 2025F Bonds (the "**Registration Books**"), and the Board hereby

appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such transfers and registrations under such reasonable regulations as the Board and the Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such transfers and registrations as herein provided. It shall be the duty of the Paying Agent/Registrar to obtain from the registered owner and record in the Registration Books the address of such registered owner of each Series 2025F Bond to which payments with respect to the Series 2025F Bonds shall be mailed, as herein provided. The Board or its designee 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 Board hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Series 2025F Bonds, and to act as its agent to convert and exchange or replace Series 2025F Bonds, all as provided in this Resolution. The Paying Agent/Registrar shall keep proper records of all payments made by the Board and the Paying Agent/Registrar with respect to the Series 2025F Bonds, and of all conversions and exchanges of such Series 2025F Bonds, and all replacements of such Series 2025F Bonds, as provided in this Resolution.

(b) Duties. The Paying Agent/Registrar shall perform such duties as are required of the Paying Agent/Registrar hereunder and under the Paying Agent/Registrar Agreement. The Executive Administrator or the designee thereof is hereby authorized to execute and deliver for and on behalf of the Board the Paying Agent/Registrar Agreement, which shall be in substantially the form utilized in connection with Previously Issued Financial Assistance Bonds, with such changes as the Executive Administrator may approve, such approval to be conclusively evidenced by the execution and delivery of such agreement by the Executive Administrator or the designee thereof.

Section 2.07 Registration, Transfer and Exchange of Bonds.

(a) Transfer. Registration of each Series 2025F Bond may be transferred on the Registration Books only upon presentation and surrender of such Series 2025F Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar for transfer of registration and cancellation, together with proper written instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing the assignment of the Series 2025F Bond, or any portion thereof in any Authorized Denomination, to the assignee or assignees thereof, and the right of such assignee or assignees to have the Series 2025F Bond or any such portion thereof registered in the name of such assignee or assignees. Upon the assignment and transfer of any Series 2025F Bond or any portion thereof, a new substitute Series 2025F Bond or Series 2025F Bonds shall be issued in conversion and exchange therefor in the manner provided in this Section.

(b) Duty of Conversion, Exchange or Replacement. Pursuant to Chapter 1206, and particularly Subchapter B thereof, the duty of conversion and exchange or replacement of Series 2025F Bonds in the manner prescribed herein is hereby imposed upon the Paying Agent/Registrar. Each Series 2025F Bond may be converted into and exchanged for fully registered Series 2025F Bonds in the manner set forth herein. Each Series 2025F Bond issued and delivered pursuant to this Resolution, to the extent of the unpaid or unredeemed principal amount or maturity amount thereof, as the case may be, upon surrender of such Series 2025F Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar, together with a written request therefor duly executed by the registered owner or the assignee or assignees thereof, or its or their duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the Paying Agent/Registrar, at the option of the registered owner or such

assignee or assignees, as appropriate, shall be converted into and exchanged for fully registered Series 2025F Bonds in the form prescribed in the FORM OF BOND of like series or subseries, in any Authorized Denomination (subject to the requirement hereinafter stated that each substitute Series 2025F Bond shall have a single stated maturity date), as requested in writing by such registered owner or such assignee or assignees, in an aggregate principal amount or maturity amount, as the case may be, equal to the unpaid or unredeemed principal amount or maturity amount of any Series 2025F Bond or Series 2025F Bonds, as the case may be, so surrendered, and payable to the appropriate registered owner, assignee, or assignees, as the case may be. If a portion of any Series 2025F Bond shall be redeemed prior to its scheduled maturity as provided herein, a substitute Series 2025F Bond or Series 2025F Bonds having the same maturity date, of like series or subseries and bearing or accruing interest at the same rate, in any Authorized Denomination at the written request of the registered owner, and in an aggregate principal amount or maturity amount, as the case may be, equal to the unredeemed portion thereof, will be issued to the registered owner upon surrender thereof for cancellation. The Paying Agent/Registrar promptly shall cancel all Series 2025F Bonds surrendered for conversion and exchange or replacement. If any Series 2025F Bond or portion thereof is assigned and transferred or converted, each Series 2025F Bond issued in exchange therefor shall have the same principal maturity date, be of like series or subseries and bear or accrue interest at the same rate, as the Series 2025F Bond for which it is being exchanged.

(c) No Additional Actions Necessary. No additional ordinances, orders, or resolutions need be passed or adopted by the Board or any other Person so as to accomplish the foregoing conversion and exchange or replacement of any Series 2025F Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution and delivery of the substitute Series 2025F Bonds in the manner prescribed herein. All Series 2025F Bonds issued in conversion and exchange or replacement of any other Series 2025F Bond or portion thereof (i) shall be issued in fully registered form with the principal of and interest on such Series 2025F Bonds to be payable only to the registered owners thereof, (ii) may be redeemed prior to their scheduled maturities, (iii) may be transferred and assigned, (iv) may be converted and exchanged for other Series 2025F Bonds, shall have the characteristics, (v) shall be signed and sealed, and (vi) the principal of and interest thereon shall be payable, all if and as provided with respect to the Series 2025F Bonds, and in the manner required or indicated, in ARTICLE II of this Resolution. Each substitute Series 2025F Bond shall bear a letter and/or number to distinguish it from each other Series 2025F Bond. Each fully registered Series 2025F Bond delivered in conversion of and exchange for or replacement of any Series 2025F Bond or portion thereof as permitted or required by any provision of this Resolution shall constitute one of the Series 2025F Bonds for all purposes of this Resolution, and may again be converted and exchanged or replaced.

(d) Authentication Certificate. On each substitute Series 2025F Bond issued in conversion of and exchange for or replacement of any Series 2025F Bond or Series 2025F Bonds issued under this Resolution there shall be printed thereon a Paying Agent/Registrar's Authentication Certificate (the "**Authentication Certificate**"), in the form set forth in the FORM OF BOND. An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Series 2025F Bond, date and manually sign the Authentication Certificate, and no such Series 2025F Bond shall be deemed to be issued or outstanding unless the Authentication Certificate is so executed. Upon the execution of the Authentication Certificate, the converted and exchanged or replaced Series 2025F Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Initial Bonds which originally were delivered pursuant to this Resolution, approved by the Attorney General, and registered by the Comptroller.

(e) Restrictions on Transfer or Exchange. Neither the Board, the State nor the Paying Agent/Registrar shall be required (i) to issue, transfer, or exchange any Series 2025F Bond subject to redemption during a period beginning at the opening of business thirty (30) days before the day of the first mailing of a notice of redemption of Series 2025F Bonds and ending at the close of business on the day of such mailing or (ii) to transfer or exchange any Series 2025F Bond after it is selected for redemption, in whole or in part, prior to the redemption date; except that at the option of the registered owner of at least $1,000,000 in principal amount of Series 2025F Bonds, the Paying Agent/Registrar shall be required to transfer or exchange any such Series 2025F Bond which has been selected in whole or in part for redemption upon surrender thereof. In which event, the Paying Agent/Registrar may make such arrangements as it deems appropriate for notation on each new Series 2025F Bond issued in exchange for or upon transfer of the Series 2025F Bond so selected for redemption of an appropriate legend to the effect that such new Series 2025F Bond has been so selected for redemption.

(f) Payment of Fees. The registered owner of any Series 2025F Bond requesting any conversion and exchange shall pay the Paying Agent/Registrar's reasonable and standard or customary fees and charges for converting and exchanging any such Series 2025F Bond or portion thereof, together with any taxes or governmental charges required to be paid with respect thereto, all as a condition precedent to the exercise of such privilege of conversion and exchange; except that in the case of the conversion and exchange of an assigned and transferred Series 2025F Bond or any portion or portions thereof in any Authorized Denomination, and in the case of the conversion and exchange of the unredeemed portion of a Series 2025F Bond which has been redeemed in part prior to maturity, as provided in this Resolution, such fees and charges will be paid by the Board. In addition, the Board hereby covenants with the registered owners of the Series 2025F Bonds that it will pay the (i) reasonable and standard or customary fees and charges of the Paying Agent/Registrar for its services with respect to the payment of the principal of and interest on the Series 2025F Bonds, when due, and (ii) fees and charges of the Paying Agent/Registrar for services with respect to the transfer or registration of Series 2025F Bonds, and with respect to the conversion and exchange of Series 2025F Bonds solely to the extent above provided.

Section 2.08 Owners of Bonds. The Person in whose name any Series 2025F Bond shall be registered in the Registration Books at any time shall be treated as the absolute owner thereof for all purposes of this Resolution, whether such Series 2025F Bond shall be overdue, and the Board and the Paying Agent/Registrar shall not be affected by any notice to the contrary unless otherwise required by law; and payment of, or on account of, the principal of and premium, if any, and interest on any such Series 2025F Bond shall be made only to such registered owner. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2025F Bond to the extent of the sum or sums so paid.

Section 2.09 Damaged, Mutilated, Lost, Stolen or Destroyed Bonds.

(a) Replacement. In the event any outstanding Series 2025F Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new Series 2025F Bond of the same principal amount or maturity amount, as the case may be, maturity date, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Series 2025F Bond, in replacement for such Series 2025F Bond in the manner hereinafter provided.

(b) Application for Replacement. Application for replacement of damaged, mutilated, lost, stolen, or destroyed Series 2025F Bonds shall be made to the Paying Agent/Registrar. In every case of loss, theft or destruction of a Series 2025F Bond, the applicant for a replacement Series 2025F Bond shall furnish to the Board and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft or destruction of a Series 2025F Bond, the applicant shall furnish to the Board and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft or destruction of such Series 2025F Bond, as the case may be. In every case of damage or mutilation of a Series 2025F Bond, the applicant shall surrender to the Paying Agent/Registrar for cancellation the Series 2025F Bond so damaged or mutilated.

(c) Payment in Lieu of Replacement. Notwithstanding the foregoing provisions of this Section, in the event any such Series 2025F Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of, premium, if any, or interest on the Series 2025F Bond, the Board may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Series 2025F Bond) instead of issuing a replacement Series 2025F Bond, provided security or indemnity is furnished as above provided in this Section.

(d) Payment of Costs. Prior to the issuance of any replacement Series 2025F Bond, the Paying Agent/Registrar shall charge the owner of such Series 2025F Bond with all legal, printing, and other expenses in connection therewith. Every replacement Series 2025F Bond issued pursuant to the provisions of this Section by virtue of the fact that any Series 2025F Bond is lost, stolen or destroyed shall constitute a contractual obligation of the Board whether the lost, stolen, or destroyed Series 2025F Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Resolution equally and proportionately with any and all other Series 2025F Bonds duly issued under this Resolution.

(e) Legal Authority. In accordance with Chapter 1206, this Section shall constitute authority for the issuance of any such replacement Series 2025F Bond without necessity of further action by the Board of any other Person, and the duty of the replacement of such Series 2025F Bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Series 2025F Bonds in the form and manner and with the effect, as provided in Section 2.07 for Series 2025F Bonds issued in conversion and exchange for other Series 2025F Bonds.

Section 2.10 Successor Paying Agent/Registrars. The Board covenants with the registered owners of the Series 2025F Bonds that at all times while the Series 2025F Bonds are outstanding the Board will provide a competent and legally qualified bank or trust company to act as and perform the services of Paying Agent/Registrar for the Series 2025F Bonds under this Resolution, and that the Paying

Agent/Registrar will be one entity. The Board reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than sixty (60) days' written notice to the Paying Agent/Registrar. 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 Board covenants that promptly it will appoint a competent and legally qualified bank or trust company which shall be a corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers, subject to supervision or examination by federal or state authority, 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 2025F Bonds, to the new Paying Agent/Registrar designated and appointed by the Board. Upon any change in the Paying Agent/Registrar, the Board promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Series 2025F Bonds, by United States mail, first-class, postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar and the Designated Payment/Transfer Office. 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.

Section 2.11 Book-Entry-Only System. The Initial Bonds shall be delivered to the Underwriters against payment received therefrom on the Date of Delivery. The senior managing underwriter named in Section 8.01 hereof, acting as the representative for the Underwriters, shall be required to promptly surrender the Initial Bonds to the Paying Agent/Registrar for exchange. Series 2025F Bonds issued in exchange therefor shall be registered in the name of Cede & Co., as nominee of DTC, as registered owner of the Series 2025F Bonds, and held in the custody of DTC. Unless otherwise requested by DTC, a single certificate will be issued and delivered to DTC for each maturity of the Series 2025F Bonds. Beneficial owners of Series 2025F Bonds will not receive physical delivery of Series 2025F Bond certificates except as provided hereinafter. For so long as DTC shall continue to serve as securities depository for the Series 2025F Bonds as provided herein, all transfers of beneficial ownership interests will be made by book-entry-only, and no investor or other party purchasing, selling or otherwise transferring beneficial ownership of Series 2025F Bonds is to receive, hold or deliver any Series 2025F Bond certificate.

With respect to Series 2025F Bonds registered in the name of Cede & Co., as nominee of DTC, the Board and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any Person on whose behalf a DTC Participant holds an interest in the Series 2025F Bonds. Without limiting the immediately preceding sentence, the Board 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 2025F Bonds, (ii) the delivery to any DTC Participant or any other Person, other than a registered owner of the Series 2025F Bonds, as shown on the Registration Books, of any notice with respect to the Series 2025F Bonds, including any notice of redemption, and (iii) the payment to any DTC Participant or any other Person, other than a registered owner of the Series 2025F Bonds, as shown in the Registration Books, of any amount with respect to principal of or premium, if any, or interest on the Series 2025F Bonds.

Replacement Series 2025F Bonds may be issued directly to beneficial owners of Series 2025F Bonds other than DTC, or its nominee, but only in the event that: (i) DTC determines not to continue to act as securities depository for the Series 2025F Bonds (which determination shall become effective no

less than ninety (90) days after written notice to such effect to the Board and the Paying Agent/Registrar); (ii) the Board has advised DTC of its determination (which determination is conclusive as to DTC and beneficial owners of the Series 2025F Bonds) that DTC is incapable of discharging its duties as securities depository for the Series 2025F Bonds; or (iii) the Board has determined (which determination is conclusive as to DTC and the beneficial owners of the Series 2025F Bonds) that the interests of the beneficial owners of the Series 2025F Bonds might be adversely affected if such book-entry-only system of transfer is continued. Upon occurrence of any of the foregoing events, the Board shall use its best efforts to attempt to locate another qualified securities depository to replace DTC. If the Board fails to locate another qualified securities depository to replace DTC, the Board shall cause to be authenticated and delivered replacement Series 2025F Bonds, in certificate form, to the beneficial owners of the Series 2025F Bonds. In the event that the Board makes the determination noted in (ii) or (iii) above (provided that the Board undertakes no obligation to make any investigation to determine the occurrence of any events that would permit the Board to make any such determination), and has made provisions to notify the beneficial owners of Series 2025F Bonds of such determination by mailing an appropriate notice to DTC, it shall cause to be issued replacement Series 2025F Bonds in certificate form to beneficial owners of the Series 2025F Bonds as shown on the records of DTC provided to the Board.

Whenever, during the term of the Series 2025F Bonds, the beneficial ownership thereof is determined by a book entry at DTC, the requirements in this Resolution of holding, delivering or transferring Series 2025F Bonds shall be deemed modified to require the appropriate Person or entity to meet the requirements of DTC as to registering or transferring the book entry to produce the same effect.

If at any time, DTC ceases to hold the Series 2025F Bonds as securities depository, (i) if the Board appoints a replacement securities depository, all references to DTC shall refer to such replacement securities depository and (ii) if the Board does not appoint a replacement securities depository, all references herein to DTC shall be of no further force or effect.

Section 2.12 All Bonds On Parity. No Financial Assistance Bond shall be entitled to priority of payment over any other Financial Assistance Bond in the application of any moneys made available by law for the payment thereof, irrespective of the fact that some of the Financial Assistance Bonds may have been or may be delivered prior to the delivery of other Financial Assistance Bonds, it being the intent of this Resolution that all Financial Assistance Bonds shall rank equally on parity with each other.

ARTICLE III

REDEMPTION OF BONDS BEFORE MATURITY

Section 3.01 Limitation on Redemption. Unless otherwise provided in the Approval Certificate, the Series 2025F Bonds shall be subject to redemption before scheduled maturity only as provided in this Article. Any provision of this Article, including, without limitation, any provisions relating to the method or selection of Series 2025F Bonds for redemption may be modified in an Approval Certificate.

Section 3.02 Optional and Mandatory Redemption of Bonds. The Series 2025F Bonds shall be subject to optional redemption and mandatory redemption by the Board on behalf of the State prior to maturity in the manner and at the redemption price as described in the Approval Certificate. The

FORM OF BOND shall be completed upon the execution of the Approval Certificate to reflect the redemption provisions, if any, applicable to Bonds as provided for in the Approval Certificate.

Section 3.03 Partial Redemption.

(a) The Series 2025F Bonds redeemed in part shall be selected for redemption as described in the FORM OF BOND.

(b) A portion of a single Bond of a denomination greater than an Authorized Denomination may be redeemed but only in a principal amount equal to a minimum Authorized Denomination or any integral multiple thereof. The Paying Agent/Registrar shall treat each minimum Authorized Denomination of such Bond as though it were a single Bond for purposes of selection for redemption.

(c) Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar shall authenticate and deliver an exchange Bond in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

Section 3.04 Notice of Redemption.

(a) The Paying Agent/Registrar shall record in the Registration Books all such redemptions of principal of the Series 2025F Bonds or any portion thereof. Notice of any redemption of the Series 2025F Bonds shall be given to the registered owners thereof by the Paying Agent/Registrar in the manner provided in the FORM OF BOND.

(b) In addition to the manner of providing notice of redemption of the Series 2025F Bonds as set forth in the FORM OF BOND, the Paying Agent/Registrar shall give notice of redemption of the Series 2025F Bonds by United States mail, first-class postage prepaid, at least thirty (30) days prior to a redemption date to each registered securities depository and to the MSRB. In addition, in the event of a redemption caused by an advance refunding of the Series 2025F Bonds, the Paying Agent/Registrar shall send a second notice of redemption to the Persons specified in the immediately preceding sentence at least thirty (30) days but not more than ninety (90) days prior to the actual redemption date. Any notice sent to the registered securities depositories or the MSRB shall be sent so that they are received at least two (2) days prior to the general mailing, publication or electronic posting date of such notice. The Paying Agent/Registrar shall also send a notice of redemption to the registered owner of any Series 2025F Bonds who has not sent the Series 2025F Bonds in for redemption sixty (60) days after the redemption date. The failure to send, mail or receive any such notice described in this clause (b), or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Series 2025F Bond.

(c) The Board reserves the right to give notice of its election to optionally redeem Series 2025F Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of monies and/or Defeasance Securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date or (ii) that the Board retains the right to rescind such notice at any time prior to the scheduled redemption date if the Board delivers a certificate or other direction to the Paying/Agent Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice of redemption shall be of no effect if such monies and/or Defeasance Securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give

prompt notice of any such rescission to the affected Owners. Any Series 2025F Bonds subject to conditional redemption where redemption has been rescinded shall not constitute an event of default and shall remain outstanding.

(d) Each redemption notice, whether required in the FORM OF BOND or otherwise by this Resolution, shall contain a description of the Series 2025F Bonds to be redeemed, including the complete name of the Series 2025F Bonds, the series, the date of issue, the interest rate, the maturity date, the CUSIP number, if any, the amounts called of each Series 2025F Bond, the publication and mailing date for the notice, the date of redemption, the redemption price, the name of the Paying Agent/Registrar and the address at which the Series 2025F Bond may be redeemed including a contact person and telephone number.

(e) All redemption payments made by the Paying Agent/Registrar to the registered owners of the Series 2025F Bonds shall include a CUSIP number relating to each amount paid to such registered owner.

(f) Should notice to call Series 2025F Bonds for redemption at the option of the Board be given in the manner provided above, but the Board shall not be able to provide the Paying Agent/Registrar with amounts sufficient to effect on the date fixed for redemption the payment of the entire redemption price of the Series 2025F Bonds so called for redemption, no Series 2025F Bond shall be redeemed on the date fixed for redemption, and the notice of redemption for such Series 2025F Bonds shall be null and void. Such occurrence shall not result in default of the Board's payment obligations on the Series 2025F Bonds as provided herein or in the Series 2025F Bonds.

Section 3.05 Payment Upon Redemption.

(a) By each redemption date, the Board shall deposit with the Paying Agent/Registrar money sufficient to pay all amounts due on the redemption date.

(b) Upon presentation and surrender of any Bond called for redemption at the designated office of the Paying Agent/Registrar on or after the date fixed for redemption, the Paying Agent/Registrar shall pay the principal of and accrued interest on such Bond to the date of redemption from the money provided for that purpose.

Section 3.06 Effect of Redemption.

(a) Notice of redemption having been given, and due provision having been made for payment, Series 2025F Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption; thereafter, such Series 2025F Bonds or portions thereof shall cease to bear interest from the date fixed for redemption, whether or not such Series 2025F Bonds are presented and surrendered for payment on such date.

(b) If the Board shall fail to make provision for the payment of all sums due on a redemption date, then any Series 2025F Bond or portion thereof called for redemption shall continue to bear interest until due provision is made for the payment of same by the Board.

ARTICLE IV

FORM OF BONDS AND CERTIFICATES

Section 4.01 **Form of Bond and Certificates**. The form of all Series 2025F Bonds, including the form of the Authentication Certificate and the form of Assignment to be printed on each of the Series 2025F Bonds, and the form of registration certificate of the Comptroller that shall accompany the Initial Bonds, shall be substantially in the form as set forth in the FORM OF BOND, with such appropriate variations, omissions or insertions as are permitted or required by this Resolution or the applicable Approval Certificate. The Series 2025F Bonds may have such letters, numbers or other identifying marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements thereon as may, consistent herewith, be approved by the Chair of the Board or the Authorized Representative.

Section 4.02 **Opinion of Bond Counsel**. A copy of the approving opinion of Orrick, Herrington & Sutcliffe LLP, bond counsel to the Board in connection with the issuance of the Series 2025F Bonds, in the form in which it is to be delivered upon payment for the Series 2025F Bonds, either will be printed on the reverse side of or otherwise attached to the Series 2025F Bonds or will be delivered to DTC if the Series 2025F Bonds are held in book-entry-only form; and the use of the lithographed or printed facsimile signature of the Executive Administrator to certify to the correctness of such copy is hereby authorized.

Section 4.03 **Printing of Statement of Insurance**. The Board hereby authorizes the printer of the Series 2025F Bonds to print thereon any statement of insurance with respect to the Series 2025F Bonds furnished by any municipal bond insurance company insuring the Series 2025F Bonds.

ARTICLE V

SECURITY AND PAYMENT OF BONDS; ESTABLISHMENT AND FLOW OF FUNDS

Section 5.01 **General Obligations**. The Financial Assistance Bonds, including the Previously Issued Financial Assistance Bonds, the Series 2025F Bonds, and the Series 2025E Bonds, constitute general obligations of the State pursuant to Section 49-d-8, and for the faithful performance in proper time and manner of each official or other act required and necessary to provide for the prompt payment of principal of and premium, if any, and interest on each of the Financial Assistance Bonds when due, the full faith and credit of the State and, in the manner herein provided, the resources of the Board are hereby pledged.

Section 5.02 **Confirmation of Texas Water Development Fund II**. It is found, determined and confirmed that Development Fund II has been established in the State Treasury. Pursuant to the Act, Development Fund II shall contain the State Participation Account, the Economically Distressed Areas Program Account and the Financial Assistance Account. In addition, Development Fund II may contain such additional accounts as the Board determines are necessary and convenient for the administration of Development Fund II.

Section 5.03 Confirmation of Constitutional and Statutory Funds.

(a) Section 49-d-8 and Legislative Powers. All Bond proceeds (other than any proceeds to be used to refund outstanding bonds or other obligations) shall be deposited in the State Treasury to the credit of the Financial Assistance Account. Section 49-d-8 provides that accounts within Development Fund II shall consist of certain identified items, and Subsection (g) of Section 49-d-8 further states that:

> "[Section 49-d-8] being intended only to establish a basic framework and not to be a comprehensive treatment of the Texas Water Development Fund II, there is hereby reposed in the legislature full power to implement and effectuate the design and objects of [Section 49-d-8], including the power to delegate such duties, responsibilities, functions, and authority to the Texas Water Development Board as it believes necessary."

(b) Financial Assistance Account. Consistent with the Act and Section 49-d-8, the "Texas Water Development Fund II Water Financial Assistance Account" (the "**Financial Assistance Account**") shall receive such moneys as described below, and the moneys therein shall be used as described below:

(i) Money and Assets Attributable to Bonds designated by the Board as issued for Water Assistance Projects;

(ii) payments received under a Bond Enhancement Agreement with respect to Financial Assistance Bonds designated by the Board as issued for Water Assistance Projects;

(iii) investment income earned on money on deposit in the Financial Assistance Account; and

(iv) any other funds, regardless of their source, that the Board directs be deposited to the credit of the Financial Assistance Account.

Except for those moneys that the Board determines are unavailable for such purpose, moneys on deposit in the Financial Assistance Account shall be used to pay principal of and interest on the Financial Assistance Bonds. The Board may use moneys on deposit in the Financial Assistance Account for Water Assistance Projects in any manner that the Board determines necessary for the administration of the Financial Assistance Account, consistent with the provisions of Section 49-d-8 and the laws of the State, including specifically the Act, and this Resolution. Moneys on deposit in the Financial Assistance Account may also be used for payment of the expenses of the Board incurred in connection with the issuance of the Financial Assistance Bonds and the administration of Development Fund II.

(c) Bond Payment Account. The Board has established in the State Treasury the "Texas Water Development Fund II Water Financial Assistance Bond Payment Account" (the "**Bond Payment Account**"), as a special account into which shall be deposited in the manner, within the time limits, and from sources as prescribed in Sections 5.04 and 5.05, amounts sufficient to pay when due the principal of and premium, if any, and interest payable on the Financial Assistance Bonds, including, to the extent determined by the Board, amounts sufficient to make payments by the Board under one or more Bond Enhancement Agreements with respect to principal of or interest on such Financial Assistance Bonds.

Section 5.04 Flow of Funds for Debt Service.

(a) Transfers for Payments of Bonds. While and so long as any Financial Assistance Bond is outstanding, on or before the date interest or interest on and principal of the Bonds is scheduled to become due and payable, the Board shall cause to be transferred, from the moneys available for such purpose in the Financial Assistance Account, to the Bond Payment Account an amount which shall be sufficient to pay the principal of and premium, if any, and interest on the Financial Assistance Bonds, including, to the extent determined by the Board, an amount which shall be sufficient to make payments by the Board under one or more Bond Enhancement Agreements with respect to principal of or interest on such Financial Assistance Bonds, when such interest or principal and interest, and premium, if any, or such payments, if any, become due and payable, with allowance being made for moneys currently on deposit in the Bond Payment Account and available to make such payments.

(b) Notice to Comptroller of Insufficient Funds. If the Executive Administrator or the designee thereof determines within fifteen (15) days of an interest or principal payment date that the money available in the Financial Assistance Account for transfer to the Bond Payment Account, as described in subsection (a) of this Section, is not sufficient to pay the principal of, premium, if any, and interest on the Financial Assistance Bonds which then are outstanding and are scheduled to be due and payable on such interest or principal payment date, including, to the extent determined by the Board, an amount which shall be sufficient to make payments by the Board under one or more Bond Enhancement Agreements with respect to principal of or interest on such Financial Assistance Bonds, it is hereby made the duty of the Executive Administrator or the designee thereof to request the Comptroller to deposit in the Bond Payment Account out of the first moneys coming into the State Treasury, not later than three (3) days prior to such interest or principal payment date, or as soon thereafter as sufficient money shall have been received in the State Treasury, an amount sufficient so that the total amount in the Bond Payment Account will be sufficient to pay the principal, premium, if any, and interest to mature and come due on such interest or principal payment date, or to make any payments by the Board, to the extent determined by the Board, under any Bond Enhancement Agreement with respect to principal of or interest on such Financial Assistance Bonds, and to pay all collection and exchange charges in connection therewith.

(c) Use of Remaining Moneys. After making the transfers for the benefit of the Bond Payment Account as provided above in this Section, other available moneys remaining in the Financial Assistance Account may, at the direction of the Board, be used for all of the purposes for which the Board may expend moneys in the Financial Assistance Account under Section 49-d-8.

(d) Bond Enhancement Agreement. Payments to be made by the Board under the terms of a Bond Enhancement Agreement shall be governed by the resolution adopted by the Board authorizing the execution and delivery of such Bond Enhancement Agreement.

(e) Transfers Upon Board Resolution. Anything contained in this Section to the contrary notwithstanding, money in the Financial Assistance Account representing proceeds from a series of Financial Assistance Bonds, prepayments of financial assistance provided from the Financial Assistance Account, or proceeds from the sale or other disposition of the Board's rights to receive repayment of such financial assistance shall not be available for transfer to the Bond Payment Account unless by resolution the Board specifically authorizes the transfer of any such proceeds or prepayments so identified in said

resolution to the Bond Payment Account. Proceeds from the Series 2025F Bonds shall be deposited to the Bond Payment Account to the extent specified in the applicable Approval Certificate.

Section 5.05 Constitutional Provisions for Debt Payment. The Board recognizes the absolute and ultimate obligation of the State to provide during each Fiscal Year all money necessary for the payment of the principal of and premium, if any, and interest on the Financial Assistance Bonds, including payments by the Board under one or more Bond Enhancement Agreements with respect to principal of or interest on such Financial Assistance Bonds, when such interest or principal and interest become due, out of the first moneys coming into the State Treasury, in such Fiscal Year, not otherwise appropriated by the State Constitution, as set forth in Subsection (e) of Section 49-d-8, as follows:

> "... If there is not enough money in any account available to pay the principal of and interest on the general obligation bonds issued for such account, including money to make payments by the Texas Water Development Board under a bond enhancement agreement as authorized by law with respect to principal of or interest on such bonds, there is appropriated out of the first money coming into the state treasury in each fiscal year not otherwise appropriated by this constitution an amount that is sufficient to pay the principal of and interest on such general obligation bonds that mature or become due during that fiscal year or to make bond enhancement payments with respect to those bonds."

Section 5.06 Deposit and Transfer of Funds - Duties of Comptroller. The Comptroller is hereby authorized and directed to make the deposits and transfers (including specifically deposits and transfers required to be made as provided in Section 5.03 hereof) required under all provisions of the resolutions authorizing the Financial Assistance Bonds, including this Resolution. The Comptroller is hereby authorized and directed to do all things necessary or convenient to make current funds available at the place of payment for the Financial Assistance Bonds (including the Designated Payment/Transfer Office of the Paying Agent/Registrar for the Series 2025F Bonds) to pay principal of and interest on all Financial Assistance Bonds as they mature and come due and to provide such current funds as are required for the redemption thereof prior to maturity, or to make any payments under one or more Bond Enhancement Agreements with respect to principal of or interest on such Financial Assistance Bonds, all in accordance with their respective authorizing resolutions. It is made the duty of the Comptroller to make such deposits and transfers as are required in instances wherein the Board exercises its option to call Financial Assistance Bonds for payment prior to maturity. Remittances to the place of payment for the Financial Assistance Bonds (including the Designated Payment/Transfer Office of the Paying Agent/Registrar for the Series 2025F Bonds) of money for payment of principal and interest or for redemption of Financial Assistance Bonds must be made in accordance with the provisions hereof.

Section 5.07 Payment of Bonds. The Board hereby covenants that it shall establish procedures with the Comptroller whereby sufficient moneys shall be withdrawn from the Bond Payment Account and forwarded to the place of payment for the Financial Assistance Bonds (including the Paying Agent/Registrar for the Series 2025F Bonds) for the payment of interest on and principal of the Financial Assistance Bonds, and any premium thereon, becoming due on each interest or principal payment date. The Board further covenants that it shall establish procedures with the Comptroller whereby sufficient moneys shall be withdrawn from the Bond Payment Account and forwarded to the place of payment for the payments, if any, to be made under one or more Bond Enhancement Agreements with respect to the principal of or interest on such Financial Assistance Bonds. In addition, the Board covenants that such

moneys shall be forwarded to the place of payment for the Financial Assistance Bonds (including the Designated Payment/Transfer Office of the Paying Agent/Registrar for the Series 2025F Bonds), or the place of payment for such payments, if any, to be made under any such Bond Enhancement Agreement, no later than each such interest or principal payment date.

Section 5.08 Cooperation with State Officers. It is the duty of the Board, its officers, employees and agents (who are hereby so authorized and directed) to cooperate with and aid the Comptroller in calculating the amounts to be deposited in, or transferred to, the appropriate accounts and in ascertaining the amounts to be remitted to the place of payment for the Financial Assistance Bonds (including the Designated Payment/Transfer Office of the Paying Agent/Registrar for the Series 2025F Bonds), or the place of payment for such payments, if any, to be made under any such Bond Enhancement Agreement.

Section 5.09 Investment of Funds. All money in Development Fund II and the accounts created therein that is not immediately committed to the purposes thereof or the payment of the Financial Assistance Bonds issued for any such account may be invested by the Board in Eligible Investments, and the Board may sell any Eligible Investment at the governing market rate.

ARTICLE VI

COVENANTS AND REMEDIES

Section 6.01 Special Covenant. The Board covenants that it will faithfully and promptly deposit into the Financial Assistance Account all money received from the sale of obligations acquired from Political Subdivisions with moneys from the Financial Assistance Account.

Section 6.02 Taxable Bonds. The Board does not intend to issue the Series 2025F Bonds in a manner such that the Series 2025F Bonds would constitute obligations described in Section 103(a) of the Code.

Section 6.03 Creation of Accounts and Subaccounts. The Board covenants that it will maintain within the funds and accounts described in Section 5.03 such accounts and subaccounts as the Board, in cooperation with the Comptroller, determines necessary for the convenient and efficient administration of such funds and accounts so as not to commingle moneys derived from the issuance of or dedicated to the payment of bonds or other obligations issued by the Board, the interest on which is exempt from federal income taxation under the applicable provisions of the Code.

Section 6.04 Remedies of Bondholders. All rights available to the owners of the Financial Assistance Bonds under the Constitution and the laws of the State, including, without limitation, Section 17.970, Texas Water Code, to compel the performance of their official duties by the Board, its officers and employees, and by other officers of the State to the end that the principal of and interest on the Financial Assistance Bonds may be paid promptly, are hereby recognized.

Section 6.05 Bond Enhancement Agreements. Pursuant to authority granted to the Board by Section 17.954, Texas Water Code, the Board reserves the right at any time and from time to time to enter into one or more Bond Enhancement Agreements that the Board hereafter determines to be necessary or appropriate to place the obligation of the Board, as represented by the Series 2025F Bonds, in whole or in part, on the interest rate, currency, cash flow, or other basis desired by the Board.

ARTICLE VII

SUPPLEMENTS AND AMENDMENTS

Section 7.01 Amendment of Resolution with Consent of Registered Owners.

(a) Amendments Requiring Consent. The registered owners of Series 2025F Bonds aggregating in principal amount at least 51% of the aggregate principal amount or maturity amount, as the case may be, of the Series 2025F Bonds at the time outstanding (but not including in any case Series 2025F Bonds which may then be held or owned by or for the account of the Board) shall have the right from time to time to approve an amendment of this Resolution which may be deemed necessary or desirable by the Board; *provided*, *however*, that nothing herein contained shall permit or be construed to permit the amendment of the terms and conditions contained in this Resolution or in the Series 2025F Bonds so as to:

(i) make any change in the maturity of any of the Series 2025F Bonds;

(ii) reduce the rate of interest borne by any of the Series 2025F Bonds;

(iii) reduce the principal amount or maturity amount, as applicable, payable on any of the Series 2025F Bonds;

(iv) modify the terms of payment of principal of or interest on or maturity amount of, as the case may be, any Series 2025F Bond, or impose any conditions with respect to such payment;

(v) change the minimum percentage of the principal amount or maturity amount of the Series 2025F Bonds necessary for consent to such amendment; or

(vi) affect the rights of the registered owners of less than all of the Series 2025F Bonds then outstanding;

unless such amendment or amendments be approved by the registered owners of all of the Series 2025F Bonds at the time outstanding.

(b) Notice. If at any time the Board shall desire to amend this Resolution under this Section, the Board shall cause notice of the proposed amendment to be published in a financial newspaper or journal published in The City of New York, New York, or the City of Austin, Texas, once during each calendar week for at least four (4) successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of the Board and the designated office of the Paying Agent/Registrar for inspection by all registered owners of Series 2025F Bonds. Such publication is not required, however, if notice in writing is given to each registered owner.

(c) Adoption of Amendatory Resolution. Whenever at any time, within one (1) year from the date of this publication of said notice or other service of written notice, the Board shall receive an instrument or instruments executed by the registered owners of at least 51% in aggregate principal amount or maturity amount, as the case may be, of Series 2025F Bonds then outstanding, which

instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file with the Paying Agent/Registrar, the Board may adopt the amendatory resolution in substantially the same form.

(d) Effectiveness of Consents. Any consent given by the registered owner of a Series 2025F Bond pursuant to the provisions of this Resolution shall be irrevocable for a period of six (6) months from the date of the first publication or mailing of the notice provided for in this Resolution, and shall be conclusive and binding upon all future registered owners of the same Series 2025F Bond during such period. Such consent may be revoked at any time after six (6) months from the date of the first publication or mailing of such notice by the registered owner who gave such consent, or by a successor in title, by filing notice of such revocation with the Paying Agent/Registrar and the Board, but such revocation shall not be effective if the registered owners of at least 51% in aggregate principal amount and maturity amount, as applicable, of the Series 2025F Bonds outstanding as in this Section defined have, prior to the attempted revocation, consented to and approved the amendment.

(e) Proof of Ownership. For the purposes of this Section, proof of ownership of any Series 2025F Bond shall be established by the registration of any such Series 2025F Bond on the Registration Books kept and maintained by the Paying Agent/Registrar.

Section 7.02 Amendment of Resolution Without Consent of Registered Owners.

(a) Amendments Not Requiring Consent. The foregoing provisions of this Article notwithstanding, the Board may, without prior notice to or the consent of the registered owners, pursuant to an amendatory resolution, from time to time:

(i) impose conditions or restrictions additional to, but not in diminution of, those contained in this Resolution, respecting the issuance of Financial Assistance Bonds;

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

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

(iv) adopt amendments to this Resolution that provide for the payment of principal of and interest on the Financial Assistance Bonds or the payment of administrative expenses of the Board from Bond proceeds; or

(v) adopt amendments to this Resolution (including specifically, without limitation, amendments under authority of Section 7.02 and 9.04) that, in the opinion of nationally-recognized bond counsel acceptable to the Board, do not adversely affect the registered owners.

(b) Specific Amendments not Requiring Consent. In addition to the foregoing, the Board expressly reserves the right, without prior notice to or consent from the registered owners of the Financial Assistance Bonds, to amend the provisions of ARTICLE VII of this Resolution to reflect subsequent amendments to the State Constitution and the Act, including, without limitation, amendments altering:

(i) the administration of Development Fund II; or

(ii) the accounts within Development Fund II; or

(iii) the deposit or application of moneys received by the Board as repayments of loans to Political Subdivisions and interest on those loans, or proceeds from the sale, transfer or lease of facilities held for any account within Development Fund II; or

(iv) the use of the proceeds of the Financial Assistance Bonds; or

(v) the rights, duties and obligations of the Comptroller as specified in ARTICLE VII; or

(vi) the procedure for payment of the Financial Assistance Bonds; or

(vii) the payment of expenses of administering Development Fund II and other authorized expenses of the Board; or

(viii) the administration of the Water Infrastructure Fund;

provided, *however*, that such amendments to this Resolution can be made only if:

(A) the Board receives an opinion of nationally-recognized bond counsel acceptable to the Board to the effect that such amendments comply with the Act and this Resolution, that the Financial Assistance Bonds continue to be general obligations of the State and the State Constitution provides for appropriation out of the first money coming into the State Treasury in each Fiscal Year, not otherwise appropriated by the State Constitution, of an amount sufficient to pay the principal of and interest on the Financial Assistance Bonds that mature or become payable during that Fiscal Year, to the extent the same are not otherwise paid from funds pledged to their payment;

(B) bond counsel acceptable to the Board renders an opinion substantially to the effect that any such amendment will not adversely affect the excludability of interest on any tax-exempt Financial Assistance Bonds from gross income for federal income tax purposes; and

(C) each nationally-recognized securities rating agency that issued a rating at the time the Financial Assistance Bonds were initially delivered to the underwriters or purchasers thereof and that has a then existing rating thereon confirms in writing that subsequent to any such amendment, the Financial Assistance Bonds will continue to be rated as general obligation bonds of the State.

(c) Notice. If the Board so amends this Resolution as provided in subsection (b) above, it shall cause notice of such amendment to be published one (1) time in a financial newspaper or journal of general circulation in the City of New York, New York, or the City of Austin, Texas. Such notice shall contain a summary of the amendatory language, recite that the conditions set forth in clauses (viii)(A), (B) and (C) of subsection (b) have been satisfied, and recite the effective date of such amendment. Such notice shall be published within thirty (30) days of the effective date of such amendment as set forth in

such notice. Such notice shall state that a copy thereof is on file at the principal office of the Board for inspection. Such publication is not required, however, if written notice is given to each registered owner of the Financial Assistance Bonds.

Section 7.03 Effect of Amendatory Resolutions. Upon the adoption of any amendatory resolution pursuant to the provisions of this Section, this Resolution shall be deemed to be amended in accordance with such amendatory resolution, and the respective rights, duties and obligations of the Board under this Resolution and all the registered owners of outstanding Series 2025F Bonds shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such amendments.

Section 7.04 Bonds May Bear Notation. Series 2025F Bonds authenticated and delivered after the execution of any amendatory resolution pursuant to this Article may bear a notation in form approved by the Paying Agent/Registrar as to any matter provided for in such amendatory resolution. If the Board or the Paying Agent/Registrar shall so determine, new Series 2025F Bonds so modified as to conform, in the opinion of the Board and the Paying Agent/Registrar, to any such amendatory resolution may be prepared and executed by the Board and authenticated and delivered by the Paying Agent/Registrar in exchange for the Series 2025F Bonds then outstanding.

ARTICLE VIII

PROVISIONS CONCERNING SALE OF BONDS

Section 8.01 Issuance and Sale of Bonds.

(a) Approval Certificate. An Authorized Representative, acting for and on behalf of the Board, shall approve, execute and deliver one or more Approval Certificates, which completed and executed Approval Certificates shall evidence the sale (including the date of such sale) of a series or subseries of Series 2025F Bonds by the Board to the Underwriters. The Approval Certificate shall contain a finding substantially to the effect that based on recommendations made to the Authorized Representative by the financial advisor to the Board, the terms of the sale of the Series 2025F Bonds were the most advantageous to the Board reasonably obtained, and the sale of the Series 2025F Bonds is in the best interests of the Board.

(b) Underwriters. BofA Securities, Inc. is hereby designated as the senior managing underwriter for the Underwriters. The Authorized Representative, acting for and on behalf of the Board, shall select such additional investment banking firms as deemed appropriate to assure that the Series 2025F Bonds are sold on terms advantageous to the Board.

(c) Purchase Agreement. The Purchase Agreement shall be in substantially the form utilized in connection with the sale of Previously Issued Financial Assistance Bonds. A Purchase Agreement shall contain the terms of the sale of the Series 2025F Bonds, as negotiated by the Authorized Representative in accordance with the terms hereof. At the direction of an Authorized Representative, Series 2025F Bonds and Series 2025E Bonds may be sold, but are not required to be sold, pursuant to the terms of a common Purchase Agreement. Each Authorized Representative is hereby authorized and directed to execute the Purchase Agreement for and on behalf of the Board. An Authorized Representative's approval of a Purchase Agreement shall be conclusively evidenced by the execution thereof. It is hereby officially found, determined, and declared that the terms of this sale were and are to be negotiated under authority granted by Section 17.955, Texas Water Code.

(d) Ratings. No Series 2025F Bonds shall be delivered unless prior to delivery, the particular series or subseries of Series 2025F Bonds shall have been rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for long term obligations, as required by Chapter 1371.

(e) Payment of Attorney General Fee. The Board hereby authorizes the payment of the fee of the Attorney General for the examination of the proceedings relating to the issuance of the Series 2025F Bonds, in the amount determined in accordance with the provisions of Section 1202.004, Texas Government Code.

(f) Effect of Determination Made by Authorized Representative. A finding or determination made by an Authorized Representative acting under the authority delegated thereto by this Resolution with respect to all matters relating to the issuance and sale of the Series 2025F Bonds shall have the same force and effect as a finding or determination made by the Board.

Section 8.02 Official Statement. Prior to execution of a Purchase Agreement, the Authorized Representative, acting for and on behalf of the Board, shall cause a preliminary Official Statement to be prepared for distribution in connection with the initial offering and sale of the Series 2025F Bonds, such document to be in substantially the form utilized in connection with the sale of Previously Issued Financial Assistance Bonds, with such changes and completions as the Authorized Representative may deem necessary or appropriate to enable the Authorized Representative, acting for and on behalf of the Board, to deem the preliminary Official Statement to be final as of its date, except for such omissions as are permitted by the Rule. Within seven (7) business days after the execution of a Purchase Agreement, the Authorized Representative, acting for and on behalf of the Board, shall cause a final Official Statement to be provided to the Underwriters in compliance with the Rule and the rules of the MSRB. The use of such final Official Statement by the Underwriters is hereby approved and authorized and the proper officials of the Board are authorized to sign such Official Statement.

Section 8.03 Custody of Bonds. After the Initial Bonds have been executed, it shall be the duty of the Chair of the Board, or some officer, employee or attorney of the Board acting through authority therefrom, to deliver the Initial Bonds to the Attorney General for examination and approval. After the Initial Bonds shall have been approved by the Attorney General they shall be delivered to the Comptroller for registration. The Initial Bonds thus registered shall remain in the custody of the Chair of the Board, or some officer, employee or attorney of the Board acting through authority therefrom, or subject to the order of the Chair, until delivery of the Series 2025F Bonds to the Underwriters on the Date of Delivery.

Section 8.04 Use of Bond Proceeds. Proceeds from the sale of Series 2025F Bonds shall, promptly upon receipt by the Board, be deposited to the credit of the funds and accounts described in this Resolution and applied in the manner specified in the applicable Approval Certificate signed by an Authorized Representative.

ARTICLE IX

CONTINUING DISCLOSURE UNDERTAKING

Section 9.01 Continuing Disclosure Undertaking of the Comptroller.

(a) General. The Board and the legal and beneficial owners of the Series 2025F Bonds are third-party beneficiaries of the Continuing Disclosure Agreement. The Comptroller is required to observe the Continuing Disclosure Agreement in respect of any issue of "Securities," as defined in the Continuing Disclosure Agreement (which include the Series 2025F Bonds), for so long as the State remains an "obligated person" as defined in the Rule. Under the Continuing Disclosure Agreement, the Comptroller will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the MSRB as described below.

(b) Annual Reports of the State. Pursuant to the Continuing Disclosure Agreement, the Comptroller will provide certain updated financial information and operating data to the MSRB annually. The Comptroller is not obligated to provide such financial and operating data more frequently than on an annual basis. The information to be updated includes all quantitative financial information and operating data with respect to the State of the general type included in the Bond Appendix. The Comptroller will update and provide this information within 195 days after the end of each fiscal year of the State. The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's EMMA website or filed with the SEC, as permitted by the Rule. The updated information provided by the Comptroller may be provided on a cash basis and need not be audited, but the Comptroller will provide audited financial statements of the State prepared in accordance with generally accepted accounting principles for governmental entities when the State Auditor completes its statutorily required audit of such financial statements. The accounting principles pursuant to which such financial statements must be prepared may be changed from time to time to comply with State law.

(c) Event Notices of the Comptroller. Under the Continuing Disclosure Agreement, the Comptroller has also agreed to provide notice to the MSRB of any of the following events, with respect, to the Series 2025F Bonds, in a timely manner and not more than ten (10) business days after occurrence of the event:

(i) incurrence of a Financial Obligation of the State, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the State, any of which affect security holders, if material; and

(ii) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the State, any of which reflect financial difficulties.

(d) Change in State Fiscal Year. The State's current fiscal year end is August 31. If the State changes its fiscal year, the Comptroller will notify the MSRB of the change prior to the next date by which the Comptroller otherwise would be required to provide financial information and operating data as described above.

Section 9.02 Continuing Disclosure Undertaking of the Board.

(a) Annual Reports of the Board. The Board shall provide annually to the MSRB, within 195 days after the end of each Fiscal Year ending in or after 2025, financial information and operating data with respect to the Board and the State of the general type included in Table 1, Table 2, and Appendix B of the final Official Statement authorized by Section 8.02 hereof, being the information described in **Exhibit B** hereto. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles described in **Exhibit B** hereto and (2) audited, if the Board or the State, as appropriate, commissions an audit of such statements and the audit is completed within the period during which they must be provided. If audited financial statements are not so provided, then the Board shall provide unaudited financial statements within the required time for the applicable Fiscal Year to the MSRB, and audited financial statements when and if audited financial statements become available.

(b) Event Notices of the Board. The Board shall notify the MSRB, in a timely manner not in excess of ten (10) Business Days after the occurrence of any of the following events with respect to the Series 2025F Bonds:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2025F Bonds, or other material events affecting the tax status of the Series 2025F Bonds;

(7) Modifications to rights of holders of the Series 2025F Bonds, if material;

(8) Series 2025F Bond calls, if material, and tender offers;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the Series 2025F Bonds, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the Board;

(13) The consummation of a merger, consolidation, or acquisition involving the Board or the sale of all or substantially all of the assets or business of the Board, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) Appointment of a successor or additional Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material.

As used in clause 12 above, the phrase "bankruptcy, insolvency, receivership or similar event" means the appointment of a receiver, fiscal agent or similar officer for the Board in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Board, or if jurisdiction has been assumed by leaving the Board and officials or officers of the Board in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Board. The Board shall notify the MSRB, in a timely manner, of any failure by the Board to provide financial information or operating data in accordance with Section 9.02(a) by the time required by such Section.

(c) Change in Board Fiscal Year. If the Board changes its Fiscal Year, it will notify the MSRB of the change (and of the date of the new Fiscal Year end) prior to the next date by which the Board otherwise would be required to provide financial information and operating data pursuant to this Section.

Section 9.03 Incorporation by Reference. The financial information and operating data to be provided pursuant to this Article may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB or filed with the SEC, as permitted by the Rule. All filings shall be made electronically, in the format specified by the MSRB.

Section 9.04 Limitations, Disclaimers, and Amendments. The Board shall be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the Board or the State remains an "obligated person" with respect to the Series 2025F Bonds within the meaning of the Rule, except that the Board in any event will give the notice required by Section 9.02(b) of any Series 2025F Bond calls and defeasance that cause the Board and the State to no longer be "obligated persons".

The provisions of this Article are for the sole benefit of the holders and beneficial owners of the Series 2025F Bonds, and nothing in this Article, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other Person. The Board undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Article and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Board's or the State's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Article or otherwise, except as expressly provided herein. The Board does not make any representation

or warranty concerning such information or its usefulness to a decision to invest in or sell Series 2025F Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE BOARD BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY SERIES 2025F BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE BOARD, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS ARTICLE, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

All documents provided to the MSRB pursuant to this Article shall be accompanied by identifying information, as prescribed by the MSRB.

No default by the Board in observing or performing its obligations under this Article shall constitute a breach of or default under this Resolution for purposes of any other provision of this Resolution.

Nothing in this Article is intended or shall act to disclaim, waive, or otherwise limit the duties of the Board or the State under federal and State securities laws.

Should the Rule be amended to obligate the Board to make filings with or provide notices to entities other than the MSRB, the Board agrees to undertake such obligation in accordance with the Rule as amended.

The provisions of this Article may be amended by the Board 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 Board or the State, but only if (1) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell Series 2025F Bonds in the primary offering of the Series 2025F Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount or maturity amount (or any greater amount required by any other provision of this Resolution that authorizes such an amendment) of the outstanding Series 2025F Bonds consent to such amendment or (b) a Person that is unaffiliated with the Board and the State (such as nationally-recognized bond counsel) determines that such amendment will not materially impair the interests of the holders and beneficial owners of the Series 2025F Bonds. If the Board so amends the provisions of this Article, it shall include with any amended financial information or operating data next provided in accordance with Section 9.02(a) an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided. The Board may also amend or repeal the provisions of this continuing disclosure requirement 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 2025F Bonds in the primary offering of the Series 2025F Bonds.

ARTICLE X

DEFEASANCE

Section 10.01 Series 2025F Bonds Deemed Paid. Any Series 2025F Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "**Defeased Bond**"), except to the extent hereinafter provided in this Article, when payment of the principal of such Series 2025F Bond, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by the Board irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other similar 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 Board with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Series 2025F Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Series 2025F Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the Financial Assistance Account, and such principal and interest shall be payable solely from such money or Defeasance Securities. Notwithstanding any other provision of this Resolution to the contrary, it is hereby provided that any determination not to redeem Defeased Bonds that is made in conjunction with the payment arrangements specified in clauses (i) or (ii) above shall not be irrevocable; provided, that in the proceedings providing for such payment arrangements, the Board (1) expressly reserves the right to call the Defeased Bonds for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Bonds immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

Section 10.02 Investment in Defeasance Securities. Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Board 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 2025F Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Board, or deposited as directed in writing by the Board. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in clauses (i) or (ii) of Section 10.01. All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Bonds, with respect to which such money has been so deposited, shall be remitted to the Board or deposited as directed in writing by the Board.

Section 10.03 Paying Agent/Registrar Services. Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Bonds the same as if they had not been defeased, and the Board shall make proper arrangements to provide and pay for such services as required by this Resolution.

Section 10.04 Selection of Series 2025F Bonds for Defeasance. In the event that the Board elects to defease less than all of the principal amount of Series 2025F Bonds of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Series 2025F Bonds by such random method as it deems fair and appropriate and consistent with the terms of this Resolution.

ARTICLE XI

MISCELLANEOUS PROVISIONS

Section 11.01 Further Procedures. The Chair of the Board, the Executive Administrator, the Development Fund Manager, the Director of Debt and Portfolio Management, the General Counsel, the Chief Financial Officer, and/or any other officers of the Board and each of them, shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the seal of the Board and on behalf of the Board all agreements, instruments, or such other documents, whether mentioned herein or not, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution, and the initial sale and delivery of the Series 2025F Bonds. In addition, prior to the initial delivery of the Series 2025F Bonds, the Chair of the Board, the Executive Administrator, the Development Fund Manager, the Director of Debt and Portfolio Management, the Chief Financial Officer, and/or the General Counsel of the Board and the Board's Bond Counsel 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: (i) in order to cure any technical ambiguity, formal defect, or omission in the Resolution or such other document; or (ii) as requested by the Attorney General or his representative to obtain the approval of the Series 2025F Bonds by the Attorney General and if such officer or counsel determines that such ministerial changes are consistent with the intent and purpose of the Resolution, which determination shall be final. In the event that any officer of the Board whose signature shall appear on any document shall cease to be such officer before the delivery of such document, such signature nevertheless shall be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 11.02 Open Meeting; Notice. It is hereby officially found and determined that the meeting at which this Resolution is adopted is open to the public as required by law at all times during which this Resolution and the subject matter thereof are discussed, considered and formally acted upon; and reasonable notice of this meeting was delivered to the Secretary of State of the State, as required by Chapter 551.

Section 11.03 Prior Actions. All actions taken by the Board authorizing the issuance of the Series 2025F Bonds are in all things approved, ratified and confirmed, except that to the extent such actions conflict with any provision of this Resolution, the terms and provisions of this Resolution shall control and prevail.

Section 11.04 Perfection of Security Interest in Pledge. Chapter 1208 applies to the issuance of the Series 2025F Bonds and the pledge of the credit of the State made pursuant to Section 49-d-8, and such pledge is therefore valid, effective, and perfected. If State law is amended at any time while the Series 2025F Bonds are outstanding and unpaid such that such pledge is to be subject to the filing requirements of Chapter 9, then in order to preserve to the registered owners of the Series 2025F Bonds the perfection of the security interest in said pledge, the Board agrees to take such

measures as it determines are reasonable and necessary under State law to comply with the applicable provisions of Chapter 9 and enable a filing to perfect the security interest in said pledge to occur.

[*Remainder of Page Intentionally Left Blank*]

ADOPTED AND APPROVED this July 24, 2025.

Chair
Texas Water Development Board

ATTEST:

Executive Administrator
Texas Water Development Board

(SEAL)

LIST OF EXHIBITS

Exhibit A Form of Bond

Exhibit B Description of Annual Financial Information of the Board

EXHIBIT A

FORM OF BOND

NO. _____ $_____

UNITED STATES OF AMERICA
STATE OF TEXAS
WATER FINANCIAL ASSISTANCE BOND
TAXABLE SERIES 2025F (STATE WATER PLAN)[1]

MATURITY DATE	INTEREST RATE	DATED DATE	CUSIP
	%	_____, 20__	

Registered Owner:
Principal Amount:

ON THE MATURITY DATE SPECIFIED ABOVE, THE STATE OF TEXAS, ACTING BY AND THROUGH THE TEXAS WATER DEVELOPMENT BOARD (the "Board"), hereby promises to pay to the registered owner specified above, or to the registered assignees hereof (either being hereinafter called the "registered owner") the principal amount specified above and to pay interest thereon, from the dated date of this Bond specified above, to the date of its scheduled maturity or date of redemption, prior to its scheduled maturity, at the rate of interest per annum specified above, with said interest being payable on _____, 20_, and semiannually on each _____ and _____ thereafter, except that if the Paying Agent/Registrar's Authentication Certificate appearing on the face of this Bond is dated later than _____, 20_, such interest is payable semiannually on each _____ and _____ following such date of authentication.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity or upon the date fixed for its redemption, prior to its scheduled maturity, at the corporate trust office of The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent/Registrar") in Dallas, Texas (the "Designated Payment/Transfer Office"). The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof as shown on the registration books kept by the Paying Agent/Registrar at the close of business on the fifteenth day of the month next preceding such interest payment date (the "Record Date") by check drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Board required 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, postage prepaid, on each such interest payment date, to the registered owner of record on the Record Date at its address as it appears on the registration books kept by the Paying Agent/Registrar, as hereinafter described. The Board covenants with the registered owner of this Bond that no later than each principal payment date and interest payment date for this Bond it will make available to the Paying Agent/Registrar the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Series 2025F Bonds (as defined herein) when due.

[1] Designation of subseries, if any, to be provided in an Approval Certificate.

INTEREST ON the Series 2025F Bonds shall be computed on the basis of a 360-day year of twelve 30-day months.

ANY PAYMENTS required to be made hereunder on any day which is not a Business Day (as defined below) shall be made instead on the next succeeding Business Day and no interest shall accrue on such payments in the interim. "Business Day" means a day other than a Saturday, Sunday, a legal holiday or a day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close. Notwithstanding the foregoing, during any period in which ownership of the Series 2025F Bonds is determined only by a book entry at a securities depository for the Series 2025F Bonds, any payment to the securities depository, or its nominee or registered assigns, shall be made in accordance with existing arrangements between the Board and the securities depository.

THIS BOND is one of a series of Bonds of like tenor and effect except as to number, maturity, interest rate and right of prior redemption, dated as of the dated date of this Bond specified above, aggregating _____ ($_____) (the "Series 2025F Bonds")[1], issued pursuant to authority granted to the Board by Section 49-d-8 of Article III of the Texas Constitution ("Section 49-d-8"), Section 49-d-11 of Article III of the Texas Constitution ("Section 49-d-11") and Subchapter L, Chapter 17, Texas Water Code ("Subchapter L"), and a resolution authorizing the issuance of the series of Bonds of which this is one, adopted by the Board and duly of record in the minutes of the Board (hereinafter called the "Bond Resolution"), to provide funds for the Financial Assistance Account for Water Assistance Projects, including projects included in the State Water Plan, and to pay expenses arising in connection with the issuance of the Series 2025F Bonds. In the Bond Resolution, the Board delegated to certain designated officials the authority to establish and approve the final terms of sale of the Series 2025F Bonds through the execution of one or more Approval Certificates (the Bond Resolution and applicable Approval Certificate are collectively referred to herein as the "Resolution"). Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Resolution.

THE SERIES 2025F BONDS having stated maturities on and after _____ __ , 20__ shall be subject to redemption prior to maturity, at the option of the Board, in whole or in part, in Authorized Denominations, on _____ __, 20__, or on any date thereafter, at the redemption price of par plus accrued interest to the date of redemption.

THE SERIES 2025F BONDS maturing on August 1, in the years _____ (the "Term Bonds") are subject to mandatory sinking fund redemption annually, on August 1 of the years and in the principal amounts set forth below, plus accrued interest from the most recent interest payment date on which interest has been paid or fully provided for, to the redemption date:

Term Bonds due August 1, 20___

Mandatory Redemption Date (August 1)	Principal Amount

† Final Maturity

[1] Designation of subseries, if any, to be provided in an Approval Certificate.

THE PRINCIPAL AMOUNT of Term Bonds required to be redeemed shall be reduced, at the option of the Board, by the principal amount of Term Bonds which, at least 50 days prior to the mandatory sinking fund redemption date (1) shall have been defeased or acquired by the Board and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the Board with money in the Bond Fund, or (3) shall have been redeemed pursuant to the optional redemption provisions set forth above and not theretofor credited against a mandatory sinking fund redemption requirement. On or before August 1 of every year in which there are mandatory redemption requirements as defined above for the Term Bonds, the Paying Agent/Registrar shall determine the principal amount of Term Bonds that must be mandatorily redeemed on August 1 of such year, after taking into account deliveries for cancellation and prior redemption of Term Bonds as provided above.

IF FEWER THAN ALL OF THE SERIES 2025F BONDS are called for redemption, the maturities (or mandatory sinking fund redemption amounts within a maturity) to be redeemed will be selected by the Board. If the Series 2025F Bonds are registered in book-entry-only form and so long as DTC, or a successor securities depository, is the sole registered owner of such Series 2025F Bonds and if less than all of the Series 2025F Bonds of a maturity are called for prior redemption, the particular Series 2025F Bonds or portions thereof to be redeemed shall be selected on a "Pro Rata Pass-Through Distribution of Principal" basis in accordance with DTC procedures; provided, however, the selection for redemption of such Series 2025F Bonds shall be made in accordance with the operational arrangements of DTC then in effect. It is the Board's intent that redemption allocations made by DTC, the DTC Participants or such other intermediaries that may exist between the Board and the beneficial owners of the Series 2025F Bonds be made on a Pro Rata Pass-Through Distribution of Principal basis as described above; however, the Board can provide no assurance that DTC, the DTC Participants or any other intermediaries will allocate redemptions among beneficial owners of the Series 2025F Bonds on such basis. If the DTC operational arrangements do not allow for the redemption of the Series 2025F Bonds on a Pro Rata Pass-Through Distribution of Principal basis as described above, then the Series 2025F Bonds will be selected for redemption in accordance with DTC procedures by lot.

IF THE SERIES 2025F BONDS are no longer registered to DTC or a successor securities depository, or its nominee, any redemption of less than all of a maturity of such Series 2025F Bonds shall be effected by the Paying Agent/Registrar among owners on a pro-rata basis subject to minimum Authorized Denominations. The Series 2025F Bonds or portions thereof to be redeemed shall be determined by the Paying Agent/Registrar, using such method as it shall deem fair and appropriate.

AT LEAST thirty (30) days prior to the date fixed for any redemption, (a) a written notice of such redemption shall be given to the registered owner of each Bond or a portion thereof being called for redemption by depositing such notice in the United States mail, first-class postage prepaid, addressed to each such registered owner at his address shown on the registration books of the Paying Agent/Registrar, and (b) notice of such redemption either shall be published one (1) time in or posted electronically on the website of a financial journal or publication of general circulation in the United States of America or the State of Texas carrying as a regular feature notices of municipal bonds called for redemption; *provided, however*, that the failure to send, mail, or receive such notice described in clause (a) above, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond, and the Resolution provides that the

provision of notice as described in clause (a) above shall be the only notice actually required in connection with or as a prerequisite to the redemption of any Bonds. By the date fixed for any such redemption due provision shall be made by the Board with the Paying Agent/Registrar for the payment of the required redemption price for this Bond or the portion hereof which is to be so redeemed, plus accrued interest thereon to the date fixed for redemption. Should notice to call Bonds for redemption at the option of the Board be given in the manner provided above, but the Board shall not be able to provide the Paying Agent/Registrar with amounts sufficient to effect on the date fixed for redemption the payment of the entire redemption price of the Series 2025F Bonds so called for redemption, no Bonds shall be redeemed on the date fixed for redemption, and the notice of redemption for such Bonds shall be null and void. Such occurrence shall not result in default of the Board's payment obligations on the Series 2025F Bonds as provided herein or in the Resolution. By each redemption date, the Board shall deposit with the Paying Agent/Registrar money sufficient to pay all amounts due on the redemption date.

THE BOARD RESERVES the right to give notice of its election to optionally redeem Series 2025F Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or Defeasance Securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date or (ii) that the Board retains the right to rescind such notice at any time prior to the scheduled redemption date if the Board delivers a certificate or other direction to the Paying Agent/Registrar instruction the Paying Agent/Registrar to rescind the redemption notice, and such notice of redemption shall be of no effect if such moneys and/or Defeasance Securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission to the affected Owners. Any Bonds subject to conditional redemption where redemption has been rescinded shall not constitute an event of default and shall remain outstanding.

IF SUCH NOTICE of redemption is given, and if due provision for such payment is made, all as provided in the paragraph above, this Bond, or the portion thereof which is to be so redeemed, thereby automatically shall be redeemed prior to its scheduled maturity, and shall not bear interest after the date fixed for its redemption, and shall not be regarded as being Outstanding except for the right of the registered owner to receive the redemption price plus accrued interest to the date fixed for redemption from the Paying Agent/Registrar out of the funds provided for such payment. The Paying Agent/Registrar shall record in the Registration Books all such redemptions of principal of this Bond or any portion hereof. If a portion of any Bond shall be redeemed, a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any Authorized Denomination, 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 Board, all as provided in the Resolution

THIS BOND OR ANY PORTION OR PORTIONS HEREOF IN ANY AUTHORIZED DENOMINATION may be assigned and shall be transferred only in the registration books of the Board kept by the Paying Agent/Registrar acting in the capacity of registrar for the Series 2025F Bonds, upon the terms and conditions set forth in the Resolution. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar at the Designated Payment/Transfer Office, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any Authorized Denomination to the assignee or assignees. A new Bond or Bonds

payable to such assignee, or to the previous registered owner in the case of the assignment and transfer of only a portion of this Bond, shall be delivered by the Paying Agent/Registrar in conversion of and exchange for this Bond, all in the form and manner as provided in the next paragraph hereof for the conversion and exchange of other Bonds.

AS PROVIDED in the Resolution, this Bond, or any unredeemed portion hereof, may, at the request of the registered owner or the assignee or assignees hereof, be converted into and exchanged for a like aggregate principal amount of fully registered Bonds payable to the appropriate registered owner, assignee, or assignees, as the case may be, having the same maturity date and interest rate, in any Authorized Denomination, as requested in writing by the appropriate registered owner or assignee, upon surrender of this Bond to the Paying Agent/Registrar at the Designated Payment/Transfer Office for cancellation.

NEITHER THE BOARD, the State of Texas, nor the Paying Agent/Registrar shall be required (a) to issue, transfer, exchange or make any conversion of any Bond subject to redemption during a period beginning at the opening of business thirty (30) days before the day of the first mailing of a notice of redemption of Bonds and ending at the close of business on the day of such mailing or (b) to transfer or exchange any Bond after it is selected for redemption, in whole or in part, prior to the redemption date; provided, however, that at the option of the registered owner of at least $1,000,000 in principal amount of the Series 2025F Bonds, the Paying Agent/Registrar shall be required to transfer or exchange any Bonds which have been selected in whole or in part for redemption upon the surrender thereof. The registered owner requesting conversion and exchange of any Bond or portion thereof shall pay the Paying Agent/Registrar's customary fees and charges, together with any taxes or governmental charges required to be paid with respect thereto, as a condition precedent to the exercise of such privilege of conversion and exchange, except, however, that in the case of the conversion and exchange of an assigned and transferred Bond or Bonds or portion thereof, and in the case of the conversion and exchange of a portion of a Bond which has been redeemed prior to maturity, as provided herein, the fees and charges of the Paying Agent/Registrar will be paid by the Board.

WHENEVER the beneficial ownership of this Bond is determined by a book entry at a securities depository for the Series 2025F Bonds, the foregoing requirements of holding, delivering or transferring this Bond shall be modified to require the appropriate person or entity to meet the requirements of the securities depository as to registering or transferring the book entry to produce the same effect.

IN THE EVENT any Paying Agent/Registrar for the Series 2025F Bonds is changed by the Board, resigns or otherwise ceases to act as such, the Board has covenanted in the Resolution that it promptly will appoint a competent and legally qualified substitute therefor, and promptly will cause written notice thereof to be mailed to the registered owners of the Series 2025F Bonds.

BY BECOMING the registered owner of this Bond, the registered owner thereby acknowledges all of the terms and provisions of the Resolution, agrees to be bound by such terms and provisions, acknowledges that the Resolution is duly recorded and available for inspection in the official minutes and records of the Board, and agrees that the terms and provisions of this Bond and the Resolution constitute a contract between each registered owner hereof and the Board.

THE ISSUE of Bonds of which this is one shall be and is hereby made a general obligation of the State of Texas, pursuant to Section 49-d-8 and Subchapter L, and for the faithful performance of all

covenants, recitals and stipulations herein contained, and for the faithful performance in proper time and manner of each official or other act required and necessary to provide for the prompt payment of principal of and interest on this Bond when due, the resources of the Board and the full faith and credit of the State of Texas are hereby pledged.

PAYMENTS OF THE PRINCIPAL OF and premium, if any, and interest on this Bond shall be made primarily from the "Texas Water Development Fund II Water Financial Assistance Account" (the "Financial Assistance Account") within the Texas Water Development Fund II ("Development Fund II") created by Section 49-d-8. The Financial Assistance Account shall be comprised of (1) the Board's rights to receive repayment of financial assistance provided from such account, together with any evidence of such rights; (2) money received from the sale or other disposition of the Board's rights to receive repayment of such financial assistance; (3) money received as repayment of such financial assistance; (4) money and assets attributable to bonds issued and sold by the Board for such account, including money and assets transferred from the Texas Water Development Fund pursuant to Section 49-d-8; (5) money deposited to such account from the sale, transfer, or lease, in whole or in part, of facilities held for such account; (6) payments received by the Board under a bond enhancement agreement as authorized by law with respect to bonds issued for such account; (7) interest and other income received from investment of money in such account; and (8) any other funds, regardless of their source, that the Board directs be deposited to the Financial Assistance Account. Proceeds from the sale of the bonds on deposit in the Financial Assistance Account shall not be available to pay the principal of and premium, if any, and interest on this Bond and the series of which it is a part unless specifically authorized by the Board. The Bonds and all other bonds or other obligations issued or incurred by the Board pursuant to Section 49-d-8, Section 49-d-9, or Section 49-d-11 to provide funds for the Financial Assistance Account of Development Fund II or to refund any such bonds or obligations are referred to herein as "Financial Assistance Bonds". Section 49-d-8 provides that to the extent there is not money in any account available for payment of principal of and interest on the Financial Assistance Bonds issued for such account, there is appropriated out of the first money coming into the State Treasury (as defined in the Resolution) in each fiscal year, not otherwise appropriated by the Texas Constitution, an amount which is sufficient to pay the principal of and interest on such Financial Assistance Bonds that mature or become due during that fiscal year.

IT IS HEREBY certified and recited that all acts, conditions and things required to be done precedent to and in the issuance of this Bond and the series of which it forms a part have been properly done, have happened and have been performed in regular and due time, form and manner as required by the Constitution and laws of the State of Texas and the Resolution, and that the series of Bonds of which this is a part does not exceed any constitutional or statutory limitation, and that provision has been made for the payment of the principal of and interest on this Bond and the series of which it is a part as such principal and interest become due by a continuing appropriation heretofore made by Section 49-d-8 and by a pledge of the credit of the State of Texas.

[Remainder of Page Intentionally Left Blank]

IN TESTIMONY WHEREOF, this Bond is executed with the lithographed or printed facsimile or manual signatures of the Chair of the Texas Water Development Board and the Executive Administrator, and the seal of said Board is lithographed, printed or manually impressed hereon.

THE STATE OF TEXAS

_____
Chair
Texas Water Development Board

ATTEST:

_____
Executive Administrator
Texas Water Development Board

(SEAL)

[To accompany Definitive Bonds only]

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

It is hereby certified that this Bond has been issued under the provisions of the Resolution described on the face of this Bond; and that this Bond has been issued in conversion of and exchange for or replacement of a Bond, Bonds or a portion of a Bond or Bonds of an issue which originally was approved by the Attorney General of the State of Texas and registered by the Texas Comptroller of Public Accounts.

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., Paying Agent/Registrar

Dated _____

By: _____
Authorized Representative

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto (Print or typewrite name, address, and zip code of transferee:) _____ _____(Social Security or other identifying number _____) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED:

_____

NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular.

_____

Signature guaranteed:

_____

[To accompany Initial Bond(s) only]

REGISTRATION CERTIFICATE OF
TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER)
OF PUBLIC ACCOUNTS) REGISTER NO. _____
THE STATE OF TEXAS)

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

WITNESS my signature and seal of office this _____.

_____
Texas Comptroller of Public Accounts

(SEAL)

The Initial Series 2025F Bond shall be in the form set forth therefor in this Exhibit, except as follows:

Heading and paragraphs one (1) through three (3) shall be replaced as follows:

NO. T-1 $_____

UNITED STATES OF AMERICA
STATE OF TEXAS
WATER FINANCIAL ASSISTANCE BOND
TAXABLE SERIES 2025F (STATE WATER PLAN)[1]

Bond Date:

_____, 2025

Registered Owner: _____

Principal Amount: _____ DOLLARS

THE STATE OF TEXAS, ACTING BY AND THROUGH THE TEXAS WATER DEVELOPMENT BOARD (the "Board"), for value received, acknowledges itself indebted to and hereby promises to pay to the registered owner named above, or the registered assigns thereof, the Principal Amount hereinabove stated on August 1 in the years and in principal installments in accordance with the following schedule:

Year of Stated Maturity	Principal Amount ($)	Interest Rates (%)

(Information to be inserted from Approval Certificate).

(without right of prior redemption) and to pay interest on the unpaid principal installments hereof from the date of its delivery at the per annum rates of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on _____, 20__, and each _____ and _____ thereafter, until maturity. Principal installments of this Series 2025F Bond are payable in the year of maturity or on a redemption date to the registered owner hereof by The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Paying Agent/Registrar"), upon presentation and surrender, at its designated offices in Dallas, Texas (the "Designated Payment/Transfer Office"). Interest is payable to the registered owner of this Bond whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date," which is the fifteenth day of the month next preceding each interest payment date, and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or collection charges to the registered owner hereof and in any coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts. If the date for the payment of the

[1] Designation of subseries, if any, to be provided in an Approval Certificate.

principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to be closed, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to be closed; and payment on such date shall have the same force and effect as if made on the original date payment was due.

EXHIBIT B

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION OF THE BOARD

The following information is referred to in Section 9.02 of this Resolution.

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the Board to be provided annually in accordance with such Section is the quantitative financial information and operating data pertaining to the Board included in Table 1, Table 2, and Appendix B of the Official Statement relating to the Bonds.

Accounting Principles

The accounting principles referred to in such Section are generally accepted accounting principles for governmental units as prescribed by the Government Accounting Standards Board from time to time, as such principles may be changed from time to time to comply with state law or regulation.

SWIFT FUNDS TRANSFER AGREEMENT

THIS SWIFT FUNDS TRANSFER AGREEMENT (this "Agreement"), dated as of the __th day of August 2025, is by and between the Texas Water Development Board (the "Board") and the Texas Treasury Safekeeping Trust Company (the "Trust Company") (each a "party" and together, the "parties")

W I T N E S S E T H:

WHEREAS, Article 3, Section 49-d-12, Texas Constitution ("Section 49-d-12") created the State Water Implementation Fund for Texas ("SWIFT") as a special fund in the state treasury outside the general revenue fund of the State of Texas (the "State") for the purpose of implementing the state water plan adopted by the Board as required by general law;

WHEREAS, subsection (b) of Section 49-d-12 provides that the Board may enter into "bond enhancement agreements" to provide additional security for general obligation bonds or revenue bonds of the Board, the proceeds of which are used to finance state water plan projects (general obligation bonds or revenue bonds issued to finance state water plan projects are referred to herein as "State Water Plan Bonds");

WHEREAS, Article 3, Section 49-d-13, Texas Constitution ("Section 49-d-13") created the State Water Implementation Revenue Fund for Texas ("SWIRFT") as a special fund in the state treasury outside the general revenue fund of the State, to be administered by the Board for the purpose of implementing the state water plan adopted by the Board as required by general law;

WHEREAS, SWIRFT consists of, *inter alia*, money disbursed from SWIFT to SWIRFT as authorized by general law;

WHEREAS, the Board is authorized by state law to issue revenue bonds for the purpose of providing money for SWIRFT;

WHEREAS, Section 15.432, Texas Water Code, provides that SWIFT and accounts within SWIFT are held by the Trust Company for and in the name of the Board;

WHEREAS, Section 49-d-12 and Section 15.435, Texas Water Code, address the ability of the Board and the Trust Company to enter into bond enhancement agreements to provide a source of revenue or security for the payment of State Water Plan Bonds (“SWIFT Bond Enhancement Agreements”);

WHEREAS, Section 15.435, Texas Water Code, provides that the Board and the Trust Company may enter into SWIFT Bond Enhancement Agreements to provide a source of revenue or security for the payment of State Water Plan Bonds;

WHEREAS, the Board and the Trust Company previously have executed eleven SWIFT Bond Enhancement Agreements, pursuant to which the Board has received $1,151,588,167 in funds transferred from SWIFT to provide a source of revenue or security for the payment of State Water Plan Bonds;

WHEREAS, as of December 31, 2024, SWIFT had a fund balance of $1,882,493,748, an amount in excess of the amount the Board is requesting be transferred from SWIFT, in accordance with the terms of this Agreement;

WHEREAS, the Board is authorized to issue the Texas Water Development Board State Water Implementation Revenue Fund for Texas Revenue Bonds, Series 2025 (Master Trust) (the “SWIRFT

Bonds”), the State of Texas Water Financial Assistance Bonds, Series 2025E (State Water Plan) (the “GO Series 2025E Bonds”), and the State of Texas Water Financial Assistance Bonds, Taxable Series 2025F (State Water Plan) (the “GO Series 2025F Bonds” and, together with the GO Series 2025E Bonds, the “GO Bonds”), each as described in Exhibit A hereto (collectively, the "Bonds") in accordance with bond resolutions adopted for the SWIRFT Bonds and GO Bonds by the Board on July 24, 2025, and the terms of separate purchase agreements with respect to the SWIRFT Bonds and the GO Bonds;

WHEREAS, the SWIRFT Bonds shall be issued in accordance with the terms of a Master Trust Indenture, dated as of October 1, 2015 (the "Master Indenture"), by and between the Board and The Bank of New York Mellon Trust Company, National Association ("BNY") (the "Master Trustee") and a revenue Bond Indenture, each dated as of October 1, 2025 (the "Bond Indenture"), by and between the Board and BNY (the "Bond Trustee") with respect to the SWIRFT Bonds, as identified in Exhibit A;

WHEREAS, the proceeds of the SWIRFT Bonds will be deposited to the credit of SWIRFT to provide financing for state water plan projects, consistent with the provisions of Section 15.472, Texas Water Code;

WHEREAS, the GO Bonds shall be issued as water financial assistance bonds in accordance with the terms of a Bond Resolution, adopted July 24, 2025, with respect to the GO Series 2025E Bonds (the "GO Series 2025E Bond Resolution"), and in accordance with the terms of a Bond Resolution, adopted July 24, 2025, with respect to the GO Series 2025F Bonds (the "GO Series 2025F Bond Resolution" and, together with the GO Series 2025E Bond Resolution, the "Bond Resolutions");

WHEREAS, the proceeds of the GO Bonds will be deposited to the credit of the Financial Assistance Account of the Texas Water Development Fund II to provide financing for Water Assistance Projects included in the state water plan, consistent with the provisions of Section 49-d-8, Article III, Texas Constitution ("Section 49-d-8”), Section 49-d-11, Article III, Texas Constitution and Chapter 17, Subchapter L, Texas Water Code;

WHEREAS, pursuant to Section 17.959, Texas Water Code, the Financial Assistance Account includes (i) payments received under a bond enhancement agreement with respect to water financial assistance bonds ("WFA Bond Enhancement Agreements") designated by the Board as issued for purposes described in Section 49-d-8, other than for purposes described in Sections 17.957 and 17.958 and (ii) any other funds, regardless of their source, that the Board directs be deposited to the credit of the Financial Assistance Account;

WHEREAS, the Board desires to enter into this Agreement to provide a source of revenue or security for the payment of principal of and interest on the Bonds;

WHEREAS, this Agreement constitutes an interagency contract between the Board and the Trust Company, and is a SWIFT Bond Enhancement Agreement as described in and authorized by Section 49-d-12 and Section 15.435, Texas Water Code; and

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants herein contained, and subject to the conditions herein set forth, the Board and the Trust Company agree as follows:

ARTICLE ONE

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

SECTION 1.01. Definitions.

As used in this Agreement, the terms defined in the preamble to this Agreement shall have the meaning set forth in the preamble, and the terms defined in this Article shall have the meaning set out below, unless the context requires a different meaning. Terms not defined in this Agreement shall have the meanings given such terms in the Master Indenture, with respect to the SWIRFT Bonds, and the Bond Resolutions, with respect to the GO Bonds.

"Agreement" means this agreement as originally executed or as it may from time to time be supplemented, modified, or amended.

"Board" means the Texas Water Development Board and any successor to its duties and functions.

"Board Request" means a request for the transfer of funds from SWIFT, signed in the name of the Board by the Executive Administrator, the Chief Financial Officer, the Development Fund Manager, the Director of Debt and Portfolio Management, or the General Counsel, which the Trust Company may treat to be a duly authorized act of the Board.

"Bonds" means the bonds issued by the Board described and identified in Exhibit A as the "SWIRFT Bonds" and the "GO Bonds".

"Business Day" means a day other than (i) a Saturday or Sunday, (ii) a legal holiday, or (iii) a date on which banking institutions in the city where the administrative offices of the Trust Company or the Designated Office of the Master Trustee, in the case of the SWIRFT Bonds, or the Designated Payment/Transfer Office of the Paying Agent/Registrar, in the case of the GO Bonds, are located and authorized by law or executive order to close.

"Code" means the Internal Revenue Code of 1986, as may be amended from time to time, and all applicable temporary, proposed and final regulations and procedures promulgated under the Code or promulgated under the Internal Revenue Code of 1954, to the extent applicable to the Code.

"Delivery Date" means the date of delivery of each series of the Bonds identified in Exhibit A in exchange for the purchase prices thereof as set forth in the Purchase Agreements, which date shall be a Business Day.

"Designated Office" means the corporate trust office of the Master Trustee designated in the Master Indenture; initially, the Austin, Texas corporate trust office of the Master Trustee is its Designated Office.

"Financial Advisor" means Hilltop Securities Inc.

"Fiscal Year" means the period of time beginning in each calendar year on September 1 and ending on August 31 of the calendar year next following.

"GO Bonds Assistance Account" means the “Assistance Account” as defined in and created pursuant to the Trust Agreement.

“GO Bonds Assistance Account Custodian” means the “Custodian” as defined in the Trust Agreement.

"GO Bonds Assistance Account – Series 2025E Bonds Subaccount" means the “Series 2025E Bonds Subaccount” as defined in and created pursuant to the Trust Agreement.

"GO Bonds Assistance Account – Series 2025F Bonds Subaccount" means the “Series 2025F Bonds Subaccount” as defined in and created pursuant to the Trust Agreement.

"GO Bonds Execution Date" means the date of the Purchase Agreement related to the GO Bonds is executed by the Board and the representative of the underwriters named in such Purchase Agreement.

"GO Bonds Stated Amount" has the meaning specified for that term in Section 2.02 of this Agreement.

"LBB" means the Legislative Budget Board.

"Paying Agent/Registrar" has the meaning specified for that term in the Bond Resolutions.

"Political Subdivision" has the meaning specified for that term in Section 17.001(5), Texas Water Code.

"Political Subdivision Obligations" means bonds, notes or other obligations issued or entered into by a Political Subdivision and purchased by or otherwise obligated to the Board from the proceeds of the Bonds.

"Program Account" has the meaning specified for that term in the Master Indenture.

"Purchase Agreement" means the applicable separate bond purchase agreement between the Board and the underwriters named therein, relating to the sale of the GO Bonds and the SWIRFT Bonds, as the case may be.

"Surplus Balance" means, for the SWIRFT Bonds, the available amount that is in excess of (i) the amount held in the “SWIRFT Assistance Account” established under the Bond Indenture to pay from time to time debt service on the SWIRFT Bonds in accordance with the terms of the Bond Indenture and (ii) any other amounts specified in the Bond Indenture to be paid from moneys received from transfers from SWIFT, that is transferred to the Master Trustee by the Bond Indenture Trustee from the “Surplus Revenue Account” established under the Bond Indenture.

"SWIRFT Assistance Account" means the “Assistance Account” established by the Bond Indenture.

"SWIRFT Bonds Execution Date" means the date the Purchase Agreement related to the SWIRFT Bonds is executed by the Board and the representative of the underwriters named in such Purchase Agreement.

"SWIRFT Bonds Stated Amount" has the meaning specified for that term in Section 2.02 of this Agreement.

"Transfer Account" has the meaning specified for that term in the Master Indenture.

"Trust Agreement" means the agreement between the Board and the GO Bonds Assistance Account Custodian named therein, which provides for the creation, funding, administration, investment

and disbursement of funds held in the GO Bonds Assistance Account, which agreement constitutes a "bond enhancement agreement" under Section 17.954, Texas Water Code.

"Trust Company" means the entity named as the "Trust Company" in the preamble of this Agreement or any of its successors or assigns.

SECTION 1.02. Written Communication.

Any request, demand, authorization, direction, notice, consent, waiver, or other written communication provided or permitted by this Agreement to be made upon, given or furnished to, or filed with:

A. the Board, shall be sufficient for every purpose hereunder if in writing and mailed by United States mail, first-class, postage prepaid, to the Board addressed to it at P.O. Box 13231, Austin, Texas 78711-3231 or at any other address previously furnished to the Trust Company in writing by the Board, and

B. the Trust Company, shall be sufficient for every purpose hereunder if in writing and mailed by United States mail, first-class, postage prepaid (and properly referred to this Agreement), to the Trust Company addressed to it at 208 East 10th Street, 4th Floor, Austin, Texas 78701, or at any other address previously furnished to the Board in writing by the Trust Company.

SECTION 1.03. Effect of Headings.

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

SECTION 1.04. Successors and Assigns.

All covenants and agreements in this Agreement by the Board and the Trust Company shall bind their respective successors and assigns.

SECTION 1.05. Severability Clause.

In case any provision of this Agreement, or any application thereof, shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions and applications of this Agreement shall not in any way be affected or impaired thereby.

SECTION 1.06. Amendment.

This Agreement may be amended only (i) by an agreement in writing by both of the parties hereto and (ii) with the written approval of such amendment by the Attorney General of the State.

SECTION 1.07. Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the State.

ARTICLE TWO

TRANSFER OF FUNDS FROM SWIFT

SECTION 2.01. Initial Determination of Transfer Amount.

A. In accordance with the provisions of Section 15.435(b), Texas Water Code, the Board hereby requests that the Trust Company disburse from SWIFT an amount not to exceed $285,000,000, to be transferred by the Board to the Master Trustee for deposit into the Transfer Account held by the Master Trustee. The disbursement of the SWIRFT Bonds Stated Amount from SWIFT to the Transfer Account will be made in the manner described in Sections 2.02 and 2.03 of this Agreement.

B. In accordance with the provisions of Section 15.435(b), Texas Water Code, the Board hereby requests that the Trust Company disburse from SWIFT an amount not to exceed $115,000,000, to be transferred by the Board to the GO Bonds Assistance Account Custodian for deposit into the GO Bonds Assistance Account held by the GO Bonds Assistance Account Custodian. The disbursement of the GO Bonds Stated Amount from SWIFT to the GO Bonds Assistance Account will be made in the manner described in Sections 2.02 and 2.03 of this Agreement.

SECTION 2.02. Final Determination of Transfer Amount. No later than four (4) Business Days following the later of the SWIRFT Bonds Execution Date or the GO Bonds Execution Date, an executed Board Request shall be delivered to the Trust Company, stating (a) the amount of the disbursement to be transferred by the Board to the Master Trustee for deposit into the Transfer Account (which amount may not exceed the amount set forth in Section 2.01A hereof, and is defined herein as the "SWIRFT Bonds Stated Amount"), (b) the amount of the disbursement to be transferred for deposit into the GO Bonds Assistance Account (which amount may not exceed the aggregate amount set forth in Section 2.01B hereof, and is defined herein as the "GO Bonds Stated Amount") and (c) the Delivery Date. In no event will the Execution Date be within five (5) Business Days of the Delivery Date. The executed Board Request shall be attached to this Agreement as Exhibit B and shall be incorporated by reference into this Agreement for all purposes.

SECTION 2.03. Transfer on Delivery Date. Within five (5) Business Days of the Delivery Date for a Series of Bonds, the Trust Company shall transfer (A) in the case of the SWIRFT Bonds, the SWIRFT Bonds Stated Amount, in immediately available funds, to the Master Trustee, for deposit into the Transfer Account and (B) in the case of the GO Bonds, the GO Bonds Stated Amount, in immediately available funds, to the GO Bonds Assistance Account Custodian for deposit into the GO Bonds Assistance Account. For the avoidance of doubt, the transfer of the GO Bonds Stated Amount to the GO Bonds Assistance Account shall not occur before the transfer of the SWIRFT Bonds Stated Amount to the Transfer Account. In making such transfer, the Trust Company shall be entitled to rely on written instructions received from the Board directing the transfer and deposit of the SWIRFT Bonds Stated Amount and the GO Bonds Stated Amount. The Board shall use commercially reasonable efforts to ensure that the Trust Company has at least five (5) Business Days from the date the Board Request is delivered to complete the transfer.

SECTION 2.04. Use of Transferred Funds.

A. On the Delivery Date for the SWIRFT Bonds, the SWIRFT Bonds Stated Amount held in the Transfer Account shall be transferred by the Master Trustee to the Bond Trustee and deposited to the credit of the Assistance Account created under the terms of the Bond

Indenture pertaining to the SWIRFT Bonds. Moneys deposited to the credit of the Assistance Account shall be invested on the Delivery Date in Investment Securities (as such term is defined in the Bond Indenture) as directed by the Board, in a manner that would not adversely affect the treatment of the SWIRFT Bonds as obligations described in section 103 of the Code.

B. On the Delivery Date for the GO Bonds, moneys deposited to the credit of the GO Bonds Assistance Account shall be (i) held in separate subaccounts for GO Bonds Assistance Account – Series 2025E Bonds Subaccount and GO Bonds Assistance Account – Series 2025F Bonds Subaccount and (ii) invested in Eligible Investments (as such term is defined in the Trust Agreement) as directed by the Board, in a manner that would not adversely affect the treatment of the GO Series 2025E Bonds as obligations described in section 103 of the Code.

ARTICLE THREE

REPRESENTATIONS OF THE BOARD

The Board represents that:

A. it is requesting a transfer of funds be made by the Trust Company from SWIFT in an amount equal to the SWIRFT Bonds Stated Amount and the GO Bonds Stated Amount, which amounts are necessary to provide a source of revenue or security for the payment of the principal of and interest on the SWIRFT Bonds and a source of revenue for the payment of the principal of and interest on the GO Bonds to support the Board's reasonable expectation that the GO Bonds will be paid from revenue sources other than the general revenues of the State;

B. the Board delivered a copy of this Agreement to the LBB on ____, 2025, and no disapproval of this Agreement was received by the Board from the LBB within 21 days after the LBB received a copy of this Agreement;

C. the request of a transfer of funds from SWIFT made pursuant to this Agreement is the first request made by the Board for a transfer of funds in the Fiscal Year commencing September 1, 2025;

D. in its application seeking financial assistance from the Board, to be funded with proceeds of the Bonds, each applicant has submitted or implemented a water conservation plan in accordance with Section 16.4021, Texas Water Code; and

E. in its application seeking financial assistance from the Board, to be funded with proceeds of the Bonds, each applicant has acknowledged its legal obligation to comply with any applicable requirements of (i) federal law relating to contracting with disadvantaged business enterprises and (ii) state law relating to contracting with historically underutilized businesses.

ARTICLE FOUR

COVENANTS OF THE BOARD

The Board covenants that:

A. the Bonds will constitute State Water Plan Bonds;

B. proceeds received from the sale of the SWIRFT Bonds will be deposited to the credit of SWIRFT for the purpose of financing or refinancing projects included in the state water plan;

C. proceeds received from the sale of the GO Bonds will be deposited to the credit of the Financial Assistance Account of the Texas Water Development Fund II and used to provide financing for Water Assistance Projects (as defined in the Bond Resolutions) included in the state water plan;

D. proceeds of the Bonds will be used to fund or purchase Political Subdivision Obligations, upon terms consistent with the provisions of Section 15.435(c), Texas Water Code, and to pay costs of issuance incurred in connection with the sale and delivery of each series of Bonds;

E. none of the proceeds of the Bonds shall be used to make grants;

F. the Master Indenture shall provide that once the Master Indenture has been fully discharged, or if there is transferred to the Master Trustee for deposit to the Program Account any Surplus Balance available under the Bond Indenture, the Board shall direct the Master Trustee to transfer amounts from the Program Account to the Texas Comptroller of Public Accounts for deposit to the credit of SWIFT, in satisfaction of the provisions of Section 15.435(i), Texas Water Code; and the money transferred back to the fund will not cause general obligation bonds that are payable from the fund or account receiving the payment to no longer be self-supporting for purposes of Section 49-j(b), Article III, Texas Constitution;

G. on or before the Delivery Date, the Board will provide to the Trust Company (i) a certified copy of the resolution authorizing the issuance of the SWIRFT Bonds, the Master Indenture and executed copies of the Bond Indenture and (ii) certified copies of the Bond Resolutions for the GO Bonds;

H. throughout the term of the Bond Indenture, the Board will cause the Bond Trustee to: (i) provide sufficient information to the Board to permit the Board to compute such calculations as may be required by section 148 of the Code in respect to the SWIRFT Bonds; (ii) cooperate with the Board in assisting the Board in complying with requests received by the Internal Revenue Service relating to the SWIRFT Bonds; and (iii) maintain such records as may be required by the Code to demonstrate compliance with the provisions of the Code applicable to the SWIRFT Bonds for the periods necessary under the Code; and

I. throughout the term of the GO Series 2025E Bond Resolution, the Board will cause the Custodian to: (i) provide sufficient information to the Board to permit the Board to compute such calculations as may be required by section 148 of the Code in respect to the GO Series 2025E Bonds; (ii) cooperate with the Board in assisting the Board in complying with requests received by the Internal Revenue Service relating to the GO Series 2025E Bonds; and (iii) maintain such records as may be required by the Code to demonstrate compliance with the provisions of the Code applicable to the GO Series 2025E Bonds for the periods necessary under the Code.

ARTICLE FIVE

MISCELLANEOUS

SECTION 5.01. Certain Duties and Responsibilities of the Trust Company.

The Trust Company undertakes to perform the duties set forth herein and agrees to use reasonable care in the performance thereof. The Board and the Trust Company agree that:

A. the Trust Company shall exercise reasonable care in the performance of its duties as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Trust Company;

B. whether therein expressly so provided, every provision of this Agreement relating to the conduct or affecting the liability of or affording protection to the Trust Company shall be subject to the provisions of this Section; and

C. the Trust Company may disburse funds from SWIFT in the manner described in this Agreement, and may act on a facsimile or electronic mail transmission of the closing memorandum acknowledged by the Board as the final closing memorandum for each series of the Bonds.

SECTION 5.02. Certain Rights of Trust Company.

Except as otherwise provided in Section 5.01 hereof:

A. the Trust Company may rely and shall be protected in acting upon each Board Request or any other document reasonably believed by it to be genuine and to have been signed or presented by a person authorized under this Agreement;

B. the Trust Company may consult with legal counsel and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken, suffered, or omitted by the Trust Company hereunder in good faith and in reliance thereon; and

C. the Trust Company shall not be bound to make any investigation into the facts of matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, or document, but the Trust Company, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trust Company shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records, and premises of the Board, personally or by agent or attorney.

SECTION 5.03. Trust Company Not Responsible for Bonds.

The Trust Company shall not be accountable for the issuance of the Bonds or for the use or application of the proceeds thereof.

SECTION 5.04. Trust Company's Funds Not Used.

No provision of this Agreement shall require the Trust Company to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder.

SECTION 5.05. Termination.

This Agreement will terminate once funds are transferred from SWIFT for deposit (a) to the credit of the Transfer Account for the SWIRFT Bonds, and (b) to the credit of the GO Bonds Assistance

Account for the GO Series 2025E Bonds and GO Series 2025F Bonds, whichever transfer is later, in the manner described in this Agreement.

SECTION 5.06. Entire Agreement.

This Agreement constitutes the entire agreement between the parties hereto relative to the Trust Company transferring funds from SWIFT to the Board to provide a source of revenue or security for the payment of principal of and interest on the Bonds.

SECTION 5.07. Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement. This Agreement may be delivered by the exchange of signed signature pages by facsimile transmission or by electronic mail with a pdf copy or other replicating image attached, and any printed or copied version of any signature page so delivered shall have the same force and effect as an originally signed version of such signature page.

[*Execution Page Follows*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, and their respective seals to be hereunto affixed and attested, all as of the day and year first above written.

TEXAS WATER DEVELOPMENT BOARD

By: _____
Chief Financial Officer

ATTEST:

_____ (SEAL)
Executive Administrator

TEXAS TREASURY SAFEKEEPING TRUST COMPANY

By: _____
Title: _____

EXHIBIT A

Texas Water Development Board State Water Implementation Revenue Fund for Texas Revenue Bonds, Series 2025 (Master Trust), in the aggregate principal amount of $_____ (the "SWIRFT Bonds")

The State of Texas Water Financial Assistance Bonds, Series 2025 (State Water Plan) in the aggregate principal amount of $_____ (the "GO Series 2025E Bonds")

The State of Texas Water Financial Assistance Bonds, Taxable Series 2025 (State Water Plan) in the aggregate principal amount of $_____ (the "GO Series 2025F Bonds")

EXHIBIT B

EXECUTED BOARD REQUEST

PRELIMINARY OFFICIAL STATEMENT

[DATED SEPTEMBER 10, 2025]

NEW ISSUES – BOOK-ENTRY ONLY

Ratings: Fitch: "___";
S&P: "___"
(See "OTHER INFORMATION − Ratings")

In the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, interest on the Bonds (hereinafter defined) is excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on their date of initial delivery, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on certain corporations.

Official Statement

**$_____*
TEXAS WATER DEVELOPMENT BOARD**

**STATE WATER IMPLEMENTATION
REVENUE FUND FOR TEXAS REVENUE BONDS,
SERIES 2025 (MASTER TRUST)**

Interest Accrual: Date of Delivery (hereinafter defined) **Due: April 15** and **October 15**, as shown on page ii

The Texas Water Development Board (the **Board or the TWDB**) is issuing its State Water Implementation Revenue Fund for Texas Revenue Bonds, Series 2025 (Master Trust) (the **Bonds**) pursuant to a Master Trust Indenture between the Board and The Bank of New York Mellon Trust Company, National Association (the **Master Trustee**) dated as of October 1, 2015 (the **Master Trust Indenture**), a Bond Indenture between the Board and The Bank of New York Mellon Trust Company, National Association (the **Bond Trustee**), dated as of October 1, 2025, with respect to the issuance of the Bonds (the **Bond Indenture**), which Bond Indenture was approved by a resolution adopted by the Board on [July 24, 2025] (the **Resolution**). The Master Trust Indenture and the Bond Indenture are collectively referred to herein as the "**Indentures**". See "**INTRODUCTION**". Interest on the Bonds will accrue from their Date of Delivery at the fixed rates of interest shown on page ii hereof. Interest on the Bonds will be payable on April 15, 2026, and on each October 15 and April 15 thereafter until maturity or prior redemption, and will be calculated on the basis of a 360-day year composed of twelve 30-day months. The Bonds are being issued only as fully registered bonds in the denomination of $5,000 or any integral multiple thereof within a series and maturity. Capitalized terms used on the cover page hereof and not otherwise defined shall have the meanings assigned in "**APPENDIX C – Definitions and Summary of Certain Provisions of the Master Trust Indenture and the Bond Indenture**".

The Board initially will issue the Bonds registered only in the name of Cede & Co., the nominee of The Depository Trust Company, New York, New York (**DTC**), pursuant to the book-entry-only system described in "**APPENDIX F – Description of Book-Entry-Only System and Global Clearance Procedures**". Principal of the Bonds will be payable to Cede & Co., which will make distributions of the payments to the participating members of DTC for subsequent remittance to the Beneficial Owners (as defined in *Appendix F)*. In the event the Bonds are not in the book-entry-only system, payment of principal of the Bonds will be made to the registered owner upon maturity or redemption prior to maturity only upon presentation and surrender of such Bonds at the Designated Payment/Transfer Office of the Bond Indenture Trustee, as initial Paying Agent/Registrar (the **Paying Agent/Registrar**). As of the date hereof, the Designated Payment/Transfer Office of the Paying Agent/Registrar is in Houston, Texas.

The proceeds from the sale of the Bonds will be used (i) to provide funds to finance projects to implement the State Water Plan, as defined herein, through the purchase or entering into of bonds, notes, agreements or other evidences of indebtedness (collectively, the **Political Subdivision Obligations**) purchased from, or entered into with, a Political Subdivision to evidence the obligation to repay Political Subdivision Obligations made or incurred pursuant thereto, as further described in *Appendix A* and (ii) to pay the costs of issuance of the Bonds. See "**PLAN OF FINANCE**".

The Bonds are special, limited obligations of the Board equally and ratably secured by and payable solely from a lien on the Security, as hereinafter defined, pursuant to the Bond Indenture including, but not limited to: (i) all Revenues, as hereinafter defined, held under the Bond Indenture; (ii) all amounts held in the funds and accounts established under the Bond Indenture (other than the Rebate Fund established for the Bonds and the Costs of Issuance Account established for the Bonds); and (iii) all of the proceeds of the foregoing including, without limitation, investments thereof. In addition, the Bonds are secured by amounts that become available under the Master Trust Indenture. See "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**".

The Bonds are subject to optional redemption prior to their stated maturity. The Bonds may be subject to mandatory sinking fund redemption prior to their stated maturity as described herein. See "**THE BONDS - Redemption**".

The Bonds are issued under the authority of the laws of the State of Texas, including specifically Subchapter H, Chapter 15, Texas Water Code, as amended. The Bonds shall never constitute general obligations of the Board or the State of Texas within the meaning of any constitutional or statutory provision or limitation. Issuance of the Bonds shall not, directly, indirectly or contingently, obligate the State of Texas to levy any form of taxation therefor or make any appropriation for their payment. The Board has no taxing power.

SEE PAGE ii HEREIN FOR STATED MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL YIELDS, AND CUSIP NUMBERS.

*The Bonds are offered for delivery when, as and if issued, and are subject to the approval of the Attorney General of the State of Texas and subject to the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel. Certain legal matters will be passed upon for the Board by Bracewell LLP, Houston, Texas, Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas. See "**OTHER INFORMATION – Legal Opinion**". It is expected that the Bonds will be delivered through the facilities of DTC on or about [October 9, 2025] (the **Date of Delivery**).*

BofA Securities **Jefferies**

BOK Financial Securities, Inc.
Mesirow Financial Inc.
PNC Capital Markets
Baird

J.P. Morgan
Morgan Stanley
Ramirez & Co., Inc.
Stifel

Loop Capital Markets LLC
Piper Sandler & Co.
Raymond James
Wells Fargo Securities

_____
* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

MATURITY SCHEDULE
$_____[1]
TEXAS WATER DEVELOPMENT BOARD
STATE WATER IMPLEMENTATION
REVENUE FUND FOR TEXAS REVENUE BONDS,
SERIES 2025 (MASTER TRUST)

CUSIP Prefix: 882854[3]

Maturity [1]	Principal Amount [2]	Interest Rate	Initial Yield [4]	CUSIP Suffix [3]	Maturity [1]	Principal Amount [2]	Interest Rate	Initial Yield [4]	CUSIP Suffix [3]

(Interest accrues from Date of Delivery)

_____

[1] Preliminary, subject to change.

[2] The Bonds having stated maturities on and after _____15, 20__, are subject to redemption at the option of the Board, in whole or from the time to time in part, on _____15, 20__ or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. See "THE BONDS – Redemption – *Optional Redemption – Bonds*". The Bonds may be subject to mandatory sinking fund redemption prior to their stated maturity as described herein. See "THE BONDS – Redemption – Mandatory Sinking Fund Redemption – Bonds".

[3] CUSIP® is a registered trademark of the American Bankers Association, CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. None of the State, the Board, the Financial Advisor (as defined herein), or the Underwriters are responsible for the selection or correctness of the CUSIP numbers set forth herein.

[4] The initial yields are established by the Underwriters and may subsequently be changed.

TEXAS WATER DEVELOPMENT BOARD

MEMBERS

Members	Term Expiration
L'Oreal Stepney, Chairwoman	February 1, 2029
Tonya R. Miller, Member	February 1, 2027
Vacant, Member	

STAFF MEMBERS

Bryan McMath	Executive Administrator
Kathleen Ligon	Assistant Executive Administrator
Jessica Peña	Deputy Executive Administrator
Georgia Sanchez	Chief Financial Officer and Development Fund Manager
David Duran	Director, Debt and Portfolio Management
Ashley Harden	General Counsel

BOND COUNSEL
McCall, Parkhurst & Horton L.L.P.
Dallas, Texas

FINANCIAL ADVISOR
Hilltop Securities Inc.
Austin, Dallas, and San Antonio, Texas

DISCLOSURE COUNSEL
Bracewell LLP
Houston, Texas

MASTER TRUSTEE
The Bank of New York Mellon Trust, N.A.
Houston, Texas

BOND INDENTURE TRUSTEE
The Bank of New York Mellon Trust, N.A.
Houston, Texas

Questions regarding this Official Statement may be directed to David Duran, Director, Debt and Portfolio Management, Texas Water Development Board, 1700 North Congress Avenue, Austin, Texas 78701; Telephone: (512) 463-7242; Electronic Mail: david.duran@twdb.texas.gov.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission (the "Rule"), as amended and in effect on the date hereof, this document constitutes an Official Statement of the Board with respect to the Bonds that has been "deemed final" by the Board as of its date except for the omission of no more than the information permitted by the Rule.

No dealer, broker, salesman or other person has been authorized by the Board or the Underwriters to give any information, or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Board or the Underwriters. This Official Statement does not constitute an offer to sell, or a solicitation of an offer to buy, Bonds in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale in such jurisdiction.

Certain information set forth herein has been obtained from the Board and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriters. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Board or other matters described herein since the date hereof.

NEITHER THE BOARD, ITS FINANCIAL ADIVOSR NOR THE UNDERWRITERS MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY ("DTC") OR ITS BOOK-ENTRY-ONLY SYSTEM, AS SUCH INFORMATION HAS BEEN PROVIDED BY DTC.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPECTIVE RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (SEC) NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE BONDS OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

No registration statement relating to the Bonds has been filed with the SEC under the Securities Act of 1933, as amended, in reliance upon an exemption provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The Board assumes no responsibility for registration or qualification for sale or other disposition of the Bonds under the securities laws of any jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds will not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for purposes of, and as that term is defined in the Rule.

INFORMATION CONCERNING OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES

REFERENCES HEREIN TO THE "ISSUER" MEANS THE TEXAS WATER DEVELOPMENT BOARD AND REFERENCES TO "BONDS" OR "SECURITIES" MEAN THE BONDS OFFERED HEREBY. THIS INFORMATION WAS PROVIDED BY THE UNDERWRITERS AND THE ISSUER MAKES NO REPRESENTATION AS TO THE ACCURACY OR ADEQUACY OF THIS INFORMATION.

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA (EEA)

THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA. FOR THESE PURPOSES, A "RETAIL INVESTOR" MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, "MIFID II"); (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (THE INSURANCE DISTRIBUTION DIRECTIVE), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN REGULATION (EU) 2017/1129 (THE PROSPECTUS REGULATION). CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO. 1286/2014 (AS AMENDED, THE "PRIIPS REGULATION") FOR OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

THIS OFFICIAL STATEMENT IS NOT A PROSPECTUS FOR THE PURPOSES OF THE PROSPECTUS REGULATION. THIS OFFICIAL STATEMENT HAS BEEN PREPARED ON THE BASIS THAT ALL OFFERS AND SALES OF THE BONDS TO ANY PERSON THAT IS LOCATED WITHIN A MEMBER STATE OF THE EEA WILL BE MADE PURSUANT TO AN EXEMPTION UNDER ARTICLE 1(4) OF THE PROSPECTUS REGULATION FROM THE REQUIREMENT TO PRODUCE A PROSPECTUS FOR OFFERS OF THE BONDS. ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE ANY OFFER IN THE EEA OF THE BONDS SHOULD ONLY DO SO IN CIRCUMSTANCES IN WHICH NO OBLIGATION ARISES FOR THE ISSUER OR ANY OF THE UNDERWRITERS TO PROVIDE A PROSPECTUS FOR SUCH OFFER. NEITHER THE ISSUER NOR THE UNDERWRITERS HAVE AUTHORIZED, NOR DO THEY AUTHORIZE, THE MAKING OF ANY OFFER OF BONDS THROUGH ANY FINANCIAL INTERMEDIARY, OTHER THAN OFFERS MADE BY THE UNDERWRITERS, WHICH CONSTITUTE THE FINAL PLACEMENT OF THE BONDS CONTEMPLATED IN THIS OFFICIAL STATEMENT.

THE OFFER OF ANY BONDS WHICH IS THE SUBJECT OF THE OFFERING CONTEMPLATED BY THIS OFFICIAL STATEMENT IS NOT BEING MADE AND WILL NOT BE MADE TO THE PUBLIC IN THE EEA, OTHER THAN: (A) TO ANY LEGAL ENTITY WHICH IS A "QUALIFIED INVESTOR" AS SUCH TERM IS DEFINED IN THE PROSPECTUS REGULATION; (B) TO FEWER THAN 150 NATURAL OR LEGAL PERSONS (OTHER THAN "QUALIFIED INVESTORS" AS SUCH TERM IS DEFINED IN THE PROSPECTUS REGULATION), SUBJECT TO OBTAINING THE PRIOR CONSENT OF THE RELEVANT UNDERWRITER OR THE ISSUER FOR ANY SUCH OFFER; OR (C) IN ANY OTHER CIRCUMSTANCES FALLING WITHIN ARTICLE 1(4) OF THE PROSPECTUS REGULATION; PROVIDED THAT NO SUCH OFFER OF THE BONDS SHALL REQUIRE THE ISSUER OR ANY UNDERWRITER TO PUBLISH A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS REGULATION OR A SUPPLEMENT TO A PROSPECTUS PURSUANT TO ARTICLE 23 OF THE PROSPECTUS REGULATION.

FOR THE PURPOSES OF THIS PROVISION, THE EXPRESSION AN "OFFER OF SECURITIES TO THE PUBLIC" IN RELATION TO THE BONDS IN ANY MEMBER STATE OF THE EEA MEANS THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE BONDS TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE THE BONDS OR SUBSCRIBE FOR THE BONDS.

EACH SUBSCRIBER FOR OR PURCHASER OF THE BONDS IN THE OFFERING LOCATED WITHIN A MEMBER STATE OF THE EEA WILL BE DEEMED TO HAVE REPRESENTED, ACKNOWLEDGED AND AGREED THAT IT IS A "QUALIFIED INVESTOR" AS DEFINED IN THE PROSPECTUS REGULATION. THE ISSUER AND EACH UNDERWRITER AND OTHERS WILL RELY ON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATION, ACKNOWLEDGEMENT AND AGREEMENT.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND WILL NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY UK RETAIL INVESTOR IN THE UNITED KINGDOM ("UK"). FOR PURPOSES OF THIS PROVISION:

(A) THE EXPRESSION "UK RETAIL INVESTOR" MEANS A PERSON WHO IS ONE (OR MORE) OF THE FOLLOWING:

(i) A RETAIL CLIENT AS DEFINED IN POINT (8) OF ARTICLE 2 OF COMMISSION DELEGATED REGULATION (EU) 2017/565, AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 (AS AMENDED, THE "EUWA") AND AS AMENDED; OR

(ii) A CUSTOMER WITHIN THE MEANING OF THE PROVISIONS OF THE UK FINANCIAL SERVICES AND MARKETS ACT 2000 (AS AMENDED, "FSMA") AND ANY RULES OR REGULATIONS MADE UNDER FSMA (SUCH RULES AND REGULATIONS AS AMENDED) TO IMPLEMENT DIRECTIVE (EU) 2016/97, WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2(1) OF REGULATION (EU) NO 600/2014, AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUWA AND AS AMENDED ("UK MIFIR"); OR

(iii) NOT A QUALIFIED INVESTOR ("UK QUALIFIED INVESTOR") AS DEFINED IN ARTICLE 2 OF REGULATION (EU) 2017/1129, AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUWA AND AS AMENDED (THE "UK PROSPECTUS REGULATION"); AND

(B) THE EXPRESSION "OFFER" INCLUDES THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE BONDS TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE OR SUBSCRIBE FOR THE BONDS.

CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (AS AMENDED), AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUWA AND AS AMENDED (THE "UK PRIIPS REGULATION") FOR OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO UK RETAIL INVESTORS IN THE UK HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY UK RETAIL INVESTOR IN THE UK MAY BE UNLAWFUL UNDER THE UK PRIIPS REGULATION.

THIS OFFICIAL STATEMENT IS NOT A PROSPECTUS FOR THE PURPOSES OF THE UK PROSPECTUS REGULATION. THIS OFFICIAL STATEMENT HAS BEEN PREPARED ON THE BASIS THAT ALL OFFERS AND SALES OF THE BONDS WILL BE MADE ONLY IN CIRCUMSTANCES WHERE THERE IS AN EXEMPTION FROM THE OBLIGATION UNDER THE UK PROSPECTUS REGULATION TO PRODUCE AND/OR PUBLISH A PROSPECTUS. AS A RESULT, ANY OFFER OF BONDS IN THE UK MUST BE MADE PURSUANT TO AN EXEMPTION UNDER THE UK PROSPECTUS REGULATION FROM THE REQUIREMENT TO PUBLISH A PROSPECTUS FOR OFFERS OF BONDS. ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE ANY OFFER OF BONDS IN THE UK MAY ONLY DO SO IN CIRCUMSTANCES IN WHICH NO OBLIGATIONS ARISE FOR THE ISSUER OR ANY OF THE UNDERWRITERS TO PRODUCE AND/OR PUBLISH A PROSPECTUS PURSUANT TO THE UK PROSPECTUS REGULATION, INCLUDING ARTICLE 3, THEREOF, OR SUPPLEMENT A PROSPECTUS PURSUANT TO ARTICLE 23 OF THE UK PROSPECTUS REGULATION, IN EACH CASE, IN RELATION TO SUCH OFFER. NONE OF THE ISSUER OR ANY OF THE UNDERWRITERS HAVE AUTHORIZED, NOR DO THEY AUTHORIZE, THE MAKING OF ANY OFFER OF THE BONDS IN CIRCUMSTANCES IN WHICH AN OBLIGATION ARISES FOR THE ISSUER OR ANY OF THE UNDERWRITERS TO PRODUCE AND/OR PUBLISH OR SUPPLEMENT A PROSPECTUS FOR SUCH OFFER.

IN THE UK, THIS OFFICIAL STATEMENT IS BEING COMMUNICATED ONLY TO AND IS BEING DIRECTED ONLY AT, PERSONS WHO (1) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND WHO FALL WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (AS AMENDED, THE "FINANCIAL

PROMOTION ORDER"), (2) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(a) TO (d) ("HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS ETC".) OF THE FINANCIAL PROMOTION ORDER OR (3) ARE PERSONS TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED UNDER SECTION 21 OF FSMA (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). IN THE UK, THIS OFFICIAL STATEMENT MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. IN THE UK, ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFICIAL STATEMENT RELATES, INCLUDING THE BONDS, IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

NO PERSON MAY COMMUNICATE OR CAUSE TO BE COMMUNICATED ANY INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF FSMA) RECEIVED BY IT IN CONNECTION WITH THE ISSUE OR SALE OF THE BONDS OTHER THAN IN CIRCUMSTANCES IN WHICH SECTION 21(1) OF FSMA DOES NOT APPLY.

POTENTIAL INVESTORS IN THE UK ARE ADVISED THAT ALL, OR MOST, OF THE PROTECTIONS AFFORDED BY THE UK REGULATORY SYSTEM WILL NOT APPLY TO AN INVESTMENT IN THE BONDS AND THAT COMPENSATION WILL NOT BE AVAILABLE UNDER THE UK FINANCIAL SERVICES COMPENSATION SCHEME.

NOTICE TO PROSPECTIVE INVESTORS IN HONG KONG

WARNING - THE CONTENTS OF THIS OFFICIAL STATEMENT HAVE NOT BEEN REVIEWED BY ANY REGULATORY AUTHORITY IN HONG KONG. YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE OFFER OF THE BONDS. IF YOU ARE IN ANY DOUBT ABOUT ANY OF THE CONTENTS OF THIS OFFICIAL STATEMENT, YOU SHOULD OBTAIN INDEPENDENT PROFESSIONAL ADVICE.

THE BONDS (EXCEPT FOR BONDS WHICH ARE A "STRUCTURED PRODUCT" AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE (CAP. 571 OF THE LAWS OF HONG KONG) (SECURITIES AND FUTURES ORDINANCE)) MAY NOT BE OFFERED OR SOLD IN HONG KONG BY MEANS OF ANY DOCUMENT OTHER THAN (I) IN CIRCUMSTANCES WHICH DO NOT CONSTITUTE AN OFFER TO THE PUBLIC WITHIN THE MEANING OF THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE (CAP. 32 OF THE LAWS OF HONG KONG) (COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE) OR (II) TO "PROFESSIONAL INVESTORS" AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE AND ANY RULES MADE THEREUNDER, OR (III) IN OTHER CIRCUMSTANCES WHICH DO NOT RESULT IN THE DOCUMENT BEING A "PROSPECTUS" AS DEFINED IN THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE, AND NO ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE BONDS HAVE BEEN OF MAY BE ISSUED, OR HAS BEEN ORMAY BE IN THE POSSESSION OF ANY PERSON FOR THE PURPOSE OF ISSUEM OR WILL BE ISSUED OR WILL BE IN THE POSSESSION OF ANY PERSON FOR THE PURPOSES OF ISSUE, (IN EACH CASE WHETHER IN HONG KONG OR ELSEWHERE), WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC OF HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE SECURITIES LAWS OF HONG KONG) OTHER THAN WITH RESPECT TO BONDS WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY TO PERSONS OUTSIDE HONG KONG OR ONLY TO "PROFESSIONAL INVESTORS" AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE AND ANY RULES MADE THEREUNDER.

NOTICE TO PROSPECTIVE INVESTORS IN SWITZERLAND

THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN SWITZERLAND. FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS A RETAIL CLIENT AS DEFINED IN ARTICLE 4 OF THE SWISS FINANCIAL SERVICES ACT ("FINSA").

NO KEY INFORMATION DOCUMENT ACCORDING TO FINSA OR ANY EQUIVALENT DOCUMENT UNDER FINSA HAS BEEN PREPARED IN RELATION TO THE BONDS, AND, THEREFORE, THE BONDS MAY NOT BE OFFERED OR RECOMMENDED TO RETAIL CLIENTS WITHIN THE MEANING OF FINSA IN SWITZERLAND.

THE OFFERING OF THE BONDS IN SWITZERLAND IS EXEMPT FROM THE REQUIREMENT TO PREPARE AND PUBLISH A PROSPECTUS UNDER FINSA BECAUSE SUCH OFFERING IS MADE TO PROFESSIONAL

CLIENTS AND INSTITUTIONAL CLIENTS WITHIN THE MEANING OF FINSA ONLY. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE A PROSPECTUS PURSUANT TO FINSA, AND NO SUCH PROSPECTUS HAS BEEN OR WILL BE PREPARED FOR OR IN CONNECTION WITH THE OFFERING OF THE BONDS.

NOTICE TO PROSPECTIVE INVESTORS IN TAIWAN

THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED OR FILED WITH, OR APPROVED BY THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN, THE REPUBLIC OF CHINA (TAIWAN) AND/OR OTHER REGULATORY AUTHORITY OF TAIWAN PURSUANT TO RELEVANT SECURITIES LAWS AND REGULATIONS OF TAIWAN AND MAY NOT BE OFFERED, ISSUED OR SOLD IN TAIWAN THROUGH A PUBLIC OFFERING OR IN CIRCUMSTANCES WHICH CONSTITUTE AN OFFER WITHIN THE MEANING OF THE SECURITIES AND EXCHANGE ACT OF TAIWAN OR RELEVANT LAWS AND REGULATIONS THAT REQUIRES A REGISTRATION, FILING OR APPROVAL OF THE FINANCIAL SUPERVISORY COMMISSION AND/OR OTHER REGULATORY AUTHORITY OR AGENCY OF TAIWAN. THE BONDS MAY BE MADE AVAILABLE OUTSIDE TAIWAN FOR PURCHASE OUTSIDE TAIWAN BY INVESTORS RESIDING IN TAIWAN DIRECTLY, BUT MAY NOT BE OFFERED OR SOLD IN TAIWAN EXCEPT TO QUALIFIED INVESTORS VIA A TAIWAN LICENSED INTERMEDIARY TO THE EXTENT PERMITTED BY APPLICABLE LAWS OR REGULATIONS.

NOTICE TO PROSPECTIVE INVESTORS IN JAPAN

THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED PURSUANT TO ARTICLE 4, PARAGRAPH 1 OF THE FINANCIAL INSTRUMENTS AND EXCHANGE ACT OF JAPAN (LAW NO. 25 OF 1948, AS AMENDED ("FIEA")) AND, ACCORDINGLY, NEITHER THE BONDS NOR ANY INTEREST IN THEM MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT, OF ANY RESIDENT OF JAPAN OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO A RESIDENT OF JAPAN EXCEPT UNDER CIRCUMSTANCES WHICH WILL RESULT IN COMPLIANCE WITH ALL APPLICABLE LAWS, REGULATIONS AND GUIDELINES PROMULGATED BY THE RELEVANT JAPANESE GOVERNMENTAL AND REGULATORY AUTHORITIES AND IN EFFECT AT THE RELEVANT TIME. FOR THE PURPOSES OF THIS PARAGRAPH, "RESIDENT OF JAPAN" MEANS A NATURAL PERSON HAVING HIS/HER PLACE OF DOMICILE OR RESIDENCE IN JAPAN, OR A LEGAL PERSON HAVING ITS MAIN OFFICE IN JAPAN. A BRANCH, AGENCY OR OTHER OFFICE IN JAPAN OF A NON-RESIDENT, IRRESPECTIVE OF WHETHER IT IS LEGALLY AUTHORIZED TO REPRESENT ITS PRINCIPAL OR NOT, SHALL BE DEEMED TO BE A RESIDENT OF JAPAN EVEN IF ITS MAIN OFFICE IS IN ANY COUNTRY OTHER THAN JAPAN. RESIDENT OF JAPAN SHALL EXCLUDE NON-RESIDENTS OF JAPAN, AS SUCH TERM IS DEFINED IN ARTICLE 6, PARAGRAPH 1, SUB-PARAGRAPH 6 OF THE FOREIGN EXCHANGE AND TRADE ACT OF JAPAN (ACT. NO. 228 OF 1949, AS AMENDED).

THE OFFERING OF THE BONDS IN JAPAN ARE BEING MADE BY MEANS OF A PRIVATE PLACEMENT TO QUALIFIED INSTITUTIONAL INVESTORS (TEKIKAKU-KIKAN-TOSHIKA) (WITHIN THE MEANING OF SUCH TERM PROVIDED FOR UNDER ARTICLE 2, PARAGRAPH 3, SUB-PARAGRAPH 1 OF THE FIEA AND ARTICLE 10, PARAGRAPH 1 OF THE CABINET OFFICE ORDINANCE CONCERNING DEFINITIONS PROVIDED IN ARTICLE 2 OF THE FINANCIAL INSTRUMENTS AND EXCHANGE ACT IN JAPAN (MINISTRY OF FINANCE ORDINANCE NO.14 OF 1993, AS AMENDED)) ("QIIS"). THE OFFERING OF THE BONDS IN JAPAN SHALL BE MADE ON THE CONDITIONS THAT THE BONDS SHALL NOT BE TRANSFERRED TO ANY PERSON OTHER THAN QIIS AND A DOCUMENT INCLUDING THE INFORMATION ON THE BONDS AND TO BE DELIVERED TO A PROSPECTIVE PURCHASER SHALL STATE THAT THE BONDS SHALL NOT BE TRANSFERRED TO ANY PERSON OTHER THAN A QIIS.

NOTICE TO PROSPECTIVE INVESTORS IN THE REPUBLIC OF KOREA

THIS OFFICIAL STATEMENT IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSIDERED AS, A PUBLIC OFFERING OF SECURITIES IN KOREA FOR THE PURPOSES OF THE FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKET ACT OF KOREA. THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE FINANCIAL SERVICES COMMISSION OF SOUTH KOREA FOR PUBLIC OFFERING IN SOUTH KOREA UNDER THE FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT AND ITS SUBORDINATE DECREES AND REGLULATIONS (COLLECTIVELY THE "FSCMA"). THE BONDS MAY NOT BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, OR OFFERED OR SOLD TO ANY PERSON FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN SOUTH KOREA OR TO ANY

RESIDENT OF SOUTH KOREA EXCEPT AS OTHERWISE PERMITTED UNDER THE APPLICABLE LAWS AND REGULATIONS OF SOUTH KOREA, INCLUDING THE FSCMA AND THE FOREIGN EXCHANGE TRANSACTION LAW AND ITS SUBORDINATE DECREES AND REGULATIONS (COLLECTIVELY, THE "FETL"). WITHOUT PREJUDICE TO THE FOREGOING, THE NUMBER OF INVESTORS (AS CALCULATED PURSUANT TO THE FSCMA) TO WHICH BONDS HAVE BEEN OFFERED IN SOUTH KOREA OR THE NUMBER OF INVESTORS WHO ARE RESIDENTS IN SOUTH KOREA SHALL BE LESS THAN FIFTY AND NO UNIT OF BONDS MAY BE DIVIDED RESULTING IN MORE THAN FORTY-NINE INVESTORS (AS CALCULATED PURSUANT TO THE FSCMA). FURTHERMORE, THE BONDS MAY NOT BE RESOLD TO SOUTH KOREAN RESIDENTS UNLESS THE PURCHASER OF THE BONDS COMPLIES WITH ALL APPLICABLE REGULATORY REQUIREMENTS (INCLUDING BUT NOT LIMITED TO GOVERNMENT REPORTING REQUIREMENTS UNDER THE FETL) IN CONNECTION WITH THE PURCHASE OF THE BONDS.

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SUMMARY

This Summary is provided for the convenience of potential investors and is expressly qualified by the entire Official Statement, which should be reviewed in its entirety by potential investors.

Issuer:	Texas Water Development Board (the **Board or the TWDB**).
Issue:	Texas Water Development Board State Water Implementation Revenue Fund for Texas Revenue Bonds, Series 2025 (Master Trust) (the **Bonds).**
Interest Accrual:	Date of Delivery.
Interest Payment Dates:	April 15 and October 15, commencing April 15, 2026.
Principal Due:	See page ii of this Official Statement.
Redemption:	***Optional Redemption***. The Bonds maturing on and after _____ 15, 20__, may be called for optional redemption and payment prior to maturity on _____15, 20__, and on any date thereafter, in whole or in part at a redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date. ***Mandatory Sinking Fund Redemption – Bonds***. The Bonds scheduled to mature on _____ 15 in the years ____, ____ and ____ (the **Term Bonds**) are subject to scheduled mandatory sinking fund redemption by the Paying Agent/Registrar by lot, or by any other customary method that results in a random selection, at a price equal to the principal amount thereof, plus accrued interest to the redemption date, out of moneys available for such purpose in the interest and sinking fund for the Bonds, on the dates and in the respective principal amounts, set forth herein. See "**THE BONDS – Redemption –** ***Mandatory Sinking Fund Redemption*** ".
Authorization:	On November 5, 2013, Texas voters approved adding Sections 49-d-12 and 49-d-13 to Article III of the Texas Constitution creating the State Water Implementation Fund for Texas (**SWIFT**) and the State Water Implementation Revenue Fund for Texas (**SWIRFT**), respectively. Both SWIFT and SWIRFT are constitutionally dedicated funds in the State Treasury outside the general revenue fund of the State created for the purpose of implementing the State Water Plan, as defined herein. Both SWIFT and SWIRFT are administered by, or on behalf of, the Board, or its successor, for the purpose of implementing the State Water Plan. The Bonds are to be issued pursuant to the terms of a Master Trust Indenture, dated as of October 1, 2015, between the Board and The Bank of New York Mellon Trust Company, National Association (the **Master Trust Indenture**) and a Bond Indenture, dated as of October 1, 2025, between the Board and The Bank of New York Mellon Trust Company, National Association, with respect to the Bonds (the **Bond Indenture**), The Master Trust Indenture and the Bond Indenture are collectively referred to herein as the "**Indentures**". In its capacity as trustee under the Master Trust Indenture, The Bank of New York Mellon Trust Company, National Association is referred to herein as the "**Master Trustee**," and in its capacity as trustee under the Bond Indenture, The Bank of New York Mellon Trust Company, National Association is referred to herein as the "**Bond Indenture Trustee**". See "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Master Trust Indenture," "-Bond Indenture".**

The funds held in SWIFT are kept and held by the Texas Treasury Safekeeping Trust Company (the **TTSTC**) in the name of the Board. The Board and the TTSTC may enter into bond enhancement agreements to provide a source of revenue or security for the payment of bonds issued by the Board in support of the State Water Plan, including bonds issued, the proceeds of which are deposited to the credit of SWIRFT. The SWIFT Funds Transfer Agreement (the **SWIFT Funds Transfer Agreement**) executed in connection with the issuance of the Bonds constitutes such a bond enhancement agreement under state law. Pursuant to Subchapter G (as defined herein), the Board may elect no more than two transfers of funds from SWIFT in each fiscal year of the State, which commences on September 1 of a calendar year and ends on the succeeding August 31. To that end, on _____, 2025, the Board and the TTSTC entered into the SWIFT Funds Transfer Agreement, pursuant to which not to exceed $_____ in funds from SWIFT will be transferred on or before the Date of Delivery to the Master Trustee for immediate transfer to the Bond Indenture Trustee for deposit under the Bond Indenture. See "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – SWIFT Funds Transfer Agreement**". Moneys to be transferred under the terms of the SWIFT Funds Transfer Agreement will be the first transfer of moneys from SWIFT effected in the State's fiscal year ending August 31, 2026.

Purpose: The Bonds are being issued: (i) to provide funds to provide financial assistance through the purchase of or entering into Political Subdivision Obligations, the proceeds of which will be used to finance State Water Plan projects, and (ii) to pay the costs of issuance of the Bonds of such series. See "PLAN OF FINANCE" herein.

Security: The Bonds are special, limited obligations of the Board equally and ratably secured by and payable solely from a lien on the Security for the Bonds pursuant to the Bond Indenture (the **Security for the Bonds**) including, but not limited to: (i) all Revenues held under the Bond Indenture; (ii) all amounts held in the funds and accounts established under the Bond Indenture (other than the Rebate Fund and the Costs of Issuance Account established for the Bonds), and (iii) all of the proceeds of the foregoing including, without limitation, investments thereof.

Moneys received by the Master Trustee from a Bond Indenture Trustee also may provide an additional source of security for the Bonds.

Ratings: The Bonds received ratings of "___" from Fitch Ratings, and "___" from S&P Global Ratings, a division of S&P Global, Inc. See "**OTHER INFORMATION – Ratings**" herein.

Program: The Bonds will be the eighteenth series of Master Trust Bonds (defined herein) issued pursuant to the Master Trust Indenture to provide funds for SWIRFT. The Board intends to use the proceeds of the Bonds to provide financial assistance to Political Subdivisions by offering subsidized financing and/or repayment deferral to Political Subdivisions. See "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**" herein.

Tax Matters: In the opinion of Bond Counsel, in reliance on and assuming the accuracy of and continuing compliance by the Board with its representations and covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the **Code**), under existing law, interest on the Bonds is not included in gross income for federal income tax. See "**TAX MATTERS**" herein.

Master Trustee:	The Bank of New York Mellon Trust Company, National Association, Houston, Texas.
Bond Indenture Trustee and Paying Agent:	The Bank of New York Mellon Trust Company, National Association, Houston, Texas.
Book-Entry Form:	The Bonds will be registered in the name of Cede & Co. as nominee for The Depository Trust Company (**DTC**), New York, New York. DTC will act as Securities Depository of the Bonds. See "**APPENDIX F – Description of Book-Entry-Only System and Global Clearance Procedures**" herein.

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Official Statement

$_____*
TEXAS WATER DEVELOPMENT BOARD

STATE WATER IMPLEMENTATION
REVENUE FUND FOR TEXAS REVENUE BONDS,
SERIES 2025 (MASTER TRUST)

INTRODUCTION

General

This Official Statement, including the cover page, and the appendices hereto, sets forth certain information describing the Texas Water Development Board (the **Board or the TWDB**), certain of the Board's financial programs, including the State Water Implementation Fund for Texas (**SWIFT**), the State Water Implementation Revenue Fund for Texas (**SWIRFT**), and the proposed issuance by the Board of its Texas Water Development Board State Water Implementation Revenue Fund for Texas Revenue Bonds, Series 2025 (Master Trust) (the **Bonds**). The Bonds are being issued pursuant to a Master Trust Indenture, dated as of October 1, 2015, between the Board and The Bank of New York Mellon Trust Company, National Association (the **Master Trust Indenture**), a Bond Indenture between the Board and The Bank of New York Mellon Trust Company, National Association (the **Bond Trustee**), dated as of October 1, 2025, with respect to the issuance of the Bonds (the **Bond Indenture**), and the terms of a bond purchase agreement pertaining to the sale of the Bonds (the **Bond Purchase Agreement**). The Master Trust Indenture was authorized and approved by the Board on July 23, 2015 and became effective November 5, 2015. The Master Trust Indenture has not been amended since it became effective. The Bond Indenture, the authority to execute the Bond Purchase Agreement and the hereinafter defined SWIFT Funds Transfer Agreement, were authorized and approved by a resolution adopted by the Board on [July 24, 2025] (the **Resolution**). Pursuant to authority conferred by the Resolution, by execution of the Bond Purchase Agreement, an Authorized Representative of the Board is authorized to act on behalf of the Board in selling and delivering the Bonds. The Master Trust Indenture and the Bond Indenture are sometimes hereinafter collectively referred to as the "**Indentures**". The Master Trust Indenture governs the revenue bond program and the issuance of "**Master Trust Bonds**". The Bonds will be the eighteenth series of Master Trust Bonds issued pursuant to the Master Trust Indenture. Terms used but not defined herein have the same meaning assigned to such terms in "**APPENDIX C – DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE MASTER TRUST INDENTURE AND THE BOND INDENTURE**".

The Board

The Board, an agency of the State, is responsible for collecting and disseminating water-related data, assisting with regional planning and preparing the State Water Plan for the development of the State's water resources. The Board administers financial assistance programs for the planning, design, acquisition, and construction of water supply, wastewater treatment, flood control, and agricultural water conservation projects.

The Board is authorized to issue general obligation bonds and revenue bonds to provide financial assistance in connection with the funding of State Water Plan projects and receive transfers from SWIFT in support thereof. See "**STATE WATER IMPLEMENTATION FUND FOR TEXAS PROGRAM**" and "**APPENDIX D – INFORMATION REGARDING THE TEXAS WATER DEVELOPMENT BOARD**" herein.

*Preliminary, subject to change.

SWIFT/SWIRFT

SWIFT and SWIRFT are constitutionally dedicated funds in the State Treasury, outside the general revenue fund of the State. SWIFT was established for the purpose of implementing a program to provide financial assistance for projects included in the State Water Plan. Moneys in SWIFT are made available to the Board from time to time through bond enhancement agreements, including the SWIFT Funds Transfer Agreement. **Moneys on deposit in SWIFT are not pledged in support of Master Trust Bonds issued by the Board, including specifically the Bonds.** SWIRFT will be used to provide financing for projects included in the State Water Plan. The Board intends to use proceeds from SWIRFT revenue bonds to provide financial assistance to Political Subdivisions. The provisions of Subchapter G of Chapter 15 of the Texas Water Code, as amended (**Subchapter G**), govern the operation and use of SWIFT. The provisions of Subchapter H of Chapter 15 of the Texas Water Code, as amended (**Subchapter H**), govern SWIRFT and the issuance of revenue bonds in support of SWIRFT.

In addition to the SWIFT Funds Transfer Agreement, the Board may, but is not legally required to, seek a transfer of funds from SWIFT to SWIRFT in support of SWIRFT through the execution of a bond enhancement agreement with the Texas Treasury Safekeeping Trust Company (the **TTSTC**). The Board may direct, at its sole discretion, additional transfers from SWIFT to provide a source of revenue or security for outstanding bonds that were supported by a transfer from SWIFT, including the Bonds, but the Board is under no obligation to direct such a transfer, and no assurance is given that the Board will direct additional transfers from SWIFT for such purpose. If the Board were to elect to proceed with an additional transfer, then additional State administrative approvals (including discretionary approvals) will be sought, and there is no assurance that such approval will be obtained. Pursuant to Subchapter G, the Board may effect no more than two transfers of funds from SWIFT in each fiscal year of the State, which commences on September 1 of a calendar year and ends on the succeeding August 31. The SWIFT Funds Transfer Agreement is a bond enhancement agreement under Subchapter G. See "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – SWIFT Funds Transfer Agreement**" herein and "**STATE WATER IMPLEMENTATION FUND FOR TEXAS PROGRAM**".

The Bonds

The Bonds are issued pursuant to the Master Trust Indenture, the Bond Indenture, and the laws of the State of Texas, including Subchapter H. Bonds issued pursuant to the terms of the Master Trust Indenture are referred to herein as the "Master Trust Bonds". The Bonds are the eighteenth series of Master Trust Bonds issued by the Board. See "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Master Trust Indenture**" for a description of the authority to issue Master Trust Bonds in accordance with the terms of the Master Trust Indenture.

Security for the Bonds.

The Bonds and the interest and the redemption premium, if any, thereon are special, limited obligations of the Board equally and ratably secured by and payable solely from a lien on the security granted pursuant to the Bond Indenture (the **Security for the Bonds**) including, but not limited to: (i) all Revenues held under the terms of the Bond Indenture; (ii) all amounts held in the funds and accounts established under the Bond Indenture (other than the Rebate Fund and the Costs of Issuance Account established for the Bonds); and (iii) all of the proceeds of the foregoing including, without limitation, investments thereof. Security for the Bonds includes amounts deposited to the credit of the Assistance Account within SWIRFT held by the Bond Trustee from moneys received by the Board under the terms of the SWIFT Funds Transfer Agreement. **Moneys on deposit to the credit of SWIFT do not provide Security for the Bonds.** See "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**" herein.

"Revenues," with respect to the Bonds, includes all Repayments paid over to or for the account of the Board, and any other payments made to or for the account of the Board by the Political Subdivisions and the Political Subdivision Obligations held under the Bond Indenture.

The Bonds and the redemption premium, if any, and interest thereon shall not now and shall never constitute an indebtedness or an obligation, general or moral, or a pledge of the faith or loan of credit of the Board or the State, within the purview of any constitutional limitation or provision, and shall never constitute or give rise to a charge against the faith and credit or taxing powers, if any, of the Board or the State, but shall be special, limited obligations of the Board, payable solely from the trust estate established under the Bond Indenture and the Master Trust Indenture, the proceeds from the sale of the Bonds and the income from the temporary investment thereof. The Board has no taxing powers.

Political Subdivision Obligations

Each bond, note, agreement or other evidence of indebtedness purchased from or entered into by the Board with a Political Subdivision, evidencing the obligation of the Political Subdivision to the obligation made or incurred pursuant thereto constitutes a "**Political Subdivision Obligation**". Prior to purchasing or entering into Political Subdivision Obligations, the Executive Administrator's staff will review contracts relating to any State Water Plan project. Additionally, the Board may not purchase or enter into any Political Subdivision Obligations that have low interest or deferred payment structures unless the Political Subdivision Obligations have been approved for legality by the Attorney General of the State. In addition, the Board will also receive an approving opinion from a nationally recognized bond counsel regarding the legality of the Political Subdivision Obligation under state law and, if applicable, providing that the interest on the Political Subdivision Obligation is exempt from federal income taxation. The Attorney General of the State has advised the Board that it has legal authority to enter into financing agreements with authorized Political Subdivisions where the Board Participation structure is used to effect the financing to be provided to the Political Subdivision. See "**STATE WATER IMPLEMENTATION FUND FOR TEXAS PROGRAM – Political Subdivision Obligations - Board Participation Obligations**". Upon approval by the Attorney General of the State, registration of the Political Subdivision Obligations by the Comptroller and delivery to the Board, the Political Subdivision Obligations issued by the Political Subdivisions will be valid, binding and incontestable against a statutory challenge, as provided by the Texas Water Code.

Other Information

Certain information regarding the Political Subdivision Obligations expected to be purchased with the proceeds of the Bonds of either series is listed in *Appendix A*. Certain information on entities expected to be Significant Borrowers (as hereinafter defined) is attached hereto as *Appendix B*. See "**STATE WATER IMPLEMENTATION FUND FOR TEXAS PROGRAM – Political Subdivision Obligations and Underwriting and Monitoring Process"** and **"CONTINUING DISCLOSURE OF INFORMATION – Continuing Disclosure Undertaking of Significant Borrowers**". A summary of certain provisions of the Master Trust Indenture and the Bond Indenture is attached hereto as *Appendix C.* A description of the Board and its programs is attached hereto as *Appendix D.* The proposed form of opinion of Bond Counsel is attached hereto as *Appendix E.* A description of DTC and its Book-Entry-Only System and global clearance procedures is attached hereto as *Appendix F.* The descriptions, summaries and excerpts herein of the Master Trust Indenture and Bond Indentures are qualified in their entirety by reference to such documents and are further qualified by reference to laws relating to or affecting generally the enforcement of creditors' rights and principles of equity. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

The Bonds are special, limited obligations of the Board equally and ratably secured by and payable solely from a lien on the Security for the Bonds, including, but not limited to: (i) all Revenues held under the terms of the Bond Indenture; (ii) all amounts held in the funds and accounts established under the Bond Indenture (other than the Rebate Fund and the Costs of Issuance Account established for the Bonds); and (iii) all of the proceeds of the foregoing including, without limitation, investments thereof. In addition, the Bonds are secured by amounts that become available under the Master Trust Indenture. Security for the Bonds includes amounts deposited to the credit of the Assistance Account within SWIRFT held by the Bond Trustee from moneys received by the Board under the terms of the SWIFT Funds Transfer Agreement. See "– SWIFT Funds Transfer Agreement" below.

Moneys on deposit to the credit of SWIFT DO NOT provide security for the Bonds.

THE BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OF THE BOARD OR THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. ISSUANCE OF THE BONDS DOES NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE THE STATE OR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF TO LEVY ANY FORM OF TAXATION THEREFOR OR MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE BOARD HAS NO TAXING POWER.

Master Trust Indenture

The Master Trust Indenture authorizes a comprehensive program to accommodate the issuance or incurrence of obligations created under the Master Trust Indenture. The Bonds are the eighteenth series of Master Trust Bonds

to be secured by the Master Trust Indenture. See "**APPENDIX C – DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE MASTER TRUST INDENTURE AND THE BOND INDENTURE**". The Master Trust Indenture provides security for revenue bonds issued by the Board pursuant to Subchapter H.

The trust estate established under the Master Trust Indenture consists of: (a) moneys transferred to the Master Trustee by each bond indenture trustee (including the Bond Indenture Trustee), and (b) all cash, moneys, securities and investments other than any moneys, securities and investments deposited in the Rebate Fund established under a bond trust indenture (including the Bond Indenture), paid to or held by the Master Trustee in the funds and accounts created under the Master Trust Indenture.

The Master Trustee will promptly deposit to the credit of the Program Account: (a) all moneys released by a Bond Indenture Trustee with respect to a Series of Bonds (or portion thereof) and (b) any other lawfully available moneys directed by the Board to be deposited to the credit of the Program Account. Moneys in the Program Account may be used by the Master Trustee to pay reasonable expenses, charges and other disbursements of the Master Trustee incurred in connection with administering the trusts established by the Master Trust Indenture. If no later than 40 days prior to any Payment Date, it is anticipated there will not be available moneys sufficient to pay the principal of and interest on the Bonds then due, the Bond Indenture Trustee shall immediately give notice to the Board and the Master Trustee of such anticipated deficiency. Upon a certification from a bond indenture trustee (including the Bond Indenture Trustee) of a deficiency in funds available to pay scheduled debt service on Master Trust Bonds (including either series of the Bonds), the Master Trustee will transfer to the bond indenture trustee the amount certified to by the bond indenture trustee to be necessary to timely make the debt service payment due on such Master Trust Bonds. If more than one bond indenture trustee has certified to the Master Trustee that there are insufficient funds available to make a scheduled debt service payment, the Master Trustee shall transfer moneys to the bond indenture trustee *pro rata* based on the amount of the respective deficiencies among such Master Trust Bonds. There is no assurance that money will be available in the Program Account to cure a deficiency.

In order for a series of Master Trust Bonds to be secured by the Master Trust Indenture, the Board will execute a Series Certificate stating that a Series of Master Trust Bonds is entitled to the benefits of the Master Trust Indenture upon satisfaction of the following conditions: (i) the principal amount of the Master Trust Bonds being issued and any other Master Trust Bonds then Outstanding shall not exceed in the aggregate principal amount of any limitation imposed by law, and (ii) an Officer's Certificate shall have been delivered to the Master Trustee to the effect that projected cash flow reports prepared by or on behalf of the Board attached to such Officer's Certificate evidence the sufficiency of the available revenues under: (a) the bond indentures relating to all outstanding Master Trust Bonds and (b) the bond indenture relating to the Master Trust Bonds then to be issued (taking into account the amounts transferred or to be transferred to the Transfer Account pursuant to the SWIFT Funds Transfer Agreement and then immediately to be transferred to the bond indenture trustee relating to such Master Trust Bonds) to pay not less than 1.00 times the principal and interest payments coming due on (x) all Master Trust Bonds then outstanding and (y) the Master Trust Bonds then to be issued on each payment date with respect to the Master Trust Bonds until maturity.

The pledge effected by the Master Trust Indenture shall be a continuing, irrevocable and exclusive first lien on the trust estate created under the Master Trust Indenture. After payment in full of the principal of, redemption premium, if any, and interest on the Master Trust Bonds secured by the Master Trust Indenture, and the payment of all fees and expenses payable to a Bond Indenture Trustee under the terms of any bond trust indenture, the lien on the trust estate created under the Master Trust Indenture shall be released and no longer be in effect. Any moneys held by the Master Trustee at such time may be transferred to the Comptroller for deposit to the credit of SWIFT, as directed by the Board.

Should the Board determine that there is an available surplus balance, then in accordance with direction received from the Board in an Officer's Certificate, the Master Trustee shall transfer from the Program Account such amounts constituting Surplus Balance identified in the Officer's Certificate to the Comptroller, with instructions that such surplus balance shall be deposited to the credit of SWIFT.

Bond Indenture

Bond Indenture. The Security for the Bonds pledged under the Bond Indenture to the payment of the Bonds includes all Political Subdivision Obligations purchased by the Board with funds from the Project Financing Account of SWIRFT created under the Bond Indenture, all Political Subdivision Obligations to be purchased in the future with funds on deposit within the Project Financing Account of SWIRFT held by the Bond Trustee, the Political Subdivision Obligations held in the Portfolio Account for the Bonds, and the Repayments on such Political Subdivision Obligations, moneys held in the Assistance Account for the Bonds, the source of which are moneys and investment

earnings thereon received pursuant to the terms of the SWIFT Funds Transfer Agreement (hereinafter defined), any Investment Securities acquired by the Board and held in the Portfolio Account for the Bonds, as well as certain other revenues, receipts and funds held by the Bond Trustee as part of the Trust Estate for the Bonds. See "**APPENDIX C - DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE MASTER TRUST INDENTURE AND THE BOND INDENTURE**".

In the Bond Indenture, among the conditions related to the issuance and delivery of the Bonds is the certificate of sufficiency described in the fourth paragraph under "**MASTER TRUST INDENTURE**" above.

The following special accounts within SWIRFT have been created pursuant to the Bond Indenture and will be held by the Bond Trustee: (a) Assistance Account; (b) Project Financing Account; (c) Portfolio Account, and within the Portfolio Account a Portfolio Repayment Subaccount (the **Portfolio Repayment Subaccount**) and a Prepayment Subaccount (the **Prepayment Subaccount**); (d) Revenue Account, and within the Revenue Account a Repayment Subaccount (the **Repayment Subaccount**) and an Administrative Expenses Subaccount (the **Administrative Expenses Subaccount**); (e) Debt Service Account, consisting of a Principal and Interest Subaccount (the **Principal and Interest Subaccount**) and a Redemption Subaccount (the **Redemption Subaccount**); (f) Surplus Revenue Account (the **Surplus Revenue Account**); and (g) Costs of Issuance Account (the **Costs of Issuance Account**). The Bond Trustee also shall establish and maintain the Rebate Fund for the sole benefit of the United States of America. The Rebate Fund does not constitute a fund or account within SWIRFT.

Pursuant to the Bond Indenture, on each Payment Date, the Bond Trustee shall transfer from the Assistance Account the amount scheduled to be transferred on such Payment Date to pay principal and interest due on the Bonds and deposit the same to the Principal and Interest Subaccount of the Debt Service Account.

Pursuant to the 2025 Bond Indenture, on each Payment Date, the Bond Trustee shall transfer Revenues in the order of priority as follows:

FIRST, from the Repayment Subaccount of the Revenue Account, amounts sufficient, together with other amounts on deposit in the Principal and Interest Subaccount of the Debt Service Account, to pay principal and interest due on the Bonds and deposit the same to the Principal and Interest Subaccount of the Debt Service Account.

SECOND, from the Administrative Expenses Subaccount of the Revenue Account, amounts sufficient to pay the fees and expenses described in the 2025 Bond Indenture.

Any moneys remaining in the Revenue Account and the subaccounts therein after making the transfers described above may be transferred to the Surplus Revenue Account upon the Board delivering an Officer's Certificate directing the transfer of funds from the Revenue Account to the Surplus Revenue Account. Transfers to the Surplus Revenue Account may be made on a Payment Date, after the transfers described in the FIRST and SECOND paragraphs above have been made.

If no later than 40 days prior to any Payment Date, it is determined there will not be available moneys sufficient to pay the principal of and interest on the Bonds then due as shown in the Bond Indenture, the Bond Trustee shall immediately give notice to the Board and the Master Trustee of such projected deficiency. The notice shall indicate the amounts required to make up for such anticipated deficiency and request: (i) that the Board take such measures as permitted by the Bond Indenture to cure the deficiency and (ii) if the Board is unable to take such measures as permitted by the Bond Indenture, that a transfer of moneys from the Program Account be effected. The Bond Trustee shall deposit moneys made available by the Board or transferred by the Master Trustee from the Program Account and designated for deposit in the Debt Service Account in accordance with such designation.

SWIFT Funds Transfer Agreement

The Board has entered into a bond enhancement agreement (the **SWIFT Funds Transfer Agreement**) with the TTSTC on [_____, 2025] in connection with the issuance of the Bonds. In accordance with the provisions of the Texas Water Code and the terms of the SWIFT Funds Transfer Agreement, the Board has requested that the TTSTC disburse from SWIFT an amount not to exceed $_____ to be transferred by the Board to the Master Trustee for deposit into the Transfer Account held by the Master Trustee in the manner described in the SWIFT Funds Transfer Agreement. These monies will be used to provide the necessary subsidies in support of the payment of the Political Subdivision Obligations. In addition, it is anticipated that the SWIFT Funds Transfer Agreement will request a transfer of funds to support the payment of debt service for general obligation bonds to be issued by the Board to finance state water plan projects concurrently with the issuance of the Bonds. See "STATE WATER

IMPLEMENTATION FUND FOR TEXAS PROGRAM – 2025 General Obligation Bonds". The SWIFT Funds Transfer Agreement will be the first transfer of moneys from SWIFT effected in the State's fiscal year ending August 31, 2026.

No later than four Business Days following the date the Bond Purchase Agreement is executed by the Board and the underwriters of the Bonds (the **Execution Date**), an executed Board Request will be delivered to the TTSTC, stating: (a) the amount of the disbursement to be transferred to the Master Trustee for deposit into the Transfer Account (which amount may not exceed the amount set forth in SWIFT Funds Transfer Agreement, and is defined herein as the **Stated Amount**) and (b) the Date of Delivery. In no event will the Execution Date be within five Business Days of the Date of Delivery.

On or before, but no earlier than, five Business Days before the Date of Delivery, the TTSTC shall transfer the Stated Amount, in immediately available funds, to the Master Trustee, acting for the benefit of the Board, for deposit into the Transfer Account. In making such transfer, the TTSTC shall be entitled to rely on written instructions received from the Board directing the transfer and deposit of the Stated Amount.

On or before the Date of Delivery, $_____ will be transferred by the Master Trustee to the Bond Trustee for deposit to the credit of the Assistance Account established by the Bond Indenture.

Moneys deposited to the credit of the Assistance Account shall be invested on the Date of Delivery in Investment Securities as directed by the Board, in a manner which would not adversely affect the treatment of the Bonds as obligations described in section 103 of the Code.

Release, Substitution or Prepayment of Pledged Political Subdivision Obligations

Release of Political Subdivision Obligations. The Bond Indenture Trustee, upon the written direction of the Board, may release Political Subdivision Obligations from the lien of the respective Bond Indenture, upon the satisfaction of the following:

(i) the delivery to the Bond Indenture Trustee of an Officer's Certificate to the effect that (A) cash flow reports evidence the sufficiency of (1) available Revenues from the remaining Political Subdivision Obligations and interest earnings on investments for each Payment Date to pay not less than 1.0 times principal and interest coming due on the applicable series of Bonds on each such Payment Date until maturity, and (2) any and all available revenues for each Payment Date securing all outstanding Master Trust Bonds to pay not less than 1.0 times principal and interest coming due on all Master Trust Bonds on each such Payment Date (clauses (1) and (2) being herein referred to as the **Coverage Requirement for the Bonds**) and (B) specifying the Political Subdivision Obligations to be released; and

(ii) the delivery to the Bond Indenture Trustee of an amendment to the schedule of Political Subdivision Obligations attached to the applicable Bond Indenture (which amendment does not require the consent of the owners of the applicable series of Bonds).

Substitution of Political Subdivision Obligations. The Bond Indenture Trustee, upon the written direction of the Board may release Political Subdivision Obligations and substitute one or more Political Subdivision Obligations upon the delivery to the Bond Indenture Trustee of (a) the instruments described above in the applicable Bond Indenture, *provided*, that the substituted Political Subdivision Obligation shall be included in the calculation of the Coverage Requirement and (b) as a result of such substitution, the Coverage Requirement shall be not less than 1.0 times principal and interest coming due on the applicable series of the Bonds on each such Payment Date until maturity.

Amendment of Terms of Political Subdivision Obligations. The Board shall not consent to the amendment of the terms of a Political Subdivision Obligation unless the Board first delivers to the Bond Indenture Trustee an Officer's Certificate to the effect that the amendment will not cause the Coverage Requirement for the applicable series of Bonds not to be satisfied.

No Parity or Superior Obligations

The Board shall not issue or incur any bonds, notes, or other obligations payable from or secured by, in whole or in part, any or all of the Security for the Bonds prior to or on a parity with the pledge of the Security securing payment of the Bonds.

The Bonds are Limited Obligations of the Board and are Payable Solely from Specific Sources

The Bonds are special, limited obligations of the Board equally and ratably secured by and payable solely from the lien on the related Security and funds and accounts specifically pledged to the Bonds. Accordingly, investors should consider only the sources of payment and security described under the subsection "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**" in this Official Statement.

Flow of Funds

The chart on the following page generally illustrates the flow of funds for each Series of bonds issued under a bond indenture in respect to funds transferred from SWIFT to SWIRFT and the use of bond proceeds, including proceeds from the issuance of each of the Bonds. The flow of funds for each subsequent series of Master Trust Bonds may vary from the flow of funds depicted in the following table.

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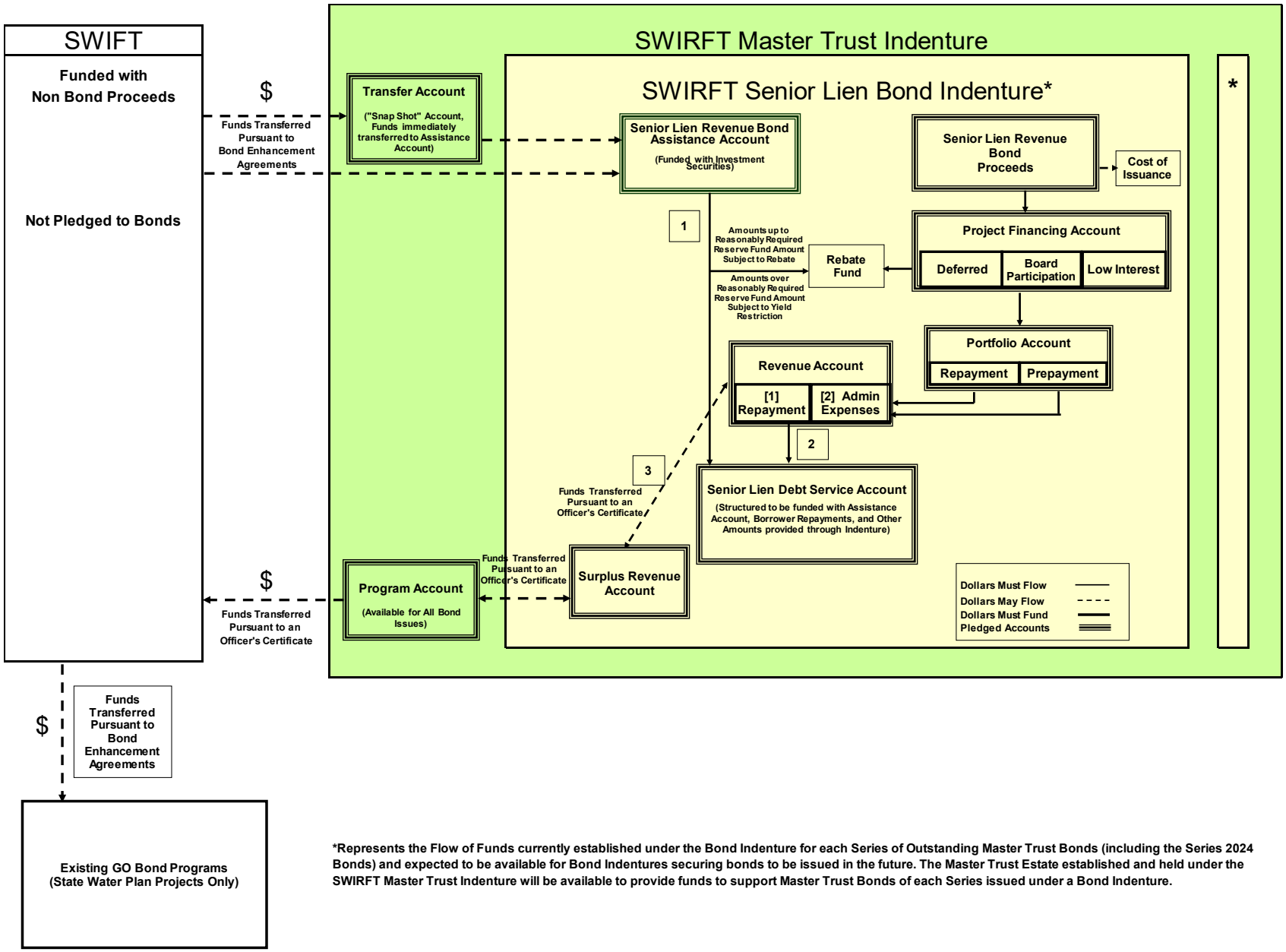

*Represents the Flow of Funds currently established under the Bond Indenture for each Series of Outstanding Master Trust Bonds (including the Series 2024 Bonds) and expected to be available for Bond Indentures securing bonds to be issued in the future. The Master Trust Estate established and held under the SWIRFT Master Trust Indenture will be available to provide funds to support Master Trust Bonds of each Series issued under a Bond Indenture.

PLAN OF FINANCE

Purpose

The Bonds are being issued: (i) to provide funds to provide financial assistance through the purchase of or entering into Political Subdivision Obligations, the proceeds of which will be used to finance State Water Plan Projects, and (ii) to pay the costs of issuance of the Bonds.

The Board received, evaluated, and considered applications from political subdivisions for State Water Plan Projects that intend to issue or incur Political Subdivision Obligations to be purchased by the Board. A list of the approved financial assistance applications and the amount of financial assistance is listed in "**APPENDIX A – SUMMARY OF POLITICAL SUBDIVISION OBLIGATIONS EXPECTED TO BE FUNDED BY BONDS**". Each Political Subdivision is expected to issue its Political Subdivision Obligation and close on the purchase of it by the Board within [56] days after the Date of Delivery of the Bonds. Purchases of the Political Subdivision Obligations will be made by the Bond Indenture Trustee of the Bonds at the direction of the Board from moneys on deposit in the Project Financing Account established under the Bond Indenture.

Sources and Uses

The proceeds from the sale of the Bonds plus other available funds of the Board are expected to be applied as set forth in the following table:

Sources of Funds	**The Bonds**
Par Amount	$ -
Original Issue Premium	-
Transfer to Assistance Account	-
Total	$ -

Uses of Funds	
Deposit to Loan Fund	$ -
Deposit to Assistance Account	-
Deposit to Costs of Issuance Account	-
Underwriters' Discount	-
Total	$ -

THE BONDS

General

The Bonds are special, limited obligations of the Board and are issued pursuant to the Master Trust Indenture, the applicable Bond Indenture and Subchapter H.

The Bonds will be issued as fully registered bonds in denominations of $5,000 or any integral multiples thereof. Interest on the Bonds will accrue from the Date of Delivery to the Underwriters at the rates shown on the inside cover pages of this Official Statement, calculated on the basis of a 360-day year composed of twelve 30-day months. Interest on the Bonds will be payable semiannually commencing on April 15, 2026, and on each October 15 and April 15 thereafter (each an **Interest Payment Date**), until maturity or prior redemption. The Bonds will mature in the principal amounts and on the dates shown on the inside cover pages of this Official Statement. The Bonds, when issued, will be registered in the name of Cede & Co., as nominee for DTC.

Payment

As long as the Bonds are held in the book-entry-only system, payment on the Bonds will be made directly to DTC or its nominee, Cede & Co., by the applicable Bond Indenture Trustee, acting in its capacity as paying agent and registrar (the **Paying Agent/Registrar**) for the Bonds, in accordance with arrangements among the Board, the Paying

Agent/Registrar and DTC. See "**APPENDIX F — DESCRIPTION OF BOOK-ENTRY-ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES**".

The principal and redemption price of the Bonds shall be payable, without exchange or collection charges, in lawful money of the United States of America, to the respective registered owners thereof upon presentation and surrender thereof at maturity or upon the date fixed for redemption prior to maturity at the office for payment of the Paying Agent/Registrar (the **Designated Payment/Transfer Office**). If the Bonds are not held in book-entry form, as described in *"***APPENDIX F - DESCRIPTION OF BOOK-ENTRY-ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES**," interest on the Bonds shall be payable by the Paying Agent/Registrar on each Interest Payment Date, in lawful money of the United States of America, by check or draft dated as of such Interest Payment Date, sent by United States mail, first-class postage prepaid, to the respective owners thereof, at the address of each such registered owner as it appears in the Register on the Record Date (hereinafter defined) preceding each such Interest Payment Date. Any accrued interest due upon the redemption of any Bond prior to maturity as provided in the Bond Indenture shall be payable to the registered owner thereof at the Designated Payment/Transfer Office, upon presentation and surrender thereof for redemption and payment at the Designated Payment/Transfer Office. As of the date of this Official Statement, the Designated Payment/Transfer Office of the Paying Agent/Registrar is its Houston, Texas, corporate trust office.

Redemption

Optional Redemption. The Bonds maturing on and after _____ 15, 20__, are subject to redemption at the option of the Board, in whole or in part on any date on and after _____ 15, 20__ at the redemption price, of 100% of the principal amount thereof being redeemed, plus accrued interest thereon to the date fixed for redemption. Bonds to be redeemed pursuant to the optional redemption provisions above shall be selected from the maturities and in the principal amounts as shall be determined by the Board.

Mandatory Sinking Fund Redemption. The Bonds scheduled to mature on _____ 15 in the years ____, ____ and ____ (the **Term Bonds**) are subject to scheduled mandatory redemption by the Paying Agent/Registrar by lot, or by any other customary method that results in a random selection, at a price equal to the principal amount thereof, plus accrued interest to the redemption date, out of moneys available for such purpose in the interest and sinking fund for the Bonds, on the dates and in the respective principal amounts, set forth in the following schedule:

Term Bonds Maturity _____ 15, 20__		Term Bonds Maturity _____ 15, 20__		Term Bonds Maturity _____ 15, 20__	
Mandatory Redemption Date	Principal Amount ($)	Mandatory Redemption Date	Principal Amount ($)	Mandatory Redemption Date	Principal Amount ($)

The principal amount of Term Bonds of a stated maturity required to be redeemed on any mandatory redemption date pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the Board, by the principal amount of any Term Bonds of the same maturity which, at least 45 days prior to a mandatory redemption date (1) shall have been acquired by the Board at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the Board at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

***Notice of Redemption*.** Official notice of any redemption of the Bonds shall be given by the Paying Agent/Registrar on behalf of the Board by mailing a copy of an official redemption notice by first class mail, postage prepaid, at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to the owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register; *provided, however,* that the failure to send, mail or receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity

or effectiveness of the proceedings for the redemption of any Bond, and it is hereby specifically provided that the publication of such notice as required above shall be the only notice actually required in connection with or as a prerequisite to the redemption of any Bonds or portions thereof. Should notice to call Bonds for redemption at the option of the Board be given in the manner provided above, but the Board shall not be able to provide the Bond Indenture Trustee with amounts sufficient to effect on the date fixed for redemption the payment of the entire redemption price of the Bonds so called for redemption, such Bonds shall not be redeemed on the date fixed for redemption, and the notice of redemption for such Bonds shall be null and void. In addition, any notice of optional redemption may be made conditional upon the receipt of moneys to effect such redemption. Notice of an optional redemption may be rescinded if sufficient moneys have not been deposited with the Bond Indenture Trustee.

The Paying Agent/Registrar shall also send notice of any redemption by United States mail, first-class postage prepaid, to DTC at the same time that it sends notice of redemption to Holders. So long as all Bonds are held under a book entry system by DTC, notice of redemption shall be sent by the Agent only to DTC or its nominee. Selection of book entry interests in the Bonds called for redemption and notice of redemption to the owners of Bonds called for redemption, is the responsibility of DTC (or any successor securities depository) pursuant to its rules and procedures, and of its participants and indirect participants. Any failure of DTC (or any successor securities depository) to advise any participant, or of any participant or any indirect participant to notify the owner of a book-entry interest, of any such notice and its content or effect shall not affect the validity of any proceedings for the redemption of any Bonds.

***Partial Redemption*.** If less than all of the Bonds within a maturity are called for redemption, the Bonds selected for redemption within such maturity shall be chosen by lot by the Paying Agent/Registrar (provided that a portion thereof may be redeemed only in an integral multiple of $5,000 principal amount). During any period in which ownership of the Bonds is determined only by a book-entry at a securities depository for the Bonds, if less than all of the Bonds within a maturity are called for redemption, the particular Bonds selected for redemption within such maturity shall be selected in accordance with the arrangements among the Board, the Paying Agent/Registrar and DTC. See "**APPENDIX F — DESCRIPTION OF BOOK-ENTRY-ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES**".

Registration, Transfer and Exchange

The Bond Indenture Trustee for the Bonds has been named to serve as initial Paying Agent/Registrar for the Bonds. In each Bond Indenture, the Board retains the right to replace the Paying Agent/Registrar. If the Board replaces the Paying Agent/Registrar, such Paying Agent/Registrar shall, promptly upon the appointment of a successor, deliver the Paying Agent/Registrar's records to the successor Paying Agent/Registrar, and the successor Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar selected by the Board shall be a commercial bank or a trust company duly organized under the laws of the United States of America or any state or territory thereof, having a combined capital stock, surplus and undivided profits of at least $100,000,000, having trust powers and authorized by law to perform all the duties imposed upon it by the Bond Indenture.

In the event the Book-Entry-Only System is discontinued, printed certificates will be delivered to the owners of the Bonds and thereafter the Bonds may be transferred, registered and assigned on the registration books only upon presentation and surrender of such printed certificates to the Paying Agent/Registrar, and such registration and transfer shall be without expense or service charge to the Registered Owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar in lieu of the Bond being transferred or exchanged at the designated office of the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in authorized denominations and for a like kind and aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer. See "**APPENDIX F – DESCRIPTION OF BOOK-ENTRY-ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES**" herein for a description of the system to be utilized initially in regard to the ownership and transferability of the Bonds.

The record date (**Record Date**) for the interest payable on any interest payment date for the Bonds means the close of business on the last Business Day of the month next preceding such interest payment date.

Neither the Board nor the Paying Agent/Registrar shall be required to issue, transfer, or exchange any Bond, or any portion thereof called for redemption prior to maturity prior to its redemption date, provided, however, such limitation on transferability shall not be applicable to an exchange by the owner of the uncalled balance of a Bond.

If any Bond is mutilated, destroyed, stolen or lost, a new Bond in the same principal amount and series as the Bond so mutilated, destroyed, stolen or lost will be issued. In the case of a mutilated Bond, such new Bond will be delivered only upon surrender and cancellation of such mutilated Bond. In the case of any Bond issued in lieu of and in substitution for a Bond which has been destroyed, stolen or lost, such new Bond will be delivered only (a) upon filing with the Board and the Paying Agent/Registrar of satisfactory evidence to the effect that such Bond has been destroyed, stolen or lost and proof of the ownership thereof, and (b) upon furnishing the Board and the Paying Agent/Registrar with indemnity satisfactory to them. The person requesting the authentication and delivery of a new Bond must pay such expenses as the Paying Agent/Registrar may incur in connection therewith.

STATE WATER IMPLEMENTATION FUND FOR TEXAS PROGRAM

Introduction

To ensure the ongoing vitality of its economy, Texas' citizens, water experts, and government agencies collaborate in a comprehensive water planning process, so Texas will have enough water in the future to sustain its cities, rural communities and its economic development while also preserving the agricultural and natural resources that have defined Texas for generations. Texas also has one of the fastest growing populations in the country. In 1950, there were approximately 8 million Texas residents. The 2022 State Water Plan projects Texas' population will increase 73 percent in the next 50 years, from 29.7 million in 2020 to more than 51.5 million in 2070.

Water user groups, those groups planned for in the State Water Plan that include providers, face a potential water shortage of 3.1 million acre-feet per year in 2020 and 6.9 million acre-feet per year in 2070 in drought of record conditions. Approximately 5,800 water management strategies recommended in the current State Water Plan would provide 1.7 million acre-feet per year in additional water supplies to water user groups in 2020 and 7.7 million acre-feet per year in 2070. The estimated capital cost to design, construct, and implement the more than 2,400 recommended water management strategy projects by 2070 is approximately $80 billion.

In 2013, the 83rd Regular Session of the Texas State Legislature (the **Legislature**), enacted enabling legislation to implement provisions relating to the proposed constitutional amendments that created SWIFT and SWIRFT. With the adoption of the two amendments as described below under "**STATE WATER IMPLEMENTATION FUND FOR TEXAS PROGRAM – Authorization of SWIFT and SWIRFT**", the plan was implemented. The financial assistance program envisioned by the creation of SWIFT and SWIRFT and as further described below is referred to herein as the "**SWIFT Program**". Revenue bonds issued to support the State Water Implementation Fund for Texas Program, including the Bonds, are issued through SWIRFT.

Authorization of SWIFT and SWIRFT

On November 5, 2013, voters approved constitutional amendments adding two sections to Article III of the Constitution (Sections 49-d-12 and 49-d-13). Generally, Section 49-d-12 authorized the appropriation of $2 billion from the State's economic stabilization fund to create and fund SWIFT as a special fund in the state treasury outside the general revenue fund. Section 49-d-13 created SWIRFT as a special fund in the state treasury outside the general revenue fund.

Statutory and Regulatory Framework

Section 49-d-12 provides that money in SWIFT shall be administered, without further appropriation, by the Board for the purpose of implementing the State Water Plan. In addition, Section 49-d-12 authorizes the Legislature to authorize the Board to enter into bond enhancement agreements to provide a source of revenue or security for general obligation bonds or revenue bonds issued by the Board, the proceeds of which are used to finance State Water Plan projects, provided that the bond enhancement agreements do not exceed the capacity of SWIFT to fully support such agreements. Moneys to be made available under the terms of a bond enhancement agreement are contributed solely from SWIFT. Section 49-d-12 provides that the Legislature may authorize the Board to use SWIFT to finance, including by direct loan, water projects included in the State Water Plan. However, state law currently does not permit the use of moneys within SWIFT to be used to purchase or fund direct loans. Subchapter G of the Texas Water Code provides that the Board has legal title to the money and investments of SWIFT to be used without further appropriation for the sole purpose of implementing the State Water Plan. Responsibility for the management and investment of SWIFT is conferred on the TTSTC, which holds and invests SWIFT for and in the name of the Board.

In accordance with state law, $2 billion from the State's economic stabilization fund was appropriated and transferred to SWIFT. To date, approximately $1,151,588,167 has been transferred from SWIFT to respective Assistance Accounts held by the bond indenture trustees for the outstanding Master Trust Bonds; see "**STATE WATER IMPLEMENTATION FUND FOR TEXAS PROGRAM – Outstanding Master Trust Bonds**". As of June 30, 2025, the TTSTC has advised the Board that SWIFT has a balance of approximately $____ billion. Additionally, on [July 24, 2025], the Board voted to authorize the transfer of up to $___ million from the Texas Water Fund to the SWIFT for the 2025 prioritization cycle. See "**APPENDIX D – INFORMATION REGARDING THE TEXAS WATER DEVELOPMENT BOARD – Texas Water Fund**" for more information about the Texas Water Fund. Moneys in SWIFT currently are invested by the TTSTC in a variety of investments, taking into account both the short-term and long-term needs for funds anticipated to be transferred from SWIFT. The goal of the SWIFT Program is to achieve funding of approximately $27 billion of water projects over 50 years from 2015, of which approximately $___ billion has been provided as of June 30, 2025. Subchapter G provides that the Board shall undertake to apply not less than 10 percent to support projects that are for Rural Political Subdivisions (as defined in Section 15.001, Texas Water Code, as amended) or agricultural water conservation, and 20 percent to support projects, including agricultural irrigation projects, that are designed for water conservation or reuse, in each five-year period between the adoptions of a new State Water Plan.

The Board has adopted rules providing for the use of money received from SWIFT consistent with Subchapter G, including rules establishing standards for determining whether projects meet the criteria for rural political subdivision projects and water conservation or reuse projects, and specifying the manner for prioritizing projects included in the State Water Plan for the purpose of providing financial assistance under Subchapter G. The Board has also adopted policies and procedures for the purpose of mitigating or minimizing the adverse effects, if any, of federal laws and regulations relating to income taxes, arbitrage, rebates, and related matters.

In 2023, the citizens of Texas approved a constitutional amendment (Article III, Section 49-d-16) authorizing the creation of the Texas Water Fund, a special fund held outside the general revenue fund of the State, to be administered by the Board or its successor. Moneys may be appropriated by law for deposit to the credit of the Texas Water Fund and may be used to transfer money to other funds or accounts administered by the Board or its successor. An appropriation of $1 billion was made by the Legislature for deposit to the credit of the Texas Water Fund, effective upon the adoption of the constitutional amendment. As of the date of this Official Statement, $_____ has been transferred from the Texas Water Fund to SWIFT. See "**APPENDIX D – INFORMATION REGARDING THE TEXAS WATER DEVELOPMENT BOARD – Texas Water Fund.**"

At the direction of the Board, the TTSTC shall make disbursements from SWIFT to another fund or account pursuant to a bond enhancement agreement in amounts the Board determines are needed for debt service payments on or security provisions of the Board's general obligation bonds or revenue bonds, after considering all other sources available for those purposes in the respective fund or account. Disbursements may be made under a bond enhancement agreement to the Board for the support of bonds the proceeds of which are used to provide financial assistance in the form of a Political Subdivision Obligation bearing an interest rate of not less than 50 percent of the then-current rate of interest available to the Board; a loan to finance a facility with a term not to exceed the lesser of the expected useful life of the facility or thirty years; a deferral of loan repayments; incremental repurchase terms for an acquired facility; or a combination of the above-described methods.

To effect disbursements from SWIFT, the Board may direct the TTSTC to enter into bond enhancement agreements to provide a source of revenue or security for the payment of the principal of and interest on general obligation bonds or revenue bonds issued by the Board to finance or refinance projects included in the State Water Plan if the proceeds of the sale of the bonds have been or will be deposited to the credit of: (1) SWIRFT; (2) the Rural Water Assistance Fund; (3) the State Participation Account; (4) the Agriculture Water Conservation Fund; or (5) the Water Infrastructure Fund, with the latter four funds and accounts administered by the Board. The SWIFT Funds Transfer Agreement executed in connection with the issuance of the Bonds constitutes such a bond enhancement agreement under state law. See "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – SWIFT Funds Transfer Agreement**". **SWIFT does not constitute Security for the Bonds.**

Section 49-d-13 authorizes the Legislature to authorize the Board to issue bonds and enter into related credit agreements that are payable from revenues available to SWIRFT. Obligations issued or incurred pursuant to Section 49-d-13 are special obligations payable solely from amounts in SWIRFT. Moneys in SWIRFT consist of moneys transferred or deposited to the credit of SWIRFT by law; the proceeds of any fee or tax that may be imposed by the State in the future that by statute is dedicated for deposit to the credit of SWIRFT; any other revenue that the Legislature by statute dedicates for deposit to SWIRFT; investment earnings on amounts credited to SWIRFT; bond proceeds, including proceeds from revenue bonds issued by the Board under Subchapter H, that are designated by the

Board for the purpose of providing money for SWIRFT; repayments of Political Subdivision Obligations made from SWIRFT; money from the sale, transfer, or lease of a project acquired, constructed, reconstructed, developed, or enlarged with money from SWIRFT and money disbursed to SWIRFT from SWIFT.

The Board may use money in SWIRFT: (i) as a source of revenue or security for the payment of the principal of and interest on revenue bonds issued by the Board under Subchapter H, other bonds issued by the Board if the proceeds of the Master Trust Bonds will be deposited in SWIRFT, (ii) to acquire Political Subdivision Obligations, or other assets from another fund or account administered by the Board, or (iii) to pay necessary and reasonable costs incurred by the Board in administering the fund. Money deposited to the credit of SWIRFT must be invested as determined by the Board. Subchapter H also authorizes the Board to issue revenue bonds for the purpose of providing money for SWIRFT. Revenue bonds issued under Subchapter H are special obligations of the Board payable only from and secured by designated income and receipts of SWIRFT, and such bonds do not constitute indebtedness of the State.

Outstanding Master Trust Bonds

The Board has issued, and there are currently outstanding, seventeen series of Master Trust Bonds: State of Texas Water Implementation Revenue Fund for Texas Revenue Bonds as identified in the table below. All proceeds of the outstanding Master Trust Bonds available to acquire Political Subdivision Obligations have been expended and funded State Water Plan Projects by providing financial assistance to Political Subdivisions.

Series	Original Par Amount	Outstanding Par Amount As of June 30, 2025	Transfer from SWIFT to Assistance Account at Closing*
Series 2015A	$ 798,450,000	$ 636,225,000	$ 106,382,704
Series 2015B	11,960,000	10,470,000	1,791,784
Series 2016	600,065,000	527,535,000	74,523,944
Series 2017A	1,046,970,000	867,275,000	130,659,112
Series 2017B	18,935,000	15,280,000	1,977,336
Series 2018A	832,065,000	678,570,000	88,953,346
Series 2018B	1,672,210,000	1,488,600,000	209,364,121
Series 2018C	35,590,000	29,480,000	4,114,517
Series 2019A	835,825,000	780,005,000	91,275,597
Series 2019B	22,985,000	19,635,000	2,148,542
Series 2020	628,515,000	590,715,000	60,635,646
Series 2021	444,735,000	438,995,000	33,994,370
Series 2022	961,850,000	934,920,000	97,701,695
Series 2023A	1,007,490,000	984,555,000	98,286,807
Series 2023B	5,080,000	4,850,000	475,041
Series 2024A	1,205,795,000	1,205,295,000	119,850,336
Series 2024B	362,465,000	362,465,000	29,453,268
Total	$ 10,490,985,000	$ 9,574,870,000	$ 1,151,588,167

* Total might not add due to rounding.

Texas Water Development Board

The Board is an agency of the State and was created by constitutional amendment in 1957. Leading the state's efforts in ensuring a secure water future for Texas, the Board is responsible for coordinating long-range water planning in the State. The Board is primarily responsible for the State's financial programs associated with the water industry. Since its inception and as of June 30, 2025, the Board has committed to fund an amount in excess of $___ billion in financial assistance for the purposes described below.

The Board administers multiple financial programs to provide financial assistance to political subdivisions, including non-profit water supply corporations and, in certain circumstances, investor-owned utilities, throughout Texas. Those programs include providing financial assistance through the issuance of general obligations bonds for all components of water supply, wastewater (sewage) conveyance and treatment, flood control projects, water projects that involve the conversion from a ground water supply source to a surface supply; providing financial assistance through the issuance of revenue bonds to facilitate the provision of wastewater treatment projects through the Clean Water State

Revolving Fund; and for the provision of facilities for the treatment of drinking water through the Drinking Water State Revolving Fund. See "**APPENDIX D – INFORMATION REGARDING THE TEXAS WATER DEVELOPMENT BOARD – Financial Assistance Programs**".

Advisory Committee

Subchapter G established the State Water Implementation Fund for Texas Advisory Committee (the **SWIFT Advisory Committee**), which consists of seven persons: (i) the Comptroller, or a person designated by the Comptroller; (ii) three members of the senate appointed by the Lieutenant Governor, including a member of the committee of the senate having primary jurisdiction over matters relating to finance and (iii) a member of the committee of the senate having primary jurisdiction over matters relating to natural resources; and (iv) three members of the house of representatives appointed by the Speaker of the House, including a member of the committee of the house having primary jurisdiction over matters relating to appropriations and (v) a member of the committee of the house having primary jurisdiction over matters relating to natural resources. The SWIFT Advisory Committee shall submit comments and recommendations to the Board regarding the use of money in SWIFT for use by the Board in adopting rules and policies and procedures.

State Water Plan

Pursuant to Subchapter C of Chapter 16 of the Texas Water Code, the Legislature directed the Board to prepare, develop, formulate, and adopt a comprehensive state water plan (the **State Water Plan**) prior to January 2002. Thereafter, the Board has been responsible for preparing, developing, formulating and adopting a State Water Plan before the end of each successive five-year period after that date. The State Water Plan provides for and identifies projects in furtherance of the orderly development, management, and conservation of water resources and preparation for and response to drought conditions, in order that sufficient water will be available at a reasonable cost to ensure public health, safety and welfare, further economic development and protect the agricultural and natural resources of the entire State.

For the purposes of developing the State Water Plan, the State is divided into 16 regional water planning areas. Each regional water planning group for each regional water planning area must prepare a regional water plan and submit the plan to the Board for approval by the Board, and for inclusion in the State Water Plan. The regional water planning groups shall submit their adopted regional water plans to the Board no later than January 5 of the year that is one year prior to the date the Board is required to adopt the State Water Plan for the ensuing five-year period.

On adoption of the State Water Plan, the Board is required to deliver the State Water Plan to the Governor, the Lieutenant Governor and the Speaker of the Texas House of Representatives and present the adopted State Water Plan for review to the appropriate legislative committees in the Legislature.

The first State Water Plan was developed by the Board in 1961. The most current State Water Plan, the 11th State Water Plan developed by the Board, was adopted by the Board and became effective on July 7, 2021. The 2022 State Water Plan is available on the website of the Board at http://www.twdb.texas.gov/waterplanning/swp/2022/index.asp.

Application Process

Any Political Subdivision with a recommended water management strategy project with associated capital costs included in the most recently adopted State Water Plan can apply for assistance under the SWIFT Program[(1)]. Financing for planning, design and construction costs will be available with the multi-year commitment options, available for funding needs spanning several years.

On February 3, 2025, the application period for the 2025 prioritization cycle of the SWIFT Program officially closed. The Board received abridged applications for State Water Plan projects totaling approximately $5.1 billion, although $3.1 billion applications were deemed to be eligible. On April 10, 2025, the Board approved the prioritization of those projects and sent invitations to eligible political subdivisions to submit complete applications. The abridged applications were prioritized based on multiple statutory requirements, including size of the population served, diverse urban and rural populations, regionalization and meeting a high percentage of water users' needs, amount of financial contribution, financial capacity, ability to leverage with local and federal funding, emergency needs, and effect on water conservation.

In conjunction with the approved projects and commitments from the 2025 prioritization cycle and first ten prioritization cycles occurring prior to 2025, the Board expects to acquire, enter into, or amend Political Subdivision Obligations in fall 2025, providing funding in the amount of approximately $3.05 billion. All of the Political Subdivision Obligations expected to be funded by the Bonds constitute State Water Plan projects under the current State Water Plan. The Board estimates that the participating Political Subdivisions will save approximately $___ million* over the life of their obligations by funding through the SWIFT program instead of through the capital market. See "**APPENDIX A – SUMMARY OF POLITICAL SUBDIVISION OBLIGATIONS EXPECTED TO BE FUNDED BY BONDS**".

The Board works with communities to develop projects from inception to procurement of funding and through construction completion. Eight teams provide outreach and assistance to existing and potential customers and build relationships with entities. The Application and Closing Team is responsible for the processing of applications and closing on funding commitments, while seven multi-disciplinary regional teams assigned by geographic area are responsible for monitoring progression of projects, including the approval of plans and specifications to ensure consistency with Board and state rules and regulations. Each regional team is headed by a regional team manager who serves as the single point of contact for customers in each region. This approach has provided customers with improved service by a dedicated regional team.

The Application and Closing Team consists of a credit manager, engineering manager, financial analysts, project reviewers and a loan specialist. The regional teams are comprehensive and include the staff necessary to assist clients through the infrastructure funding and construction process. The teams consist of a manager, project reviewers, environmental reviewers, engineers, attorney, and regional planner.

The Board has significant flexibility in establishing the terms of the financial assistance made available under the SWIFT Program consistent with achievement of legislative and Board objectives.

Political Subdivision Obligations and Underwriting and Monitoring Process

Pursuant to the Texas Water Code, Political Subdivision Obligations purchased from or entered into by the Board with a Political Subdivision can be payable from a pledge of ad valorem taxes, water system net revenues, wastewater system net revenues, net revenues of a combined water and sewer system, contract revenues, or any combination of pledges of taxes, assessments and/or utility system(s) (including gas or electric) revenues. The Board expects to purchase some Political Subdivision Obligations the security of which has a lien on revenues subordinate to outstanding and future debt of the Political Subdivision. For Political Subdivision Obligations payable solely from revenues, including subordinate lien revenue pledges, the Board requires a reserve fund and a coverage test to be met for the issuance of any additional bonds. Political Subdivision Obligations payable from ad valorem taxes are subject to constitutional and statutory limitations relating to the nature of the pledge of ad valorem taxes the Political Subdivision may provide.

The Board also requires each Political Subdivision to maintain adequate insurance coverage on the project being constructed and to provide annual audited financial statements. The Board continually monitors its portfolio for delinquent accounts. Financial Compliance is performed by a TWDB team of 13 dedicated staff members. If a payment is late, the Board implements its collection process. [The Master Trustee has confirmed to the Board all Political Subdivision Obligations payments for the October 15, 2025 debt service payment on outstanding Master Trust Bonds have been received.] The Board has not experienced late payments on Political Subdivision Obligations issued or incurred in connection with the SWIFT Program. To date, there have been no payment defaults on the Political Subdivision Obligations financed by the Board through its administration of the SWIFT Program.

Prior to purchasing or entering into Political Subdivision Obligations, staff of the Executive Administrator of the Board reviews contracts relating to any State Water Plan project. Additionally, the Board may not purchase or enter into any Political Subdivision Obligations that have low interest or deferred payment structures unless the Political Subdivision Obligations have been approved as to legality under state law by an approving opinion of the Attorney General of the State, the effect of which under state law is that the Political Subdivision Obligations are valid and incontestable in a court or other forum and are binding obligations for all purposes according to their terms. The Board will also receive an approving opinion from a bond counsel regarding a Political Subdivision

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* Preliminary, subject to change.

(1) The SWIFT Program includes two funds, SWIFT and SWIRFT. Revenue bonds for the SWIFT Program are issued through SWIRFT.

Obligation under state law and, if applicable, providing that the interest on the Political Subdivision Obligation is exempt from federal income taxation. The Attorney General of the State has advised the Board that it has legal authority to enter into financing agreements with authorized Political Subdivisions where the Board Participation structure is used to effect the financing to be provided to the Political Subdivision. See "**STATE WATER IMPLEMENTATION FUND FOR TEXAS PROGRAM – Political Subdivision Obligations - Board Participation Obligations**". Upon approval by the Attorney General of the State, registration of the Political Subdivision Obligations by the Comptroller and delivery to the Board, the Political Subdivision Obligations issued by the Political Subdivisions will be valid, binding and incontestable against a statutory challenge, as provided by the Texas Water Code.

The Political Subdivision Obligations expected to be purchased will include a range of credits. Below is a description of the security pledges of the Political Subdivision Obligations expected to be held within the Portfolio Account for the Bonds. Political Subdivisions need not have ratings or obtain credit ratings on Political Subdivision Obligations expected to be purchased by the Board. In addition, the Board may acquire a temporary ownership interest in a facility which a Political Subdivision will repurchase at a future date. See "**STATE WATER IMPLEMENTATION FUND FOR TEXAS PROGRAM** – **Political Subdivision Obligations and Underwriting and Monitoring Process** – *Board Participation Obligations*".

As of the time of issuance, _____is expected to represent approximately _____%* (**Significant Borrower**) of the Political Subdivision Obligations expected to be held within the Portfolio Account for the Bonds (consisting of $_____* in principal amount of Political Subdivision Obligations. See "**APPENDIX A – SUMMARY OF POLITICAL SUBDIVISION OBLIGATIONS EXPECTED TO BE FUNDED BY BONDS**" and "**APPENDIX B – SIGNIFICANT BORROWER INFORMATION**".

General Obligations. When a Political Subdivision issues a general obligation, its full faith and credit are pledged to secure payment when due of the principal and interest on the obligation. State law requires the eligible Political Subdivision to levy taxes that will be collected in amounts and at times sufficient to make debt service payments. If the eligible Political Subdivision fails to make a payment when due, the owner of a general obligation, such as the Board, can bring suit for mandamus to require the tax levy to be collected and applied to debt service. Political Subdivision general obligations typically require voter approval.

The tax levy described above may be limited depending upon the type of eligible Political Subdivision issuing the general obligations. Water districts, including municipal utility districts, operating pursuant to Article XVI, Section 59 of the Texas Constitution, are authorized to issue bonds payable from ad valorem taxes unlimited as to rate or amount. However, some general obligation bonds issued by municipalities are payable from a limited ad valorem tax, whether imposed by state law or its home rule charter.

Municipalities which operate pursuant to the home rule charter provisions of Article XI, Section 5 of the Texas Constitution are limited to a tax rate of not to exceed $2.50 per $100 assessed valuation for all municipal purposes, including the payment of debt service on bonds. The home rule charter approved by the voters of the municipalities may, and often does, provide for a lower tax rate limitation. There are requirements set forth in Article XI, Section 5 of the Texas Constitution which must be satisfied in order for a municipality to be eligible to seek home rule status including a requirement that a municipality contain a population of more than 5,000 inhabitants and that the municipality hold an election at which a majority of the voters approve adoption of a home rule charter. A Type A general law municipality with a population of 5,000 or less is limited to a tax rate of not to exceed $1.50 per $100 assessed valuation for all municipal purposes; provided, however, under certain circumstances a tax rate not to exceed $0.25 per $100 assessed valuation may be imposed. A Type A general law municipality with a population of 5,000 or more is limited to a tax rate of not to exceed $2.50 per $100 assessed valuation for all municipal purposes.

Revenue Obligations. When an eligible Political Subdivision issues a revenue obligation, the obligation is a limited obligation payable solely from the revenues that are specifically pledged. Revenue bonds are not a debt of the issuer, but solely a charge upon the revenues generated by properties of the systems so encumbered. The holder of such revenue bonds does not have the right to demand payment out of any funds raised or to be raised by taxation.

_____

* Preliminary, subject to change.

Municipalities, including home rule and general law municipalities, are authorized pursuant to Chapter 1502, Texas Government Code, as amended, to issue bonds payable from the revenues of their electric system, water system, sewer system or sanitary disposal equipment and appliances, or natural gas system, parks and or swimming pools, either or all such systems. The expenses of operation and maintenance of the system, including, without limitation, all salaries, labor, materials, interest, repairs and extensions necessary to render efficient service is a first lien against the revenues of such systems. Pursuant to state law, municipalities must charge and collect a rate sufficient to pay all operating, maintenance, depreciation, replacement, betterment, interest charges and all debt service requirements relating to such system.

Combination General Obligation and Revenue Obligations. Combination General Obligation and Revenue Obligations, which may be in the form of bonds or certificates of obligation, are payable from a combination of ad valorem property taxes, with the same tax rate limitations as discussed above under "General Obligations," and revenues from various types of systems such as waterworks, sewer, gas and electric or any combination thereof as authorized pursuant to Chapter 1502, Texas Government Code and as discussed above under "Revenue Obligations," or other revenues the political subdivision may lawfully pledge in support of such obligations. The revenue pledge may be limited to surplus net revenues only or may include all net revenues after the payment of necessary operation and maintenance expenses, and the payment of obligations secured by a superior pledge of net revenues. Debt instruments purchased by the Board under the SWIFT Program are secured by a combination of ad valorem taxes and revenues constitute "debt", as defined in Section 26.012(7)(A)(ii)(c), Texas Tax Code.

Contract Revenue Bonds. When an eligible Political Subdivision issues Contract Revenue Bonds, the bonds are a limited obligation payable solely from the payments to be received pursuant to a contract. Certain eligible Political Subdivisions are authorized pursuant to state law to issue bonds payable from contract payments due from the beneficiary of the facilities constructed with the proceeds of the bonds issued. In the instance of SWIRFT, a municipality is typically the contracting party which is responsible for debt service payments on the bonds. Generally, such contract payments are payable as an operation and maintenance expense of a municipality's waterworks and sewer system and therefore have a first lien on the revenues of such systems and are paid prior to paying debt service on any obligations of a municipality payable from the same type of revenue pledge.

Board Participation Obligations. An eligible Political Subdivision enters into long-term, fixed-rate financing agreements whereby the Board will have a temporary ownership interest in a facility. The Political Subdivision will repurchase the interest in the facility under a repayment schedule that allows for the structured deferral of both principal and interest. See "**APPENDIX A – SUMMARY OF POLITICAL SUBDIVISION OBLIGATIONS EXPECTED TO BE FUNDED BY BONDS**" for a percentage breakdown of the security to be pledged in respect to the Political Subdivision Obligations. The Board has by resolution officially approved for funding and therefore made a binding commitment to provide financial assistance, subject to the availability of funds and compliance with certain conditions.

Types of Program Assistance

Assistance to Political Subdivisions is expected to fall into one of following categories of obligations as outlined below:

(1) **Low-Interest** – Long-term, fixed-rate obligations offered at below market rate. Maturities range from 20 to 30 years. Interest rates are based on the Board's cost of funds, which reflects the credit rating of SWIRFT. This rate is further reduced by a subsidy established by the Board. For the applicants whose projects were approved in the fiscal year ending August 31, 2025, the subsidy amount for tax-exempt projects is up to 25% for 20-year maturities, 18% for obligations up to 25 years and 14%, for obligations up to 30 years. The subsidy amount for taxable projects is up to 20% for 20-year maturities, 14% for obligations up to 25 years and 10% for obligations up to 30 years. The subsidy amount for tax-exempt rural projects is up to 50% for 20-year maturities, 34% for obligations up to 25 years and 27% for obligations up to 30 years. The subsidy amount for taxable rural projects is up to 40% for 20-year maturities, 27% for obligations up to 25 years and 22% for obligations up to 30 years. These interest rate subsidies are based on general assumptions of debt structure by the Political Subdivision Obligations prior to application. These subsidies are subject to modification as necessary should a Political Subdivision Obligations request a modified debt structure.

(2) **Deferred** – Used for funding only developmental costs (planning and design). Maturities range from 20 to 30 years. Principal payments are deferred, and interest does not accrue for up to eight years or until the end of construction, whichever occurs first. The obligation is amortized over the remaining term of the agreement. Interest rates are based on the Board's cost of funds, which reflects the credit rating of SWIRFT. No additional subsidy is available.

(3) **Board Participation** – Long-term, fixed-rate financing through a temporary Board ownership interest in a facility. These terms are intended to allow entities to reasonably finance the total debt for an optimally sized regional facility. The local sponsor repurchases the Board's interest under a repayment schedule that allows for the structured deferral of both principal and interest. Maturities vary but are generally 34 years. Interest rates are based on the Board's cost of funds, which reflects the credit rating of SWIRFT. No additional subsidy amount is available.

Texas Treasury Safekeeping Trust Company

Funds in SWIFT are held by the TTSTC, which is responsible for the investment of funds entrusted to it. The TTSTC has developed a written investment policy. SWIFT funds will be annually audited, and copies of such audits will be provided to both the Board and the SWIFT Advisory Committee. A copy of the SWIFT investment policy and annual report can be found on the TTSTC's website at the following link: http://www.TTSTC.org.

STATE WATER IMPLEMENTATION FUND FOR TEXAS PROGRAM – 2025 General Obligation Bonds

The State of Texas Water Financial Assistance Bonds, Series 2025 (State Water Plan Projects) (the "GO Bonds") are being issued concurrently with the Bonds as general obligation water financial assistance bonds under the authority of Article 3, Sections 49-d-8 and 49-d-11, Texas Constitution, and Subchapter L of Chapter 17, Water Code. The GO Bonds are the first issuance of general obligation bonds to fund SWIFT obligations, the proceeds of which will be used exclusively to finance State Water Plan projects. It is anticipated that, in addition to the Board seeking a transfer of funds from SWIFT to support the payment of debt service on the Bonds, the SWIFT Funds Transfer Agreement will request a transfer of funds [up to $____?] to support the payment of debt service on the GO Bonds. The GO bonds will NOT be secured by the political subdivision bonds purchased with proceeds of the GO Bonds and are NOT secured by the funds created under the Master Indenture and Bond Indenture for the Bonds. Funds transferred from SWIFT to support the payment of debt service on the GO Bonds shall not be used to support payment of debt service on the Bonds. Further, the Bonds are NOT secured by the general obligation pledge supporting the GO Bonds, and funds transferred from SWIFT to support the payment of debt service on the Bonds shall not be used to support payment of debt service on the GO Bonds.

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DEBT SERVICE ON OUTSTANDING MASTER TRUST BONDS AND SERIES 2025 BONDS[(1)(2)]
(Table 1)

Fiscal Year Ending (August 31)	Total Debt Service on Outstanding Master Trust Bonds	Total Debt Service on Series 2025 Bonds			Total Aggregate Debt Service on Master Trust Bonds
		Principal	Interest	Total	
2026	$ 617,041,791	$ -	$ -	$ -	$ 617,041,791
2027	595,890,530	-	-	-	595,890,530
2028	583,096,468	-	-	-	583,096,468
2029	599,045,118	-	-	-	599,045,118
2030	633,013,137	-	-	-	633,013,137
2031	645,446,186	-	-	-	645,446,186
2032	647,983,642	-	-	-	647,983,642
2033	638,321,736	-	-	-	638,321,736
2034	639,103,915	-	-	-	639,103,915
2035	635,291,861	-	-	-	635,291,861
2036	637,361,171	-	-	-	637,361,171
2037	627,915,821	-	-	-	627,915,821
2038	631,990,018	-	-	-	631,990,018
2039	634,814,490	-	-	-	634,814,490
2040	633,228,681	-	-	-	633,228,681
2041	631,479,860	-	-	-	631,479,860
2042	630,099,098	-	-	-	630,099,098
2043	630,914,869	-	-	-	630,914,869
2044	629,206,329	-	-	-	629,206,329
2045	621,906,889	-	-	-	621,906,889
2046	607,863,518	-	-	-	607,863,518
2047	588,619,645	-	-	-	588,619,645
2048	567,533,373	-	-	-	567,533,373
2049	462,568,734	-	-	-	462,568,734
2050	355,755,373	-	-	-	355,755,373
2051	299,401,327	-	-	-	299,401,327
2052	268,780,854	-	-	-	268,780,854
2053	242,837,563	-	-	-	242,837,563
2054	192,167,178	-	-	-	192,167,178
2055	108,970,920	-	-	-	108,970,920
2056	72,786,553	-	-	-	72,786,553
2057	62,183,391	-	-	-	62,183,391
2058	48,893,828	-	-	-	48,893,828
2059	38,242,578	-	-	-	38,242,578
2060	31,335,797	-	-	-	31,335,797
2061					
	$ 16,491,092,241	$ -	$ -	$ -	$ 16,491,092,241

(1) Preliminary, subject to change.
(2) Totals may not add due to rounding.

DEBT SERVICE AND CASH FLOW PROJECTIONS

Projected Revenue Cash Flows

Projected revenue cash flows as set forth in Table 2 in this Official Statement (the **Projected Revenue Cash Flows**) were prepared by the Board's Financial Advisor. Projected Revenue Cash Flows contain estimates that include assumptions regarding future events, including assumptions regarding future Political Subdivision Obligations purchased or entered into and funded with proceeds of Bonds, transfers of moneys from the Assistance Account to the Debt Service Account, future interest rates on Political Subdivision Obligations, the repayment of Political Subdivision Obligations by Political Subdivisions and investment earnings on such moneys. The actual results will differ from the estimates stated in the Projected Revenue Cash Flows to the extent that actual future events differ from the estimates and assumptions upon which the Projected Revenue Cash Flows are based. See "**OTHER INFORMATION – Forward-Looking Statements**".

The following tables (collectively, **Table 2**) represent cash flow projections for the respective series of Bonds.

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PROJECTED REVENUE CASH FLOWS
(Table 2)

Bonds[(1)(3)]

Fiscal Year Ending	Beginning Balance	Projected PSO Revenue [(2)]	Assistance Account Receipts	Total Available Funds	SWIRFT Debt Service [(3)]	Total Projected Revenue After Debt Service	Ongoing Fees	Total Projected Revenue After Ongoing Fees	SWIRFT Coverage

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(1) Preliminary, subject to change.
(2) Represents anticipated Political Subdivision Obligation revenue for the period ending 40 days before each debt service payment which occurs within such fiscal year.
(3) Numbers may not add due to rounding.
(4) Represents debt service on the Bonds. Preliminary, subject to change.

INVESTMENT CONSIDERATIONS

Prospective purchasers of the Bonds should be aware that investment in the Bonds may entail some degree of risk and uncertainty. Each prospective investor in the Bonds should read this Official Statement in its entirety. Particular attention should be given to the factors described below which, among others, could affect the payment of the debt service on the Bonds and which could also affect the market price and liquidity of the Bonds to an extent that cannot be determined. This discussion of investment considerations is not, and is not intended to be, exhaustive.

Moneys on Deposit in SWIFT Are Not Pledged in Support of the Bonds

The Board may, but is not legally required to, seek a transfer of funds from SWIFT to SWIRFT in support of SWIRFT through the execution of a bond enhancement agreement with the TTSTC. The Board may direct at its sole discretion, additional transfers from SWIFT to provide a source of revenue or security for outstanding bonds that were supported by a transfer from SWIFT, including the Bonds, but the Board is under no obligation to direct such a transfer, and no assurance is given that the Board will direct additional transfers from SWIFT for such purpose or the amount of any such transfers, if made. If the Board were to elect to proceed with an additional transfer, then additional State administrative approval will need to be sought and there is no assurance that such approval will be obtained. Pursuant to Subchapter G, the Board may effect no more than two transfers of funds from SWIFT in each fiscal year of the State, which commences on September 1 of a calendar year and ends on the succeeding August 31.

One or More Local Governments May Default Under Their Political Subdivision Obligations

The primary source of repayment for the Bonds is the payments under the Political Subdivision Obligations. The ability of the Political Subdivisions to make full and timely payments of debt service or other repayment obligations due on their respective Political Subdivision Obligations will depend on various economic and financial circumstances, including weather-related events such as damage caused by storms and other natural disasters. If a Political Subdivision fails to pay the principal of or interest on any Political Subdivision Obligations held in a Portfolio Account, the Board may seek to enforce payment of such principal and interest and any other amounts due and payable pursuant to applicable provisions of state law. There can be no assurance that the Board will have an effective remedy or realize any amounts or amounts equal to all amounts due to the Board under the Political Subdivision Obligations. Acceleration is not a remedy if a default under the terms of a Political Subdivision Obligation occurs.

The proceedings relating to the issuance of the Political Subdivision Obligations purchased for a Portfolio Account will be subject to review and approval by the Attorney General of the State with an approval required for Political Subdivision Obligations that utilize the low interest and deferred payment structures. Such approval does not ensure that payments of principal and interest on Political Subdivision Obligations will be made when due.

Owners of Bonds are Not Entitled to Accelerate the Indebtedness of the Bonds upon a Default

The payment of principal of, premium, if any, and interest on the Bonds is not subject to acceleration upon the occurrence and continuation of an Event of Default under the applicable Bond Indenture. Owners of the Bonds will therefore be required to collect debt service payments on the Bonds due after an Event of Default based on the Bonds scheduled payment dates from the Revenues and other property pledged under the applicable Bond Indenture which may not be sufficient to make such payments.

Repayment of the Bonds from Sources Other than the Political Subdivision Obligations

The interest rates on the Political Subdivision Obligations will be lower than the interest rates on the corresponding Bonds that were issued to acquire them. Because the debt service on the Bonds is expected to be paid only in part from the payments made on the Political Subdivision Obligations, the payment of debt service on the Bonds will need to be made from the other funds available under the applicable Bond Indenture, including specifically moneys in the Assistance Account for the Bonds. See **"SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – SWIFT Funds Transfer Agreement"**.

Limitations on Remedies Available to Owners of Bonds

The enforceability of the rights and remedies of the Owners of Bonds (either against the Board or against the Political Subdivisions as issuers of, or obligors under, their Political Subdivision Obligations), and the obligations incurred by (a) the Board in issuing the Bonds and (b) the Political Subdivisions in issuing or entering into their Political Subdivision Obligations, are subject to the following: the federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the United States Constitution; and the reasonable and necessary exercise, in certain unusual situations, of the police power inherent in the State and its governmental subdivisions in the interest of serving a legitimate and significant public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy and otherwise, and consequently may involve risks of delay, limitation or modification of their rights.

TAX MATTERS

Opinion

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

In rendering its opinion, Bond Counsel to the Board will rely upon (a) the Board's federal tax certificate and (b) covenants of the Board with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds and certain other matters. Failure of the Board to comply with these representations or covenants could cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

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

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

A ruling was not sought from the Internal Revenue Service by the Board with respect to the Bonds or the facilities financed or refinanced with the proceeds of the Bonds. Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the representations of the Board that it deems relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the Board as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

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

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

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

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

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

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownpership or disposition of the Bonds. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

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

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

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

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

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

State, Local and Foreign Taxes

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

Information Reporting and Backup Withholding

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

Future and Proposed Legislation

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

CONTINUING DISCLOSURE OF INFORMATION

The Board has entered into an undertaking for the benefit of bondholders of the Bonds to provide certain updated information and notices to the Municipal Securities Rulemaking Board (the **MSRB**) through its Electronic Municipal Market Access (**EMMA**) system.

Continuing Disclosure Undertaking of the Board

General

In the Bond Indenture, the Board has made the following agreement for the benefit of the bondholders and Beneficial Owners of the Bonds. The Board is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the Board will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the MSRB through EMMA.

Annual Reports

The Board will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes "**Table 1 – DEBT SERVICE ON OUTSTANDING MASTER TRUST BONDS AND THE BONDS**", "**Table 2 – PROJECTED REVENUE CASH FLOWS**" and "**APPENDIX A – SUMMARY OF POLITICAL SUBDIVISION OBLIGATIONS EXPECTED TO BE FUNDED BY BONDS**" herein. The Board will update and provide this information within 195 days after the end of each fiscal year ending in or after 2026.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's website or filed with the SEC, as permitted by the Rule. The updated information will include audited financial statements, if the Board commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Board will provide unaudited financial statements within the required time and audited financial statements when and if the audit report becomes available. Any such financial statements will be prepared in accordance with generally accepted accounting principles for governmental entities or such other accounting principles as the Board may be required to employ from time to time pursuant to State law or regulation.

The Board's current fiscal year end is August 31. Accordingly, it must provide updated information within 195 days thereof unless the Board changes its fiscal year. If the Board changes its fiscal year, it will notify the MSRB of the change prior to the next date by which the Board otherwise would be required to provide financial information and operating data as described above.

Disclosure Event Notices

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

For the purposes of the event numbered (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Board in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Board, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Board. As used in events numbered (15) and (16) above, the term "Financial Obligation" means: (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii), however, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Availability of Information

The Board has agreed to provide the foregoing financial and operating information only as described above. The Board will be required to file their respective continuing disclosure information using the MSRB's EMMA system. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

Limitations and Amendments

The Board has agreed to update information and to provide notices of disclosure events only as described above. The Board makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The Board disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the Board to comply with its agreement.

The Board may amend its respective continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Board, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the related series of outstanding Bonds consent to the amendment or (b) a person unaffiliated with the Board (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of such Bonds. The Board may also amend or repeal the provisions of its continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the Board so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

If the Board changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the Board otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be 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 or filed with the SEC. All filings shall be made electronically, in the format specified by the MSRB.

Continuing Disclosure Undertaking of Significant Borrowers

In the Bond Indenture, the Board covenants that it will require each Significant Borrower (any Political Subdivision with outstanding aggregate principal amount of Political Subdivision Obligations issued by the Political Subdivision and held in the Portfolio Account established by the Bond Indenture, comprises at least 20% in aggregate principal amount of all Political Subdivision Obligations held, on and after April 1, 2026, in the related Portfolio Account) to adopt an ordinance, order or resolution (a **Significant Borrower Undertaking**) pursuant to which such Significant Borrower must agree to provide annually to the MSRB financial information and operating data with respect to the Significant Borrower of the general type hereinafter described. The term Significant Borrower includes (i) any Political Subdivision that is expected to be a Significant Borrower as of the date on which each Bond Indenture is adopted (an **Existing Significant Borrower**) and (ii) a Political Subdivision that, as a result of the Board's future acquisition of its Political Subdivision Obligations, or substitution of its Political Subdivision Obligations as permitted by each Bond Indenture, or the prepayment or redemption of other Political Subdivision Obligations held in the Portfolio Account, established by each Bond Indenture, becomes a Significant Borrower (a **Future Significant Borrower**). Any Existing Significant Borrower must agree to provide, within 195 days after the end of each fiscal year

of the Existing Significant Borrower ending in or after the fiscal year in which the Political Subdivision Obligations were issued, financial information and operating data with respect thereto of the nature included in its Significant Borrower Undertaking. See **"APPENDIX B – Significant Borrower Information"** for more information. Any financial statements so to be provided shall be prepared in accordance with the accounting principles described in its Significant Borrower Undertaking, or such other accounting principles as such Existing Significant Borrower may be required to employ from time to time pursuant to state law or regulation. Any Future Significant Borrower must agree to provide, within 195 days after the end of each fiscal year of the Future Significant Borrower ending in or after the year the Political Subdivision becomes a Significant Borrower, financial information and operating data with respect thereto of the nature required by the Rule and its Significant Borrower Undertaking. Any financial statements so to be provided shall be prepared in accordance with the accounting principles described in its Significant Borrower Undertaking, or such other accounting principles as such Significant Borrower may be required to employ from time to time pursuant to state law or regulation. In any case, if such Significant Borrower commissions an audit of such statements and the audit is completed within the period during which they must be provided, the financial statements to be provided shall be audited. If the audit of such financial statements is not complete within such period, then such Significant Borrower shall provide notice that the audited financial statements are not available and provide unaudited financial statements and thereafter audited financial statements for the applicable fiscal year to the MSRB, when and if the audit report on such statements becomes available.

Each Significant Borrower shall also agree to notify the MSRB in a timely manner, not in excess of ten (10) Business Days after the occurrence of certain disclosure events as described in the Significant Borrower Undertaking.

In addition, each Significant Borrower shall also agree to provide timely notice of any failure by such Significant Borrower to provide information, data or financial statements in accordance with its Significant Borrower Undertaking.

If any Significant Borrower changes its fiscal year, it shall be the duty of such Significant Borrower, as required by its respective Significant Borrower Undertaking, to notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which such Significant Borrower otherwise would be required to provide financial information and operating data. The financial information and operating data to be provided 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 or filed with the SEC.

Each Significant Borrower shall be obligated under its Significant Borrower Undertaking to observe and perform the covenants specified in this Section for so long as, but only for so long as, such Significant Borrower remains an "obligated person" with respect to the Bonds within the meaning of the Rule.

Each Significant Borrower Undertaking is for the sole benefit of the Holders and beneficial owners of the Bonds, and nothing, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim to any other person.

No default by any Significant Borrower in observing or performing its obligations as described above shall constitute a breach of or default under the Bond Indenture for purposes of any other provision of the Bond Indenture. Nothing as described above is intended or shall act to disclaim, waive, or otherwise limit the duties of any Significant Borrower under federal and state securities laws.

Each Significant Borrower Undertaking shall provide that the nature of the undertaking therein may be amended by the related Significant Borrower 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 such Significant Borrower, but only if (1) the undertaking, as so amended, would have permitted an underwriter to purchase or sell the related Political Subdivision Obligations 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 each Bond Indenture that authorizes such an amendment) of the outstanding related Political Subdivision Obligations consent to such amendment or (b) a person that is unaffiliated with any Significant Borrower (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the Holders and beneficial owners

of the related Political Subdivision Obligations. If any Significant Borrower so amends its Significant Borrower Undertaking, it shall include with any amended financial information or operating data next provided 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.

The Board, as a condition to making financial assistance available to a Political Subdivision, requires that a Political Subdivision must include a provision in its authorizing proceedings to the effect that such Political Subdivision will covenant to provide relevant financial information and operating data with respect to such Political Subdivision annually to the MSRB within 195 days after the end of each fiscal year of such Political Subdivision, and to file with the MSRB certain specified "disclosure events" with respect to the Political Subdivision Obligations consistent with the Rule, as if the Board were a "Participating Underwriter" within the meaning of the Rule.

As a result of the prepayment or redemption of Political Subdivision Obligations held in the applicable Portfolio Account established by the Bond Indenture, should a Political Subdivision become a Future Significant Borrower, the Bond Indenture Trustee will promptly notify the Board and the Political Subdivision that becomes a Future Significant Borrower in writing that the Political Subdivision has become a Future Significant Borrower. As a result of a Significant Borrower's Political Subdivision Obligations held in the Portfolio Account established by the Bond Indenture no longer comprising at least twenty percent (20%) in aggregate principal amount of all Political Subdivision Obligations held in such Portfolio Account, the Bond Indenture Trustee will promptly notify the Board and such Political Subdivision in writing that such Political Subdivision no longer is a Significant Borrower. Notice to the Political Subdivision shall be sent to the address provided to the Bond Indenture Trustee by the Board at the time the Political Subdivision Obligation is directed by the Board to be purchased by the Bond Indenture Trustee in accordance with the provisions of the Bond Indenture.

If the Board is unable, through no fault of its own, to obtain a Significant Borrower Undertaking from any Political Subdivision which currently has Political Subdivision Obligations held in the Portfolio Account established by the Bond Indenture , as the case may be, and which subsequently becomes a Significant Borrower, the Board is under no obligation to take any action if any such Significant Borrower fails to provide the information requested.

Significant Borrowers are identified in "**Appendix B – Significant Borrower Information**." As of the Date of Delivery, _____ will be the only Significant Borrower under the Bond Indenture.

Compliance with Prior Undertakings of Significant Borrowers Under the Bond Indentures

_____ has furnished for inclusion in this Official Statement the following subcaption. The Board makes no representation as to the accuracy or completeness of the information contained in the following subcaption.

OTHER INFORMATION

Ratings

Both series of the Bonds are rated "___" by Fitch Ratings and "___" by S&P Global Ratings, a division of S&P Global, Inc. An explanation of the significance of such ratings may be obtained from the rating agency furnishing the rating. The ratings reflect only the respective views of such rating agencies, and the Board makes no representation as to the appropriateness of the ratings. Such ratings are not a recommendation to buy, sell or hold the Bonds of either series. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either of such rating agencies, if in the judgment of either or both such agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Bonds of either series. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

Underwriting

The Underwriters shown on the cover page of this Official Statement (the **Underwriters**) have agreed, subject to certain conditions, to purchase the Bonds from the Board, at a price of $_____ (reflecting the par amount of the Bonds, plus a net original issue premium of $_____, less an underwriting discount of $_____) and no accrued interest. The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other

dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds, and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have furnished for inclusion in this Official Statement the following paragraphs of this subcaption. The Board makes no representation as to the accuracy or completeness of the information contained in the following paragraphs.

BofA Securities, Inc. ("BofA Securities"), as an underwriter of the Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities may compensate MLPF&S as a dealer for their selling efforts with respect to the Bonds.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

Morgan Stanley & Co. LLC, one of the Underwriters of the Bonds, has entered into a retail distribution arrangement with its affiliate, Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute securities to retail investors through the financial network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its underwriting efforts with respect to the Bonds.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group ("WFBNA"), one of the underwriters of the Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

The Underwriters and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. The Underwriters and their affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Board for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Board. The Underwriters and their affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Registration and Qualification of Bonds

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

Legal Investments and Eligibility to Secure Public Funds in Texas

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Bonds be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency. See **"OTHER INFORMATION – Ratings"** above. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the Board has been made of the laws in other states or foreign nations to determine whether the Bonds are legal investments for various institutions in those states or foreign nations.

Legal Opinion

The delivery of the Bonds is subject to the approval of the Attorney General of the State to the effect that the Bonds are valid and legally binding special obligations of the Board in accordance with their terms payable solely from and equally and ratably secured by the first lien on and pledge of the Security securing the Bonds in the manner provided in the Bond Indenture and the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes, subject to the matters described under **"TAX MATTERS"** in this Official Statement. The proposed form of Bond Counsel's opinion is attached as *Appendix E*.

Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility for this Official Statement or undertaken independently to verify any of the information contained in it, except that, in their capacity as Bond Counsel, such firm has reviewed the information in the Official Statement under the captions **"INTRODUCTION," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," "THE BONDS," "TAX MATTERS," "CONTINUING DISCLOSURE OF INFORMATION"** (except for the information under the subheading **Compliance with Prior Undertakings of Significant Borrowers Under the Bond Indentures**), **"OTHER INFORMATION – Registration and Qualification of Bonds," "OTHER INFORMATION – Legal Investments and Eligibility to Secure Public Funds in Texas"** and **"OTHER INFORMATION – Legal Opinion,"** and in *Appendix C* and "*Appendix E* to verify that the information relating to the Bonds, the Master Trust Indenture and the Bond Indenture contained under such caption and in *Appendices C* and *E* in all respects accurately and fairly reflects the provisions thereof and, insofar as such information relates to matters of law, is true and accurate. The opinions of Bond Counsel will accompany the global certificates deposited with DTC in connection with the use of the Book-Entry-Only System. In addition, certain legal matters will be passed upon (i) for the Underwriters by Orrick, Herrington & Sutcliffe LLP, Austin, Texas, Counsel to the Underwriters, and (ii) for the Board by Bracewell LLP, Houston, Texas, Disclosure Counsel for the Board, and the payment of the fees of each such law firm is contingent on the sale and issuance of the Bonds.

McCall, Parkhurst & Horton L.L.P. and Bracewell LLP may represent the members of the underwriting syndicate from time to time on matters not related to the Bonds.

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

No Litigation

The Board is not a party to any litigation or other proceeding pending or, to its knowledge, threatened, in any court, agency, or other administrative body (either state or federal) which, if decided adversely to the Board, would have a material adverse effect on the Security for the Bonds, and no litigation of any nature has been filed or, to its knowledge, threatened that would affect the provisions made for the use of the Security for the Bonds to secure or pay the principal of or interest on the Bonds, or in any manner questioning the validity of the Bonds.

Sources of Information

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

Financial Advisor

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

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

Forward-Looking Statements

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

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

Approval of Official Statement

The Resolution approved the form and content of this Official Statement and authorized its further use in the reoffering of the Bonds by the Underwriters. Questions regarding this Official Statement may be directed to David Duran, Director, Debt and Portfolio Management, Texas Water Development Board, 1700 North Congress, Austin, Texas 78701; Telephone: (512) 463-7242; Electronic Mail: david.duran@twdb.texas.gov.

APPENDIX A

SUMMARY OF POLITICAL SUBDIVISION OBLIGATIONS EXPECTED TO BE FUNDED BY BONDS

SUMMARY POLITICAL SUBDIVISION OBLIGATIONS
FUNDED BY THE BONDS..... A-1

SIGNIFICANT BORROWERS EXPECTED TO BE FUNDED BY THE BONDS..... A-2

SUMMARY OF SWIRFT POLITICAL SUBDIVISION OBLIGATIONS EXPECTED TO BE FUNDED BY THE BONDS*

The following table shows the projected Political Subdivision Obligations expected to be funded with proceeds of the Bonds based on new commitments made in 2025, and existing multi-year commitments**.**

SUMMARY OF POLITICAL SUBDIVISION OBLIGATIONS FUNDED

***** Financial assistance amounts are subject to change until the Political Subdivision Obligations are purchased or entered into by the Board.

SIGNIFICANT BORROWERS EXPECTED TO BE FUNDED BY THE BONDS*

POLITICAL SUBDIVISION	EXPECTED NUMBER OF OBLIGATIONS	ANTICIPATED CLOSING AMOUNT*	PERCENTAGE OF PORTFOLIO ACCOUNT
		$	%

_____

* Financial assistance amounts are subject to change until the Political Subdivision Obligations are purchased or entered into by the Board.

APPENDIX B

SIGNIFICANT BORROWER INFORMATION

SIGNIFICANT BORROWER INFORMATION
BONDS

The following information has been furnished by the Significant Borrower of the Bond proceeds for inclusion in this Official Statement:

APPENDIX C

DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE MASTER TRUST INDENTURE AND THE BOND INDENTURE

TO BE UPDATED BY BOND COUNSEL
APPENDIX C

DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE MASTER TRUST INDENTURE AND THE BOND INDENTURE

The following statements summarize certain provisions of the Master Trust Indenture and the Bond Indenture. These statements do not purport to be comprehensive or definitive and are qualified in their entirety by reference to the Master Trust Indenture and the Bond Indenture. Copies of the Master Trust Indenture and Bond Indenture are available for examination at the offices of the Board.

The following capitalized terms appearing in this Official Statement have the meanings set forth below, unless the context otherwise requires. A reference to any of these terms in the singular number includes the plural and vice versa.

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DEFINITIONS OF THE MASTER TRUST INDENTURE AND THE BOND INDENTURE

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"*Affiliate*" means, with respect to the Master Trustee or the Trustee, any Person directly or indirectly controlling, controlled by, or under common control with, the Master Trustee or the Trustee.

"Assistance Account" means, for purposes of this Official Statement, the Assistance Account so designated and established by the 2025 Bond Indenture

"Authorized Denominations" means $5,000 or any integral multiple thereof.

"Authorized Investments" or *"Investment Securities"* means, with respect to the Master Trust Indenture: (i) Federal Securities; (ii) Investment Agreements; (iii) certificates of deposit, savings accounts, deposit accounts, bank deposit products or money market deposits which are fully insured by the Federal Deposit Insurance Corporation; (iv) the following bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed full faith and credit of the United States of America (stripped securities being permitted only if they have been stripped by the agency itself): (A) direct obligations or fully guaranteed certificates of beneficial ownership of the United States Export-Import Bank, (B) participation certificates and guaranteed pool certificates of the Small Business Administration; (C) debentures of the Federal Housing Administration; (D) guaranteed mortgage-back bonds and guaranteed pass-through obligations of the Government National Mortgage Association; and (E) project notes, local authority bonds, guaranteed debentures and guaranteed public housing notes and bonds of the United States Department of Housing and Urban Development; (v) the following bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit United States government agencies (stripped securities being permitted only if they have been stripped by the agency itself): (A) senior debt obligations of the Federal Home Loan Bank System; (B) participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; (C) mortgage-backed securities and senior debt obligations of the Federal National Mortgage Association; and (D) obligations of the Resolution Funding Corporation; (vi) money market funds registered under the Investment Company Act of 1940, the shares of which are registered under the Securities Act of 1933, and having a rating of no less than AA or its equivalent from a national recognized rating agency; (vii) commercial paper, with a maturity not greater than 270 days, and rated, at the time of purchase, "Prime-1" by Moody's, "F1" or better by Fitch or "A-1" or better by S&P; (viii) general obligation bonds, notes or other obligations of states that are rated within the top two rating categories (without regard to gradations within the rating category) from a nationally recognized rating agency; (ix) pre-refunded municipal obligations meeting the following conditions: (i) such obligations are (a) not to be redeemed prior to maturity or irrevocable instructions concerning their calling and redemption have been given and (b) the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions; (ii) such obligations are secured by Federal Securities that may be applied only to interest, principal, and premium payments of such obligations; (iii) the principal of and interest on such Federal Securities (plus any cash in the escrow fund with respect to such pre-refunded obligations) are sufficient to meet the liabilities of the obligations; (iv) the Federal Securities are serving as security for the obligations are held by an escrow agent or trustee; and (v) such Federal Securities are not available to satisfy any other claims, including those against the escrow agent or trustee; (x) repurchase agreements that conform to the provisions of the Public Funds Investment Act (Chapter 2256 of the Texas Government Code); and (xi) federal funds or bankers' acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "A-1/Prime-1" or "Aa3" or better by Moody's and "F1" or "A" or better by Fitch and "A-1" or "A" or better by S&P at the time of the investment. Ratings of Authorized Investments shall be determined at the time of purchase of such Authorized Investments and without regard to ratings subcategories, and the Master Trustee shall have no responsibility to monitor the ratings thereof. Moneys shall be invested in the manner permitted by the laws of the State, including, without limitation, Subchapter H.

"Authorized Investments" or *"Investment Securities"* means, with respect to the Bond Indentures: (i) Federal Securities; (ii) Investment Agreements; (iii) demand deposits, including interest bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, other deposit products, certificates of deposit, including those placed by a third party pursuant to an agreement between the Trustee and the Board, or bankers' acceptances of depository institutions, including the Trustee or any of its Affiliates; (iv) the following bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following

federal agencies and provided such obligations are backed full faith and credit of the United States of America (stripped securities being permitted only if they have been stripped by the agency itself): (A) direct obligations or fully guaranteed certificates of beneficial ownership of the United States Export-Import Bank; (B) participation certificates and guaranteed pool certificates of the Small Business Administration; (C) debentures of the Federal Housing Administration; (D) guaranteed mortgage-back bonds and guaranteed pass-through obligations of the Government National Mortgage Association; and (E) project notes, local authority bonds, guaranteed debentures and guaranteed public housing notes and bonds of the United States Department of Housing and Urban Development; (v) the following bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit United States government agencies (stripped securities being permitted only if they have been stripped by the agency itself): (A) senior debt obligations of the Federal Home Loan Bank System; (B) participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; (C) mortgage-backed securities and senior debt obligations of the Federal National Mortgage Association; (D) obligations of the Resolution Funding Corporation; and (E) obligations of the Federal Farm Credit Banks Funding Corporation; (vi) money market funds registered under the Investment Company Act of 1940, the shares of which are registered under the Securities Act of 1933, and having a rating of no less than "AA" or its equivalent from a nationally recognized rating agency, including those for which the Trustee or an Affiliate receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise ; (vii) commercial paper, with a maturity not greater than 270 days, and rated, at the time of purchase, "Prime-1" by Moody's, "F1" or better by Fitch or "A-1" or better by S&P; (viii) general obligation bonds, notes or other obligations of states that are rated within the top two rating categories (without regard to gradations within the rating category) from a nationally recognized rating agency; (ix) pre-refunded municipal obligations meeting the following conditions: (i) such obligations are (a) not to be redeemed prior to maturity or irrevocable instructions concerning their calling and redemption have been given and (b) the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions; (ii) such obligations are secured by Federal Securities that may be applied only to interest, principal, and premium payments of such obligations; (iii) the principal of and interest on such Federal Securities (plus any cash in the escrow fund with respect to such pre-refunded obligations) are sufficient to meet the liabilities of the obligations; (iv) the Federal Securities are serving as security for the obligations are held by an escrow agent or trustee; and (v) such Federal Securities are not available to satisfy any other claims, including those against the escrow agent or trustee; (x) repurchase agreements that conform to the provisions of the Public Funds Investment Act (Chapter 2256 of the Texas Government Code); and (xi) federal funds or bankers' acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "A-1/Prime-1" or "Aa3" or better by Moody's and "F1" or "A" or better by Fitch and "A-1" or "A" or better by S&P at the time of the investment.

"Board" or "TWDB" means the Texas Water Development Board.

"Board Representative" means the Executive Administrator, the Chief Financial Officer of the Board, the Development Fund Manager, the General Counsel and any other member, officer or employee of the Board authorized by resolution of the Board to perform the act or sign the document in question.

"Bond" or "Bonds," as used in the Master Trust Indenture, means State Water Plan Bonds of the Board in one or more series, relating to the financing of State Water Plan Projects, including, without limitation, bonds or other obligations issued and secured pursuant to one or more Bond Indentures and further secured by moneys transferred to a Bond Indenture Trustee in accordance with the terms and conditions set forth in the Master Trust Indenture, and as used in a respective Bond Indenture, means the State Water Implementation Revenue Fund for Texas Revenue Bonds, Series 2025 (Master Trust), as the case may be, authorized to be issued by a respective Bond Indenture.

"Bondholder," "Bondowner," "holder" or *"owner"* or any similar term, when used with reference to a Bond or Bonds, means any Person who shall be the registered owner of any Outstanding Bond or Bonds.

"Bond Register" means the registration record maintained by the Bond Registrar under a Bond Indenture.

"Bond Registrar" means the Bond Indenture Trustee for the 2025 Bond Indenture.

"Bond Indenture" means, for purposes of this Official Statement, the 2025 Bond Indenture between the Board and The Bank of New York Mellon Trust Company, National Association, dated October 1, 2025, pursuant to which the Bonds are being issued and delivered.

"Bond Indenture Trustee" or "Trustee," with respect to each Series of Bonds, means the trustee named under the related Bond Indenture in its capacity as such trustee; in respect to the Bonds, the term means The Bank of New York Mellon Trust Company, National Association, a national banking association, and any successor trustee as allowed under a respective Indenture at the time serving as Trustee under a respective indenture.

"Business Day" means any day other than a Saturday, a Sunday or any other day on which banking institutions in New York, New York, or, the city which the designated corporate trust office of the Master Trustee are authorized or required to be closed.

"Code" means the Internal Revenue Code of 1986, as may be amended from time to time, and all applicable temporary, proposed and final regulations and procedures promulgated under the Code or promulgated under the Internal Revenue Code of 1954, to the extent applicable to the Code (the "*Treasury Regulations*").

"Costs of Issuance Account" means, for purposes of this Official Statement, the Costs of Issuance Accounts so designated and established by the Bond Indenture.

"Coverage Requirement" has the meaning given the term in "SUMMARY OF THE BOND INDENTURE – GENERAL COVENANTS AND PROVISIONS – *Release of Pledged Political Subdivisions; Substitution of Pledged Political Subdivisions; Prepayment of Pledged Political Subdivisions"* below.

"Debt Service Account" means, for purposes of this Official Statement, the Debt Service Accounts so designated and established by the Bond Indenture.

"Defeasance Securities" means (i) Federal Securities, and (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 the Board adopts or approves proceedings authorizing the issuance of refunding bonds or, if such defeasance is not in connection with the issuance of refunding bonds, on the date the Board provides for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally-recognized investment rating firm not less than "AAA" or its equivalent.

"Events of Default" with respect to a Bond Indenture means any one or more of the following events : (a) default in the due and punctual payment of the principal of, premium, if any, or interest on any related Bond; or (b) default made by the Board in the observance of any of the covenants, agreements or conditions on its part in the applicable Bond Indenture or in the related Bonds contained, and such default shall have continued for a period of 90 days after the Board shall have been given written notice of such default by the Trustee or by the owners of at least a majority in aggregate principal amount of the related Bonds then Outstanding.

"Federal Securities" means direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America.

"Fiscal Year" means the fiscal year of the Board, which currently runs during the period beginning in each calendar year on September 1 and ending on August 31 of the calendar year next following.

"Fitch" means Fitch Ratings, and its successors and assigns.

"Interest Payment Date" means April 15, 2026, and each October 15 and April 15 thereafter until maturity or prior redemption.

"Investment Agreement" mean any of the following: (i) any investment agreement with financial institutions whose long-term obligations are rated within the top two rating categories (without regard to gradations within the rating category) of any nationally recognized rating service or whose short-term obligations are rated within the top rating category of any nationally recognized rating service; (ii) any investment agreement rated within the top two rating categories of any nationally recognized rating service; and (iii) any investment agreement fully secured by Federal Securities.

"Master Trust Bonds" means all bonds of the Board at any time outstanding and secured under the Master Trust Indenture.

"Master Trust Indenture" means the Master Trust Indenture, as from time to time amended and supplemented in accordance with its terms.

"Master Trustee" means The Bank of New York Mellon Trust Company, National Association, a national banking association, and any successor Master Trustee pursuant to the provisions of the Master Trust Indenture in place at the time the Master Trustee is serving under the Master Trust Indenture.

"MSRB" means the Municipal Securities Rulemaking Board.

"Officer's Certificate" means a certificate of the Board signed by a Board Representative.

"Outstanding," when used with reference to any Bond, has the meaning ascribed by the respective Bond Indentures pursuant to which such Bond was issued.

"Owner," "Bondowner," "Bondholder," "holder" or "owner" means the registered owner of any Bond as provided in the respective Bond Indentures.

"Payment Date" means an Interest Payment Date or a Principal Payment Date.

"Person" shall mean an individual or an entity, including, without limitation, a corporation, a partnership, a limited liability company, an association, a joint stock company, a trust, an unincorporated organization, a governmental body or a Political Subdivision, a municipal corporation, a public corporation or any other group or organization of individuals.

"Political Subdivision" has the meaning specified for that term in Section 17.001(6), Texas Water Code. For purposes of the 2025 Bond Indenture, the term Political Subdivision does not include a Water Supply Corporation.

"Political Subdivision Obligation" means each bond, note, agreement or other evidence of indebtedness purchased from or entered into by the Board with a Political Subdivision, evidencing the obligation of the Political Subdivision to the loan made or incurred pursuant thereto. The term *"Political Subdivision Obligation"* excludes any Political Subdivision Obligation released pursuant to a respective Indenture from and after such release and includes any Political Subdivision Obligation substituted pursuant to a respective Indenture from and after such substitution.

"Portfolio Account" means, for purposes of this Official Statement, the Portfolio Accounts so designated and established by the Bond Indenture.

"Prepayment" shall mean any amount received by the Board from payment of principal of Political Subdivision Obligations, which amount is received prior to the scheduled payment date or dates of such Political Subdivision Obligations.

"Principal Payment Date" means April 15 in each of the years 20__ through 20__, and on April 15, 20__, and on October 15 in each of the years 20__ through 20__, and on October 15 in each of the years 20__ and 20__, until maturity or prior redemption of the Bonds. A Principal Payment Date includes a mandatory sinking fund redemption date of the Bonds.

"Program Account" means the account by that name established by the Master Trust Indenture.

"Project Financing Account" means, for purposes of this Official Statement, the Project Financing Accounts so designated and established by the Bond Indenture.

"Rating Agencies" means any rating agency that, at the request of the Board, has issued and is currently maintaining a rating on the Bonds.

"Rebate Fund" means the fund so designated and established by Section 4.1 of the Bond Indenture.

"Record Date" means the last Business Day of the calendar month next preceding each Interest Payment Date.

"Redemption Date" means the date all or a portion of the Bonds are scheduled for redemption prior to maturity, through the exercise of rights reserved by the Board to effect an optional redemption of Bonds.

"Repayment" means any payment due and payable by a Political Subdivision in repayment of its Political Subdivision Obligation.

"Revenue Account" means the Revenue Account so designated and established by the 2025 Bond Indenture for the Bonds.

"Revenues" means all Repayments paid over to or for the account of the Board and any other payments made to or for the account of the Board by the Political Subdivisions under their Political Subdivision Obligations.

"S&P" means S&P Global Ratings, a business unit of Standard & Poor's Financial Service LLC, and its successors and assigns.

"Section 49-d-12" means Article 3, Section 49-d-12 of the Constitution of the State.

"Section 49-d-13" means Article 3, Section 49-d-13 of the Constitution of the State.

"Bonds" means the Texas Water Development Board State Water Implementation Revenue Fund for Texas Revenue Bonds, Series 2025 (Master Trust).

"Series Certificate" means, with respect to any series of Bonds, the related Officer's Certificate delivered pursuant to the Master Trust Indenture, as such certificate may be amended from time to time.

"Series of Bonds" or *"Bonds of a series"* or words of similar meaning means the Series of Bonds authorized by a respective Bond Indenture and secured under the Master Trust Indenture.

"State" means the State of Texas.

"State Water Plan" means the comprehensive water plan prepared, developed, formulated and adopted by the Board no less often than every five (5) years pursuant to Subchapter C.

"State Water Plan Bonds" means general obligation bonds and revenue bonds issued by the Board to finance State Water Plan Projects in accordance with the laws of the State, including specifically its revenue bonds issued under authority of Subchapter H that shall be payable from designated income and receipts of SWIRFT, including principal of and interest paid and to be paid on assets of SWIRFT or income from accounts created within SWIRFT by the Board.

"State Water Plan Projects" means any project including in the State Water Plan that is authorized under Subchapter E, Subchapter F, Subchapter J, Subchapter Q or Subchapter R, or any other laws of the State that authorize the Board to finance projects as part of the State Water Plan.

"Subchapter C" means Subchapter C of Chapter 16 of the Texas Water Code

"Subchapter E" means Subchapter E of Chapter 16 of the Texas Water Code.

"Subchapter F" means Subchapter F of Chapter 16 of the Texas Water Code.

"Subchapter G" means Subchapter G of Chapter 15 of the Texas Water Code.

"Subchapter H" means Subchapter H of Chapter 15 of the Texas Water Code.

"Subchapter J" means Subchapter J of Chapter 17 of the Texas Water Code.

"Subchapter Q" means Subchapter Q of Chapter 15 of the Texas Water Code.

"Subchapter R" means Subchapter R of Chapter 15 of the Texas Water Code.

"Supplemental Trust Indenture" means any Trust Indenture supplementary to or amendatory of the Master Trust Indenture duly executed and delivered in accordance with the provisions of the Master Trust Indenture.

"*Surplus Balance*" means the amount available under a Bond Indenture that is in excess of (i) the amount held in the Assistance Account established under the applicable Bond Indenture to pay from time to time debt service on Bonds in accordance with the terms of such Bond Indenture and (ii) any other amounts specified in such Bond Indenture to be paid from moneys received from transfers from SWIFT, that is transferred to the Master Trustee under the terms of the Master Trust Indenture.

"Surplus Revenue Account" means, for purposes of this Official Statement, the Surplus Revenue Accounts so designated and established by the 2025 Bond Indenture for the Bonds.

"SWIFT" means the State Water Implementation Fund for Texas, created pursuant to Article 3, Section 49-d-12 of the State Constitution, as supplemented and amended.

"SWIFT Transfer Agreement" means a bond enhancement agreement between the Board and the Trust Company pursuant to which funds are transferred from SWIFT to provide a source of revenue or security for the payment of Bonds of a Series.

"SWIRFT" means the State Water Implementation Revenue Fund for Texas, created pursuant to Article 3, Section 49-d-13 of the State Constitution, as supplemented and amended.

"Transfer Account" means the account by that name established by the Master Trust Indenture.

"Trust Company" means the Texas Treasury Safekeeping Trust Company.

"Water Supply Corporation" means a nonprofit water supply corporation created and operating under Chapter 67 of the Texas Water Code.

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SUMMARY OF THE MASTER TRUST INDENTURE

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GRANTING CLAUSES

The Board does hereby convey, transfer, assign, confirm, pledge and grant a security interest in, to the Master Trustee, and its successor or successors in trust, as Master Trustee for the benefit of the owners of all series of Bonds issued by the Board and secured under the Master Trust Indenture, the following described properties, rights, interest and benefits (whether movable or immovable, real, personal or mixed, tangible or intangible) which are collectively called the *"Master Trust Estate"*:

(1) All right, title and interest of the Board in, to and under the moneys transferred by each Bond Indenture Trustee under a Bond Indenture;

(2) All cash, moneys, securities and investments (other than any moneys, securities and investments subject to payment to the United States of America pursuant to section 148 of the Code) which may, at any time and from time to time pursuant to the provisions of the Master Trust Indenture, be paid to the Master Trustee or held by the Master Trustee in the funds and accounts created under the Master Trust Indenture.

ISSUANCE OF BONDS; SECURITY FOR BONDS

Conditions to Securing Bonds under Master Trust Indenture

In order for any Series of Bonds issued after the date of this Master Trust Indenture to be secured by this Master Trust Indenture, prior to or simultaneously with the authentication and delivery of the Series of Bonds, the Master Trustee shall receive the following:

(1) an original executed counterpart of the Series Certificate

(A) stating that the Series of Bonds is entitled to the benefits of the Master Trust Indenture, and

(B) directing the Master Trustee as to the creation of any subaccounts within the Transfer Account and the Program Account for the Series of Bonds which are in addition to those required under the Master Trust Indenture, and

(C) demonstrating (i) the principal amount of the Bonds then being issued, together with the Bonds then outstanding shall not exceed in aggregate principal amount any limitation imposed by law; and (ii) an Officer's Certificate shall have been delivered to the Trustee to the effect that projected cash flow reports evidence the sufficiency of the available revenues under the Bond Indentures relating to all outstanding Bonds and the Bond Indenture relating to the Bonds then to be issued to pay not less than 1.00 times the principal and interest payments coming due on all Bonds then outstanding in each Fiscal Year and the Bonds then to be issued on any payment date with respect to the Bonds, and

(2) an original executed counterpart or a copy, certified by a Board Representative, of the Master Trust Indenture and the related Bond Indenture.

Bond Covenants

A Series of Bonds to be secured by and entitled to the benefits of the Master Trust Indenture shall be issued only if the following conditions are satisfied: (i) the principal amount of the Bonds then being issued, together with the Bonds then outstanding shall not exceed in aggregate principal amount any limitation imposed by law; and (ii) an Officer's Certificate shall have been delivered to the Trustee to the effect that projected cash flow reports attached to such Officer's Certificate evidence the sufficiency of the available revenues under (a) the Bond Indentures relating to

all outstanding Bonds (taking into account the amounts transferred from the Transfer Account to the Bond Indenture Trustee relating to such Bonds) and (b) the Bond Indenture relating to the Bonds then to be issued (taking into account the amounts transferred or to be transferred to the Transfer Account and then immediately transferred to the Bond Indenture Trustee relating to such Bonds) to pay not less than 1.00 times the principal and interest payments coming due on all Bonds then outstanding in each Fiscal Year and the Bonds then to be issued on each payment date with respect to the Bonds until maturity.

Pledge

(a) The pledge and assignment effected by the Master Trust Indenture will be valid and binding from the date of execution and delivery of the Master Trust Indenture, the moneys so pledged and assigned and hereafter received by the Board or the Master Trustee will be subject to the lien of such pledge and assignment, and, such lien will be a continuing, irrevocable and exclusive first lien and will be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Board irrespective of whether such parties have notice thereof. It is expressly understood that no pledge or assignment of the amounts deposited to SWIFT is made herein.

(b) Chapter 1208 of the Texas Government Code applies to the pledge made pursuant to the Master Trust Indenture, and such pledge is therefore valid, effective and perfected. If State law is amended at any time while the bonds secured by the Master Trust Indenture are outstanding such that such pledge is to be subject to the filing requirements of Chapter 9 of the Texas Business and Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the Board agrees to take such measures as it determines are reasonable and necessary under State law to comply with the applicable provisions of Chapter 9 of the Texas Business and Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

ESTABLISHMENT AND APPLICATION OF FUNDS AND ACCOUNTS

Creation and Custody of Funds and Accounts

(a) SWIRFT is a special fund in the state treasury outside the general revenue fund of the State, and under Section 15.473(c) of the Texas Water Code, the Board has the authority to cause SWIRFT and any accounts established in SWIRFT to be managed by a corporate trustee. By executing the Master Trust Indenture, the Board is exercising the authority granted to it under Section 15.473(c) of the Texas Water Code. The Master Trust Indenture establishes the following accounts within SWIRFT: the Transfer Account and the Program Account, each consisting of such subaccounts as may be created by the Master Trustee at the request of the Board pursuant to the Master Trust Indenture.

(b) The Board, through a Supplemental Trust Indenture, Series Certificate or other Officer's Certificate, may establish one or more additional funds, accounts, or subaccounts under the Master Trust Indenture; however, such additional funds, accounts, or subaccounts must set for the extent if any, to which such fund, account or subaccount may be available for and pledged and assigned for the payment of the Bonds, and must state to which fund, account or subaccount investment earnings, if any, will be deposited. All other funds, accounts and subaccounts established by the Board which are unrelated to the Transfer Account or the Program Account will be held by the Master Trustee for the benefit of the Board.

(c) The Board may establish one or more additional funds, accounts, or subaccounts through a Bond Indenture within SWIRFT for a Series of Bonds that are secured under the Master Trust Indenture.

Deposits to Transfer Account

All moneys designated to be transferred by the Board to the Master Trustee pursuant to a SWIFT Transfer Agreement will be promptly deposited by the Master Trustee to the Transfer Account. The Master Trustee, as directed by the Board in an Officer's Certificate, may establish subaccounts within the Transfer Account in order to transfer moneys for the benefit of a debt service fund or debt service reserve fund of a Series of Bonds established in a Bond Indenture.

Transfers from Transfer Account

Pursuant to the Master Trust Indenture, the Master Trustee will, immediately upon receipt, transfer moneys deposited to the credit of the Transfer Account to a Bond Indenture Trustee to be deposited to the credit of an account designated in a Bond Indenture for holding moneys transferred from the Transfer Account in accordance with the terms of the SWIFT Transfer Agreement.

Deposits to Program Account

All moneys released by a Bond Indenture Trustee with respect to a Series of Bonds (or portion thereof) and any other lawfully available moneys directed by the Board to be deposited to the credit of the Program Account will be promptly deposited to the credit of the Program Account by the Master Trustee, including without limitation, any Surplus Balance.

Transfers from Program Account for Payment of Trustee Fees, Deposits in Support of a Series of Bonds

(a) On each debt service payment date for a Series of Bonds, moneys on deposit in the Program Account may be used by the Master Trustee to pay reasonable expenses, charges and other disbursements of the Master Trustee incurred in connection with administering the trusts established by this Master Trust Indenture.

(b) On each debt service payment date for a Series of Bonds, after paying the reasonable expenses, charges and other disbursements of the Master Trustee, prior to the transfer by a Bond Indenture Trustee of any moneys from any debt service reserve fund established under any Bond Indenture for the purpose of paying the principal of or interest on Bonds, the Master Trustee will take the following actions pertaining to the transfer of moneys from the Program Account to support a Series of Bonds, if needed, in the following order of priority:

(i) The Master Trustee will transfer to a Bond Indenture Trustee, for deposit into the appropriate debt service fund established for a Series of Bonds (or portion thereof), the amount projected by such Bond Indenture to be necessary to timely make the debt service payment due on the payment date on that Series of Bonds (or portion thereof);

(ii) The Master Trustee will transfer to a Bond Indenture Trustee the amount projected by such Bond Indenture Trustee to be necessary to replenish any deficiency in an account (i) established for a Series of Bonds into which moneys initially received from a SWIFT Transfer Agreement are deposited or (ii) in a reserve fund for a Series of Bonds (or portion thereof); or

(iii) The Master Trustee shall transfer such moneys to the Board an amount certified to in an Officer's Certificate to be necessary to provide a source of revenue or security for the payment of obligations issued or incurred by the Board to finance State Water Plan Projects in the following order of priority: *first*, revenue bonds issued, and agreements incurred, by the Board under Subchapter H to finance State Water Plan Projects; and *second*, to the Comptroller of Public Accounts for deposit to SWIFT, to be available as a source of revenue or security under a bond enhancement agreement executed in accordance with the provisions of Subchapter G for use as a source of revenue or security for the payment of obligations, including general obligation bonds, issued or incurred by the Board to finance State Water Plan Projects in accordance with the proceedings authorizing their issuance or incurrence.

(c) If more than one Bond Indenture Trustee has certified to the Master Trustee that there are insufficient moneys on hand to pay the debt service on the applicable Series of Bonds, then the Master Trustee shall transfer moneys from the Program Account to the Bond Indenture Trustees with respect to each Series of Bonds designated in the applicable Series Certificates. In the event insufficient funds are available in the Program Account to satisfy such requests, the Master Trustee shall transfer moneys to the Bond Indenture Trustees *pro rata* based on the amount of the respective deficiencies among such Bonds. However, the Master Trustee shall not transfer moneys under a *pro rata* request from the Board of moneys on deposit in the Program Account to the Comptroller of Public Accounts to deposit to the credit of SWIFT to provide a source of revenue or security in support of the general obligation bonds issued by the Board to finance State Water Plan Projects for which such request was made.

Transfers from Program Account to SWIFT

Should the Board determine that there is an available Surplus Balance, then, in accordance with direction received from the Board in an Officer's Certificate, the Master Trustee shall transfer from the Program Account such amounts constituting Surplus Balance identified in the Officer's Certificate to the Comptroller of Public Accounts, with instructions that such Surplus Balance be deposited to the credit of SWIFT for repayment of transfers of moneys received by the Board from SWIFT pursuant to a SWIFT Transfer Agreement. Promptly after making such transfer, the Master Trustee shall confirm in writing to the Board that the transfer of such Surplus Balance to the Comptroller of Public Accounts has been made and that the Comptroller of Public Accounts has acknowledged receipt of such transfer for deposit to the credit of SWIFT.

Investment

Moneys on deposit in the Transfer Account shall not be invested by the Master Trustee. Moneys on deposit in the Program Account shall be invested by the Master Trustee in Authorized Investments, as directed by a Board Representative. In the event an Authorized Investment requiring a minimum rating has its rating withdrawn or reduced below the minimum requirement, the Board shall not be required to cause the Authorized Investment to be sold. Upon receiving a written direction by a Board Representative, the Trustee may proceed to sell the Authorized Investment and purchase other Authorized Investments with the proceeds of the sale of such Authorized Investment in accordance with written instructions from the Board Representative.

Dispositions of Assets

After the payment in full of principal, redemption premium (if any), and interest on all of the Bonds secured under the Master Trust Indenture, and the payment of all fees and expenses payable to the Bond Trustees under the terms of any Bond Indenture, the lien on the Trust Estate shall be released and will no longer be in effect, and at such time all moneys on held by the Master Trustee under the terms of Master Trust Indenture may be transferred to the Comptroller of Public Accounts for deposit to the credit of SWIFT, as directed by the Board pursuant to an Officer's Certificate.

AMENDMENTS

The Master Trust Indenture may be amended by a written instrument executed by the Board and the Master Trustee, if (a) in the sole judgment of the Master Trustee, the amendment does not materially adversely affect the interests of the owners of any Series of Bonds, or (b) such amendment is necessary to enable the efficient administration of the Master Trust Indenture in respect to effecting State Water Plan Projects, or to comply with applicable provisions of State law, including, without limitation, Subchapters G and H of the Texas Water Code, in respect to financing State Water Plan Projects, and (c) the Board and the Master Trustee receive written confirmation from each of the Rating Agencies then having a current rating on a Series of Bonds that the amendment will not result in the downgrade, qualification or withdrawal of its credit rating on any Series of Bonds. In exercising its judgment, the Master Trustee may rely on the opinion of such counsel as it may reasonably select.

SUMMARY OF THE BOND INDENTURES

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The following summarizes the provisions of the 2025 Bond Indenture. **GRANTING CLAUSES**

In consideration of the acceptance by the Trustee of the trusts and duties set forth in the Bond Indenture on behalf of the holders and owners of all Bonds issued and secured hereunder; of the purchase and acceptance of the Bonds issued and secured by this Indenture by the holders and owners thereof; of the payment of the purchase price of the Bonds to the Trustee for application as provided hereinafter; and in order to secure the payment of any and all Bonds at any time issued and outstanding hereunder, according to the tenor and effect thereof and the interest thereon, the payment of all costs, fees and charges specified herein, and the payment of all other sums, if any, from time to time due to the holders and owners of all Bonds issued and secured hereunder and to the Trustee or its successors and assigns, or to others, according to the intent and meaning of all such Bonds and the Bond Indenture, and for the purpose of securing the performance and observance by the Board of all the covenants and conditions herein contained, the Board has conveyed, transferred, assigned, confirmed, pledged and granted a security interest to, and does hereby convey, transfer, assign, confirm, pledge and grant a security interest to, the Trustee, and its successor or successors in trust, as Trustee for the benefit of the holders and owners of all Bonds issued and secured hereunder, in the following described properties, rights, interest and benefits (whether movable or immovable, real, personal or mixed, tangible or intangible) which are collectively called the "Trust Estate" or the "Security"):

(1) All right, title and interest of the Board in and to the Political Subdivision Obligations described in the Bond Indenture made from proceeds of the Bonds, as may be supplemented and amended from time to time in accordance with the terms of the Bond Indenture including the interest of the Board in and to all proceeds, fees, charges, Revenues, income, rentals, receipts, issues and benefits under the Political Subdivision Obligations and the Repayments, and all financing statements or other instruments or documents evidencing, securing or otherwise relating to the Political Subdivision Obligations and the Repayments;

(2) All right, title and interest in any and all other property, movable or immovable, real, personal or mixed, tangible or intangible, from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security under the Bond Indenture, by the Board or by anyone on behalf of the Board or with its written consent to the Trustee, which is authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Bond Indenture;

(3) All cash, moneys, securities, investments and interest earnings on such securities and investments, including specifically Loans not set forth in the Bond Indenture and any moneys transferred under the Master Trust Indenture, which may at any time and from time to time, pursuant to the provisions of the Bond Indenture, be paid to the Trustee or held by the Trustee in the funds and accounts created under the Bond Indenture, except for (i) the interest of the Trustee in such cash, moneys, securities and investments as may otherwise appear in the Bond Indenture, (ii) moneys on deposit in the Costs of Issuance Account and the Rebate Fund, and (iii) amounts designated or required to be used to pay arbitrage rebate, whether held in the Rebate Fund.

FUNDS AND ACCOUNTS

Establishment of Funds and Accounts

SWIRFT is a special fund in the state treasury outside the general revenue fund of the State, and the Board has the authority under the Texas Water Code, to cause SWIRFT and any accounts established in SWIRFT to be managed by a corporate trustee. By executing this Indenture, the Board is exercising such authority granted to it by the Texas Water Code. The Board hereby creates and establishes the following special accounts within SWIRFT, each of which shall be held by the Trustee:

(a) Assistance Account;
(b) Project Financing Account;
(c) Portfolio Account (and within the Portfolio Account a Portfolio Repayment Subaccount and a Prepayment Subaccount);
(d) Revenue Account (and within the Revenue Account a Repayment Subaccount and an Administrative Expenses Subaccount);
(e) Debt Service Account (and within the Debt Service Account, a Principal and Interest Subaccount and a Redemption Subaccount);
(f) Surplus Revenue Account; and

(g) Costs of Issuance Account.

In connection with the issuance of the Bonds, the Trustee also maintains a Rebate Fund for the sole benefit of the United States of America. The Rebate Fund does not constitute a fund or account within SWIRFT.

Assistance Account

On the Date of Delivery, the Trustee shall receive from the Master Trustee, moneys on deposit in the Transfer Account to be deposited in the Assistance Account. On or before each Interest Payment Date designated in the Bond Indenture's Schedule of Transfers from the Assistance Account, the Trustee shall transfer the amounts shown in the Bond Indenture's Schedule of Transfers from the Assistance Account to the Principal and Interest Subaccount in the Debt Service Account to pay the interest and the principal of the Bonds. A Board Representative may execute an Officer's Certificate to modify or amend the Bond Indenture's Schedule of Transfers from the Assistance Account, including to reflect the deposit of funds available to the Board from any lawfully available source, or to liquidate and direct the transfer and deposit, and reinvestment of proceeds of Investment Securities, to the extent the Board Representative certifies in the Officer's Certificate that such actions are necessary or desirable to pay debt service on the Bonds.

Project Financing Account

At the direction of the Board through the delivery of an Officer's Certificate, the Trustee shall (i) disburse moneys in the Project Financing Account for the acquisition of Political Subdivision Obligations or interest therein or (ii) transfer moneys to the Principal and Interest Subaccount within the Debt Service Account. Political Subdivision Obligations so purchased shall be held in the Portfolio Account.

Portfolio Account

(a) All Political Subdivision Obligations acquired for SWIRFT, upon their acquisition by the Trustee and the direction of the Board, will be promptly transferred to the Trustee and deposited into the Portfolio Account as directed by a Board Representative through the execution and delivery to the Trustee of an Officer's Certificate (including specifically an Officer's Certificate delivered in accordance with *"— Project Financing Account"* above) and held therein until paid in full. Promptly upon their receipt, (i) Repayments of principal and interest on Political Subdivision Obligations shall be deposited by the Trustee in the Portfolio Repayment Subaccount and thereafter shall be transferred promptly to the Revenue Account.

(b) Moneys received as Prepayments of Political Subdivision Obligations which were funded in whole or in part with proceeds of the Bonds shall be retained in the Prepayment Subaccount of the Portfolio Account and used by the Trustee to acquire either Political Subdivision Obligations or Investment Securities, as directed by the Board in an Officer's Certificate. To the extent required by the Code, moneys on deposit in the Portfolio Account representing Prepayments shall be used within one hundred and eighty (180) days of the receipt of the Prepayment to acquire Political Subdivision Obligations or to acquire Investment Securities, in satisfaction of the Prepayment of Pledged Political Subdivision Obligation requirements described in the Indenture, unless the Trustee receives an opinion of nationally-recognized bond counsel to the effect that the failure to take such action will not adversely affect the excludability from gross income of the interest payable on the Bonds then Outstanding. If the Board does not reasonably expect Prepayments to be applied to acquire Political Subdivision Obligations or Investment Securities, such moneys must be applied as follows:

(i) Moneys on deposit in the Prepayment Subaccount of the Portfolio Account will be transferred to the Redemption Subaccount in the Debt Service Account as directed by the Board in an Officer's Certificate and shall be used within ninety (90) days of their deposit to the Redemption Subaccount in the Debt Service Account to redeem Bonds.

(ii) Prepayments which have not been applied in the manner described above may be held by the Board for a period in excess of ninety (90) days following their receipt if there has been delivered to the Board a written opinion of nationally-recognized bond counsel to the effect that such action will not (i) be inconsistent with the terms of the Bond Indenture and (ii) adversely affect the excludability from gross income of the interest payable on the Bonds then Outstanding.

Revenue Account

All Repayments representing principal of and interest on Political Subdivision Obligations transferred from the Portfolio Account, all net investment earnings on the funds and accounts (other than the Assistance Account and the Costs of Issuance Account), Repayments representing amounts to be deposited to the credit of the Administrative Expenses Subaccount, and all other moneys directed to be deposited in the Revenue Account by the Board shall be deposited in the Revenue Account. Moneys in the Repayment Subaccount of the Revenue Account shall be transferred to the Debt Service Account to pay the principal and interest due on the Bonds as provided in *"— Flow of Funds"* below. Moneys in the Revenue Account which are needed to pay for fees, charges and expenses of the Trustee shall be deposited to the credit of the Administrative Expenses Subaccount and distributed in the manner described in *"— Flow of Funds"* below.

Debt Service Account

All moneys received from the following sources shall be deposited into the Principal and Interest Subaccount of the Debt Service Account: (1) accrued interest, if any, on the Bonds as directed to be transferred to the Principal and Interest Subaccount of the Debt Service Account; (2) the amount of moneys stated in the Bond Indenture to be used to pay capitalized interest, if any, on the Bonds; (3) amounts required to be transferred pursuant to the *"— Assistance Account"* section above; and (4) amounts required to be transferred pursuant to the *"— Revenue Account"* section above.

Moneys on deposit in the respective Debt Service Subaccounts of the Debt Service Account shall be applied solely to pay the interest on the Bonds as the same becomes due and payable and to pay the principal on the Bonds as the same becomes due and payable at maturity or upon the scheduled mandatory sinking fund redemption of Bonds, if any, prior to maturity. On each scheduled Interest Payment Date, Principal Payment Date and Redemption Date of the Bonds, the Trustee shall remit or set aside and hold in trust an amount from the Principal and Interest Subaccount or Redemption Subaccount of the Debt Service Account sufficient to pay interest on the Bonds becoming due and payable on such Interest Payment Date, Principal Payment Date or Redemption Date.

Surplus Revenue Account

Moneys in the Surplus Revenue Account shall be (i) transferred to the respective Debt Service Subaccounts within the Debt Service Account and used as a source of revenue for the payment or redemption of Bonds as directed in an Officer's Certificate, (ii) transferred to the Master Trustee as directed in an Officer's Certificate with instructions to deposit such moneys to the credit of the Program Account held by the Master Trustee, for use as described in the Officer's Certificate, or (iii) subject to the provisions of Section 305(c) of the Master Trust Indenture, used for such other authorized purposes as the Board shall determine from time to time, but solely to the extent that such purposes are in accordance with the Act, and other applicable law related to the State Water Plan and the issuance of State Water Plan Bonds. Pending such application, moneys in the Surplus Revenue Account shall be invested pursuant to the *"— Investments"* section below.

Costs of Issuance Account

The amount of moneys stated in the Bond Indenture to be deposited into the Costs of Issuance Account from the proceeds of the Bonds under the Bond Indenture shall be applied by the Trustee to the payment of costs of issuance of the Bonds, including payment of all necessary fees, charges and expenses of the Trustee and the Board relating to the Bonds, as limited, in respect to the Trustee, by the Bond Indenture. At the direction of the Board through the delivery of an Officer's Certificate, the Trustee will transfer any balance remaining in the Costs of Issuance Account on the 180th day following the issuance of the Bonds to the Project Financing Account, the Principal and Interest Subaccount within the Debt Service Account, or both the Project Financing Account and the Principal and Interest Subaccount within the Debt Service Account.

Investments

Moneys in the Assistance Account, the Project Financing Account, the Costs of Issuance Account, the Revenue Account, the Debt Service Account and the Surplus Revenue Account shall at all times be invested by the Trustee in Investment Securities, as directed by a Board Representative, maturing at such times and in such amounts

as will make cash available for the purposes of such funds and accounts as needed, subject to the restrictions, if any, relating to covenants pertaining to the tax-exempt status of the Bonds. Net investment earnings on the funds and accounts (other than the Assistance Account and the Costs of Issuance Account) shall be credited to the Revenue Account by no later than the last Business Day of the month received. Should any Investment Security which has a minimum rating requirement have its rating withdrawn or reduced below the minimum rating requirement, the Board shall not be required to cause the Investment Security to be sold. Upon receiving a written direction by a Board Representative, the Trustee may proceed to sell the Investment Security and purchase other Investment Securities with the proceeds of the sale of such Investment Security in accordance with written instructions from the Board Representative. The Trustee may invest money held under the Bond Indenture in an Investment Security acquired in a transaction for which the Trustee or any Affiliate thereof receives compensation.

FLOW OF FUNDS

(a) On each Payment Date, the Trustee shall transfer from the Assistance Account the amount shown in the Bond Indenture's Schedule of Transfers from the Assistance Account to be transferred on the respective Payment Date to pay principal and interest due on the Bonds and deposit the same to the Debt Service Account.

(b) On each Payment Date, the Trustee shall transfer Revenues in the order of priority as follows:

FIRST, from the Repayment Subaccount of the Revenue Account amounts sufficient, together with other amounts on deposit in the Debt Service Account, to pay principal and interest due on the Bonds and deposit the same to the Principal and Interest Subaccount of the Debt Service Account.

SECOND from the Administrative Expenses Subaccount of the Revenue Account, amounts sufficient to pay the fees, charges and expenses of the Trustee as described in the Bond Indenture.

The Trustee is directed by the Board to pay principal and interest due on the Bonds from the Principal and Interest Subaccount of the Debt Service Account. Any moneys remaining in the Revenue Account and subaccounts therein, after making the transfers described, above may be transferred to the Surplus Revenue Account upon the Board delivering an Officer's Certificate directing the transfer of funds from the Revenue Account to the Surplus Revenue Account. Transfers to the Surplus Revenue Account may be made on a Payment Date, after the transfers described in FIRST and SECOND above have been made.

(c) If no later than 40 days prior to any Payment Date, it is determined there will not be available moneys sufficient to pay the principal of and interest on the Bonds then due, the Trustee shall immediately give notice to the Board and the Master Trustee of such projected deficiency. The notice shall certify the projected amounts required to make up for such projected deficiency and request (i) the Board take such measures as permitted by the Bond Indenture to cure the deficiency and (ii) if the Board is unable to take such measures as described in "FUNDS AND ACCOUNTS – *Assistance Account*" above, that a transfer of moneys from the Program Account be effected. The Trustee shall deposit moneys made available by the Board, or transferred by the Master Trustee from the Program Account, and designated for deposit in the Debt Service Account in accordance with such designation.

GENERAL COVENANTS AND PROVISIONS

Rights under Political Subdivision Obligations

The Political Subdivision Obligations set forth the payment obligations of the Political Subdivision to repay and prepay its Political Subdivision Obligation received from the Board. The Board agrees that the Trustee, in its name or in the name of the Board, may enforce all rights of the Board and all obligations of each Political Subdivision under and pursuant to each Political Subdivision Obligation for and on behalf of the owners of the Bonds, whether the Board is in default hereunder or thereunder; provided, however, that the Trustee shall not be deemed to assume the Political Subdivision Obligations, and shall have no obligations under the Political Subdivision Obligations, except as expressly provided therein. The Board hereby agrees to cooperate fully with the Trustee in any proceedings, or to join in or commence in its own name any proceedings, for the enforcement of the obligations of a Political Subdivision under and pursuant to the related Political Subdivision Obligation, if the Trustee shall so reasonably request, provided any costs of the Board (including without limitation the reasonable fees and expenses of attorneys) in connection therewith shall be paid out of the Trust Estate. Notwithstanding anything in the Bond Indenture to the contrary, the Board has retained its rights to enforce the covenants of a Political Subdivision agreed to under the related Political Subdivision Obligation, and in that connection the Trustee will cooperate with the Board in the exercise of such

remedies. If an event of default shall occur and be continuing under any Political Subdivision Obligation, the Trustee may direct the Board to exercise its rights and remedies under such Political Subdivision Obligation. The Trustee acknowledges that the Board will be represented by the State Attorney General in any legal action taken by the Board to enforce its rights under a Political Subdivision Obligation.

Release of Pledged Political Subdivision Obligations; Substitution of Pledged Political Subdivision Obligations; Prepayment of Pledged Political Subdivision Obligations

(a) Release of Political Subdivision Obligations. The Trustee, upon the written direction of the Board, may release Political Subdivision Obligations from the lien of this Indenture upon the satisfaction of the following:

(i) the delivery to the Trustee of an Officer's Certificate (A) to the effect that cash flow reports evidence the sufficiency of (1) available Revenues from the remaining Political Subdivision Obligations and interest earnings on investments for each Payment Date until maturity, and (2) any and all available revenues for each Payment Date securing all outstanding Master Trust Bonds to pay no less than 1.0 times principal and interest coming due on all Master Trust Bonds on each such Payment Date (clauses (1) and (2) of this being herein referred to as the "Coverage Requirement") and (B) specifying the Political Obligations to be released; and

(ii) the delivery to the Trustee of an amendment of the Bond Indenture's schedule of Political Subdivision Obligations (which amendment does not require the consent of the owners of the Bonds).

(b) Substitution of Political Subdivision Obligations. The Trustee, upon the written direction of the Board may release Political Subdivision Obligations and substitute one or more Political Subdivision Obligations for such Political Subdivision Obligation upon the delivery to the Trustee of (i) the instruments described in (a) above *provided*, that the substituted Political Subdivision Obligations shall be included in the calculation of the Coverage Requirement and (ii) an Officer's Certificate stating that as a result of such substitution, the Coverage Requirement shall be not less than 1.0 times principal and interest coming due on the Bonds on each such Payment Date until maturity.

(c) Prepayment of Political Subdivision Obligations. Upon receipt of any Prepayment, if the Board cannot deliver to the Trustee an Officer's Certificate to the effect that the Coverage Requirement will be satisfied after taking into account such Prepayment, then the Board may exercise its rights described in (b) above.

(d) Amendment of Terms of Political Subdivision Obligations. The Board shall not consent to the amendment of the terms of a Political Subdivision Obligation unless the Board first delivers to the Trustee an Officer's Certificate to the effect that the amendment will not cause the Coverage Requirement not to be satisfied and the amendment will not cause any representation, warranty or covenant of the Board in the Indentures to be inaccurate or breached in any material respect.

No Parity or Superior Obligations

The Board shall not issue or incur any bonds, notes or other obligations payable from or secured by, in whole or in part, any or all of the Security prior to or on a parity with the pledge of the Security securing payment of the Bonds.

DEFAULTS AND REMEDIES

Defaults; Events of Default

The following events constitute an "Event of Default":

(a) default in the due and punctual payment of the principal of, premium, if any, or interest on any Bond; or

(b) default made by the Board in the observance of any of the covenants, agreements or conditions on its part in the Bond Indenture or in the Bonds contained, except for such a default described in (a) above, and such default shall have continued for a period of 90 days after the Board shall have been given written notice of such default by the Trustee or by the owners of at least a majority in aggregate principal amount of the Bonds then Outstanding.

Remedies; Rights of Bondholders

(a) Upon the occurrence and continuance of an Event of Default, the Trustee may pursue any available remedy by action at law or suit in equity to enforce the payment of the principal of and interest on the Bonds then Outstanding, including any and all such actions arising under or by reason of the Political Subdivision Obligations by causing the Board to exercise such rights and remedies under the Political Subdivision Obligations as the Trustee shall direct, pursuant to the Bond Indenture.

(b) If an Event of Default shall have occurred and be continuing the Trustee may, in its discretion, and if requested so to do by the owners of at least a majority in aggregate principal amount of the Bonds then Outstanding and indemnified as provided by the Bond Indenture, the Trustee shall, exercise such one or more of the rights and powers conferred by the Bond Indenture as the Trustee shall deem most expedient in the interest of the owners of the Bonds.

(c) No remedy by the terms of the Bond Indenture conferred upon or reserved to the Trustee (or to the owners of the Bonds) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given to the Trustee or to the owners of the Bonds hereunder or now or hereafter existing at law or in equity.

(d) No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein; and every such right and power may be exercised from time to time as often as may be deemed expedient.

(e) The foregoing notwithstanding, acceleration is not a remedy should a default or Event of Default occur.

Rights and Remedies of Bondholders

No owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Bond Indenture or for the execution of any trust thereof or for any other remedy under the Bond Indenture unless a default has occurred of which the Trustee has been notified as required under the Bond Indenture and unless such default became an Event of Default and the owners of at least a majority in aggregate principal amount of the Bonds then Outstanding made written request to the Trustee, and provided the Trustee reasonable opportunity either to proceed to exercise the powers to institute such action, suit or proceeding to exercise the powers granted under the Bond Indenture or to institute such action, suit or proceeding in its own name and unless they have also provided indemnity to the Trustee pursuant to the Bond Indenture.

Unless the Trustee thereafter fails or refuses to exercise the powers granted under the Bond Indenture, or to institute such action, suit or proceeding in its, his, her or their own name or names, and such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to any action or cause of action for the enforcement of the Bond Indenture, or for any other remedy under the Bond Indenture, all proceedings at law or in equity shall be instituted pursuant to the Bond Indenture for the equal benefit of the owners of all of the Bonds then Outstanding.

Nothing in the Bond Indenture contained shall, however, affect or impair the right of any owner of any Bond to enforce the payment of the principal of, premium, if any, and interest on such Bond at the time, place, from the source and in the manner herein and in such Bond expressed.

SUPPLEMENTAL INDENTURES

Supplemental Indentures Not Requiring Consent of Bondholders

The Board and the Trustee may without the consent of, or notice to, any of the Owners of the Bonds, enter into an indenture or indentures supplemental to the Bond Indenture which shall not be inconsistent with the terms and provisions of the Bond Indenture for any one or more of the following purposes:

(a) to cure any ambiguity or formal defect or omission in the Bond Indenture;

(b) to grant to or confer upon the Trustee for the benefit of the owners of the Bonds any additional rights, remedies, powers or authority that may be lawfully granted to or conferred upon the owners of the Bonds or the Trustee or either of them;

(c) to subject to the lien and pledge of the Bond Indenture additional revenues, properties or collateral;

(d) to modify, amend or supplement the Bond Indenture or any indenture supplemental to the Bond Indenture in such manner as to permit the qualification of the Bond Indenture or any indenture supplemental hereto under any Federal statute hereafter in effect or under any state Blue Sky Law, and, to add to the Bond Indenture or any indenture supplemental hereto such other terms, conditions and provisions as may be permitted or required by any such Federal statute or Blue Sky Law; *provided,* that any such indenture supplemental hereto referred to in this subsection (d) shall not, in the judgment of the Trustee, which may rely on an opinion of counsel, be to the prejudice of the owners of the Bonds;

(e) to modify, amend or supplement the Bond Indenture or any indenture supplemental hereto in such manner as to permit the qualification of the Bond Indenture under the Trust Indenture Act of 1939, as then amended, or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any state of the United States of America;

(f) to release Political Subdivision Obligations from the lien of the Bond Indenture as permitted by *"*GENERAL COVENANTS AND PROVISIONS — *Release of Pledged Political Subdivision Obligations; Substitution of Pledged Political Subdivision Obligations; Prepayment of Pledged Political Subdivision Obligations"* above;

(g) to evidence the appointment of a separate trustee or the succession of a new Trustee under the Bond Indenture or a successor to the Bond Registrar;

(h) with respect to the Bonds, to conform the tax covenants requirements of the Board under the Bond Indenture and with any subsequent amendments of section 148 of the Code or any regulation promulgated thereunder or with respect thereto;

(i) with respect to the Bonds, to make any change deemed necessary by the Board to maintain the exclusion of interest on the Bonds from gross income of the owners thereof for federal income tax purposes;

(j) to modify, amend or supplement the Bond Indenture or any indenture supplemental thereto in such manner to address the appointment of a Securities Depository to replace DTC and its book-entry-only system described in the Bond Indenture; or

(k) to make any other change which, in the sole judgment of the Trustee, does not materially adversely affect the interests of the owners of the Bonds. In exercising such judgment the Trustee may rely on the opinion of such counsel as it may reasonably select.

The Board and the Trustee may without the consent of, or notice to, any of the owners of the Bonds, enter into an indenture or indentures supplemental to the Bond Indenture which shall not be inconsistent with the terms and provisions of the Bond Indenture to amend, supplement or modify any provisions of the Bond Indenture relating to the administration or implementation of the program to finance State Water Plan Projects, or affecting the ability of the Board to finance any State Water Plan Project. No such amendment, supplement or modification shall be enacted unless each of the Rating Agencies shall advise the Board in writing that the rating or ratings assigned by the Rating Agency to the Board's then outstanding Bonds will not be lowered, reduced or withdrawn as a result of the amendment, supplement or modification proposed to be enacted. Additionally, the Board shall give notice in the manner described in the Bond Indenture within 60 days of the approval of such amendment or modification by the Board to the Bondholders, the Master Trustee and the Rating Agencies.

Such notice shall set forth the text of the amendment, supplement or modification and state that each Rating Agency has advised the Board the rating or ratings assigned by the Rating Agency to the Board's then outstanding Bonds have not or will not be lowered, reduced, or withdrawn as a result of the amendment, supplement or modification to be enacted.

Supplemental Indentures Requiring Consent of Bondholders

(a) Except for *Supplemental Indentures Not Requiring Consent of Bondholders* and subject to (b) and (c) below, the owners of at least a majority in aggregate principal amount of the Bonds then Outstanding shall have the right from time to time, to consent to and approve the execution by the Board and the Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the Board for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any indenture supplemental hereto. Nothing contained in this section shall permit, or be construed as permitting, without the consent of the owners of all the Bonds then Outstanding (i) an extension of the stated maturity or reduction in the principal amount of, or reduction in the rate or extension of the time of payment of interest on, any Bonds, or (ii) the creation of any lien on the Revenues and other funds pledged under the Bond Indenture prior to or on a parity with the lien of the Bond Indenture, or (iii) a reduction in the aforesaid aggregate principal amount of the Bonds the owners of which are required to consent to any such indenture supplemental to the Bond Indenture. No such amendment shall modify the rights, duties or immunities of the Trustee without the written consent of the Trustee.

(b) If at any time the Board shall request the Trustee to enter into any such Supplemental Indenture requiring consent of the Bondholders, the Trustee shall cause notice of the proposed execution of such Supplemental Indenture to be mailed to the Rating Agencies and to each owner of the Bonds Outstanding as shown by the Bond Register by United States mail, first class, postage prepaid. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture, and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all owners of the Bonds. If, within 90 days or such longer period as shall be prescribed by the Board following the mailing of such notice, the owners of at least a majority in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such Supplemental Indenture shall have consented to and approved the execution of the Supplemental Indenture as provided by the Bond Indenture, no owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Board from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Indenture requiring consent of the Bondholders, the Bond Indenture shall be and be deemed to be modified and amended.

(c) The Trustee may rely upon an opinion of counsel as conclusive evidence that any Supplemental Indenture entered into by the Board and the Trustee complies with the provisions of the Bond Indenture.

DEFEASANCE

(a) When all of the Bonds shall have been paid and discharged and the Board shall have paid or caused to be paid all other sums payable hereunder by the Board, then the requirements contained in the Bond Indenture and the pledge of Security made under the Bond Indenture and all other rights granted through the Bond Indenture shall terminate. Bonds shall be deemed to have been paid and discharged within the meaning of the Bond Indenture if there shall have been deposited with the Trustee, or other bank or trust company, having full trust powers and meeting the requirements of a successor Trustee under the Bond Indenture impressed with a first lien to the Trustee for the benefit of the owners of the Bonds at or prior to maturity or redemption date of said Bonds, in trust for an irrevocably appropriated for such bonds

(i) moneys and/or Defeasance Securities which, together with the interest to be earned on any such obligations, as evidenced by the written report of an independent certified public accountant, will be sufficient for the payment of the principal of said Bonds, the premium thereon, if any, and interest to accrue to the date of maturity or redemption, as the case may be, or if default in such payment shall have occurred on such date, then to the date of the tender of such payments, *provided, however,* that if any such Bonds shall be redeemed prior to the maturity thereof:

(1) the Board shall have elected to redeem such Bonds, and

(2) either notice of such redemption shall have been given, or the Board shall have given irrevocable instructions to the Trustee to redeem such Bonds; and

(ii) an opinion of Bond Counsel addressed to the Board and the Trustee to the effect that providing for the payment of the Bonds by depositing such moneys and/or Defeasance Securities with the Trustee in accordance with this section will not cause the interest on the Bonds to be included in gross income of the owners for federal income tax purposes.

(b) Any moneys and obligations which at any time shall be deposited with the Trustee or other bank by or on behalf of the Board, for the purpose of paying and discharging any of the Bonds, shall be and are hereby assigned, transferred and set over to the Trustee or other bank or trust company in trust for the respective owners of the Bonds, and such moneys shall be and are hereby irrevocably appropriated to the payment and discharge of the Bond Indenture. All moneys deposited with the Trustee or other bank or trust company shall be deemed to be deposited in accordance with and subject to all of the provisions contained in the Bond Indenture.

(c) Bonds for the payment of which moneys and/or Defeasance Securities shall have been deposited with the Trustee or such other bank or trust company (whether upon or prior to the maturity of such Bonds) shall be deemed to be paid and no longer Outstanding.

APPENDIX D

INFORMATION REGARDING THE TEXAS WATER DEVELOPMENT BOARD

TEXAS WATER DEVELOPMENT BOARD

General

The Board is an agency of the State and was created by constitutional amendment in 1957. Its mission is to lead the State's efforts in ensuring a secure water future for Texas. The Board is responsible for long-range water planning in the State. The Board is primarily responsible for the State's financial programs associated with the water industry, including the establishment of policy for the financial programs.

The Board initially was given authorization to issue as general obligations of the State $200,000,000 in "Water Development Bonds" for the "construction of dams, reservoirs and other water storage projects". Subsequent amendments to the Constitution and enabling legislation expanded the types of water-related facilities eligible for Board financial assistance to include all components of water supply, wastewater (sewage) conveyance and treatment, flood control, municipal solid waste management and agricultural water conservation projects. The Board may also execute contracts with any agency of the United States for the acquisition and development of storage facilities in the State and reservoirs constructed by the federal government, which contracts constitute general obligations of the State.

The primary focus of the Board prior to 1985 was to provide loans to assist communities that found it a hardship to obtain funding from other sources. Constitutional amendments and legislative changes implemented in 1985 broadened the eligibility criteria to include regional water, wastewater, municipal solid waste management, flood control projects, and water projects that involved the conversion from a ground water supply source to a surface supply. In 1987, with the creation of the Clean Water State Revolving Fund (**CWSRF**), all political subdivisions (no hardship or regional criteria required) became eligible to apply for financial assistance for wastewater treatment projects. In 1989, a constitutional amendment and legislation authorized the Board to provide loan and grant assistance to construct potable water supply and sanitary sewer systems in impoverished areas through the Economically Distressed Areas Program (**EDAP**).

Since 1957, the Legislature and the voters of the State have approved constitutional amendments increasing the Board's bond issuance authority and authorized funding purposes, such that under the various Sections in Article III of the State Constitution (Sections 49-c, 49-d, 49-d-1, 49-d-2, 49-d-5, 49-d-6 and 49-d-7, referred to herein as the **Development Fund I Constitutional Provisions**), the Board was authorized to issue up to $2.48 billion in Water Development Bonds to augment the Texas Water Development Fund (**Development Fund I**). Pursuant to such authorization, the Board has issued $1,467,190,000 of Water Development Bonds. Development Fund II (**Development Fund II**) was established pursuant to Section 49-d-8, which was approved by the voters of the State on November 4, 1997. Development Fund II is a fund in the State Treasury separate and legally distinct from Development Fund I. All of the liabilities and assets formerly held in the Texas Water Development Fund I have been transferred to Development Fund II.

Organizational Structure

In addition to its constitutional and statutory responsibilities in providing and administering Development Fund II and other financial programs, the Board is responsible for establishing policy in connection with the State Revolving Fund programs administered by the United States Environmental Protection Agency (**USEPA**). The Board also is responsible for administering the State Water Implementation Fund for Texas (**SWIFT**) and the issuance of revenue bonds through the State Water Implementation Revenue Fund for Texas (**SWIRFT**) to provide financial assistance to political subdivisions in implementing the State Water Plan. The Board is primarily responsible for the State's financial programs associated with the water and wastewater industry including the establishment of policy for the financial programs and the employment of an Executive Administrator.

Board Members

The Board is composed of three full-time members who are appointed by the Governor and confirmed by the Texas Senate and will serve staggered six-year terms. A person appointed to the Board may not serve for more than two six-year terms. In accordance with State law, the Board must appoint the Executive Administrator of the Board.

The Board meets at least monthly in Austin, Texas and holds additional meetings as needed. The Board considers financial assistance applications from eligible applicants, awards grants for water-related research and planning, and conducts other Board business such as adopting the State Water Plan.

The members of the Board currently are:

L'Oreal Stepney, P.E., Chairwoman. L'Oreal Stepney was named Chairwoman of the Texas Water Development Board by Governor Greg Abbott on January 8, 2025. Governor Abbott appointed her to the Board in December 2022 for a term beginning January 1, 2023. Stepney previously served as the deputy executive director of the Texas Commission on Environmental Quality (TCEQ). She began working for TCEQ in 1992, first in the Air Permitting Division for eight years, then as section manager for the Wastewater Permitting Section before being promoted to director of the Water Quality Division in 2003. She also served as deputy director of the Office of Water upon its creation in 2009. The Office of Water encompasses TCEQ's water availability, water districts, groundwater, river compacts, water quality permitting and planning, and public drinking water functions. During her time at TCEQ, Stepney worked closely with the Texas Water Development Board on several water programs. Additionally, Stepney has participated in the group from Texas that meets with Mexico and the International Boundary and Water Commission to negotiate water deliveries under the Rio Grande 1944 Treaty. She is a board member for the Mickey Leland Environmental Internship Program and a graduate of the University of Texas Governor's Center Executive Management Program and the University of Texas Center for Public Policy Dispute Resolution Fellows Program. Stepney received a bachelor of science in aerospace engineering and a master of science in civil engineering from the University of Texas at Austin.

Tonya R. Miller, Member. Governor Greg Abbott appointed Tonya Miller as a Board member of the Texas Water Development Board on September 16, 2024, for a term set to expire on February 1, 2027. Miller is a well-known leader with more than 20 years of experience in Texas state government focused on energy and environmental issues. She previously served as the chief executive officer and public utility counsel of the Office of Public Utility Counsel, director of the Office of Air at the Texas Commission on Environmental Quality, attorney and assistant director for the Texas Commission on Environmental Quality Radioactive Materials Division, and attorney for the Public Utility Commission. She also served as legislative liaison for the Texas Comptroller of Public Accounts and as a senior revenue analyst and governor's advisor for the Office of the Governor. In addition to her State experience, Miller served as vice president of wholesale power strategic projects and optimization at the Lower Colorado River Authority and executive director of the Texas Solar Power Association. She also completed the senior management and executive management programs at the University of Texas Lyndon B. Johnson School of Public Affairs Governor's Center for Management Development. Miller received a bachelor's degree in business administration and law degree from the University of South Dakota. She is a member of the State Bar of Texas.

Vacant, Member. There currently exists one vacancy on the Board.

Key Staff Members

Bryan McMath, Executive Administrator. Bryan McMath was named Executive Administrator on September 4, 2024, after serving as Interim Executive Administrator for six months. He joined the TWDB in 2018 as Governmental Relations Liaison before being named Director of Governmental Relations in January 2021. In that role, he coordinated communications regarding legislative and policy matters affecting the agency, as well as provided leadership in developing and communicating the TWDB's legislative priorities. Previously, Bryan worked for nearly 15 years at the Texas State Capitol. While his focus during his final six years at the capitol was on natural resource and water issues, he has supported other public policy areas during his career, including the state budget, energy, ethics, financial institutions, government organization, regulated industries, and transportation. Bryan holds a bachelor of arts degree in English from Vanderbilt University and a bachelor of fine arts degree from the School of the Art Institute of Chicago. He is currently pursuing a master of business administration at Texas State University.

Kathleen Ligon, Assistant Executive Administrator. Ms. Ligon joined the Texas Water Development Board in August 2006. She was named Assistant Executive Administrator on September 10, 2024 after serving as Interim Assistant Executive Administrator for six months. She joined the Executive office in 2019 to serve as the agency's lead on implementing flood mitigation planning and funding legislation from the 88th Texas Legislative Session; later she was named Assistant Executive Administrator. Previously, Ms. Ligon served as senior policy analyst in Government Relations for three legislative sessions and served as a planner and special assistant to the Deputy Executive Administrator of the agency's planning office. Ms. Ligon has prior public service experience with the Lower Colorado River Authority and the Texas Department of Transportation. She is a graduate of the University of Texas at Austin.

Jessica Peña, Deputy Executive Administrator, Water Supply and Infrastructure. Ms. Peña joined the TWDB in July 2001. She was named the Deputy Executive Administrator of Water Supply and Infrastructure in May 2016. Prior to this role, she served as the director of Regional Water Project Development, which entailed managing seven multi-disciplined regional teams that implement water and wastewater projects across the state. Her past positions at the TWDB also include team manager for the Northeast Region of the state and financial analyst. Ms. Peña holds a Bachelor's degree in Business Administration with the distinction of magna cum laude from St. Edward's University.

Georgia Sanchez, Chief Financial Officer and Development Fund Manager. Ms. Sanchez joined the TWDB in March 2017 and served in the role of Director of Debt and Portfolio Management for seven years before being named Deputy Chief Financial Officer and, more recently, Chief Financial Officer in May 2025. She previously served more than 23 years with the City of Austin, Texas in roles including Assistant Treasurer and Investment Officer, where she managed cash, investments, and debt programs, and Corporate Budget Manager overseeing the implementation of the city's Capital Improvements Plan. She holds a Bachelor of Business Administration degree in International Business from The University of Texas at Austin.

David Duran, Director, Debt and Portfolio Management. Mr. Duran joined the TWDB in February 2015. He was promoted to Director of Debt & Portfolio Management in March 2024. He previously served as Financial Analyst and then Team Lead within Debt & Portfolio Management. Prior to joining the TWDB, he was a Financial Analyst in the Debt Management office of the Texas Department of Transportation and served as a budget analyst for six years for Lt. Governor David Dewhurst. He holds a Master of Business Administration from Texas State University and a Bachelor of Arts in philosophy from the University of Texas at Austin.

Ashley Harden, General Counsel. Before being hired as General Counsel of the TWDB in May 2020, Mr. Harden worked as General Counsel for the Texas Comptroller of Public Accounts where his responsibilities involved State and local tax administration, State fiscal matters, and State procurement. Prior to working for the Texas Comptroller, Mr. Harden worked for the Texas Attorney General's Office and the Texas Department of Agriculture, where his practice included banking, public finance, and legal assistance to various federally funded programs. He is a graduate of SMU School of Law and the University of Texas at Austin.

Limitation of Liability of Officials of the Board

No present or future member of the Board or agent or employee of the Board, in his or her individual capacity, and neither the members of the Board nor any official executing the Bonds will be liable personally for payment on the Bonds or be subject to any personal liability or accountability by reason of the issuance of Bonds.

Bond Review Board Approval

With certain exceptions, bonds issued by State agencies and institutions, including bonds issued by the Board, must be approved by the Texas Bond Review Board (the Bond Review Board) prior to their issuance. The Bond Review Board is composed of the Governor, the Lieutenant Governor, the Speaker of the House of Representatives, and the Comptroller (as defined herein). The Governor is the Chairman of the Bond Review Board. Each member of the Bond Review Board may, and frequently does, act through a designee.

On [August 29, 2025], the Bond Review Board approved the Bonds.

Financial Assistance Programs other than the SWIFT and SWIRFT Programs

Below is a brief summary of additional financial assistance programs, other than SWIFT and SWIRFT, administered by the Board and funded with general revenues or the proceeds of general obligation bonds of the State.

Texas Water Development Funds

Development Fund I and Development Fund II are used to provide loans and grants to eligible applicants for the construction of local or regional water supply, wastewater treatment, flood control and municipal solid waste management projects. These funds are funded through the issuance of general obligation bonds issued by the Board on behalf of the State of Texas pursuant to Sections 49-c, 49-d, 49-d-1, 49-d-2, 49-d-5, 49-d-6, 49-d-7, 49-d-8, 49-d-9, 49-d-10, 49-d-11, and 49-d-14 of Article III of the Texas Constitution. Development Fund I is no longer active, and the Board has no current intention to issue bonds to augment Development Fund I. The Board has established the

following major accounts within Development Fund II: the EDAP Account, the Financial Assistance Account, and the State Participation Account. The Board has also established the EDAP Bond Payment Account, the Financial Assistance Bond Payment Account, the State Participation Bond Payment Account, and other accounts (including specifically the Water Infrastructure Fund Bond Payment Account) necessary for the proper administration of Development Fund II, as determined by the Board.

Water Assistance Fund

The Water Assistance Fund is funded through appropriations made by the Legislature and provides grants and loans at an interest rate set by Board rule to eligible political entities for water supply and treatment projects, wastewater treatment projects, flood control projects, purchasing an interest in reservoirs and providing grants up to 100% of funding for water research, and matching grants for flood protection and regional water supply and wastewater feasibility planning.

Water Infrastructure Fund

In 2001, the Legislature added provisions to Chapter 15 of the Texas Water Code creating the Water Infrastructure Fund in furtherance of the public purpose of conserving and developing the water resources of the State. The Water Infrastructure Fund may be used (i) to make loans to political subdivisions for projects to conserve, mitigate, convey and develop water resources of the State (WIF Projects); (ii) to make grants, low interest loans, or zero interest loans to political subdivisions for WIF Projects to serve areas outside metropolitan statistical areas in order to ensure that the projects are implemented, or for WIF Projects to serve economically distressed areas; (iii) to make loans for planning and design costs, permitting costs and other costs associated with State or federal regulatory activities with respect to WIF Projects; (iv) as a source of revenue or security for the payment of principal and interest on bonds issued by the Board if the proceeds of the sale of such bonds will be deposited in the Water Infrastructure Fund; and (v) to pay the necessary and reasonable expenses of the Board in administering the Water Infrastructure Fund. In 2003, the previously mentioned provisions were designated within Chapter 15 of the Texas Water Code as Subchapter Q.

The Board may direct the Comptroller of Public Accounts of the State (Comptroller) to transfer amounts from the Financial Assistance Account to the Water Infrastructure Fund to provide financial assistance under the Texas Water Code for the purposes provided in Subchapter Q, specifically for the uses described above, as listed in Section 15.974, Texas Water Code, as amended. Subchapter Q further provides that the Water Infrastructure Fund may be used (1) as a source of revenue for the repayment of debt service on Financial Assistance Bonds, the proceeds of which have been deposited into the Water Infrastructure Fund, and (2) pursuant to House Bill 1904 of the 87th Regular Session of the Texas Legislature, effective September 1, 2021, to make transfers from the Water Infrastructure Fund to the Financial Assistance Account for the purposes described in Section 49-d-8, other than for the purposes described in Sections 17.957 and 17.958, Texas Water Code, as amended.

Rural Water Assistance Fund

Chapter 15, Subchapter R, of the Texas Water Code authorizes and governs the Rural Water Assistance Fund (**RWAF**), which is a special fund in the State Treasury. The RWAF may be used, among other purposes, to (i) provide low interest loans to Rural Political Subdivisions as defined in Section 15.001, Texas Water Code, as amended, for water or water related projects and for water quality enhancement projects, including the construction of infrastructure facilities for wholesale or retail water and sewer service, desalination projects, the purchase or lease of well water fields; the construction of infrastructure facilities for wholesale purchase or lease of rights to produce groundwater; onsite or wetland wastewater treatment facilities; and interim financing of construction projects, (ii) finance water projects in the State Water Plan or regional water plan or (iii) enable a Rural Political Subdivision to obtain water or wastewater service supplied by larger political subdivisions or to finance the consolidation or regionalization of neighboring political subdivisions, or both. The RWAF may also be used to (a) contract for outreach, financial, planning, and technical assistance to assist Rural Political Subdivisions for any purpose that could be funded by the RWAF and (b) buy down interest rates on loans or provide grants to Rural Political Subdivisions.

The Board may direct the Comptroller to transfer amounts from the Financial Assistance Account to the RWAF to provide financial assistance under the Texas Water Code for the purposes provided in Subchapter R, specifically for the uses described above, as listed in Section 15.994, Texas Water Code, as amended. Subchapter R further provides that the RWAF may be used as a source of revenue for the repayment of debt service on Financial Assistance Bonds, the proceeds of which have been deposited into the RWAF.

Texas Agricultural Water Conservation Bond Program

Article III, Section 50-d of the Constitution (adopted in 1985) authorizes the Board to issue general obligation Texas Agricultural Water Conservation Bonds. Subchapter J was added to Chapter 17 of the Texas Water Code, implementing the Agricultural Water Conservation Bond Program and creating the Agricultural Water Conservation Fund (the **Agriculture Fund**).

Money in the Agriculture Fund may be used to provide grants to State agencies to fund conservation programs or conservation projects, provide grants or loans to certain political subdivisions for conservation programs or conservation projects, provide linked deposits to certain financial institutions for loans to certain entities and individuals for conservation projects, pay for the Board's conservation programs, pay costs of issuance for and debt service due on Texas Agricultural Water Conservation Bonds, and to pay the Board's related administrative expenses. Conservation programs, certain costs of which may be financed from the Agriculture Fund, include: (a) agricultural water conservation technical assistance programs; (b) research, demonstration, technology transfer, or educational programs relating to agricultural water use and conservation; (c) precipitation enhancement programs; and (d) any other agricultural water conservation program defined by Board rule. Conservation projects, certain costs of which may be financed from the Agriculture Fund, include projects that: (a) improve water use efficiency; (b) prepare irrigated land for conversion to dry land conditions; (c) prepare dry land for more efficient use of precipitation; (d) purchase and fund the acquisition and installation of devices on public or private property to indicate the amount of water withdrawn for irrigation; (e) prepare and maintain land to be used for brush control activities; and (f) implement any other agricultural water conservation project defined by Board rule.

Flood Infrastructure Fund

Article III, Section 49-d-14 of the Texas Constitution (adopted in 2019) created the Flood Infrastructure Fund (FIF) as a special fund in the State treasury outside the general revenue fund. Subchapter I was added to Chapter 15 of the Texas Water Code to implement the FIF program and establish the FIF. The FIF is administered by the Board and has been funded with transfers of approximately $1.4 billion from the State's general revenue fund and economic stabilization fund. The Board may utilize the proceeds of general obligation bonds or revenue bonds issued for an authorized purpose of the FIF.

The FIF program provides grants and zero interest loans for flood control, flood mitigation, and drainage projects. Eligible projects include structural, nonstructural, and nature-based solutions which fall into one of three categories: flood management evaluation, flood mitigation project, or flood management strategy. Project funding is available to eligible political subdivision applicants, including a city, county, district or authority created under Article III, Section 52, or Article XVI, Section 59, of the Texas Constitution. In addition, funding for flood protection planning for watersheds is also available to any other political subdivision of the state, any interstate compact commission to which the state is a party, and any nonprofit water supply corporation created and operating under Chapter 67 of the Texas Water Code.

Revenue Bonds

The Board is authorized to issue an unlimited amount of revenue bonds to fund certain eligible projects. The Board has the authority to sell revenue bonds for the following purposes: (1) to finance the construction of water and wastewater projects of political subdivisions and nonprofit water supply corporations; (2) to provide interim financing to political subdivisions which are also receiving long term financing from the Board; (3) to finance projects of nonprofit water supply corporations; (4) to provide the State matching funds for federal funds provided to the Clean Water State Revolving Fund (CWSRF), the Drinking Water State Revolving Fund (DWSRF), and any additional State revolving fund hereafter established by the Board to provide financial assistance to political subdivisions for public works in accordance with a federal capitalization grant program; and (5) to finance water and sewer projects in economically distressed areas to the extent such assistance will not adversely affect the current or future integrity of financial assistance programs of the Board. The Board's revenue bonds do not constitute a debt of the State, and neither the full faith and credit nor the taxing authority of the State is in any manner pledged, given or loaned to the payment of the Board's revenue bonds. Further, the Board's revenue bonds are not secured by or payable from money in either Development Fund I or Development Fund II.

Texas Water Fund

In the 88th Regular Session of the Texas Legislature, the Texas Water Fund (**TWF**) was created through the enactment of Senate Bill (S.B.) 28 and Senate Joint Resolution (S.J.R.) 75. On November 7, 2023, the voters approved amending the State Constitution in the manner provided by S.J.R. 75 and the TWF was lawfully authorized. The TWF is a special fund in the State treasury, outside the general revenue fund of the State. Through the operation of S.B. 28 and the enactment of the constitutional amendment, an appropriation of $1 billion to the TWF became effective. While not a new financial assistance program, the Board is authorized by Subchapter H-1, Chapter 15, Texas Water Code ("Subchapter H-1"), to use the TWF to augment funding in several of its existing financial assistance programs, including transfers to SWIFT. Section 15.504, Texas Water Code, prescribes the uses to which funds in the TWF may

be used. On July 24, 2025, the Board authorized a transfer of funds from the TWF to SWIFT in an amount not to exceed $_____ for uses consistent with the constitution and statutes of the State. The TWF does not constitute security for any of the Board's financial assistance programs; specifically, the TWF does not constitute security for the Bonds.

New Water Supply for Texas Fund

The New Water Supply for Texas Fund is a special fund in the state treasury administered by the TWDB. The fund may be used for the following purposes: (1) to provide financial assistance to political subdivisions of the state to develop water supply projects that create new water sources for the state, including desalination projects (which may include marine and brackish water desalination); produced water treatment projects, other than projects that are only for purposes of oil and gas exploration; aquifer storage and recovery projects; and the development of infrastructure to transport water that is made available by these types of projects; (2) to make transfers to the SWIFT and to the Development Fund II for eligible projects through those programs; (3) to make transfers to the Texas Water Bank Account, which was established to facilitate the transfer, sale, or lease of water and water rights throughout the state, including purchasing, holding, and transferring water rights in the TWDB's name. The TWDB is directed to undertake the financing of projects through the New Water Supply Fund for Texas that will lead to 7 million acre-feet of new water supplies by December 31, 2033.

State Revolving Funds

State Water Pollution Control Revolving Fund

The Federal Water Pollution Control Act of 1972, as amended by the Water Quality Act of 1987, as amended (the **Federal Act**), established the Federal Loan Program (described below) as a joint federal and state program. Under the Federal Loan Program, the United States Environmental Protection Agency (USEPA) is authorized to make grants (the **SRF Capitalization Grants**) to states to aid in providing financial assistance to municipalities; intermunicipal, interstate or state agencies; or other public entities eligible for assistance under the Federal Act (the **Eligible Borrowers**) for eligible projects including the construction of publicly owned treatment works, managing stormwater, measures to reduce the demand for publicly owned treatment works capacity through water conservation, efficiency, or reuse, and nonpoint source pollution control projects and other authorized purposes pursuant to the Federal Act. As a condition to receipt of an SRF Capitalization Grant, a state is required to establish a perpetual state revolving fund into which the SRF Capitalization Grant must be deposited, and to provide state matching funds for the SRF Capitalization Grant. Funds in a state revolving fund are permitted to be applied to provide financial assistance to Eligible Borrowers in a number of ways, including making direct loans, purchasing or refinancing debt obligations and providing loan guarantees.

Pursuant to Chapter 15, Subchapter J of the Texas Water Code (**Subchapter J**), which became effective June 17, 1987, the State created the CWSRF for the purpose of providing financial assistance to Eligible Borrowers for authorized activities and uses. The Board currently provides financial assistance by purchasing political subdivision obligations from Eligible Borrowers, or by providing loans or principal forgiveness.

The Board purchases political subdivision obligations or provides loans under the State Revolving Fund program with terms up to thirty (30) years from project completion, but in no event longer than the projected useful life of the project financed or refinanced.

State Safe Drinking Water Revolving Fund

The Federal Safe Drinking Water Act (SDWA) established national primary drinking water regulations to protect the safety of the public's drinking water. Under the SDWA, the USEPA is authorized to make grants (DWSRF Capitalization Grants) to states to assist communities in meeting established drinking water standards. As a condition to receipt of a DWSRF Capitalization Grant, a state is required to establish a drinking water state revolving fund into which the DWSRF Capitalization Grant must be deposited, provide state matching funds for the DWSRF Capitalization Grant for deposit in the safe drinking water revolving fund and comply with certain other requirements of the SDWA. Pursuant to Subchapter J, Texas created the DWSRF for the purpose of providing financial assistance to political subdivisions and water supply corporations. The Legislature expanded the program to allow funding for privately owned corporations for loan subsidies, provided that only appropriated funds and federal grants are utilized for such purpose.

DWSRF funds are permitted to be applied to provide financial assistance to community water systems and non-profit community water systems in a number of ways, including making direct loans, retiring existing debt through refinancing, and providing loan guarantees for expenditures that facilitate compliance with the primary national drinking water regulations. Under the SDWA, no less than 15% of money credited to the DWSRF must be provided to public water systems which serve fewer than 10,000 persons to the extent such funds can be obligated for eligible projects. Additional set asides may be made for source water protection loans and programs for capacity development and for state administration of the SDWA. The Board currently provides financial assistance by purchasing political subdivision obligations from Eligible Borrowers, or by providing loans or principal forgiveness. The maximum term of such form of financial assistance may not exceed thirty (30) years from project completion, but in no event longer than the expected design life of the project financed or refinanced.

Cybersecurity

All agencies of the State are required to adhere to Texas Administrative Code Chapter 202, which establishes a baseline of security standards and includes a Control Standards Catalog that is aligned with FISMA and NIST 800-53, rev5. Additionally, the State's Office of the Chief Information Security Officer, in conjunction with the Statewide Information Security Advisory Committee, created a strategic plan for the State that focuses on cybersecurity initiatives. The plan, adopted May 2024, addresses the goals of threat surface management, governance, education, resilience and workforce development. In addition to compliance with such plan, the Board has adopted information technology policies and procedures, including risk management policies and procedures that are reviewed and updated annually. The Board employs other routine and standard processes that ensure the security of information resources as well, such as an annual risk assessment of information resources, a quarterly security report presented to executive leadership, and an annual third party controlled penetration test. Additionally, there is, an Information Security Risk Assessment conducted by a third-party and an Agency Security Plan, both of which assess the Board's maturity level relative to established security objectives and are updated every two years. In addition, the Board requires annual security awareness training of all employees and contractors and conducts quarterly phishing exercises to reinforce awareness concepts. As of the date of this Official Statement, there have been no cybersecurity incidents that have materially impacted the operation or financial condition of the Board.

2025 Legislative Session

In odd-numbered years, the State Legislature meets in a regular session lasting 140 days. On January 14, 2025, the State Legislature convened its 89th Regular Session and on June 2, 2025, the State Legislature ended its 89th Regular Session. During any regular or special session, the State Legislature may enact laws that impact the operations of the Board. When the State Legislature is not in regular session, the Governor of the State may call one or more special sessions, at his discretion, each lasting no more than 30 days. The Board can make no representation or prediction regarding any actions the State Legislature may take.

Sunset Review of the Board

The Board is subject to review, but not abolishment, under the Texas Sunset Act, Chapter 325, Texas Government Code (the Sunset Act), by the Sunset Advisory Commission (the Commission). Pursuant to the Sunset Act, the Commission is required to make recommendations to the Legislature regarding the reorganization, consolidation or transfer of programs administered by the Board. The Sunset Act further prohibits the Legislature from enacting legislation that would in any way affect the Board's obligations, including those contractual obligations to the holders of the Bonds. The Board was most recently reviewed in 2023 and is subject to review every 12th year thereafter. The Legislature, however, is not prohibited from considering legislation addressing the programs performed by the Board prior to such date.

APPENDIX E

PROPOSED FORM OF OPINION OF BOND COUNSEL

Proposed Form of Opinion of Bond Counsel

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

TEXAS WATER DEVELOPMENT BOARD
STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS
REVENUE BONDS, SERIES 2025 (MASTER TRUST),
IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____

AS BOND COUNSEL for the Texas Water Development Board (the "Issuer"), the issuer of the Bonds described above (the "Bonds"), we have examined into the legality and validity of the issue of bonds described above, which bear interest from the date, mature on the dates, and are subject to redemption, all as specified on the face of the Bonds, all in accordance with the resolution of the Issuer authorizing the issuance of the Bonds (the "Authorizing Resolution").

THE BONDS are issued and are equally secured as to payment of principal and interest under a Master Trust Indenture dated as of October 1, 2015, between the Issuer and The Bank of New York Mellon Trust Company, National Association, as Master Trustee (the "Master Trust Indenture"), and a Bond Indenture dated as of October 1, 2025, between the Issuer and The Bank of New York Mellon Trust Company, National Association, as Trustee (the "Bond Indenture"). Terms used herein and not otherwise defined shall have the meaning given in the Master Trust Indenture and the Bond Indenture.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, and a transcript of certified proceedings of the Issuer, and other pertinent instruments authorizing and relating to the issuance of the Bonds, including one of the executed Bonds (Bond No. T-1).

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Issuer is duly created and validly exists as a body corporate and politic and instrumentality, agency and department of the State of Texas, and is vested with full right and power to adopt the Authorizing Resolution, enter into the Master Trust Indenture, the Bond Indenture and that certain SWIFT Funds Transfer Agreement dated as of _____, 2025, between the Issuer and the Texas Treasury Safekeeping Trust Company (the "Transfer Agreement"), and perform the agreements on its part contained therein and to issue the Bonds; the Authorizing Resolution has been duly adopted by the Issuer and the Bond Indenture has been duly executed and delivered on behalf of the Issuer; the Bond Indenture creates a valid lien on the Political Subdivision Obligations, and the moneys, securities and funds held and pledged thereunder as security for the Bonds are on a parity with other bonds issued under the Master Trust Indenture, subject to the application thereof to the purposes and on the conditions permitted by the Bond Indenture; the Bonds have been authorized and issued in accordance with the Constitution and laws of the State of Texas, specifically Subchapter H of Chapter 15, Texas Water Code (the "Act"), and constitute valid and binding special obligations of the Issuer secured by and payable solely from the security described in the Bond Indenture; and that the Bonds, the Transfer Agreement, the Master Trust Indenture and the Bond Indenture are enforceable in accordance with their respective terms and conditions, except to the extent that the rights and remedies of the owners of the Bonds may be limited by laws now existing or hereafter enacted relating to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors, and certain equitable remedies, including specific performance, or legal remedies awarded, as may be subject to the exercise of judicial discretion.

IN OUR OPINION, except as discussed below, the interest on the Bonds is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on certain representations, the accuracy of which we have not independently verified, and assume compliance by the Issuer with certain covenants, regarding the use and investment of the proceeds of the Bonds and the use of the project refinanced with the proceeds of the Bonds. We call your attention to the fact that if such representations are determined to be inaccurate or if the Issuer fails to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

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

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

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the Issuer, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the Issuer as to the current outstanding indebtedness of the Issuer and the Security available for the payment of debt service on the Bonds. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

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

Respectfully,

APPENDIX F

DESCRIPTION OF BOOK-ENTRY-ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES

APPENDIX F

BOOK-ENTRY-ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES

The information set out in this Appendix F is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC (as defined below), Euroclear Bank S.A./N.V. as operator of the Euroclear System (Euroclear) or Clearstream Banking, S.A. (Clearstream Banking) (DTC, Euroclear and Clearstream Banking together, the "Clearing Systems" currently in effect). The information in this Appendix F concerning the Clearing Systems has been obtained from sources that the Board believes to be reliable, but none of the Board, the Financial Advisor, the Bond Indenture Trustee or the Underwriters take any responsibility for the accuracy, completeness or adequacy of the information in this Appendix F. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. The Board will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Bonds held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

DTC Book-Entry Only System

Below is a description of how ownership of the Bonds is to be transferred and how the principal and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York (DTC) while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as the Official Statement.

The Board and the Underwriters cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in the Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC. Termination of the DTC Book-Entry-Only System by the Board may require consent of the Participants under DTC Operational Arrangements.

DTC will act as securities depository for the Bonds. The Bonds 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 Bond will be issued for each maturity and series of the Bonds, as set forth on the inside of the cover page hereof, in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose Trust Company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (Direct Participants) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of 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 Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (Indirect Participants and, together with the Direct Participants, the Participants). 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.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (Beneficial Owner) is in turn to be recorded on the Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written

confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of the Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

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

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Board or the Paying Agent/Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2025 Bond certificates are required to be printed and delivered.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Board believes to be reliable, but the Board takes no responsibility for the accuracy thereof and the information is not to be construed as a representation by the Board, the Financial Advisor or the Underwriters.

Use of certain terms in other sections of the Official Statement. In reading the Official Statement it should be understood while the Bonds are in the book-entry-only system, references in other sections of the Official Statement to registered owners should be read to include the person for which the Participant acquires an interest

in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Resolution will be given only to DTC.

Euroclear and Clearstream Banking

The information in this section concerning Euroclear and Clearstream Banking has been provided by such Clearing Systems for use in disclosure documents such as the Official Statement:

Euroclear and Clearstream Banking each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream Banking provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream Banking also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream Banking have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream Banking customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream Banking is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system, either directly or indirectly.

Clearing and Settlement Procedures

The Bonds sold in offshore transactions will be initially issued to investors through the book-entry facilities of DTC, or Clearstream Banking and Euroclear in Europe if the investors are participants in those systems, or indirectly through organizations that are participants in the systems. For any of such Bonds, the record holder will be DTC's nominee. Clearstream Banking and Euroclear will hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream Banking's and Euroclear's names on the books of their respective depositories.

The depositories, in turn, will hold positions in customers' securities accounts in the depositories' names on the books of DTC. Because of time zone differences, the securities account of a Clearstream Banking or Euroclear participant as a result of a transaction with a participant, other than a depository holding on behalf of Clearstream Banking or Euroclear, will be credited during the securities settlement processing day, which must be a business day for Clearstream Banking or Euroclear, as the case may be, immediately following the DTC settlement date. These credits or any transactions in the securities settled during the processing will be reported to the relevant Euroclear participant or Clearstream Banking participant on that business day. Cash received in Clearstream Banking or Euroclear as a result of sales of securities by or through a Clearstream Banking participant or Euroclear participant to a Participant, other than the depository for Clearstream Banking or Euroclear, will be received with value on the DTC settlement date but will be available in the relevant Clearstream Banking or Euroclear cash account only as of the business day following settlement in DTC.

Transfers between Participants will occur in accordance with DTC rules. Transfers between Clearstream Banking participants or Euroclear participants will occur in accordance with their respective rules and operating procedures. Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream Banking participants or Euroclear participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by the relevant depositories; however, cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in the system in accordance with its rules and procedures and within its established deadlines in European time. The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its depository to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Clearstream Banking participants or Euroclear participants may not deliver instructions directly to the depositories.

The Board will not impose any fees in respect of holding the Bonds; however, holders of book-entry interests in the Bonds may incur fees normally payable in respect of the maintenance and operation of accounts in the Clearing Systems.

Initial Settlement

Interests in the Bonds held in the Euroclear and Clearstream Clearing Systems will be held in uncertified book-entry form. Purchasers electing to hold book-entry interests in the Bonds through Euroclear and Clearstream Banking accounts will follow the settlement procedures applicable to conventional Eurobonds. Book-entry interests in the Bonds will be credited to Euroclear and Clearstream Banking participants' securities clearance accounts on the business day following the date of delivery of the Bonds against payment (value as on the date of delivery of the Bonds). Participants acting on behalf of purchasers electing to hold book-entry interests in the Bonds through DTC will follow the delivery practices applicable to securities eligible for DTC's Same Day Funds Settlement system. Participants' securities accounts will be credited with book-entry interests in the Bonds following confirmation of receipt of payment to the Board on the date of delivery of the Bonds.

Secondary Market Trading

Secondary market trades in the Bonds will be settled by transfer of title to book-entry interests in the Clearing Systems. Title to such book-entry interests will pass by registration of the transfer within the records of Euroclear, Clearstream Banking or DTC, as the case may be, in accordance with their respective procedures. Book-entry interests in the Bonds may be transferred within Euroclear and within Clearstream Banking and between Euroclear and Clearstream Banking in accordance with procedures established for these purposes by Euroclear and Clearstream Banking. Book-entry interests in the Bonds may be transferred within DTC in accordance with procedures established for this purpose by DTC. Transfer of book-entry interests in the Bonds between Euroclear or Clearstream Banking and DTC may be effected in accordance with procedures established for this purpose by Euroclear, Clearstream Banking and DTC.

Special Timing Considerations

Investors will only be able to make and receive deliveries, payments and other communications involving the Bonds through Euroclear or Clearstream Banking on days when those systems are open for business. In addition, because of time-zone differences, there may be complications with completing transactions involving Clearstream Banking and/or Euroclear on the same business day as in the United States. U.S. investors who wish to transfer their interests in the Bonds, or to receive or make a payment or delivery of Bonds, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg if Clearstream Banking is used, or Brussels if Euroclear is used.

General

None of DTC, Euroclear, or Clearstream Banking is under any obligation to perform or continue to perform the procedures referred to above, and such procedures may be discontinued at any time.

None of the Board, the Financial Advisor, the Bond Indenture Trustee or the Underwriters will have any responsibility for the performance by DTC, Euroclear, or Clearstream Banking or their respective direct or indirect participants or account holders of their respective obligations, including the timely transfer of funds to pay interest on and principal of the Bonds when due, under the rules and procedures governing their operations or the arrangements referred to above.

TEXAS WATER DEVELOPMENT BOARD

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Preliminary Official Statement is delivered in final form. Under no circumstances shall the Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT

[DATED SEPTEMBER 10, 2025]

Ratings:
Fitch: "___"
S&P: "___"
(See "OTHER INFORMATION - Ratings" herein)

NEW ISSUES - Book-Entry-Only

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2025E Bonds (defined below) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the Code). In the further opinion of Bond Counsel, interest on the Series 2025EBonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Series 2025E Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel also observes that interest on the Taxable Series 2025F Bonds (defined below) is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Taxable Series 2025F Bonds. See "TAX MATTERS - SERIES 2025E BONDS" and "TAX MATTERS - TAXABLE SERIES 2025F BONDS" herein.

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STATE OF TEXAS
GENERAL OBLIGATION BONDS

Water Financial Assistance Bonds, Series 2025E (State Water Plan)

Water Financial Assistance Bonds, Taxable Series 2025F (State Water Plan)

Dated Date: Date of Delivery (as defined below)

Due: [TBD] and [TBD], as shown on pages ii and iii herein

The State of Texas Water Financial Assistance Bonds, Series 2025E (State Water Plan) (the Series 2025E Bonds) and the State of Texas Water Financial Assistance Bonds, Taxable Series 2025F (State Water Plan) (the Taxable Series 2025F Bonds, and together with the Series 2025E Bonds the Bonds), are general obligations of the State of Texas (the State) and are issued by the Texas Water Development Board (the TWDB or the Board) under the authority of the Texas Constitution (the Constitution) and general laws of the State. Interest on the Series 2025E Bonds and the Taxable Series 2025F Bonds will accrue from the Date of Delivery at the fixed rates of interest shown on pages ii and iii, respectively, herein and will be calculated on the basis of a 360-day year composed of twelve 30-day months. Interest on the Bonds will be payable on [TBD], and on each [TBD] and [TBD] thereafter until maturity or prior redemption. The Bonds will be issued only as fully registered bonds in denominations of $5,000 principal amount or any integral multiple thereof. The Depository Trust Company, New York, New York (DTC), initially will act as securities depository for the Bonds. **Beneficial owners of the Bonds will not receive physical delivery of Bond certificates except as described herein.**

The Bonds are subject to redemption prior to stated maturity as provided herein. See "THE BONDS – Series 2025E Bonds – Redemption Provisions" and "THE BONDS – Taxable Series 2025F Bonds – Redemption Provisions", and "THE BONDS – Extraordinary Mandatory Redemption".

THE BONDS ARE GENERAL OBLIGATIONS OF THE STATE OF TEXAS AND ARE SECURED BY THE FULL FAITH AND CREDIT OF THE STATE OF TEXAS. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS".

The Bonds are issued pursuant to two separate Board resolutions (the 2025E Resolution, and the 2025F Resolution, respectively, and together, the Bond Resolutions), all of which were adopted by the Board on July 24, 2025. In the Bond Resolutions, the Board delegated to certain designated officials the authority to establish and approve the final terms of the sale of the Bonds through the execution of one or more approval certificates (the Bond Resolutions and such approval certificates are collectively referred to herein as the Resolutions). The Bonds are being issued pursuant to the Resolutions, and the Constitution and general laws of the State, including particularly Article III, Sections 49-d-8, 49-d-9, 49-d-10 and 49-d-11 Texas Constitution, Subchapter L of Chapter 17 of the Texas Water Code, as amended (the Act), and Chapter 1371, Texas Government Code, as amended (Chapter 1371), for the purpose of conserving and developing the water resources of the State by (i) providing funds for the Financial Assistance Account for Water Assistance Projects included in the State Water Plan (each as defined herein); and (ii) providing funds for the payment of expenses arising in connection with the issuance of the Bonds. Capitalized terms not otherwise defined herein have the meanings given to said terms in the Resolutions.

SEE INSIDE COVER PAGES HEREIN FOR STATED MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL YIELDS, CUSIP NUMBERS, AND REDEMPTION PROVISIONS FOR THE BONDS

The Bonds are offered for delivery when, as and if issued and accepted by the underwriters listed below (the Underwriters), subject to prior sale, withdrawal, or modification of the offer without notice and are subject to the approving legal opinions of the Attorney General of the State, and Orrick, Herrington & Sutcliffe LLP, Austin, Texas, Bond Counsel. Certain legal matters will be passed on for the Board by Bracewell LLP, Houston, Texas, Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, McCall, Parkhurst & Horton L.L.P. See "LEGAL MATTERS." It is expected that the Bonds will be available for delivery, through the facilities of DTC, on or about [October 9, 2025] (the Date of Delivery).

BofA Securities		**Jefferies**
BOK Financial Securities, Inc.	**J.P. Morgan**	**Loop Capital Markets**
Mesirow Financial, Inc.	**Morgan Stanley**	**Piper Sandler & Co.**
PNC Capital Markets LLC	**Ramirez & Co., Inc.**	**Raymond James**
Robert W. Baird	**Stifel**	**Wells Fargo Securities**

* Preliminary, subject to change.

Maturity Schedule*

STATE OF TEXAS
GENERAL OBLIGATION BONDS
Water Financial Assistance Bonds,
Series 2025E
(State Water Plan)

CUSIP No. Prefix: 882724[3]

Stated Maturity [1][2]	Principal Amount	Interest Rate	Initial Yield	CUSIP No. Suffix: [3]

(Interest to accrue from the Date of Delivery)

_____

* Preliminary, subject to change.

[1] *Optional Redemption*. The Series 2025E Bonds having stated maturities on and after _____ 15, 20__, are subject to redemption at the option of the Board, in whole or from the time to time in part, on _____ 15, 20__, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. See "THE BONDS – Series 2025E Bonds – Redemption Provisions – Optional Redemption."

[2] *Mandatory Sinking Fund Redemption*. The Series 2025E Bonds may be subject to mandatory sinking fund redemption in the event the Underwriters elect to aggregate two or more consecutive maturities as a term bond. See "THE BONDS – Series 2025E Bonds – Redemption Provisions – Mandatory Sinking Fund Redemption."

[3] CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. None of the State, the Board, the Financial Advisor (as defined herein), or the Underwriters are responsible for the selection or correctness of the CUSIP numbers set forth herein.

Maturity Schedule*

STATE OF TEXAS
GENERAL OBLIGATION BONDS
Water Financial Assistance Bonds,
Taxable Series 2025F
(State Water Plan)

CUSIP No. Prefix: 882724[3]

Stated Maturity [1][2]	Principal Amount	Interest Rate	Initial Yield	CUSIP No. Suffix: [3]

(Interest to accrue from the Date of Delivery)

_____

* Preliminary, subject to change.

[1] *Optional Redemption*. The Taxable Series 2025F Bonds having stated maturities on and after _____ 15, 20__, are subject to redemption at the option of the Board, in whole or from the time to time in part, on _____ 15, 20__, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. See "THE BONDS – Taxable Series 2025F Bonds – Redemption Provisions – Optional Redemption."

[2] *Mandatory Sinking Fund Redemption*. The Taxable Series 2025F Bonds may be subject to mandatory sinking fund redemption in the event the Underwriters elect to aggregate two or more consecutive maturities as a term bond. See "THE BONDS – Taxable Series 2025F Bonds – Redemption Provisions – Mandatory Sinking Fund Redemption."

[3] CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. None of the State, the Board, the Financial Advisor, or the Underwriters are responsible for the selection or correctness of the CUSIP numbers set forth herein.

SALE AND DISTRIBUTION OF THE BONDS

For purposes of compliance with United States Securities and Exchange Commission (the SEC) Rule 15c2-12 (the Rule), and in effect on the date of this Preliminary Official Statement, this document constitutes an "Official Statement" of the Board with respect to the Bonds that has been "deemed final" by the Board as of its date except for the omission of no more than the information permitted by the Rule.

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

Use of Official Statement

The Series 2025E Bonds and Taxable Series 2025F Bonds are separate and distinct securities offered, issued and sold independently, except for use of this common Official Statement in connection with such offering and sale. While the Bonds share certain common attributes, each issue is separate from the other and each issue should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, and the rights of the holders. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

No dealer, broker, salesman or other person has been authorized by the Board or the Underwriters to give any information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by the Board or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement, nor any sale made hereunder, shall, under any circumstances, create the implication that there has been no change in the affairs of the Board or the State since the date hereof. This Official Statement is submitted in connection with the sale of securities referred to herein and in no instance may this Official Statement be reproduced or used for any other purpose.

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

THIS OFFICIAL STATEMENT IS INTENDED TO REFLECT FACTS AND CIRCUMSTANCES ON THE DATE OF THIS OFFICIAL STATEMENT OR ON SUCH OTHER DATE OR AT SUCH OTHER TIME AS IDENTIFIED HEREIN. NO ASSURANCE CAN BE GIVEN THAT SUCH INFORMATION MAY NOT BE MISLEADING AT A LATER DATE. CONSEQUENTLY, RELIANCE ON THIS OFFICIAL STATEMENT AT TIMES SUBSEQUENT TO THE ISSUANCE OF THE BONDS DESCRIBED HEREIN SHOULD NOT BE MADE ON THE ASSUMPTION THAT ANY SUCH FACTS OR CIRCUMSTANCES ARE UNCHANGED.

See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the undertakings of the Board and the Texas Comptroller of Public Accounts (Comptroller), respectively, to provide certain information on a continuing basis. No representation is made by the Board or the Underwriters regarding the use, presentation and interpretation of the financial information of the State or the Board made by third parties, including, without limitation, the Municipal Securities Rulemaking Board (the MSRB).

NONE OF THE STATE, THE BOARD, THE BOARD'S FINANCIAL ADVISOR OR THE UNDERWRITERS MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY (DTC) OR ITS BOOK-ENTRY-ONLY SYSTEM, AS SUCH INFORMATION HAS BEEN FURNISHED BY DTC.

Marketability

THE BONDS ARE BEING OFFERED FOR SALE TO THE PUBLIC AT THE PRICES SHOWN ON PAGES ii AND iii HEREOF. THE UNDERWRITERS RESERVE THE RIGHT TO LOWER SUCH INITIAL OFFERING PRICES AS THEY DEEM NECESSARY IN CONNECTION WITH THE MARKETING OF THE BONDS. THE UNDERWRITERS RESERVE THE RIGHT TO JOIN WITH DEALERS AND OTHER UNDERWRITERS IN OFFERING THE BONDS TO THE PUBLIC. THE OBLIGATION OF THE UNDERWRITERS TO ACCEPT DELIVERY OF THE BONDS IS SUBJECT TO THE TERMS AND CONDITIONS SET FORTH IN THE BOND PURCHASE AGREEMENT, THE APPROVAL OF LEGAL MATTERS BY COUNSEL AND OTHER CONDITIONS. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. See "OTHER INFORMATION – Underwriting" herein.

Securities Laws

No registration statement relating to the Bonds has been filed with the SEC under the Securities Act of 1933, as amended, in reliance upon an exemption provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein, nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The Board assumes no responsibility for registration or qualification for sale or other disposition of the Bonds under the securities laws of any jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions. See "LEGAL MATTERS – Registration and Qualification of Bonds for Sale" herein.

NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SECURITIES DESCRIBED IN THIS OFFICIAL STATEMENT OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM THE FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS. See "OTHER INFORMATION – Forward-Looking Statements" herein.

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TEXAS WATER DEVELOPMENT BOARD

Members	Term Expiration
L'Oreal Stepney, P.E., Chairwoman	February 1, 2029
Tonya R. Miller, Member	February 1, 2027
Vacant, Member	

KEY STAFF MEMBERS

Bryan McMath	Executive Administrator
Kathleen Ligon	Assistant Executive Administrator
Jessica Peña	Deputy Executive Administrator
Georgia Sanchez	Chief Financial Officer and Development Fund Manager
David Duran	Director, Debt and Portfolio Management
Ashley Harden	General Counsel

BOND COUNSEL
Orrick, Herrington & Sutcliffe LLP
Austin, Texas

FINANCIAL ADVISOR
Hilltop Securities Inc.
Austin, Dallas and San Antonio, Texas

DISCLOSURE COUNSEL
Bracewell LLP
Houston, Texas

PAYING AGENT/REGISTRAR
The Bank of New York Mellon Trust Company, N.A.
Dallas, Texas

Questions regarding this Official Statement may be directed to David Duran, Director, Debt and Portfolio Management, Texas Water Development Board, 1700 North Congress Avenue, 6th Floor, Austin, Texas 78701; Telephone: (512) 463-7242; Electronic Mail: david.duran@twdb.texas.gov.

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PRELIMINARY OFFICIAL STATEMENT

relating to

$0
STATE OF TEXAS
GENERAL OBLIGATION BONDS

Water Financial Assistance Bonds, Series 2025E (State Water Plan)	**Water Financial Assistance Bonds, Taxable Series 2025F (State Water Plan)**

INTRODUCTION

The general obligation bonds of the State of Texas (the State) offered by the Texas Water Development Board (the Board or TWDB) hereby, acting on behalf of the State, are (i) the State of Texas Water Financial Assistance Bonds, Series 2025E (State Water Plan) (the Series 2025E Bonds), and (ii) the State of Texas Water Financial Assistance Bonds, Taxable Series 2025F (State Water Plan) (the Taxable Series 2025F Bonds and, together with the Series 2025E Bonds, the Bonds). The Bonds, together with other general obligation bonds issued or to be issued in the future pursuant to Article III, Sections 49-d-8 (Section 49-d-8), 49-d-9 (Section 49-d-9), 49-d-10 (Section 49-d-10), 49-d-11 (Section 49-d-11) and 49-d-14 (Section 49-d-14) of the Texas Constitution (the Constitution) to augment the funding of the Texas Water Development Fund II, a fund within the State Treasury (Development Fund II), are referred to herein collectively sometimes as the "Water Assistance Bonds." The Series 2025E Bonds and the Taxable Series 2025F Bonds, together with other Water Assistance Bonds issued or to be issued in the future for the Financial Assistance Account of Development Fund II (the Financial Assistance Account), are referred to sometimes herein as the "Financial Assistance Bonds." The debt service schedules for the Financial Assistance Bonds that will be outstanding upon the issuance of the Bonds are attached hereto as APPENDIX D.

The Bonds are being issued pursuant to (i) two separate resolutions (the 2025E Resolution and the 2025F Resolution, respectively, and together, the Bond Resolutions), each of which was adopted by the Board on July 24, 2025 and (ii) the Constitution and general laws of the State, including particularly Sections 49-d-8, and 49-d-11, Subchapter L of Chapter 17 of the Texas Water Code, as amended (the Act), and Chapter 1371, Texas Government Code, as amended (Chapter 1371). The Bond Resolutions delegate to authorized representatives of the Board the authority to complete the sale of the Bonds pursuant to the terms of one or more approval certificates (collectively, the Approval Certificate and together with the Bond Resolutions, the Resolutions), and one or more bond purchase agreements entered into with respect to the Bonds (collectively, the Purchase Agreement) between the Board and the underwriters listed on the cover page hereto (the Underwriters). Capitalized terms not otherwise defined herein have the meanings given to said terms in the Resolutions.

THE BONDS CONSTITUTE GENERAL OBLIGATIONS OF THE STATE AND THE FULL FAITH AND CREDIT OF THE STATE IS PLEDGED FOR THE FAITHFUL PERFORMANCE IN PROPER TIME AND MANNER OF EACH OFFICIAL OR OTHER ACT REQUIRED OR NECESSARY TO PROVIDE FOR PROMPT PAYMENT OF THE BONDS. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

PLAN OF FINANCE

Background and Authorization

Section 49-d-8 created the Development Fund II as a separate account within the State Treasury. Section 49-d-9 authorized the Board to issue general obligation bonds in an amount not to exceed $2 billion to augment Development Fund II. On November 6, 2007, voters approved Proposition 16, which added Section 49-d-10, and authorizes the Board to issue additional general obligation bonds to augment the Economically Distressed Areas Program Account of Development Fund II (the EDAP Account) in an amount not to exceed $250 million. On November 8, 2011, voters approved Proposition 2, which added Section 49-d-11, and authorizes the Board to issue additional general obligation bonds for one or more accounts of Development Fund II in amounts such that the aggregate principal amount of bonds issued under Section 49-d-11 that are outstanding at any time does not exceed $6 billion. On November 5, 2019, voters approved Proposition 2, which added Section 49-d-14, and authorizes the Board to issue additional general obligation bonds for the EDAP Account of Development Fund II in amounts such that the aggregate principal amount of bonds issued under Section 49-d-14 that are outstanding at any time does not exceed $200 million.

* *Preliminary, subject to change.*

The Bonds are being issued as Water Assistance Bonds pursuant to the constitutional authority provided by Sections 49-d-8, and 49-d-11.

For a general discussion of Development Fund II and the bonds authorized to be issued to augment such fund, see "WATER ASSISTANCE BOND PROGRAM – Development Fund II", and "TABLE 1: WATER ASSISTANCE BONDS" below.

Use of Bond Proceeds

The Bonds are being issued for the purpose of conserving and developing the water resources of the State by (i) providing funds for the Financial Assistance Account for Water Assistance Projects included in the State Water Plan (defined herein), and (ii) providing funds for the payment of expenses arising in connection with the issuance of the Bonds. The aggregate principal amount of all Series 2025E Bonds issued pursuant to the 2025E Resolution shall not exceed $550,000,000. The aggregate principal amount of all Taxable Series 2025F Bonds issued pursuant to the 2025F Resolution shall not exceed $350,000,000. The authority to sell the Bonds under the terms of each Bond Resolution expires six months after the adoption of such Bond Resolution.

SWIFT Funds Transfer Agreement

On November 5, 2013, Texas voters approved adding Sections 49-d-12 and 49-d-13 to Article III of the Texas Constitution creating the State Water Implementation Fund for Texas (SWIFT) and the State Water Implementation Revenue Fund for Texas (SWIRFT), respectively. Both SWIFT and SWIRFT are constitutionally dedicated funds in the State Treasury outside the general revenue fund of the State created for the purpose of implementing the State Water Plan (as defined herein). Both SWIFT and SWIRFT are administered by, or on behalf of, the Board, or its successor, for the purpose of implementing the State Water Plan. See “OTHER FIANANCIAL ASSISTANCE PROGRAMS OF THE BOARD – State Water Implementation Fund for Texas Program” for more information about the State Water Plan, SWIFT and SWIRFT.

The funds held in SWIFT are kept and held by the Texas Treasury Safekeeping Trust Company (the TTSTC) in the name of the Board. The Board and the TTSTC may enter into bond enhancement agreements to provide a source of revenue or security for the payment of bonds issued by the Board in support of the State Water Plan. The SWIFT Funds Transfer Agreement (the SWIFT Funds Transfer Agreement) executed in connection with the issuance of the Bonds and the Revenue Bonds (as defined herein) constitutes such a bond enhancement agreement under state law. Pursuant to Subchapter G of Chapter 15 of the Texas Water Code, the Board may elect no more than two transfers of funds from SWIFT in each fiscal year of the State, which commences on September 1 of a calendar year and ends on the succeeding August 31. To that end, on _____, 2025, the Board and the TTSTC entered into the SWIFT Funds Transfer Agreement, pursuant to which not to exceed $_____ in funds from SWIFT will be transferred on or before the Date of Delivery to the Financial Assistance Account to support the payment of debt service for the Bonds and to support the Board's finding that the Bonds are expected to be self-supporting. See "WATER ASSISTANCE BOND PROGRAM - Financial Assistance Bonds.". Funds to be transferred under the terms of the SWIFT Funds Transfer Agreement will be the first transfer of moneys from SWIFT effected in the State’s fiscal year ending August 31, 2026.

Concurrent Issuance of Revenue Bonds

The Texas Water Development Board expects to issue its State Water Implementation Revenue Fund for Texas Revenue Bonds, Series 2025 (Master Trust) (the “Revenues Bonds”), to be issued concurrently with the Bonds. The Revenue Bonds are expected to be are being issued as revenue bonds under the authority of Sections 49-d-12 and 49-d-13, Article III, Texas Constitution, and Subchapter H, Chapter 15, Texas Water Code, as amended, to provide funds to purchase political subdivision bonds, the proceeds of which will be used to finance State Water Plan projects. The Revenue Bonds will be secured by the funds created under a master indenture and bond indenture authorizing the Revenue Bonds, including by the political subdivision bonds purchased with proceeds of the Revenues Bonds. The Revenue Bonds are NOT general obligations of the State, and are NOT secured by any taxation of the State. See “OTHER FIANANCIAL ASSISTANCE PROGRAMS OF THE BOARD – State Water Implementation Fund for Texas Program” for more information about SWIFT revenue bonds.

Anticipated Issuance of Additional General Obligation Bonds

Various State entities, including the Board, have issued and are authorized to issue general obligation bonds or other similar obligations of the State. In addition, by constitutional amendment, the voters of the State may authorize the issuance of additional general obligation bonds or other similar indebtedness for which the full faith, credit and taxing powers of the State are pledged. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and "APPENDIX A – THE STATE OF TEXAS."

SOURCES AND USES OF FUNDS

The Series 2025E Bonds

The proceeds from the sale of the Series 2025E Bonds will be applied approximately as follows:

Sources	
Principal Amount	
Premium	
Total	$ -
Uses	
Deposit to Financial Assistance Account	
Costs of Issuance [(1)]	
Underwriters' Discount	
Total	$ -

(1) Includes legal, financial advisory, rating agency, Paying Agent/Registrar fees of the Board and other costs of issuance.

The Taxable Series 2025F Bonds

The proceeds from the sale of the Taxable Series 2025F Bonds and available funds of the Board, if any, will be applied approximately as follows:

Sources	
Principal Amount	
Premium	
Total	$ -
Uses	
Deposit to Financial Assistance Account	
Costs of Issuance [(1)]	
Underwriters' Discount	
Total	$ -

(1) Includes legal, financial advisory, rating agency, Paying Agent/Registrar fees of the Board and other costs of issuance.

THE BONDS

General Provisions

The Bonds will be issued only as fully registered bonds, in denominations of $5,000 principal amount or any integral multiple thereof (an Authorized Denomination). Interest on the Bonds will accrue from the Date of Delivery at the respective per annum rates for each maturity of Bonds of each series as shown on pages ii and iii, respectively, hereof and will be calculated on the basis of a 360-day year composed of twelve 30-day months. Interest on the Bonds will be payable on [TBD], 2026, and on each [TBD] and [TBD] thereafter until maturity or prior redemption. The Bonds mature on [TBD] and [TBD] in the years and in the principal amounts set forth on pages ii, and iii hereof.

The Board initially will issue the Bonds registered only in the name of Cede & Co., the nominee of The Depository Trust Company, New York, New York (DTC), pursuant to the book-entry-only system described in APPENDIX E to this Official Statement. Beneficial ownership of the Bonds may be acquired in Authorized Denominations. No physical delivery of the Bonds will be made to the Beneficial Owners (as defined in APPENDIX E) thereof. Principal of and interest on the Bonds will be payable to Cede & Co., which will make distributions of the payments to the participating members of DTC for subsequent remittance to the Beneficial Owners.

Payment of principal of the Bonds will be made to the registered owner upon maturity or redemption prior to maturity only upon presentation and surrender of such Bonds at the Designated Payment/Transfer Office of the Paying Agent/Registrar (defined herein); *provided, however*, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Bonds, all payments will be made as described in APPENDIX E to this Official Statement. When the Bonds are not in the book-entry-only system, interest on the Bonds will be paid to registered owners shown on the registration books kept by the Paying Agent/Registrar at the close of business on the fifteenth calendar day of the month next preceding such interest payment date (the Record Date).

In the event that any date for payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment will be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which such banking institutions are authorized to close. Payment on such later date will not increase the amount of interest due and will have the same force and effect as if made on the original date payment was due. Notwithstanding the foregoing, during any period in which ownership of the Bonds is determined only by a book-entry at a securities depository for the Bonds, any payment to the securities depository, or its nominee or registered assigns, shall be made in accordance with existing arrangements between the Board and the securities depository.

Series 2025E Bonds – Redemption Provisions

Optional Redemption. The Series 2025E Bonds having stated maturities on and after _____ 15, 20__, are subject to redemption at the option of the Board, in whole or from time to time in part, on _____ 15, 20__, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

Mandatory Sinking Fund Redemption. The Series 2025E Bonds may be subject to mandatory sinking fund redemption in the event the Underwriters elect to aggregate two or more consecutive maturities as a term bond.

Taxable Series 2025F Bonds – Redemption Provisions

Optional Redemption. The Taxable Series 2025F Bonds having stated maturities on and after _____ 15, 20__, are subject to redemption at the option of the Board, in whole or from time to time in part, on _____ 15, 20__, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

Mandatory Sinking Fund Redemption. The Taxable Series 2025F Bonds may be subject to mandatory sinking fund redemption in the event the Underwriters elect to aggregate two or more consecutive maturities as a term bond.

Selection of Series 2025E Bonds to be Redeemed

If fewer than all of the Series 2025E Bonds that are subject to redemption are called for redemption, the maturities (or mandatory sinking fund redemption amounts within a maturity) to be redeemed will be selected by the Board, and such Bonds to be redeemed within any one maturity will be selected by the Paying Agent/Registrar by lot (or in such other random selection manner as the Paying Agent/Registrar may determine) in integral multiples of $5,000; provided, however, that during any period in which ownership of such Bonds to be redeemed is determined only by a book-entry-only system at DTC, or a successor securities depository, if fewer than all of such Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate will be selected in accordance with the arrangement between the Board and DTC or successor securities depository; provided, further, however, that such selection methodology shall not apply to the Series 2025E Bonds that are redeemed pursuant to application of extraordinary mandatory redemption provisions, in which case selection of redeemed Series 2025E Bonds shall occur in the manner described above under "Extraordinary Mandatory Redemption".

Selection of Taxable Series 2025F Bonds to be Redeemed

If fewer than all of the Taxable Series 2025F Bonds that are subject to redemption are called for redemption, the maturities (or mandatory sinking fund redemption amounts within a maturity) to be redeemed will be selected by the Board. If the Taxable Series 2025F Bonds are registered in book-entry only form and so long as DTC, or a successor securities depository, is the sole registered owner of such Taxable Series 2025F Bonds and if less than all of the Taxable Series 2025F Bonds of a maturity are called for prior redemption, the particular Taxable Series 2025F Bonds or portions thereof to be redeemed shall be selected on a "Pro Rata Pass-Through Distribution of Principal" basis in accordance with DTC procedures; provided, however, the selection for redemption of such Taxable Series 2025F Bonds shall be made in accordance with the operational arrangements of DTC then in effect. It is the Board's intent that redemption allocations made by DTC, the DTC Participants (as defined in APPENDIX E) or such other intermediaries that may exist between the Board and the beneficial owners of the Taxable Series 2025F Bonds be made on a Pro Rata Pass-Through Distribution of Principal basis as described above; however, the Board can provide no assurance that DTC, the DTC Participants or any other intermediaries will allocate redemptions among beneficial owners of the Taxable Series 2025F Bonds on such basis. If the DTC operational arrangements do not allow for the redemption of the Taxable Series 2025F Bonds on a Pro Rata Pass-Through Distribution of Principal basis as described above, then the Taxable Series 2025F Bonds will be selected for redemption in accordance with DTC procedures by lot. If the Taxable Series 2025F Bonds are no longer registered to DTC or its nominee, any redemption of less than all of a maturity of such Taxable Series 2025F Bonds shall be effected by the

Paying Agent/Registrar among owners on a pro-rata basis subject to minimum Authorized Denominations. The Taxable Series 2025F Bonds or portions thereof to be redeemed shall be determined by the Paying Agent/Registrar, using such method as it shall deem fair and appropriate.

Notice of Redemption

At least 30 days prior to the date fixed for any redemption, a written notice of such redemption will be given to the registered owner of each Bond, or portion thereof, that is being called for redemption by depositing such notice in the United States mail, first-class-postage prepaid, addressed to each such registered owner at such owner's address shown on the registration books of the Paying Agent/Registrar. The failure to send, mail, or receive such notice described above, or any defect therein or in the sending or mailing thereof, will not affect the validity or effectiveness of the proceedings for the redemption of any Bond. By the date fixed for any such redemption, due provision will be made by the Board with the Paying Agent/Registrar for the payment of the required redemption price for Bonds or the portion thereof which are to be so redeemed, plus accrued interest thereon to the date fixed for redemption.

The Board reserves the right to give notice of its election to optionally redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of monies and/or Defeasance Securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date or (ii) that the Board retains the right to rescind such notice at any time prior to the scheduled redemption date if the Board delivers a certificate or other direction to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice of redemption shall be of no effect if such monies and/or Defeasance Securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission to the affected Owners. Any Bonds subject to conditional redemption where redemption has been rescinded shall not constitute an event of default and shall remain outstanding.

SHOULD NOTICE TO CALL A PARTICULAR SERIES OF BONDS FOR REDEMPTION AT THE OPTION OF THE BOARD BE GIVEN IN THE MANNER PROVIDED ABOVE, BUT THE BOARD SHALL NOT BE ABLE TO PROVIDE THE PAYING AGENT/REGISTRAR WITH AMOUNTS SUFFICIENT TO AFFECT ON THE DATE FIXED FOR REDEMPTION THE PAYMENT OF THE ENTIRE REDEMPTION PRICE OF THE PARTICULAR SERIES OF BONDS SO CALLED FOR REDEMPTION, NO SUCH BONDS SHALL BE REDEEMED ON THE DATE FIXED FOR REDEMPTION, AND THE NOTICE OF REDEMPTION FOR SUCH BONDS SHALL BE NULL AND VOID.

Paying Agent/Registrar

The initial Paying Agent/Registrar for the Bonds is The Bank of New York Mellon Trust Company, N.A. In the Resolutions, the Board retains the right to replace the Paying Agent/Registrar. The Board covenants in the Bond Resolutions to maintain and provide a Paying Agent/Registrar for the Bonds at all times while the Bonds are outstanding and any successor Paying Agent/Registrar is required to be a competent and legally qualified bank or trust company which shall be a corporation organized and doing business under the laws of the United States of America or any state, authorized under such laws to exercise trust powers and subject to supervision by federal or state authority. Upon any change in the Paying Agent/Registrar for the Bonds, the Board agrees to promptly cause a written notice thereof to be sent by the new Paying Agent/Registrar for the Bonds to each registered owner of the affected Bonds by United States mail, first-class-postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General Obligation Pledge

THE BONDS ARE GENERAL OBLIGATIONS OF THE STATE, AND AS PROVIDED IN SECTIONS 49-d-8, AND 49-d-11, AND THE ACT, THE FULL FAITH AND CREDIT OF THE STATE IS PLEDGED FOR THE FAITHFUL PERFORMANCE OF ALL COVENANTS, RECITALS AND STIPULATIONS IN THE RESOLUTIONS AND THE BONDS.

Section 49-d-8 provides that if there is not enough money in the Financial Assistance Account, EDAP Account or State Participation Account (together, the Water Assistance Accounts) available to pay the principal of, premium, if any, and interest on the Water Assistance Bonds payable from such account, including money to make payments by the Board under any Bond Enhancement Agreement (defined herein) with respect to principal of or interest on such Water Assistance Bonds, there is appropriated out of the first money coming into the State Treasury in each fiscal year, not otherwise appropriated by the Constitution, an amount that is sufficient to pay such obligations maturing or becoming due during that fiscal year. If there is not sufficient money in the applicable Water Assistance Account to pay such Water Assistance Bonds payable from such Water Assistance Account, the Texas Water Code directs the Board to notify the Comptroller of such insufficiency and requires the Comptroller to transfer to the applicable Water Assistance Account the first money coming into the State Treasury not otherwise appropriated by the Constitution in amounts sufficient to pay such obligations. The Resolutions establish procedures by which the Board will seek transfers from the Comptroller. See "WATER ASSISTANCE BOND PROGRAM".

Perfection of Security

Chapter 1208, Texas Government Code, as amended, applies to the issuance of the Bonds and the pledge of the security granted by the Board under the Bond Resolutions, and such pledge is therefore valid, effective and perfected. If State law is amended at any time while any Bonds are outstanding and unpaid such that the pledge of the security granted by the Board under the Bond Resolutions are to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, as amended, then in order to preserve for the owners of Bonds the perfection of the security interest in said pledge, the Board has agreed to take such measures as it determines are reasonable and necessary under State law to comply with the provisions of Chapter 9, Texas Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

Other Sources of Payment

Section 49-d-8 and the Texas Water Code provide that the State Participation Account, the EDAP Account, and the Financial Assistance Account are separate and distinct from one another and that each such account is a source of payment for Water Assistance Bonds issued with respect to that account. The Board has also established (i) the State Participation Bond Payment Account (with respect to the State Participation Bonds, as defined herein) (the State Participation Bond Payment Account), (ii) the EDAP Bond Payment Account (with respect to the EDAP Bonds, as defined herein) (the EDAP Bond Payment Account), and (iii) the Financial Assistance Account (with respect to the Financial Assistance Bonds) (the Financial Assistance Bond Payment Account).

Accordingly, (i) the Financial Assistance Account and the Financial Assistance Bond Payment Account constitute sources of payment only for the Financial Assistance Bonds, including the Series 2025E Bonds and the Taxable Series 2025F Bonds, as described in this Official Statement. **No EDAP Bonds are being offered pursuant to this Official Statement and the EDAP and the EDAP Bond Payment Account are not sources of payment for the Bonds. No State Participation Bonds are being offered pursuant to this Official Statement and the State Participation Account and the State Participation Bond Payment Account are not sources of payment for the Bonds.**

Enforcement of Payment

The right of mandamus in any court of competent jurisdiction is specifically provided in the Texas Water Code to enforce payment of the Bonds, and obligations incurred under any bond enhancement agreement (a Bond Enhancement Agreement) with respect to the Bonds entered into by the Board pursuant to Section 17.954(c) of the Act, and the performance of official duties prescribed by Section 49-d-8 to make the transfers of funds as required.

Defeasance

The Resolutions provide that any Bond issued thereunder will be deemed paid and no longer Outstanding (a Defeased Bond) when payment of the principal of and premium, if any, on such Bond, plus interest thereon to the due date thereof (by 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 the Board irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other similar instrument for such payment (a) lawful money of the United States of America sufficient to make such payment and/or (b) Defeasance Securities (as defined below) 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 Board with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. As used above and unless otherwise specified in the Approval Certificate, "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 the Board adopts or approves proceedings authorizing the issuance of refunding bonds or, if such defeasance is not in connection with the issuance of refunding bonds, on the date the Board provides for the funding of an escrow to effect the defeasance of the applicable Bonds, are rated as to investment quality by a nationally-recognized investment rating firm not less than "AAA" or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Board adopts or approves proceedings authorizing the issuance of refunding bonds or, if such defeasance is not in connection with the issuance of refunding bonds, on the date the Board provides for the funding of an escrow to effect the defeasance of the applicable Bonds, 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 that may be used to defease obligations such as the Bonds under the then applicable laws of the State.

Upon such deposit as described above, such Bonds shall no longer be regarded to be Outstanding or unpaid. The Board has reserved the option, however, to be exercised at the time of the defeasance of the Bonds, to call for redemption, at an earlier date, those Bonds which have been defeased to their maturity date, if the Board, in the proceedings providing for the firm banking and financial arrangements, (i) expressly reserves the right to call the Defeased Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Defeased Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Amendment of Resolutions With Consent of Registered Owners

The registered owners aggregating in principal amount at least 51% of the aggregate principal amount of the Bonds (not including any Bonds held by or for the account of the Board) at the time Outstanding shall have the right from time to time to approve any amendment of the Resolutions authorizing the issuance of the Bonds which may be deemed necessary or desirable by the Board; provided, however, that nothing therein shall permit or be construed to permit the amendment of the terms and conditions contained in the Bond Resolutions or in the Bonds so as to:

(i) make any change in the maturity of any of the Bonds;
(ii) reduce the rate of interest borne by any of the Bonds;
(iii) reduce the amount of the principal payable on any of the Bonds;
(iv) modify the terms of payment of principal of or interest on any of the Bonds, or impose any conditions with respect to such payment;
(v) change the minimum percentage of the principal amount of the Bonds necessary for consent to such amendment; or
(vi) affect the rights of the registered owners of less than all of the Bonds then outstanding;

unless such amendment or amendments be approved by the registered owners of all of the Bonds of the affected Series at the time Outstanding.

Amendment of Resolutions Without Consent of Registered Owners

The Board may, without prior notice to or the consent of the registered owners of the Bonds, pursuant to an amendatory resolution from time to time:

(i) impose conditions or restrictions additional to, but not in diminution of, those contained in the Bond Resolutions respecting the issuance of the Bonds;
(ii) undertake covenants additional to but not inconsistent with those contained in the Bond Resolutions;
(iii) correct any ambiguity or correct or supplement any inconsistent or defective provision contained in the Bond Resolutions or any amendatory resolution;
(iv) adopt amendments to the Bond Resolutions that provide for the payment of principal of and interest on the Bonds or the payment of administrative expenses of the Board from Bond proceeds; or
(v) adopt amendments to the Bond Resolutions that, in the opinion of nationally-recognized bond counsel acceptable to the Board, do not adversely affect the registered owners.

In addition to the foregoing, the Board expressly reserves the right, without prior notice to or consent from the registered owners of the Bonds, to amend certain provisions of the Bond Resolutions to reflect subsequent amendments to the Constitution and the Act, including, without limitation, amendments altering:

(i) the administration of Development Fund II; or
(ii) the accounts within Development Fund II; or
(iii) the deposit or application of money received by the Board as repayments of loans to political subdivisions and interest on those loans, or proceeds from the sale, transfer or lease of facilities held for any account within Development Fund II; or
(iv) the use of the proceeds of the Bonds; or
(v) the rights, duties and obligations of the Comptroller as specified in the Bond Resolutions; or
(vi) the procedure for payment of the Bonds; or
(vii) the payment of expenses of administering Development Fund II and other authorized expenses of the Board; or
(viii) the administration of the Water Infrastructure Fund;

provided, however, that such amendments to the Bond Resolutions can be made only if:

(a) the Board receives an opinion of nationally-recognized bond counsel acceptable to the Board to the effect that such amendments comply with the Act and the affected Bond Resolutions, that the Bonds of the affected Series continue to be general obligations of the State and the Constitution provides for appropriation out of the first money coming into the State Treasury in each fiscal year, not otherwise appropriated by the Constitution, of an amount sufficient to pay the principal of or interest on the Bonds that mature or become payable during that Fiscal Year, to the extent the same are not otherwise paid from funds pledged to their payment;
(b) bond counsel acceptable to the Board renders an opinion substantially to the effect that any such amendment will not adversely affect the excludability of interest on any tax-exempt Water Assistance Bonds from gross income for federal income tax purposes; and
(c) each nationally recognized securities rating agency providing a rating on the Bonds at the time the Bonds were initially delivered to the Underwriters and that has a then existing rating thereon confirms in writing that subsequent to any such amendment, the Bonds will continue to be rated as general obligation bonds of the State.

If the Board so amends any Bond Resolution without the consent of registered owners as provided in this subsection, it shall cause notice of such amendment to be published one time in a financial newspaper or journal of general circulation in the City of New York, New York, or the City of Austin, Texas. Such notice shall contain a summary of the amendatory language, recite that the conditions set forth in items (a) through (c) above have been satisfied, and recite the effective date of such amendment. Such notice shall be published within thirty days of the effective date of such amendment. Such notice shall state that a copy thereof is on file at the principal office of the Board for inspection. Such publication is not required, however, if written notice is given to each registered owner of the affected Bonds.

WATER ASSISTANCE BOND PROGRAM

Development Fund I

The Legislature of the State (the Legislature) and the voters of the State have approved constitutional amendments increasing the Board's bond issuance authority and authorized funding purposes, such that the Board had been authorized to issue up to $2,480,000,000 in general obligation bonds for various water development purposes (Water Development Bonds) to augment the Texas Water Development Fund (Development Fund I). Pursuant to such authorization, the Board has issued $1,467,190,000 of Water Development Bonds for Development Fund I. In an effort to aggregate the authority of various constitutional amendments, voters approved Section 49-d-8 in 1997 which provided that bonds otherwise authorized by Sections 49-c, 49-d, 49-d-1, 49-d-2, 49-d-5, 49-d-6 and 49-d-7 of Article III of the Constitution (the Development Fund I Constitutional Provisions) could be issued as Water Assistance Bonds to augment Development Fund II. Thereafter, all of the liabilities and assets formerly held in Development Fund I were transferred to Development Fund II.

Development Fund II

Development Fund II was established pursuant to Section 49-d-8 in 1997. Development Fund II is a fund in the State Treasury separate and legally distinct from Development Fund I. Section 49-d-8 provides that bonds otherwise authorized by the Development Fund I Constitutional Provisions can be issued to augment Development Fund II. Since Section 49-d-8 consolidated the separate bond issuance authorities contained in the Development Fund I Constitutional Provisions, and provides a more efficient cash flow for Development Fund II than exists for Development Fund I, the Board ceased issuing bonds to augment Development Fund I. In addition, the voters of the State approved Section 49-d-9 in 2001, which authorizes the Board to issue additional general obligation bonds for one or more accounts of Development Fund II in an amount not to exceed $2 billion.

Section 49-d-8 limits the authorized amount of EDAP Bonds that may be issued by the Board under that section to $250 million in the aggregate, and the Board has previously issued EDAP Bonds in such amount pursuant to that section (including Water Development Bonds previously issued pursuant to subsection (b) of Section 49-d-7 of the Constitution.) In November 2007, the Constitution was amended to add Section 49-d-10, which authorized the Board to issue up to $250 million in additional general obligation bonds as EDAP Bonds to augment the EDAP Account.

Section 49-d-11 was approved by the voters of the State on November 8, 2011 and authorizes the Board to issue additional general obligation bonds for one or more accounts of Development Fund II in amounts such that the aggregate principal amount of bonds issued under Section 49-d-11 that are outstanding at any time does not exceed $6 billion. Section 49-d-14 was approved by the voters of the State on November 5, 2019 and authorizes the Board to issue additional general obligation bonds for the EDAP Account of Development Fund II in amounts such that the aggregate principal amount of bonds issued under Section 49-d-14 that are outstanding at any time does not exceed $200 million. The effect of the provisions of Section 49-d-11 and Section 49-d-14 is to provide an "evergreen" authorization. Unlike bonds issued under authority of the Development Fund I Constitutional Provisions, Section 49-d-9 and Section 49-d-10 (which provide that the authority to issue bonds is extinguished once bonds are issued), once bonds issued under authority of Section 49-d-11 or Section 49-d-14 are no longer outstanding by their terms, the authority under Section 49-d-11 or Section 49-d-14 to issue bonds in a like principal amount is restored and made available to the Board.

The bonding authority provided by the Development Fund I Constitutional Provisions, Section 49-d-9, and Section 49-d-10 have been fully extinguished. Section 49-d-11 and Section 49-d-14 currently represent the only remaining authority to issue Water Assistance Bonds. See "TABLE 1: WATER ASSISTANCE BONDS" below.

Major Accounts within Development Fund II

Within Development Fund II, the Board has established the "Financial Assistance Bond Payment Account" the "State Participation Bond Payment Account," the "EDAP Bond Payment Account," and other accounts necessary for the proper administration of Development Fund II, as determined by the Board. In addition, the Board has the authority to create additional accounts as may be needed to administer its programs. Money on deposit in the Financial Assistance Account may be used for Water Assistance Projects; money on deposit in the State Participation Account may be used for State Participation Projects (defined herein) and money on deposit in the EDAP Account may be used for EDAP Projects. Money in each such account can be used to pay the expenses of the Board in connection with the issuance of bonds for such account and the administration of such account and for the payment of debt service on bonds issued for such account, including payments, if any, required under a Bond Enhancement Agreement with respect to principal of and interest on such bonds.

Section 49-d-8 and the Texas Water Code provide that the Financial Assistance Account, the State Participation Account, the Water Infrastructure Fund, and the EDAP Account are separate and distinct from one another and that each such account is a source of payment for Water Assistance Bonds issued with respect to that account. The Board has also established (i) the Financial Assistance Bond Payment Account, (ii) the State Participation Bond Payment Account and (iii) the EDAP Bond Payment Account. Accordingly, (i) the Financial Assistance Account and the Financial Assistance Bond Payment Account constitute sources of payment only for the Financial Assistance Bonds, (ii) the State Participation Account and the State Participation Bond Payment Account constitute sources of payment only for State Participation Bonds and (iii) the EDAP Account and the EDAP Bond Payment Account constitute sources of payment only for the EDAP Bonds.

For purposes of the discussion of Development Fund II herein, the following capitalized terms have the following meanings pursuant to the Resolutions:

"Water Assistance Project" means any project for which the Board is authorized to provide financial assistance, in accordance with the purposes described by Article III, Sections 49-c, 49-d, 49-d-1, 49-d-2, 49-d-5, 49-d-6, 49-d-7, or 49-d-8, Texas Constitution, other than (i) a State Participation Project or (ii) an EDAP Project. The term "Water Assistance Project" includes, without limitation, transfers to or deposits to the credit of any state revolving fund administered by the Board under the provisions of the Texas Water Code, specifically Chapter 15, Texas Water Code, and transfers to or deposits to the credit of the Rural Water Assistance Fund or the Water Infrastructure Fund.

"State Participation Project" means any project found by the Board to be in accordance with the purposes described in Section 16.131, Texas Water Code.

"EDAP Project" means any project found and determined by the Board to be in accordance with the purposes described in Subchapter K, Chapter 17, Texas Water Code.

Financial Assistance Bonds

As a practice, the Board's policy historically has been that debt service on Financial Assistance Bonds be self-supporting, and the Board has expected that program revenues flowing into the Financial Assistance Account will be sufficient to meet debt service requirements on outstanding Financial Assistance Bonds. The Board currently anticipates that the Board's policy will continue for the Series 2025E Bonds and the Taxable Series 2025F Bonds. No assurance, however, can be given that subsequent events, including, without limitation, changes in relevant constitutional or statutory provisions, will not cause the Board to change such policy.

Financial Assistance Account. Consistent with the Texas Water Code and Section 49-d-8, the Financial Assistance Account receives the following money, which will be used as further described below:

(i) Money and Assets Attributable to Bonds (as defined in the 2025E Resolution and the 2025F Resolution) designated by the Board as issued for Water Assistance Projects;

(ii) payments received under a Bond Enhancement Agreement with respect to Financial Assistance Bonds designated by the Board as issued for Water Assistance Projects;

(iii) investment income earned on money on deposit in the Financial Assistance Account; and

(iv) any other funds, regardless of their source, that the Board directs to be deposited to the credit of the Financial Assistance Account.

See APPENDIX B attached hereto for unaudited financial data relating to the Financial Assistance Account for various fiscal years, including the fiscal year ended August 31, 2024. See "OTHER INFORMATION – Unaudited Financial Information".

Financial Assistance Bond Payment Account. The Board has established the Financial Assistance Bond Payment Account as a special account into which amounts will be deposited, as more fully described below, from the Financial Assistance Account, or otherwise from the State Treasury, and used to pay the principal of, premium, if any, and interest payable on the Financial Assistance Bonds, including, to the extent determined by the Board, amounts sufficient to make payments, if any, required under one or more Bond Enhancement Agreements with respect to principal of or interest on such Financial Assistance Bonds. In the case of Water Infrastructure Bonds, appropriations from the State's General Revenue Fund and moneys received from repayments of loans made from the Water Infrastructure Fund shall be used to pay debt service on Water Infrastructure Bonds, and such moneys will be deposited to the credit of an account within the Water Infrastructure Fund (the Water Infrastructure Fund Bond Payment Account) to pay debt service on Water Infrastructure Bonds. The Water Infrastructure Fund has become self-supporting and program revenues are now sufficient to meet debt service requirements on the Water Infrastructure Fund Bonds. As a result, the Board currently anticipates that the Legislature will no longer make appropriations from the State's General Revenue Fund to support debt service payments on the Water Infrastructure Bonds. See "WATER ASSISTANCE BOND PROGRAM – Water Infrastructure Fund."

Financial Assistance Bonds Flow of Funds. On or before the date interest or interest on and principal of the Financial Assistance Bonds is scheduled to become due and payable, the Board must cause to be transferred, from moneys available for such purpose in the Financial Assistance Account to the Financial Assistance Bond Payment Account an amount which will be sufficient to pay the principal of and premium, if any, and interest on the Financial Assistance Bonds, including, to the extent determined by the Board, an amount which will be sufficient to make payments by the Board under one or more Bond Enhancement Agreements with respect to principal of or interest on such Financial Assistance Bonds, when such interest or interest and principal, and premium, if any, or such payments, if any, become due and payable, with allowance being made for money currently on deposit in the Financial Assistance Bond Payment Account and available to make such payments.

If the Executive Administrator of the Board or the designee thereof determines within 15 days of an interest or principal payment date that the money available in the Financial Assistance Account or, in the case of the refunded rural water assistance fund bonds, the Rural Water Assistance Fund, for transfer to the Financial Assistance Bond Payment Account, as described above, is not sufficient to pay the principal of, premium, if any, and interest on the Financial Assistance Bonds, which then are outstanding and are scheduled to be due and payable on such interest or principal payment date, including, to the extent determined by the Board, an amount which will be sufficient to make payments by the Board under one or more Bond Enhancement Agreements with respect to principal of or interest on such Financial Assistance Bonds, the Executive Administrator or the designee thereof is required to request the Comptroller to deposit no later than three days prior to such interest or principal payment date, or as soon thereafter as sufficient money has been received in the State Treasury, in the Financial Assistance Bond Payment Account out of the first money coming into the State Treasury, sufficient money so that the total amount in the Financial Assistance Bond Payment Account will be sufficient to pay the principal, premium, if any, and interest to mature and come due on the Financial Assistance Bonds on such interest or principal payment date, or to make any payments by the Board, to the extent determined by the Board, under any Bond Enhancement Agreement with respect to principal of or interest on such Financial Assistance Bonds, and to pay all collection and exchange charges in connection therewith.

After making the transfers for the benefit of the Financial Assistance Bond Payment Account, other available money remaining in the Financial Assistance Account may, at the direction of the Board, be used for Water Assistance Projects and all of the purposes for which the Board may expend money in the Financial Assistance Account under Section 49-d-8. See "WATER ASSISTANCE BOND PROGRAM – Development Fund II."

Notwithstanding the foregoing, money in the Financial Assistance Account representing proceeds from Financial Assistance Bonds, prepayments of financial assistance provided from the Financial Assistance Account or proceeds from the sale or other disposition of the Board's rights to receive repayments of such financial assistance are not available for transfer to the Financial Assistance Bond Payment Account unless by resolution the Board specifically authorizes the transfer of any such proceeds or prepayments so identified in said resolution to the Financial Assistance Bond Payment Account.

Water Infrastructure Fund

No Water Infrastructure Bonds are being offered pursuant to this Official Statement. Section 49-d-9 requires that $50,000,000 of the bonds authorized to be issued under Section 49-d-9 be used for the Water Infrastructure Fund, a special fund in the State Treasury established under Subchapter Q of Chapter 15 of the Texas Water Code to provide financial assistance to eligible Texas political subdivisions (the Water Infrastructure Fund). The Board met this requirement in 2008. Since 2007, the Legislature has authorized appropriations of money from the State's General Revenue Fund to support the payment of debt service on general obligation bonds issued for the Water Infrastructure Fund (Water Infrastructure Bonds). The Water Infrastructure Fund has become self-supporting and program revenues are now sufficient to meet debt service requirements on the Water Infrastructure Bonds. As a result, the Board currently anticipates that the Legislature will no longer make appropriations from the State's General Revenue Fund to support debt service payments on the Water Infrastructure Bonds.

The Board may direct the Comptroller to transfer amounts from the Financial Assistance Account to the Water Infrastructure Fund to provide financial assistance under the Texas Water Code for the purposes provided in Subchapter Q, as listed in Section 15.974, Texas Water Code, as amended. Subchapter Q further provides that the Water Infrastructure Fund may be used (1) as a source of revenue for the repayment of debt service on Financial Assistance Bonds, the proceeds of which have been deposited into the Water Infrastructure Fund, and (2) pursuant to HB 1904 of the 87th Regular Session of the Legislature, effective September 1, 2021, to make transfers from the Water Infrastructure Fund to the Financial Assistance Account for the purposes described in Section 49-d-8, other than for the purposes described in Sections 17.957 and 17.958, Texas Water Code, as amended.

TABLE 1: WATER ASSISTANCE BONDS*

As of February 28, 2025

Constitutional Provision [1][2]	Purpose	Constitutionally Authorized Amount	Authorization Used [3]	Authorization Currently Being Issued	Authorization Remaining [4]
Section 49-d-11 [5]	Development Fund II	$ 6,000,000,000	$ 186,163,160		$ 5,813,836,840
Section 49-d-14 [6]	EDAP	200,000,000	89,450,421		110,549,579
Total			$ 275,613,581	$ -	$ 5,924,386,419

* Preliminary, subject to change.

[1] All section references are to Article III of the Texas Constitution.

[2] The bonding authority provided by the Development Fund I Constitutional Provisions, Section 49-d-9, and Section 49-d-10 has been fully extinguished. Section 49-d-11 and Section 49-d-14 currently represent the only remaining authority to issue Water Assistance Bonds.

[3] Authorization is evergreen; therefore, "Authorization Used" represents aggregate principal amount of bonds outstanding, together with premium derived from the sale of such bonds and used to augment Development Fund II. Excludes principal amount of bonds previously issued and paid (and related amortized premium).

[4] Assumes delivery of the Bonds. Authorization is evergreen; therefore, "Authorization Remaining" will increase as principal amount of bonds previously issued and in the process of issuance is paid (and related premium is amortized).

[5] Section 49-d-11 authorizes the Board to issue additional general obligation bonds for one or more accounts of Development Fund II in amounts such that the aggregate principal amount of bonds issued under Section 49-d-11 that are outstanding at any time does not exceed $6 billion.

[6] Section 49-d-14 authorizes the Board to issue additional general obligation bonds for the EDAP Account in amounts such that the aggregate principal amount of bonds issued under Section 49-d-14 that are outstanding at any time does not exceed $200 million.

OTHER FINANCIAL ASSISTANCE PROGRAMS OF THE BOARD

In addition to the financial assistance programs described under "WATER ASSISTANCE BOND PROGRAM", the Board administers other assistance programs which are funded with special revenues, general revenues or the proceeds of general obligation bonds of the State. The following is a brief summary of such programs. **None of the following programs are being funded with proceeds from the Bonds offered pursuant to this Official Statement**.

Texas Agricultural Water Conservation Bond Program

Article III, Section 50-d of the Constitution (adopted in 1985) authorizes the Board to issue general obligation Texas Agricultural Water Conservation Bonds. Subchapter J was added to Chapter 17 of the Texas Water Code, implementing the Agricultural Water Conservation Bond Program and creating the Agricultural Water Conservation Fund (Agriculture Fund).

Money in the Agriculture Fund may be used to provide grants to State agencies to fund conservation programs or conservation projects, provide grants or loans to certain political subdivisions for conservation programs or conservation projects, provide linked deposits to certain financial institutions for loans to certain entities and individuals for conservation projects, pay for the Board's conservation programs, pay costs of issuance for and debt service due on Texas Agricultural Water Conservation Bonds, and to pay the Board's related administrative expenses. Conservation programs, certain costs of which may be financed from the Agriculture Fund, include: (a) agricultural water conservation technical assistance programs; (b) research, demonstration, technology transfer, or educational programs relating to agricultural water use and conservation; (c) precipitation enhancement programs; and (d) any other agricultural water conservation program defined by Board rule. Conservation projects, certain costs of which may be financed from the Agriculture Fund, include projects that: (a) improve water use efficiency; (b) prepare irrigated land for conversion to dry land conditions; (c) prepare dry land for more efficient use of precipitation; (d) purchase and fund the acquisition and installation of devices on public or private property to indicate the amount of water withdrawn for irrigation; (e) prepare and maintain land to be used for brush control activities; and (f) implement any other agricultural water conservation project defined by Board rule.

TABLE 2: AGRICULTURE FUND GENERAL OBLIGATION BONDS

As of February 28, 2025

Constitutional Provision [1]	Purpose	Constitutionally Authorized Amount	Previously Issued	Authorized But Unissued
Section 50-d	Agriculture Fund	$ 200,000,000	$ 35,160,000	$ 164,840,000
Total			$ 35,160,000	$ 164,840,000

[1] All section references are to Article III of the Texas Constitution.

Flood Infrastructure Fund

Article III, Section 49-d-14 of the Texas Constitution (adopted in 2019) created the Flood Infrastructure Fund (FIF) as a special fund in the State treasury outside the general revenue fund. Subchapter I was added to Chapter 15 of the Texas Water Code to implement the FIF program and establish the FIF. The FIF is administered by the Board and has been funded with transfers of approximately $1.4 billion from the State's general revenue fund and economic stabilization fund. The Board may utilize the proceeds of general obligation bonds or revenue bonds issued for an authorized purpose of the FIF.

The FIF program provides grants and zero interest loans for flood control, flood mitigation, and drainage projects included in the State Flood Plan. The most current State Flood Plan, the 2024 State Flood Plan was adopted by the Board on August 15, 2024. The 2024 State Flood Plan is available on the website of the Board at https://www.twdb.texas.gov/flood/planning/sfp/index.asp. Eligible projects include structural, nonstructural, and nature-based solutions which fall into one of three categories: flood management evaluation, flood mitigation project, or flood management strategy. Project funding is available to eligible political subdivision applicants, including a city, county, district or authority created under Article III, Section 52, or Article XVI, Section 59, of the Texas Constitution. In addition, funding for flood protection planning for watersheds is also available to any other political subdivision of the state, any interstate compact commission to which the state is a party, and any nonprofit water supply corporation created and operating under Chapter 67 of the Texas Water Code.

Texas Water Fund

In the 88th Regular Session of the Texas Legislature, the Texas Water Fund (TWF) was created through the enactment of Senate Bill (S.B.) 28 and Senate Joint Resolution (S.J.R.) 75. On November 7, 2023, the voters approved amending the State Constitution in the manner provided by S.J.R. 75 and the TWF was lawfully authorized. The TWF is a special fund in the State treasury, outside the general revenue fund of the State. Through the operation of S.B. 28 and the enactment of the constitutional amendment, an appropriation of $1 billion to the TWF became effective. While not a new financial assistance program, the Board is authorized by Subchapter H-1, Chapter 15, Texas Water Code (Subchapter H-1), to use the TWF to augment funding in several of its existing financial assistance programs. Section 15.504, Texas Water Code, prescribes the uses to which funds in the TWF may be used.

New Water Supply for Texas Fund

The New Water Supply for Texas Fund is a special fund in the state treasury administered by the TWDB. The fund may be used for the following purposes: (1) to provide financial assistance to political subdivisions of the state to develop water supply projects that create new water sources for the state, including desalination projects (which may include marine and brackish water desalination); produced water treatment projects, other than projects that are only for purposes of oil and gas exploration; aquifer storage and recovery projects; and the development of infrastructure to transport water that is made available by these types of projects; (2) to make transfers to the SWIFT and to the Development Fund II for eligible projects through those programs; (3) to make transfers to the Texas Water Bank Account, which was established to facilitate the transfer, sale, or lease of water and water rights throughout the state, including purchasing, holding, and transferring water rights in the TWDB's name. Pursuant to Subchapter C-1 of Chapter 15 of the Texas Water Code, the Texas Legislature directed the Board to undertake the financing of projects through the New Water Supply Fund for Texas that will lead to approximately 7 million acre-feet of new water supplies by December 31, 2033.

Revenue Bonds

The Board is authorized to issue an unlimited amount of revenue bonds to fund certain eligible projects. The Board has the authority to sell revenue bonds for the following purposes: (1) to finance the construction of water and wastewater projects of political subdivisions and nonprofit water supply corporations; (2) to provide interim financing to political subdivisions which are also receiving long term financing from the Board; (3) to finance projects of nonprofit water supply corporations; (4) to provide the State matching funds for federal funds provided to the Clean Water State Revolving Fund (CWSRF), the Drinking Water State Revolving Fund (DWSRF), and any additional State revolving fund hereafter established by the Board to provide financial assistance to political subdivisions for public works in accordance with a federal capitalization grant program; and (5) to finance water and sewer projects

in economically distressed areas to the extent such assistance will not adversely affect the current or future integrity of financial assistance programs of the Board. The Board's revenue bonds do not constitute a debt of the State, and neither the full faith and credit nor the taxing authority of the State is in any manner pledged, given or loaned to the payment of the Board's revenue bonds. Further, the Board's revenue bonds are not secured by or payable from money in either Development Fund I or Development Fund II.

State Water Pollution Control Revolving Fund

The Federal Water Pollution Control Act of 1972, as amended by the Water Quality Act of 1987, as amended (the Federal Act), established the Federal Loan Program (described below) as a joint federal and state program. Under the Federal Loan Program, the United States Environmental Protection Agency (USEPA) is authorized to make grants (the SRF Capitalization Grants) to states to aid in providing financial assistance to municipalities; intermunicipal, interstate or state agencies; or other public entities eligible for assistance under the Federal Act (the Eligible Borrowers) for eligible projects including the construction of publicly owned treatment works, managing stormwater, measures to reduce the demand for publicly owned treatment works capacity through water conservation, efficiency, or reuse, and nonpoint source pollution control projects and other authorized purposes pursuant to the Federal Act. As a condition to receipt of an SRF Capitalization Grant, a state is required to establish a perpetual state revolving fund into which the SRF Capitalization Grant must be deposited, and to provide state matching funds for the SRF Capitalization Grant. Funds in a state revolving fund are permitted to be applied to provide financial assistance to Eligible Borrowers in a number of ways, including making direct loans, purchasing or refinancing debt obligations and providing loan guarantees.

Pursuant to Chapter 15, Subchapter J of the Texas Water Code (Subchapter J), which became effective June 17, 1987, the State created the CWSRF for the purpose of providing financial assistance to Eligible Borrowers for authorized activities and uses. The Board currently provides financial assistance by purchasing political subdivision obligations from Eligible Borrowers, or by providing loans or principal forgiveness.

The Board purchases political subdivision obligations or provides loans under the CWSRF program with terms up to thirty (30) years from project completion, but in no event longer than the projected useful life of the project financed or refinanced.

State Safe Drinking Water Revolving Fund

The Federal Safe Drinking Water Act (SDWA) established national primary drinking water regulations to protect the safety of the public's drinking water. Under the SDWA, the USEPA is authorized to make grants (DWSRF Capitalization Grants) to states to assist communities in meeting established drinking water standards. As a condition to receipt of a DWSRF Capitalization Grant, a state is required to establish a drinking water state revolving fund into which the DWSRF Capitalization Grant must be deposited, provide state matching funds for the DWSRF Capitalization Grant for deposit in the safe drinking water revolving fund and comply with certain other requirements of the SDWA. Pursuant to Subchapter J, Texas created the DWSRF for the purpose of providing financial assistance to political subdivisions and water supply corporations. The Legislature expanded the program to allow funding for privately owned corporations for loan subsidies, provided that only appropriated funds and federal grants are utilized for such purpose.

DWSRF funds are permitted to be applied to provide financial assistance to community water systems and non-profit community water systems in a number of ways, including making direct loans, retiring existing debt through refinancing, and providing loan guarantees for expenditures that facilitate compliance with the primary national drinking water regulations. Under the SDWA, no less than 15% of money credited to the DWSRF must be provided to public water systems which serve fewer than 10,000 persons to the extent such funds can be obligated for eligible projects. Additional set asides may be made for source water protection loans and programs for capacity development and for state administration of the SDWA. The Board currently provides financial assistance by purchasing political subdivision obligations from Eligible Borrowers, or by providing loans or principal forgiveness. The maximum term of such form of financial assistance may not exceed thirty (30) years from project completion, but in no event longer than the expected design life of the project financed or refinanced.

State Water Implementation Fund for Texas Program

Pursuant to Subchapter C of Chapter 16 of the Texas Water Code, the Texas Legislature directed the Board to prepare, develop, formulate, and adopt a comprehensive state water plan (the State Water Plan) prior to January 2002. Thereafter, the Board has been responsible for preparing, developing, formulating and adopting a State Water Plan before the end of each successive five-year period. For purposes of developing the State Water Plan, the State is divided into 16 regional water planning areas. Each regional water planning group for each regional water planning area must prepare a regional water plan and submit the plan to the Board for approval. Upon adoption of the State Water Plan, the Board is required to deliver the State Water Plan to the Governor, the Lieutenant Governor and the Speaker of the Texas House of Representatives, and present the adopted State Water Plan for review to the appropriate legislative committees in the Texas Legislature. The most current State Water Plan, the 2022 State Water Plan was adopted by the Board on July 7, 2021. The 2022 State Water Plan is available on the website of the Board, at http://www.twdb.texas.gov/waterplanning/swp/2022/index.asp.

In 2013, the 83rd Regular Session of the Texas Legislature enacted enabling legislation to implement provisions relating to the proposed constitutional amendments that created the State Water Implementation Fund for Texas (SWIFT) and the State Water Implementation Revenue Fund for Texas (SWIRFT) to enhance the ability of the State to provide financial assistance for projects to implement the State Water Plan. With the adoption of the two amendments to the Texas Constitution as described below, the plan envisioned by the Texas Legislature was implemented. Revenue bonds issued to support the "State Water Implementation Fund for Texas Program" are issued through the SWIRFT.

At an election held on November 5, 2013, the voters of Texas approved constitutional amendments which added two new sections to Article III of the Constitution. Generally, Section 49-d-12 provided for the appropriation of $2 billion from the State's economic stabilization fund to create and fund SWIFT as a special fund in the state treasury outside the general revenue fund of the State. Section 49-d-13 created SWIRFT as a special fund in the state treasury outside the general revenue fund of the State.

Section 49-d-12 provides that money in SWIFT shall be administered, without further appropriation, by the Board for the purpose of implementing the State Water Plan. In addition, Section 49-d-12 authorizes the Texas Legislature to authorize the Board to enter into bond enhancement agreements to provide a source of revenue or security for general obligation bonds or revenue bonds issued by the Board, the proceeds of which are used to finance State Water Plan projects, provided, that the bond enhancement agreements do not exceed the capacity of SWIFT to fully support such agreements. Moneys to be made available under the terms of a bond enhancement agreement are contributed solely from SWIFT. Subchapter G of Chapter 15 of the Texas Water Code provides that the Board has legal title to the money and investments of SWIFT to be used without further appropriation for the sole purpose of implementing the State Water Plan. Responsibility for the management and investment of SWIFT is conferred on the Texas Treasury Safekeeping Trust Company (TTSTC), a special-purpose trust company incorporated by the Comptroller under authority granted by Subchapter G of Chapter 404, Texas Government Code, which holds and invests SWIFT for and in the name of the Board.

The goal of the State Water Implementation Fund for Texas Program is to achieve funding of approximately $27 billion of water projects over 50 years from 2015 and that the original $2 billion capitalization of SWIFT is available in perpetuity. Subchapter G of Chapter 15 of the Texas Water Code provides that in each five year period between adoptions of a new State Water Plan, the Board shall undertake to apply not less than 10 percent of SWIFT funds to support projects that are for rural political subdivisions or agricultural water conservation, and 20 percent of SWIFT funds to support projects, including agricultural irrigation projects, that are designed for water conservation or reuse.

In accordance with State law, $2 billion from the State's economic stabilization fund was appropriated and transferred to SWIFT. As of June 30, 2025, approximately $1,151,588,167 has been transferred from SWIFT to provide a source of revenue or security for SWIRFT revenue bonds issued by the Board, as further described below. SWIFT is administered by the TTSTC. According to information available from TTSTC, as of [June 30, 2025 SWIFT had a balance of approximately $X.XX billion]. Information relating to the administration of SWIFT by the TTSTC can be found at its website, TTSTC.org. [Pursuant to the SWIFT Funds Transfer Agreement, the Board anticipates that not more than $[____] will be transferred on or before the Date of Delivery of the Bonds from SWIFT to the Financial Assistance Account to support the payment of debt service on the Bonds, and that not more than $[____] will be transferred on or before the date of delivery of the Revenue Bonds from SWIFT to the funds created under the master indenture and bond indenture for the Revenue Bonds to support the payment of debt service on the Revenue Bonds.]

Section 49-d-13 authorizes the Texas Legislature to authorize the Board to issue bonds and enter into related credit agreements that are payable from revenues available to SWIRFT. Obligations issued or incurred pursuant to Section 49-d-13 are special obligations payable solely from amounts in SWIRFT. Moneys in SWIRFT consist of moneys transferred or deposited to the credit of SWIRFT by law; the proceeds of any fee or tax that may be imposed by the State in the future that by statute is dedicated for deposit to the credit of SWIRFT; any other revenue that the Texas Legislature dedicates for deposit to SWIRFT; investment earnings on amounts credited to SWIRFT; bond proceeds, including proceeds from revenue bonds issued for SWIRFT; repayments of political subdivision obligations made from SWIRFT; money from the sale, transfer, or lease of a project acquired, constructed, reconstructed, developed, or enlarged with money from SWIRFT; and money disbursed to SWIRFT from SWIFT.

The Board may use money in SWIRFT (i) as a source of revenue or security for the payment of the principal of and interest on revenue bonds issued by the Board under Subchapter H of Chapter 15 of the Texas Water Code, other bonds issue by the Board if the proceeds of SWIRFT revenue bonds will be deposited in the SWIRFT, (ii) to acquire political subdivision obligations or other assets from another fund or account administered by the Board, or (iii) to pay necessary and reasonable costs incurred by the Board in administering SWIRFT. Money deposited to the credit of SWIRFT must be invested as determined by the Board. Subchapter H of Chapter 15 of the Texas Water Code also authorizes that Board to issue revenue bonds for the purpose of providing money for SWIRFT. Revenue bonds issued under Subchapter H of Chapter 15 of the Texas Water Code are special obligations of the Board payable only from and secured by designated income and receipts of SWIRFT, and do not constitute indebtedness of the State.

As of June 30, 2025, the Board has issued seventeen series of SWIRFT revenue bonds, aggregating $9,574,870,000 in principal amount outstanding. The following entities are Significant Borrowers under the SWIRFT revenue bond indentures: Tarrant Regional Water District; Lone Star Regional Water Authority; Palo Pinto County Municipal Water District No. 1; Coastal Water Authority, North Harris County Regional Water Authority; Sabine River Authority of Texas; North Fort Bend Water Authority; Upper Trinity Regional Water District, the North Texas Municipal Water District, and Brazosport Water Supply Corporation.

Rural Water Assistance Fund

Chapter 15, Subchapter R, of the Texas Water Code authorizes and governs the Rural Water Assistance Fund (RWAF), which is a special fund in the State Treasury. The RWAF may be used, among other purposes, to (i) provide low interest loans to Rural Political Subdivisions as defined in Section 15.001, Texas Water Code, as amended, for water or water related projects and for water quality enhancement projects, including the construction of infrastructure facilities for wholesale or retail water and sewer service, desalination projects, the purchase or lease of well water fields; the construction of infrastructure facilities for wholesale purchase or lease of rights to produce groundwater; onsite or wetland wastewater treatment facilities; and interim financing of construction projects, (ii) finance water projects in the State Water Plan or regional water plan or (iii) enable a Rural Political Subdivision to obtain water or wastewater service supplied by larger political subdivisions or to finance the consolidation or regionalization of neighboring political subdivisions, or both. The RWAF may also be used to (a) contract for outreach, financial, planning, and technical assistance to assist Rural Political Subdivisions for any purpose that could be funded by the RWAF and (b) buy down interest rates on loans or provide grants to Rural Political Subdivisions.

The Board may direct the Comptroller to transfer amounts from the Financial Assistance Account to the RWAF to provide financial assistance under the Texas Water Code for the purposes provided in Subchapter R, specifically for the uses described above, as listed in Section 15.994, Texas Water Code, as amended. Subchapter R further provides that the RWAF may be used as a source of revenue for the repayment of debt service on Financial Assistance Bonds, the proceeds of which have been deposited into the RWAF.

Texas Water Resources Finance Authority

The Texas Water Resources Finance Authority (the Authority), created in 1987 by the Legislature as a governmental entity and a body politic and corporate, is governed by a board of directors composed of the TWDB members. Because the Authority is a separate legal entity from the Board, it may issue revenue bonds, the proceeds of which may be used for the purpose of purchasing political subdivision bonds from the Board's existing loan portfolio or directly from political subdivisions. The Authority's revenue bonds do not constitute a debt of the State, and neither the full faith or credit nor the taxing authority of the State is in any manner pledged, given or loaned to the payment of the Authority's revenue bonds.

TEXAS WATER DEVELOPMENT BOARD

General

The Board is an agency of the State and was created by constitutional amendment in 1957. Its mission is to lead the State's efforts in ensuring a secure water future for Texas. The Board is responsible for long-range water planning in the State. The Board is primarily responsible for the State's financial programs associated with the water industry, including the establishment of policy for the financial programs.

The Board initially was given authorization to issue as general obligations of the State $200,000,000 in "Water Development Bonds" for the "construction of dams, reservoirs and other water storage projects". Subsequent amendments to the Constitution and enabling legislation expanded the types of water-related facilities eligible for Board financial assistance to include all components of water supply, wastewater (sewage) conveyance and treatment, flood control, municipal solid waste management and agricultural water conservation projects. The Board may also execute contracts with any agency of the United States for the acquisition and development of storage facilities in the State and reservoirs constructed by the federal government, which contracts constitute general obligations of the State.

The primary focus of the Board prior to 1985 was to provide loans to assist communities that found it a hardship to obtain funding from other sources. Constitutional amendments and legislative changes implemented in 1985 broadened the eligibility criteria to include all eligible applicants and regional water, wastewater, municipal solid waste management, flood control projects, and water projects that involved the conversion from a ground water supply source to a surface supply. In 1987, with the creation of the CWSRF, all political subdivisions (no hardship or regional criteria required) became eligible to apply for financial assistance for wastewater treatment projects. In 1989, a constitutional amendment and legislation authorized the Board to provide loan and grant assistance to construct potable water supply and sanitary sewer systems in impoverished areas through the Economically Distressed Areas Program. In 1998, the State established the DWSRF to receive proceeds of certain federal grants, provide matching funds and make loans to political subdivisions and water supply corporations that facilitate compliance with the federal government's primary national drinking water regulations. In 2013, the voters of the State also approved a constitutional amendment which created the SWIFT and the SWIRFT, and such funds are currently administered by the Board for the purpose of implementing the State Water Plan. See "OTHER FINANCIAL ASSISTANCE PROGRAMS OF THE BOARD – State Water Implementation Fund for Texas Program."

State Water Plan

Pursuant to Subchapter C of Chapter 16 of the Texas Water Code, the Texas Legislature first directed the Board to prepare, develop, formulate, and adopt the State Water Plan prior to January 2002. Thereafter, the Board has been responsible for preparing, developing, formulating and adopting a State Water Plan before the end of each successive five-year period. The State Water Plan provides for and identifies projects in furtherance of the orderly development, management, and conservation of water resources and preparation for and response to drought conditions, in order that sufficient water will be available at a reasonable cost to ensure public health, safety and welfare, further economic development and protect the agricultural and natural resources of the entire State.

For purposes of developing the State Water Plan, the State is divided into 16 regional water planning areas. Each regional water planning group for each regional water planning area must prepare a regional water plan and submit the plan to the Board for approval by the Board, and for inclusion in the State Water Plan. The regional water planning groups shall submit their adopted regional water plans to the Board no later than January 5 of the year that is one year prior to the date the Board is to adopt the State Water Plan for the ensuing five-year period.

On adoption of the State Water Plan, the Board is required to deliver the State Water Plan to the Governor, the Lieutenant Governor and the Speaker of the Texas House of Representatives and present the adopted State Water Plan for review to the appropriate legislative committees in the Legislature.

The Board unanimously approved the most current 2022 State Water Plan on July 7, 2021, and it is available on the website of the Board at: http://www.twdb.texas.gov/waterplanning/swp/2022/index.asp.

Board Members

The members of the Board currently are:

L'Oreal Stepney, P.E., Chairwoman. L'Oreal Stepney was named Chairwoman of the Texas Water Development Board by Governor Greg Abbott on January 8, 2025. Governor Abbott appointed her to the Board in December 2022 for a term beginning January 1, 2023. Stepney previously served as the deputy executive director of the Texas Commission on Environmental Quality (TCEQ). She began working for TCEQ in 1992, first in the Air Permitting Division for eight years, then as section manager for the Wastewater Permitting Section before being promoted to director of the Water Quality Division in 2003. She also served as deputy director of the Office of Water upon its creation in 2009. The Office of Water encompasses TCEQ's water availability, water districts, groundwater, river compacts, water quality permitting and planning, and public drinking water functions. During her time at TCEQ, Stepney worked closely with the Texas Water Development Board on several water programs. Additionally, Stepney has participated in the group from Texas that meets with Mexico and the International Boundary and Water Commission to negotiate water deliveries under the Rio Grande 1944 Treaty. She is a board member for the Mickey Leland Environmental Internship Program and a graduate of the University of Texas Governor's Center Executive Management Program and the University of Texas Center for Public Policy Dispute Resolution Fellows Program. Stepney received a bachelor of science in aerospace engineering and a master of science in civil engineering from the University of Texas at Austin.

Tonya R. Miller, Member. Governor Greg Abbott appointed Tonya Miller as a Board member of the Texas Water Development Board on September 16, 2024, for a term set to expire on February 1, 2027. Miller is a well-known leader with more than 20 years of experience in Texas state government focused on energy and environmental issues. She previously served as the chief executive officer and public utility counsel of the Office of Public Utility Counsel, director of the Office of Air at the Texas Commission on Environmental Quality, attorney and assistant director for the Texas Commission on Environmental Quality Radioactive Materials Division, and attorney for the Public Utility Commission. She also served as legislative liaison for the Texas Comptroller of Public Accounts and as a senior revenue analyst and governor's advisor for the Office of the Governor. In addition to her State experience, Miller served as vice president of wholesale power strategic projects and optimization at the Lower Colorado River Authority and executive director of the Texas Solar Power Association. She also completed the senior management and executive management programs at the University of Texas Lyndon B. Johnson School of Public Affairs Governor's Center for Management Development. Miller received a bachelor's degree in business administration and law degree from the University of South Dakota. She is a member of the State Bar of Texas.

Vacant, Member. There currently exists one vacancy on the Board.

Key Staff Members

Bryan McMath, Executive Administrator. Bryan McMath was named Executive Administrator on September 4, 2024, after serving as Interim Executive Administrator for six months. He joined the TWDB in 2018 as Governmental Relations Liaison before being named Director of Governmental Relations in January 2021. In that role, he coordinated communications regarding legislative and policy matters affecting the agency, as well as provided leadership in developing and communicating the TWDB's legislative priorities. Previously, Bryan worked for nearly 15 years at the Texas State Capitol. While his focus during his final six years at the capitol was on natural resource and water issues, he has supported other public policy areas during his career, including the state budget, energy, ethics, financial institutions, government organization, regulated industries, and transportation. Bryan holds a bachelor of arts degree in English from Vanderbilt University and a bachelor of fine arts degree from the School of the Art Institute of Chicago. He is currently pursuing a master of business administration at Texas State University.

Kathleen Ligon, Assistant Executive Administrator. Ms. Ligon joined the Texas Water Development Board in August 2006. She was named Assistant Executive Administrator on September 10, 2024 after serving as Interim Assistant Executive Administrator for six months. She joined the Executive office in 2019 to serve as the agency's lead on implementing flood mitigation planning and funding legislation from the 88th Texas Legislative Session; later she was named Assistant Executive Administrator. Previously, Ms. Ligon served as senior policy analyst in Government Relations for three legislative sessions and served as a planner and special assistant to the Deputy Executive Administrator of the agency's planning office. Ms. Ligon has prior public service experience with the Lower Colorado River Authority and the Texas Department of Transportation. She is a graduate of the University of Texas at Austin.

Jessica Peña, Deputy Executive Administrator, Water Supply and Infrastructure. Ms. Peña joined the TWDB in July 2001. She was named the Deputy Executive Administrator of Water Supply and Infrastructure in May 2016. Prior to this role, she served as the director of Regional Water Project Development, which entailed managing seven multi-disciplined regional teams that implement water and wastewater projects across the state. Her past positions at the TWDB also include team manager for the Northeast Region of the state and financial analyst. Ms. Peña holds a Bachelor's degree in Business Administration with the distinction of magna cum laude from St. Edward's University.

Georgia Sanchez, Chief Financial Officer and Development Fund Manager. Ms. Sanchez joined the TWDB in March 2017 and served in the role of Director of Debt and Portfolio Management for seven years. She was named Deputy Chief Financial Officer in February 2024 and served as Interim Chief Financial Officer for four months before being named Chief Financial Officer in May 2025. She previously served more than 23 years with the City of Austin, Texas in roles including Assistant Treasurer and Investment Officer, where she managed cash, investments, and debt programs, and Corporate Budget Manager overseeing the implementation of the city's Capital Improvements Plan. She holds a Bachelor of Business Administration degree in International Business from The University of Texas at Austin.

David Duran, Director, Debt and Portfolio Management. Mr. Duran joined the TWDB in February 2015. He was promoted to Director of Debt & Portfolio Management in March 2024. He previously served as Financial Analyst and then Team Lead within Debt & Portfolio Management. Prior to joining the TWDB, he was a Financial Analyst in the Debt Management office of the Texas Department of Transportation and served as a budget analyst for six years for Lt. Governor David Dewhurst. He holds a Master of Business Administration from Texas State University and a Bachelor of Arts in philosophy from the University of Texas at Austin.

Ashley Harden, General Counsel. Before being hired as General Counsel of the TWDB in May 2020, Mr. Harden worked as General Counsel for the Texas Comptroller of Public Accounts where his responsibilities involved State and local tax administration, State fiscal matters, and State procurement. Prior to working for the Texas Comptroller, Mr. Harden worked for the Texas Attorney General's Office and the Texas Department of Agriculture, where his practice included banking, public finance, and legal assistance to various federally funded programs. He is a graduate of SMU School of Law and the University of Texas at Austin.

Limitation of Liability of Officials of the Board

No present or future member of the Board or agent or employee of the Board, in his or her individual capacity, and neither the members of the Board nor any official executing the Bonds will be liable personally for payment on the Bonds or be subject to any personal liability or accountability by reason of the issuance of Bonds.

Bond Review Board Approval

With certain exceptions, bonds issued by State agencies and institutions, including bonds issued by the Board, must be approved by the Texas Bond Review Board (the Bond Review Board) prior to their issuance. The Bond Review Board is composed of the Governor, the Lieutenant Governor, the Speaker of the House of Representatives, and the Comptroller (as defined herein). The Governor is the Chairman of the Bond Review Board. Each member of the Bond Review Board may, and frequently does, act through a designee.

On [_____, 2025], the Bond Review Board approved the Bonds.

Cybersecurity

All agencies of the State are required to adhere to Texas Administrative Code Chapter 202, which establishes a baseline of security standards and includes a Control Standards Catalog that is aligned with FISMA and NIST 800-53, rev5. Additionally, the State's Office of the Chief Information Security Officer, in conjunction with the Statewide Information Security Advisory Committee, created a strategic plan for the State that focuses on cybersecurity initiatives. The plan, adopted May 2024, addresses the goals of threat surface management, governance, education, resilience and workforce development. In addition to compliance with such plan, the Board has adopted information technology policies and procedures, including risk management policies and procedures that are reviewed and updated annually. The Board employs other routine and standard processes that ensure the security of information resources as well, such as an annual risk assessment of information resources, a quarterly security report presented to executive leadership, and an annual third-party controlled penetration test. Additionally, there is an Information Security Risk Assessment conducted by a third party and an Agency Security Plan, both of which assess the Board's maturity level relative to established security objectives and are updated every two years. In addition, the Board requires annual security awareness training of all employees and contractors and conducts quarterly phishing exercises to reinforce awareness of concepts. As of the date of this Official Statement, there have been no cybersecurity incidents that have materially impacted the operation or financial condition of the Board.

Sunset Review of the Board

The Board is subject to review, but not abolishment, under the Texas Sunset Act, Chapter 325, Texas Government Code (the Sunset Act), by the Sunset Advisory Commission (the Commission). Pursuant to the Sunset Act, the Commission is required to make recommendations to the Legislature regarding the reorganization, consolidation or transfer of programs administered by the Board. The Sunset Act further prohibits the Legislature from enacting legislation that would in any way affect the Board's obligations, including those contractual obligations to the holders of the Bonds. The Board was most recently reviewed in 2023 and is subject to review every 12th year thereafter. The Legislature, however, is not prohibited from considering legislation addressing the programs performed by the Board prior to such date.

GENERAL INFORMATION REGARDING THE STATE

Available Information

The Texas Comptroller of Public Accounts (the Comptroller) prepares (a) a quarterly appendix (the Bond Appendix), which sets forth certain information regarding the State (including its government, finances, economic profile, and other matters) for use by State entities when issuing debt, (b) an Annual Comprehensive Financial Report (ACFR), which includes financial statements audited by the State Auditor, and (c) from time to time notices of certain events as described under "CONTINUING DISCLOSURE OF INFORMATION – Continuing Disclosure Undertaking of the Comptroller – Event Notices." All such documents are provided to the Municipal Securities Rulemaking Board (the MSRB) and publicly accessible as described in "APPENDIX A – The State of Texas." The most current such documents are described in "APPENDIX A – The State of Texas" and incorporated herein by reference. No representation is made that such documents contain all facts material to an evaluation of the ability of the State to make timely payment of debt service on the Bonds, or the value of the Bonds, or that any specific information should be accorded any particular significance.

Constitutional Limitation on Debt

Article III, Section 49-j of the Texas Constitution prohibits the Legislature from authorizing additional State debt payable from the State's General Revenue Fund, including authorized but unissued bonds and lease purchase contracts in excess of $250,000 but excluding debt reasonably expected to be paid from other sources, if the resulting maximum annual debt service in any State fiscal year on such State debt payable from the General Revenue Fund exceeds 5% of the average amount of General Revenue Fund revenues for the three immediately preceding fiscal years, excluding revenues constitutionally dedicated for purposes other than payment of state debt.

LEGAL MATTERS

Legal Opinions

The Board will furnish to the Underwriters complete transcripts of proceedings incident to the authorization and issuance of the Bonds, including the legal opinions of the Attorney General of the State to the effect that the Bonds are valid and legally binding obligations of the Board and, based upon examination of such respective transcripts of proceedings, the legal opinions to like effect of Orrick, Herrington & Sutcliffe LLP, Bond Counsel and, subject to the qualifications set forth herein under "TAX MATTERS", the interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes under existing statutes, published rulings, and court decisions. In its capacity as Bond Counsel, Bond Counsel has reviewed the information under the captions "PLAN OF FINANCE" (except the subcaption "Anticipated Issuance of General Obligation Additional Bonds", as to which no opinion will be expressed), "THE BONDS", "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS", "LEGAL MATTERS" (except the last two sentences of the first paragraph appearing under this subcaption "Legal Opinions" and the entirety of the information under the subcaption "No-Litigation Certificate" to which no opinion will be expressed), "TAX MATTERS", "CONTINUING DISCLOSURE OF INFORMATION" (excluding any information describing or otherwise pertaining to the continuing disclosure undertaking of the Comptroller and any statements with respect to the State's or the Board's compliance with prior continuing disclosure undertakings, as to which no opinion will be expressed), and APPENDIX

C to this Official Statement, and such firm is of the opinion that the information relating to the Bonds and the Resolutions and such firm's legal conclusions contained under such captions and in APPENDIX C is a fair and accurate summary of the information purported to be shown therein. In connection with the transactions described herein, Bond Counsel represents only the Board. The legal opinions of Bond Counsel in the forms set forth in APPENDIX C to this Official Statement will accompany the Bonds deposited with DTC. Certain legal matters will be passed upon for the Underwriters by their counsel, _____ whose legal fee is contingent on the issuance and sale of the Bonds. Certain legal matters will be passed on for the Board by Bracewell LLP, Houston, Texas, Disclosure Counsel.

Orrick, Herrington & Sutcliffe LLP and Bracewell LLP represent one or more of the Underwriters from time to time on matters not related to the Bonds.

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

No-Litigation Certificate

No litigation or other governmental proceedings are pending or, to the knowledge of the Board, threatened which seek to prohibit, restrain or enjoin the issuance, execution and delivery of the Bonds or question the validity or enforceability of the Bonds or any of the proceedings taken in connection with the issuance thereof.

The State is party to various legal proceedings relating to its operations and governmental functions, but such proceedings are unrelated to the Bonds or the security for the Bonds. For a discussion of litigation filed against the State please see the Bond Appendix litigation section in APPENDIX A hereto.

At the time of payment for and delivery of the Bonds, the Chairman of the Board or the Chairwoman of the Board, or his or her designee, and the Executive Administrator will execute and deliver a certification to the effect that no litigation of any nature has been filed or is then pending which would restrain the issuance and delivery of the Bonds or affect the provision made for their payment or security or in any manner question the validity of the Bonds.

Eligibility for Investment in Texas

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code, as amended) provides that the Bonds are negotiable instruments, investment securities governed by Chapter 8, Texas Business & Commerce Code, as amended, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at least $1 million of capital, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies and political subdivisions, and are legal security for those deposits to the extent of their market value. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Chapter 2256, Texas Government Code, as amended), the Bonds may have to be assigned a rating of at least "A" or its equivalent as to the investment quality by a national rating agency before the Bonds are eligible investments for sinking funds or other public funds of such political subdivisions.

No representation is made that the Bonds will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes. The Board has made no investigation of other laws, rules, regulations or investment criteria which might apply to any such persons or entities or which might otherwise limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such persons or entities to purchase or invest in the Bonds for such purposes. The Board has not made any review of laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

Registration and Qualification of Bonds for Sale

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein, nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The Board assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be offered, sold, or otherwise transferred. It is the obligation of the purchaser to register or qualify sale of the Bonds under the securities laws of any jurisdiction which so requires. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

It is the obligation of the Underwriters to register or qualify the sale of the Bonds under the securities laws of any jurisdiction which so requires. The Board has agreed to cooperate, at the Underwriters' written request and sole expense, in registering or qualifying the Bonds or in obtaining an exemption from registration or qualification in any state where such action is necessary; provided, however, that the Board shall not be required to qualify as a foreign corporation or to execute a general or special consent to service of process in any jurisdiction.

TAX MATTERS – SERIES 2025E BONDS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel (Bond Counsel), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2025E Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the Code). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Series 2025E Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2025E Bonds. Complete copies of the proposed forms of opinions of Bond Counsel are set forth in Appendix C hereto.

To the extent the issue price of any maturity of the Series 2025E Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2025E Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Series 2025E Bonds is the first price at which a substantial amount of such maturity of the Series 2025E Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2025E Bonds accrues daily over the term to maturity of such Series 2025E Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2025E Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2025E Bonds. Beneficial Owners of the Series 2025E Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2025E Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2025E Bonds is sold to the public.

Series 2025E Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (Premium Bonds) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2025E Bonds. The Board has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2025E Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2025E Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2025E Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Series 2025E Bonds may adversely affect the value of, or the tax status of interest on, the Series 2025E Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series 2025E Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2025E Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2025E Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislature proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2025E Bonds. Prospective purchasers of the Series 2025E Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2025E Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (IRS) or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Board or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Board has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2025E Bonds ends with the issuance of the Series 2025E Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Board or the Beneficial Owners regarding the tax-exempt status of the Series 2025E Bonds in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of bonds is difficult, obtaining an independent review of IRS positions with which the Board legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2025E Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2025E Bonds, and may cause the Board or the Beneficial Owners to incur significant expense.

Payments on the Series 2025E Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Series 2025E Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series 2025E Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number (TIN) to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

TAX MATTERS – TAXABLE SERIES 2025F BONDS

Bond Counsel observes that interest on the Taxable Series 2025F Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any tax consequences relating to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Taxable Series 2025F Bonds.

The following discussion summarizes certain U.S. federal income tax considerations generally applicable to holders of the Taxable Series 2025F Bonds that acquire their Taxable Series 2025F Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the U.S. Internal Revenue Service (the "IRS") with respect to any of the U.S. federal tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Taxable Series 2025F Bonds as part of a hedge, straddle or an integrated or conversion transaction, investors whose "functional currency" is not the U.S. dollar, or certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Taxable Series 2025F Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their Taxable Series 2025F Bonds pursuant to this offering for the issue price that is applicable to such Taxable Series 2025F Bonds (i.e., the price at which a substantial amount of the Taxable Series 2025F Bonds are sold to the public) and who will hold their Taxable Series 2025F Bonds as "capital assets" within the meaning of Section 1221 of the Code.

As used herein, "U.S. Holder" means a beneficial owner of a Taxable Series 2025F Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, "Non-U.S. Holder" generally means a beneficial owner of a Taxable Series 2025F Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds Taxable Series 2025F Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Taxable Series 2025F Bonds, and partners in such partnerships, should consult

their own tax advisors regarding the tax consequences of an investment in the Taxable Series 2025FD Bonds (including their status as U.S. Holders or Non-U.S. Holders).

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the Taxable Series 2025F Bonds in light of their particular circumstances.

U.S. Holders

Interest. Interest on the Taxable Series 2025F Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

To the extent that the issue price of any maturity of the Taxable Series 2025F Bonds is less than the amount to be paid at maturity of such Taxable Series 2025F Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Taxable Series 2025F Bonds) by more than a de minimis amount, the difference may constitute original issue discount (OID). U.S. Holders of Taxable Series 2025F Bonds will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts of OID in successive accrual periods.

Taxable Series 2025F Bonds purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a Taxable Series 2025F Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Taxable Series 2025F Bond.

Sale or Other Taxable Disposition of the Taxable Series 2025F Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the Board) or other disposition of a Taxable Series 2025F Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Taxable Series 2025F Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Taxable Series 2025F Bond, which will be taxed in the manner described above) and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the Taxable Series 2025F Bond (generally, the purchase price paid by the U.S. Holder for the Taxable Series 2025F Bond, decreased by any amortized premium, and increased by the amount of any OID previously included in income by such U.S. Holder with respect to such Taxable Series 2025F Bond). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Taxable Series 2025F Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the Taxable Series 2025F Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

Defeasance of the Taxable Series 2025F Bonds. If the Board defeases any Taxable Series 2025F Bond, the Taxable Series 2025F Bond may be deemed to be retired for U.S. federal income tax purposes as a result of the defeasance. In that event, in general, a holder will recognize taxable gain or loss equal to the difference between (i) the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and (ii) the holder's adjusted U.S. federal income tax basis in the Taxable Series 2025F Bond.

Information Reporting and Backup Withholding. Payments on the Taxable Series 2025F Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the Taxable Series 2025F Bonds may be subject to backup withholding at the current rate of 24% with respect to "reportable payments," which include interest paid on the Taxable Series 2025F Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Taxable Series 2025F Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Foreign Account Tax Compliance Act (FATCA) – U.S. Holders and Non-U.S. Holders

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes

a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Under current guidance, failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest on the Bonds. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and, under current guidance, will apply to certain "passthru" payments no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term "foreign passthru payments." Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of Taxable Series 2025F Bonds in light of the holder's particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of Taxable Series 2025F Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

CONTINUING DISCLOSURE OF INFORMATION

Each of the Board and the Comptroller has entered into a separate undertaking for the benefit of bondholders to provide certain updated information and notices to the Municipal Securities Rulemaking Board (the MSRB) through its Electronic Municipal Market Access (EMMA) system, as described below.

Continuing Disclosure Undertaking of the Board

General. In each Bond Resolution, the Board has made the following agreement for the benefit of the holders and Beneficial Owners of the related Bonds. The Board is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the Board will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the MSRB through EMMA.

Annual Reports. The Board will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes financial information and operating data of the general type included in TABLE 1 – Water Assistance Bonds, TABLE 2 – Agriculture Fund General Obligation Bonds, and APPENDIX B of this Official Statement. The Board will update and provide this information within 195 days after the end of each fiscal year ending in or after 2025.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's website or filed with the SEC, as permitted by SEC Rule 15c2-12 (the Rule). The updated information will include audited financial statements, if the Board or the State, as appropriate, commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Board will provide unaudited financial statements within the required time and audited financial statements when and if the audit report becomes available. Any such financial statements will be prepared in accordance with generally accepted accounting principles for governmental entities or such other accounting principles as the Board may be required to employ from time to time pursuant to State law or regulation.

The Board's current fiscal year end is August 31. Accordingly, it must provide updated information within 195 days thereof unless the Board changes its fiscal year. If the Board changes its fiscal year, it will notify the MSRB of the change prior to the next date by which the Board otherwise would be required to provide financial information and operating data as described above.

Event Notices. The Board will notify the MSRB in a timely manner, not in excess of ten (10) Business Days (as defined in the Bond Resolutions) after the occurrence of any of the events listed below. The Board will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinion, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the Board; (13) the consummation of a merger, consolidation, or acquisition involving the Board or the sale of all or substantially all of the assets of the Board, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) the appointment of a successor agent or the change of name of the agent, if material. In addition, the Board will provide timely notice of any failure by the Board to provide information, data, or financial statements in accordance with its agreement described above under "Continuing Disclosure Undertaking of the Board – *Annual Reports*."

For the purposes of the event numbered 12 above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Board in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Board, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Board.

Continuing Disclosure Undertaking of the Comptroller

General. The Comptroller has entered into an Amended and Restated Continuing Disclosure Agreement with the Bond Review Board dated March 12, 2019. The Board and the legal and beneficial owners of the Bonds are third-party beneficiaries of the Comptroller's agreement. The Comptroller is required to observe this agreement in respect of any issue of Securities, as defined in the agreement (which include the Bonds), for so long as the State remains an "obligated person," as defined in the Rule. Under the agreement, the Comptroller will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the MSRB as described below.

Annual Reports. The Comptroller will provide certain updated financial information and operating data to the MSRB annually. Under its disclosure agreement, the Comptroller is not obligated to provide such financial and operating data more frequently than on an annual basis. The information to be updated includes all quantitative financial information and operating data with respect to the State of the general type included in the Bond Appendix. The Comptroller will update and provide this information within 195 days after the end of each fiscal year of the State.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's EMMA website or filed with the SEC, as permitted by the Rule. The updated information provided by the Comptroller will be provided on a cash basis and will not be audited, but the Comptroller will provide audited financial statements of the State prepared in accordance with generally accepted accounting principles for governmental entities when the State Auditor completes its statutorily required audit of such financial statements. The accounting principles pursuant to which such financial statements must be prepared may be changed from time to time to comply with State law.

The State's current fiscal year end is August 31. Accordingly, the Comptroller must provide updated information for each fiscal year within 195 days after that date unless the State changes its fiscal year. If the State changes its fiscal year, the Comptroller will notify the MSRB of the change prior to the next date by which the Comptroller otherwise would be required to provide financial information and operating data as described above.

Quarterly Reports. Although it is not contractually committed to do so, the Comptroller currently prepares and files with the MSRB a quarterly Bond Appendix which provides a general description of the State and sets forth certain information regarding the State, including its government, finances, economic profile, and other matters, for use by State entities when issuing debt. Certain tables within the Bond Appendix are updated on a quarterly basis while other tables within the Bond Appendix are updated on a semiannual or annual basis. The Bond Appendix is not audited and provides financial data on a cash basis. The Comptroller generally files an updated Bond Appendix with the MSRB within two weeks after each January 31, April 30, July 31, and October 31, and it may file voluntary notices of significant events with the MSRB between Bond Appendices, although there is no assurance that it will continue such voluntary filings at such times or at all in the future.

Event Notices. The Comptroller will also provide notice to the MSRB of any of the following events with respect to the Bonds on a timely basis no later than 10 business days after the event: (a) the incurrence of a financial obligation (as defined in the Rule, including certain debt, debt-like, and debt-related obligations) of the State, if material, or an agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation, any of which affect security holders, if material; or (b) a default, event of acceleration, termination event, modification of terms, or other similar event under the terms of any such financial obligation of the State, any of which reflect financial difficulties.

The Comptroller will also provide timely notice to the MSRB of any failure to provide updated financial information, operating data, or financial statements in accordance with its agreement.

Availability of Information

The Board and the Comptroller have agreed to provide the foregoing financial and operating information and notices only as described above. The Board and the Comptroller will be required to file their respective continuing disclosure information using the MSRB's EMMA system. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

The quarterly Bond Appendix, if and when filed, the State's ACFR, and annual financial and operating information, and event notices, if any, may be obtained by using the EMMA Advanced Search function and entering the term "State of Texas Comptroller" in the Issuer Name field within the Security Information search filter. The most recently prepared Bond Appendix, ACFR, and notices may also be accessed on the Comptroller's website at: https://comptroller.texas.gov/programs/systems/treasury-ops/index.php.

Limitations and Amendments

The Board and the Comptroller have agreed to update information and to provide notices of events only as described above. Neither is responsible for performance of the other's agreement, and neither has agreed to provide other information that may be relevant or material to a complete presentation of the Board's or the State's financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. Neither makes any representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the Bonds at any future date. Each disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of the Bonds may seek a writ of mandamus to compel the Board and the Comptroller to comply with their respective agreements.

The Board and the Comptroller may amend their respective continuing disclosure agreements 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 Board or the State, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) a person unaffiliated with the State, the Comptroller, the Bond Review Board and the Board (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of such Bonds. The Board may also amend or repeal the provisions of its continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the Board or the Comptroller so amends its disclosure agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "- Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

OTHER INFORMATION

Ratings

Fitch Ratings, Inc. and S&P Global Ratings, a division of S&P Global Inc., have assigned ratings of "___" and "___" respectively, to the Bonds. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such rating companies and the Board and the Underwriters make no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by any or all of such rating companies if, in the judgment of any or all companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or any of them, may have an adverse effect on the market price of the Bonds. A securities rating is not a recommendation to buy, sell, or hold securities.

Underwriting

The Underwriters have agreed, subject to certain conditions, to purchase: the Series 2025E Bonds at a purchase price of $_____ (consisting of a principal amount of $_____, plus an original issue premium of $_____, and less an underwriting discount of $_____); and the Taxable Series 2025F Bonds at a purchase price of $_____ (consisting of a principal amount of $_____, less an underwriting discount of $_____).

The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of the Bonds and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have furnished for inclusion in this Official Statement the following paragraphs of this subcaption. The Board makes no representation as to the accuracy or completeness of the information contained in the following paragraphs.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the State, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Board or the State.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

One of the Underwriters is BOK Financial Securities, Inc., which is not a bank, and the Bonds are not deposits of any bank and are not insured by the Federal Deposit Insurance Corporation.

J.P. Morgan Securities LLC (JPMS) has entered into negotiated dealer agreements (each, a Dealer Agreement) with each of Charles Schwab & Co., Inc. (CS&Co.) and LPL Financial LLC (LPL) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

PNC Capital Markets LLC ("PNCCM"), one of the Underwriters of the Series 2025E and 2025F Bonds, may offer to sell to its affiliate, PNC Investments, LLC ("PNCI"), securities in PNCCM's inventory for resale to PNCI's customers, including securities such as the Series 2025E and 2025F Bonds. Additionally, PNCCM and PNC Bank, National Association are both wholly-owned subsidiaries of PNC Financial Services Group, Inc. PNCCM is not a bank, and is a distinct legal entity from PNC Bank, National Association. PNC Bank, National Association may from time to time have other banking and financial relationships with the Board.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group ("WFBNA"), one of the underwriter of the Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Series 2025 Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2025 Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Series 2025 Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

Unaudited Financial Information

The Board provides financial information and operating data regarding the Development Fund II and the Economically Distressed Areas Program in APPENDIX B to this Official Statement. The information presented in APPENDIX B is unaudited and is prepared in accordance with State requirements for State agencies.

Forward-Looking Statements

The statements contained or incorporated by reference into this Official Statement that are not purely historical are forward-looking statements including statements regarding the Board's and the Comptroller's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Board and the Comptroller on the date of this Official Statement or the date of the Bond Appendix, ACFR, or event notice, respectively, and the Board and the Comptroller assume no obligation to update any such forward-looking statements. It is important to note that the Board's and the State's actual results could differ materially from those in such forward-looking statements.

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

Certification of Official Statement

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

At the time of payment for and delivery of the Bonds, the Board will be furnished a letter from the State, signed on behalf of the State by the Comptroller, upon which the Underwriters will be authorized to rely, to the effect that (a) to the best of the Comptroller's knowledge and belief, the documents identified in APPENDIX A hereto are true and correct as of their respective dates and do not contain an untrue statement of a material fact or omit to state a material fact that would make the statements made therein, in light of the circumstances under which they are made, misleading; (b) the information therein has been obtained from sources which the Comptroller's office believes to be reliable; and (c) the Comptroller has entered into a continuing disclosure agreement with the Texas Bond Review Board, for the benefit of the Board and the legal and beneficial owners of the Bonds, to provide, with respect to the State, updated financial information and operating data, timely notice of certain financial obligation events, and other specified events.

Financial Advisor

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

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

Website References

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein (or in any other document expressly incorporated herein) are not incorporated into, and are not part of, this Official Statement, including for purposes of, and as that term is defined in, the Rule.

Approval of Official Statement

The Resolutions approved the form and content of this Official Statement and authorized its further use in the reoffering of the Bonds by the Underwriters. Questions regarding this Official Statement may be directed to David Duran, Director, Debt and Portfolio Management, Texas Water Development Board, 1700 North Congress Avenue, 6th Floor, Austin, Texas 78701; Telephone: (512) 463-7242; Electronic Mail: david.duran@twdb.texas.gov.

TEXAS WATER DEVELOPMENT BOARD

[s]
Executive Administrator
Texas Water Development Board

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APPENDIX A

THE STATE OF TEXAS

As described in the body of the Official Statement under "CONTINUING DISCLOSURE OF INFORMATION - Continuing Disclosure Undertaking of the Comptroller," the Texas Comptroller of Public Accounts (Comptroller) is required to file updated annual financial and operating data, audited financial statements of the State when received, and timely notice of certain events with the Municipal Securities Rulemaking Board (MSRB), and the Comptroller voluntarily files quarterly Bond Appendices and occasional notices of significant events.

The Official Statement hereby incorporates by reference the previously filed documents listed below, except for any information superseded by information that is included directly in the body of the Official Statement or incorporated by reference in a subsequent document, as well as any future filings that the Comptroller makes with the MSRB through EMMA prior to the termination of the offering of the Bonds under the Official Statement:

- State of Texas Annual Comprehensive Financial Report for the fiscal year ended August 31, 2024
- Bond Appendix: The State of Texas ([August] 2025, as may be supplemented by the Comptroller from time to time)
- Each notice, if any, filed with the MSRB by the Comptroller since the end of the fiscal year of the State addressed in the foregoing Annual Comprehensive Financial Report.

These documents and any subsequently filed documents, if any, may be obtained by accessing EMMA at https://emma.msrb.org/, using the EMMA Advanced Search function and entering the term "State of Texas Comptroller" in the Issuer Name field within the Security Information search filter. The documents may also be accessed on the Comptroller's website at: https://comptroller.texas.gov/programs/systems/treasury-ops/index.php. For further information see "CONTINUING DISCLOSURE OF INFORMATION - Continuing Disclosure Undertaking of the Comptroller" in the body of the Official Statement.

Information in the Bond Appendix, ACFR, and any notice incorporated herein by reference is provided as of the date specified in the documents. No representation is made that such documents contain all facts material to an evaluation of the ability of the State to pay principal of and interest on the Bonds when due, or the value of the Bonds, or that any specific information should be accorded any particular significance.

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APPENDIX B

SELECTED FINANCIAL DATA (UNAUDITED)

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Statement of Net Position - DFund II

UNAUDITED[1]

	2020	2021	2022	2023	2024
ASSETS					
Current Assets:					
Cash and Cash Equivalents:					
Cash in State Treasury	$ 138,221,750	$ 169,622,716	$ 108,579,884	$ 149,587,683	$ 178,049,141
Receivables from:					
Interest and Dividends	12,862,790	11,606,565	12,382,105	12,883,918	12,417,014
Interfund Receivables	25,158,919	24,494,640	19,862,648	19,582,641	8,578,787
Due From Other Funds	67,050,272	60,556,650	42,786,892	44,400,472	44,581,982
Loans and Contracts	23,979,195	23,505,649	24,973,427	27,124,491	28,385,790
Total Current Assets	**267,272,925**	**289,786,220**	**208,584,956**	**253,579,205**	**272,012,714**
Non-Current Assets:					
Loans and Contracts	856,314,266	803,973,617	903,281,189	884,426,698	910,890,908
Interfund Receivables	209,949,360	167,148,323	145,800,675	126,218,034	64,281,870
Total Non-Current Assets	**1,066,263,626**	**971,121,940**	**1,049,081,864**	**1,010,644,732**	**975,172,778**
Total Assets	**$ 1,333,536,551**	**$ 1,260,908,160**	**$ 1,257,666,820**	**$ 1,264,223,937**	**$ 1,247,185,493**
LIABILITIES					
Current Liabilities:					
Payables from:					
Accounts Payable	$ -	$ -	$ -	$ 118,033	$ -
Interest Payable	5,487,118	5,232,804	5,446,272	4,996,772	4,794,538
Due to Other Funds	65,651,230	59,486,981	41,870,725	43,589,180	44,182,859
General Obligation Bonds Payable	60,192,599	54,262,944	36,473,748	38,592,466	39,388,321
Total Current Liabilities	**131,330,947**	**118,982,729**	**83,790,745**	**87,296,451**	**88,365,718**
Non-Current Liabilities:					
General Obligation Bonds Payable	931,978,316	858,030,372	851,320,496	833,665,724	794,277,403
Total Non-Current Liabilities	**931,978,316**	**858,030,372**	**851,320,496**	**833,665,724**	**794,277,403**
Total Liabilities	**$ 1,063,309,263**	**$ 977,013,101**	**$ 935,111,241**	**$ 920,962,175**	**$ 882,643,121**
NET POSITION					
Unrestricted	270,227,288	283,895,059	322,555,579	343,261,763	364,542,371
Total Net Position	**$ 270,227,288**	**$ 283,895,059**	**$ 322,555,579**	**$ 343,261,763**	**$ 364,542,371**

Numbers may not add due to rounding

[1]The financial data presented here is a recapitulation of the Board's financial statements presented in their Annual Financial Reports. The Board's financial statements become a part of the Annual Comprehensive Financial Report for the State of Texas, which is audited by the State Auditor's Office; however, the scope of the reviews at the agency level do not constitute an audit of the individual agency's financial statements. Consequently, these statements are considered unaudited at the agency level. Any adjustments related to the agency as a result of the ACFR Audit are not reflected in the amounts reported here.

Statement of Revenues, Expenses, and Changes in Net Position - DFund II

UNAUDITED[1]

	2020	2021	2022	2023	2024
OPERATING REVENUES:					
Interest and Investment Income	$ 51,681,608	$ 45,633,630	$ 44,120,214	$ 50,853,733	$ 54,709,229
Total Operating Revenues	**51,681,608**	**45,633,630**	**44,120,214**	**50,853,733**	**54,709,229**
OPERATING EXPENSES:					
Professional Fees and Services	25,128	13,215	2,551,956	389,491	21,245
Communication and Utilities	-	-	14,843	-	-
Interest	36,400,785	33,880,595	2,763,380	29,870,135	30,058,605
Other Operating Expenses	-	-	-	5,132	-
Total Operating Expenses	**36,425,914**	**33,893,810**	**5,330,179**	**30,264,758**	**30,079,850**
Operating Income (Loss)	**15,255,695**	**11,739,820**	**38,790,035**	**20,588,975**	**24,629,378**
Income/(Loss) before Other Revenues, Expenses, Gains/Losses and Transfers	**15,255,695**	**11,739,820**	**38,790,035**	**20,588,975**	**24,629,378**
OTHER REVENUES, EXPENSES, GAINS/LOSSES AND TRANSFERS:					
Transfers-In	56,437,053	43,693,442	3,279,210	50,853,435	82,709,838
Transfers-Out	(56,437,053)	(41,765,491)	(3,408,725)	(50,736,227)	(86,058,607)
Total Other Revenue, Expenses, Gain/Losses and Transfers	-	**1,927,951**	**(129,515)**	**117,208**	**(3,348,769)**
Change in Net Position	**15,255,695**	**13,667,771**	**38,660,520**	**20,706,184**	**21,280,609**
Total Net Position - September 1	254,971,593	270,227,288	283,895,059	322,555,579	343,261,763
Total Net Position - August 31	**$ 270,227,288**	**$ 283,895,059**	**$ 322,555,579**	**$ 343,261,763**	**$ 364,542,371**

Numbers may not add due to rounding

[1]The financial data presented here is a recapitulation of the Board's financial statements presented in their Annual Financial Reports. The Board's financial statements become a part of the Annual Comprehensive Financial Report for the State of Texas, which is audited by the State Auditor's Office; however, the scope of the reviews at the agency level do not constitute an audit of the individual agency's financial statements. Consequently, these statements are considered unaudited at the agency level. Any adjustments related to the agency as a result of the ACFR Audit are not reflected in the amounts reported here.

Balance Sheet / Statement of Net Position - EDAP

UNAUDITED[1]

	2020	2021	2022	2023	2024
ASSETS					
Current Assets:					
Cash and Cash Equivalents:					
Cash in State Treasury	$ 878,344	$ 813,343	$ 833,757	$ 102,388,148	$ 41,102,528
Receivables From:					
Interest and Dividends	143,117	129,513	116,734	102,912	273,742
Loans and Contracts	1,915,566	1,918,584	1,969,694	1,944,815	2,473,724
Total Current Assets	**2,937,028**	**2,861,439**	**2,920,186**	**104,435,875**	**43,849,994**
Non-Current Assets:					
Loans & Contracts	20,538,436	18,619,852	16,650,157	14,299,342	32,610,618
Total Noncurrent Assets	**20,538,436**	**18,619,852**	**16,650,157**	**14,299,342**	**32,610,618**
Total Assets	**$ 23,475,464**	**$ 21,481,291**	**$ 19,570,343**	**$ 118,735,217**	**$ 76,460,611**
LIABILITIES AND FUND BALANCES					
Liabilities:					
Current Liabilities:					
Payables From:					
Accounts Payable	$ -	$ -	$ -	$ 190,568	$ -
Interest Payable	695,514	623,478	585,028	862,117	754,974
General Obligation Bonds Payable	22,144,761	22,124,761	20,702,246	25,352,857	22,312,857
Total Current Liabilities	**22,840,275**	**22,748,239**	**21,287,274**	**26,405,542**	**23,067,831**
Non-Current Liabilities:					
General Obligation Bonds Payable	196,306,082	174,181,321	149,988,323	219,532,069	197,219,212
Total Non-Current Liabilities	**196,306,082**	**174,181,321**	**149,988,323**	**219,532,069**	**197,219,212**
Total Liabilities	**$ 219,146,357**	**$ 196,929,560**	**$ 171,275,598**	**$ 245,937,610**	**$ 220,287,043**
FUND FINANCIAL STATEMENT - FUND BALANCES					
Fund Balances (Deficits):					
Restricted	23,475,464	21,481,291	19,570,343	118,544,649	76,460,611
Government-Wide Statement of Net Position					
Net Position:					
Restricted for:					
Debt Retirement	(219,146,357)	(196,929,560)	(171,275,598)	(245,747,043)	(220,287,043)
Total Net Position[2]	**$ (195,670,893)**	**$ (175,448,269)**	**$ (151,705,255)**	**$ (127,202,394)**	**$ (143,826,432)**

Numbers may not add due to rounding

[1]The financial data presented here is a recapitulation of the Board's financial statements presented in their Annual Financial Reports. The Board's financial statements become a part of the Annual Comprehensive Financial Report for the State of Texas, which is audited by the State Auditor's Office; however, the scope of the reviews at the agency level do not constitute an audit of the individual agency's financial statements. Consequently, these statements are considered unaudited at the agency level. Any adjustments related to the agency as a result of the ACFR Audit are not reflected in the amounts reported here.

[2]Total Net Position reflects Total Fund Balances offsets by amounts in Net Position Restricted for Debt Retirement.

Statement of Revenues, Expenditures and Changes in Fund Balances / Statement of Activities - EDAP

UNAUDITED[1]

	2020	2021	2022	2023	2024
REVENUES					
Interest and Other Investment Income	$ 690,873	$ 594,889	$ 562,717	$ 575,463	$ 1,160,858
Total Revenues	**690,873**	**594,889**	**562,717**	**575,463**	**1,160,858**
EXPENDITURES					
Professional Fees and Services	14,568	9,000	110,773	299,855	15,403
Communication and Utilities	-	-	851	-	-
Intergovernmental Payments	(40)	-	(308,740)	-	38,765,096
Public Assistance Payments	-	-	-	(545,513)	2,674,000
Other Expenditures	-	-	308,535	7,586	-
Debt service:					
Interest	7,050,343	6,163,370	1,530,144	5,120,131	7,720,003
Total Expenditures	**7,064,872**	**6,172,370**	**1,641,564**	**4,882,058**	**49,174,502**
Excess (Deficiency) of Revenues Over Expenditures	**(6,373,998)**	**(5,577,481)**	**(1,078,847)**	**(4,306,596)**	**(48,013,644)**
OTHER FINANCING SOURCES (USES)					
Bond and Note Proceeds	-	-	92,291	-	-
Transfers In	30,319,489	28,369,526	27,533,699	31,284,435	34,185,985
Transfers Out	(3,104,058)	(2,569,421)	(2,804,130)	(2,474,978)	(2,796,379)
Total Other Financing Sources (Uses)	**27,215,431**	**25,800,105**	**24,821,860**	**28,809,457**	**31,389,606**
Net Change in Fund Balances/Net Position	**20,841,433**	**20,222,624**	**23,743,014**	**24,502,861**	**(16,624,038)**
STATEMENT OF NET POSITION					
Net Position - September 1	(216,512,326)	(195,670,893)	(175,448,269)	(151,705,255)	(127,202,394)
Net Position - August 31	**$ (195,670,893)**	**$ (175,448,269)**	**$ (151,705,255)**	**$(127,202,394)**	**$(143,826,432)**

Numbers may not add due to rounding

[1]The financial data presented here is a recapitulation of the Board's financial statements presented in their Annual Financial Reports. The Board's financial statements become a part of the Annual Comprehensive Financial Report for the State of Texas, which is audited by the State Auditor's Office; however, the scope of the reviews at the agency level do not constitute an audit of the individual agency's financial statements. Consequently, these statements are considered unaudited at the agency level. Any adjustments related to the agency as a result of the ACFR Audit are not reflected in

APPENDIX C

PROPOSED FORMS OF BOND COUNSEL OPINIONS

Opinions in substantially the following forms will be delivered by Orrick, Herrington & Sutcliffe LLP, Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.

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APPENDIX D

SCHEDULE OF DEBT SERVICE REQUIREMENTS

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SCHEDULE OF DEBT SERVICE REQUIREMENTS*

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* Preliminary, subject to change

SCHEDULE OF DEBT SERVICE REQUIREMENTS*

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* Preliminary, subject to change

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APPENDIX E

BOOK-ENTRY-ONLY SYSTEM

This appendix describes how ownership of the Bonds is to be transferred and how the principal of premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York ("DTC') while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as the Official Statement. The Board, the Financial Advisor and the Underwriters believe the source of such information to be reliable, but none of the Board, the Financial Advisor nor the Underwriters take any responsibility for the accuracy or completeness thereof.

The Board and the Underwriters cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis or (3) DTC will serve and act in the manner described in the Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC. Termination of the DTC Book-Entry-Only System by the Board may require consent of the Participants under DTC Operational Arrangements.

DTC will act as securities depository for the Bonds. The Bonds 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 Bond will be issued for each maturity of the Bonds, as set forth on the inside of the cover pages hereof, in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of 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 Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (Indirect Participants and, together with the Direct Participants, the Participants). DTC has an S&P Global Ratings 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.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of the Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

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

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Board believes to be reliable, but the Board takes no responsibility for the accuracy thereof and the information is not to be construed as a representation by the Board, the Financial Advisor or the Underwriters.

Use of certain terms in other sections of the Official Statement. In reading the Official Statement it should be understood while the Bonds are in the book-entry-only system, references in other sections of the Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Bond Resolutions will be given only to DTC.

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TEXAS WATER DEVELOPMENT BOARD

TRUST AGREEMENT

THIS TRUST AGREEMENT (the “Agreement”), is made and entered into as of [_____], 2025, by and between the **Texas Water Development Board,** a State agency of the State of Texas (the “Board”), and **The Bank of New York Mellon Trust Company, N.A., Dallas, Texas** (the “Custodian”), a banking corporation organized and existing under the laws of the United States of America,

W I T N E S S E T H:

WHEREAS, the Board has authorized the issuance of its State of Texas Water Financial Assistance Bonds, Series 2025E (State Water Plan) (the “Series 2025E Bonds”) and State of Texas Water Financial Assistance Bonds, Taxable Series 2025F (State Water Plan) (the “Series 2025F Bonds” and, together with the Series 2025E Bonds, the “Bonds”) as water financial assistance bonds pursuant to respective resolutions approved by the Board on July 24, 2025 (together, the “Bond Resolutions”);

WHEREAS, the proceeds of the Bonds will be deposited to the credit of the Financial Assistance Account of the Texas Water Development Fund II, an account within the State treasury, and used to provide financing for Water Assistance Projects (all as defined in the Bond Resolutions) included in or related to state water plan projects, consistent with the provisions of Section 49-d-8, Article III, Texas Constitution (“Section 49-d-8”), Section 49-d-11, Article III, Texas Constitution Chapter 17, Subchapter L, Texas Water Code;

WHEREAS, Article 3, Section 49-d-12, Texas Constitution ("Section 49-d-12") created the State Water Implementation Fund for Texas ("SWIFT") as a special fund in the state treasury outside the general revenue fund of the State of Texas (the "State") for the purpose of implementing the state water plan adopted by the Board as required by general law;

WHEREAS, subsection (b) of Section 49-d-12 provides that the Board may enter into "bond enhancement agreements" (“SWIFT Bond Enhancement Agreements”) to provide additional security for general obligation bonds or revenue bonds of the Board, the proceeds of which are used to finance state water plan projects (general obligation bonds or revenue bonds issued to finance state water plan projects are referred to herein as "State Water Plan Bonds");

WHEREAS, the Board has authorized execution of a SWIFT Bond Enhancement Agreement designated as the SWIFT Funds Transfer Agreement (the “Transfer Agreement”) between the Board and the Texas Treasury Safekeeping Trust Company (the "TTSTC"), pursuant to Section 15.435, Texas Water Code, and a resolution approved by the Board on July 24, 2025 (the “Transfer Resolution”), pursuant to which the Board will direct the TTSTC to transfer a certain amount (such amount being the “Stated Amount,”) from the SWIFT to the Custodian to provide a source of revenue for the payment of the Bonds;

WHEREAS, pursuant to Section 17.954, Texas Water Code, the Board may at any time enter into one or more bond enhancement agreements that the Board determines to be necessary or appropriate relating to water financial assistance bonds, in whole or in part, and containing the terms and conditions and for the period that the Board approves (“WFA Bond Enhancement Agreements”);

WHEREAS, pursuant to Section 17.959, the Financial Assistance Account includes (i) payments received under a WFA Bond Enhancement Agreement with respect to water financial assistance bonds designated by the Board as issued for purposes described in Section 49-d-8, other than for purposes

described in Sections 17.957 and 17.958 and (ii) any other funds, regardless of their source, that the Board directs be deposited to the credit of the Financial Assistance Account;

WHEREAS, this Agreement constitutes a WFA Bond Enhancement Agreement;

WHEREAS, the Board desires to enter into this Agreement to provide a source of revenue for the payment of the principal of and interest on the Bonds;

WHEREAS, upon receipt of the Stated Amount, the Custodian shall purchase investments in which the Board is authorized by law and its investment policy to invest its funds ("Eligible Investments (as defined in the Bond Resolutions) listed and identified in **Exhibit A** attached hereto and incorporated herein by reference as a part of this Agreement for all purposes (together with any substituted securities therefor in accordance with the provisions of Section 7 hereof hereinafter referred to as the "Escrowed Securities");

WHEREAS, the Escrowed Securities shall be held and deposited to the credit of the "Assistance Account" to be established and maintained by the Custodian in accordance with the terms of this Agreement;

WHEREAS, the Escrowed Securities, together with the beginning cash balance in the Assistance Account, shall mature and the interest thereon shall be payable at such times to insure the existence of monies sufficient to make transfers to the Financial Assistance Account in the amounts, on the dates and in the manner set forth in **Exhibit B** attached hereto and incorporated herein by reference as a part of this Agreement for all purposes, for the purpose of providing a source of revenue for the payment of the Bonds;

WHEREAS, the Board has completed all arrangements for the purchase of the Escrowed Securities listed in **Exhibit A** and the deposit and credit of the same to the Assistance Account as provided herein;

WHEREAS, the Custodian is a banking association organized and existing under the laws of the United States of America, possessing trust powers and is fully qualified and empowered to enter into this Agreement; and

WHEREAS, in accordance with the terms of the Transfer Resolution, the Board duly approved and authorized the execution of this Agreement by the undersigned Authorized Representative;

NOW, THEREFORE, in consideration of the mutual agreements herein contained, the Board and the Custodian hereby mutually undertake, promise and agree as follows:

SECTION 1: Receipt of Documents. The Custodian hereby acknowledges receipt of a true and correct copy of each of the Bond Resolutions authorizing the issuance of the Bonds, the Transfer Resolution, and the Transfer Agreement. Reference herein to or citation herein of any provision of such documents shall be deemed an incorporation of such provision as a part hereof in the same manner and with the same effect as if it were fully set forth herein. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Bond Resolutions.

SECTION 2: Account and Subaccount Creation/Funding.

(a) *Assistance Account.* There is hereby created a special segregated trust account with the Custodian designated as the "Assistance Account" for the benefit of the Board.

(b) *Series 2025E Bonds Subaccount.* There is hereby created a special segregated trust account with the Custodian within the Assistance Account designated as the "Series 2025E Bonds Subaccount" for the benefit of the Board and, immediately following receipt of the Stated Amount, the Custodian agrees to hold and disburse such amount as follows:

(1) $[_____] for the purchase of the Escrowed Securities listed in **Exhibit A** to be held for the account of the Series 2025E Bonds Subaccount; and

(2) $[_____] for deposit in the Series 2025E Bonds Subaccount as a beginning cash balance.

(c) *Series 2025F Bonds Subaccount.* There is hereby created a special segregated trust account with the Custodian within the Assistance Account designated as the "Series 2025F Bonds Subaccount" for the benefit of the Board and, immediately following receipt of the Stated Amount, the Custodian agrees to hold and disburse such amount as follows:

(1) $[_____] for the purchase of the Escrowed Securities listed in **Exhibit A** to be held for the account of the Series 2025F Bonds Subaccount; and

(2) $[_____] for deposit in the Series 2025F Bonds Subaccount as a beginning cash balance.

(d) The Custodian hereby agrees to establish and maintain the Assistance Account and subaccounts therein, and further agrees to receive such moneys, apply the same as set forth herein, and to hold the cash and Escrowed Securities deposited and credited to the GO Bonds Assistance Account for application and disbursement for the purposes and in the manner provided in this Agreement.

SECTION 3: Pledge of Account. The Custodian agrees that all cash and Escrowed Securities, together with any income or interest earned thereon, held in the Assistance Account shall be and is held solely for the purposes described herein, and such funds initially deposited and to be received from maturing principal and interest on the Escrowed Securities in the Assistance Account shall be applied solely in accordance with the provisions of this Agreement.

SECTION 4: Assistance Account Securities/Segregation. The Custodian shall hold the Escrowed Securities and moneys in the Assistance Account at all times as a special and separate trust fund for the benefit of the Board, wholly segregated from other moneys and securities on deposit with the Custodian; shall never commingle such Escrowed Securities and moneys with other moneys or securities of the Custodian; and shall hold and dispose of the assets therein only as set forth herein. Nothing herein contained shall be construed as requiring the Custodian to keep the identical moneys, or any part thereof, in such Assistance Account, if it is impractical, but moneys of an equal amount, except to the extent such are represented by the Escrowed Securities, shall always be maintained on deposit in the Assistance Account by the Custodian, and a special account evidencing such facts shall at all times be maintained on the books of the Custodian.

SECTION 5: Assistance Account Collections/Payments. The Custodian shall from time to time collect and receive the principal of and interest on the Escrowed Securities as they respectively mature and become due and credit the same to the Assistance Account. On or before each transfer date shown in **Exhibit B**, the Custodian, without further direction from anyone, including the Board, shall cause to be withdrawn from each subaccount of the Assistance Account the amounts designated for transfer to the Financial Assistance Account on such transfer date, and such amounts shall be transferred to the Financial Assistance Account.

SECTION 6: Absence of Claim/Lien on Assistance Account. The Custodian shall have no lien whatsoever upon any of the moneys or Escrowed Securities in the Assistance Account for payment of services rendered hereunder, or for any costs or expenses incurred hereunder and reimbursable from the Board.

SECTION 7: Substitution/Reinvestments.

(a) At the direction of an Authorized Representative, the Custodian shall be authorized to accept initially and temporarily cash and/or substituted Eligible Investments pending the delivery of the Escrowed Securities identified in the **Exhibit A** attached hereto, or to redeem the Escrowed Securities and reinvest the proceeds thereof, together with other moneys held in the Assistance Account in Eligible Investments.

SECTION 8: Restriction Regarding Assistance Account Investments/Re-investment. Except as provided in Section 7 hereof, moneys in the Assistance Account will be invested only in the Escrowed Securities listed in **Exhibit A** and the Custodian shall not reinvest any moneys deposited in the Assistance Account except as specifically provided by this Agreement.

SECTION 9: Surplus Funds. If the Bonds have been fully discharged, or if at any time there exists or will exist excesses of interest on or maturing principal of the Escrowed Securities in excess of the amounts necessary hereunder to make the transfers appearing in **Exhibit B** (including an excess due to non-issuance of the Bonds), the Board shall direct the Custodian to transfer amounts from the Assistance Account to the Texas Comptroller of Public Accounts for deposit to the credit of SWIFT, in satisfaction of the provisions of Section 15.435(i), Texas Water Code; provided that and the money returned to the fund must not cause the Bonds to no longer be self-supporting for purposes of Section 49-j(b), Article III, Texas Constitution.

SECTION 10: Collateralization. The Custodian shall continuously collateralize monies in the Assistance Account that are not invested in Escrowed Securities by a pledge of securities or obligations which qualify and are eligible under the laws of the State of Texas to secure and be pledged as collateral for trust accounts to the extent such money is not insured by the Federal Deposit Insurance Corporation until the transfers appearing in **Exhibit B** have been made.

SECTION 11: Absence of Custodian's Liability Regarding Investments. The Custodian shall not be liable or responsible for any loss resulting from any investment made in the Escrowed Securities or substitute securities as provided in Section 7 hereof.

SECTION 12: Custodian's Compensation. The Board agrees to pay the Custodian for the performance of services hereunder the amount of $[_____] and the Custodian hereby agrees such amount is full and complete payment for the administration of this Agreement.

SECTION 13: Custodian's Duties/Responsibilities/Liability. The Custodian shall not be responsible for any recital herein, except with respect to its organization and its powers and authority. As to the existence or nonexistence of any fact relating to the Board or as to the sufficiency or validity of any instrument, paper or proceedings relating to the Board, the Custodian shall be entitled to rely upon a certificate signed on behalf of the Board by an Authorized Representative of the Board as sufficient evidence of the facts therein contained. The Custodian may accept a certificate of an Authorized Representative, to the effect that a resolution or other instrument in the form therein set forth has been adopted by the governing board of the Board, as conclusive evidence that such resolution or other instrument has been duly adopted and is in full force and effect.

The duties and obligations of the Custodian shall be determined solely by the express provisions of this Agreement and the Custodian shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Custodian.

In the absence of bad faith on the part of the Custodian, the Custodian may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Custodian, conforming to the requirements of this Agreement; but notwithstanding any provision of this Agreement to the contrary, in the case of any such certificate or opinion or any evidence which by any provision hereof is specifically required to be furnished to the Custodian, the Custodian shall be under a duty to examine the same to determine whether it conforms to the requirements of this Agreement.

The Custodian shall not be liable to any error of judgment made in good faith by a Responsible Officer or Officers of the Custodian unless it shall be proven that the Custodian was negligent in ascertaining or acting upon the pertinent facts.

The term "Responsible Officers" of the Custodian, as used in this Agreement, shall mean and include the Chairman of the Board of Directors, the President, any Vice President and any Second Vice President, the Secretary and any Assistant Secretary, the Treasurer and any Assistant Treasurer, and every other officer and assistant officer of the Custodian customarily performing functions similar to those performed by the persons who at the time shall be officers, respectively, or to whom any corporate trust matter is referred, because of his knowledge of and familiarity with a particular subject; and the term "Responsible Officer" of the Custodian, as used in this Agreement, shall mean and include any of such officers or persons.

SECTION 14: Accounting - Annual Report. Following the final payment required under Appendix B, the Custodian shall forward by letter to the Board, to the attention of the Development Fund Manager, or other designated official of the Board, a final accounting with respect to the Escrowed Securities and the payment required herein.

SECTION 15: Notices. Any notice, authorization, request or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid addressed as follows:

TEXAS WATER DEVELOPMENT BOARD
1700 North Congress Avenue
Austin, Texas 78701

Attention: Executive Administrator

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
2001 Bryan Street, 10th Floor
Dallas, Texas 75201
Attention: Corporate Trust Department

The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery.

Any party hereto may change the address to which notices are to be delivered by giving to the other parties not less than ten (10) days prior notice thereof.

SECTION 16: Performance Date. Whenever under the terms of this Agreement the performance date of any provision hereof, including the date of transfer required under **Exhibit B**, shall be a Sunday or a legal holiday or a day on which the Custodian is authorized by law to close, then the performance thereof need not be made on such date but may be performed or paid, as the case may be, on the next succeeding business day of the Custodian with the same force and effect as if made on the date of performance or payment and with respect to a payment, no interest shall accrue for the period after such date.

SECTION 17: Warranty of Parties Regarding Power to Execute and Deliver Trust Agreement. The Board covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Agreement. The Board covenants that it is duly authorized under the Constitution and laws of the State of Texas to execute and deliver this Agreement, that all actions on its part as provided herein and the execution and delivery of this Agreement have been duly and effectively taken.

SECTION 18: Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the parties to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 19: Termination. This Agreement shall terminate when the payments required by Exhibit B, have been paid and discharged in accordance with the provisions of this Agreement. Any moneys or Escrowed Securities held in the Assistance Account at termination and not needed for the payments required by **Exhibit B** shall be transferred to the Texas Comptroller of Public Accounts for deposit to the credit of SWIFT pursuant to Section 9 hereof.

SECTION 20: Time of the Essence. Time shall be of the essence in the performance of obligations from time to time imposed upon the Custodian by this Agreement.

SECTION 21: Successors/Assigns. The Custodian may resign and be discharged from performing its duties and responsibilities under this Agreement upon notifying the Board in writing of its intention to resign and requesting the Board to appoint a successor. No such resignation shall take effect until a successor has been appointed by the Board and such successor has accepted such appointment and agreed to perform all duties and obligations hereunder.

SECTION 22: Amendment/Modification. This Agreement shall be binding upon the Board and the Custodian and their respective successors and legal representatives and shall inure solely to the benefit of the Board, the Custodian and their respective successors and legal representatives. Furthermore, no alteration, amendment or modification of any provision of this Agreement shall be effective unless such alteration, amendment or modification is in writing and signed by the parties hereto.

SECTION 23: Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 24: Executed Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

SECTION 25: Governing Law. This Agreement shall be governed by the laws of the State of Texas and shall be effective as of the date of the delivery of the Bonds.

SECTION 26: Statutory Verifications. The Custodian makes the following representation and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Agreement. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the Custodian within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Agreement shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Agreement, notwithstanding anything in this Agreement to the contrary.

(a) The Custodian represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code. The foregoing representation excludes a Custodian and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(b) The Custodian hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Agreement. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Texas Government Code.

(c) The Custodian hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Texas Government Code.

(d) The Custodian hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy

companies during the term of this Agreement. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Texas Government Code.

SECTION 27: Exemption From Section 2252.908, Texas Government Code. The Custodian hereby warrants and represents to the Board that it is a publicly traded business entity or a wholly owned subsidiary of such a business entity.

[*remainder of page left blank intentionally*]

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed by their duly authorized officers as of the date first above written.

TEXAS WATER DEVELOPMENT BOARD

By: _____
Name: David Duran
Title: Director of Debt & Portfolio Management

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., Dallas, Texas, as Custodian

By:
Name: _____
Title: _____

EXHIBIT A

DESCRIPTION OF ESCROWED SECURITIES

EXHIBIT B

TRANSFERS TO THE FINANCIAL ASSISTANCE ACCOUNT

Estimated SWIFT 2025 Closing Detail

Previously Committed

Entity	Project Description	Funding Source	Anticipated Closing Amount
Brazosport WSC	Dow Reservoir and Pump Station Expansion	GO Series 2025F	$ 262,580,000
Coastal Water Authority	CWA Transmission Expansion (WMS-4009)	Revenue Series 2025	50,000,000
Corpus Christi	City of Corpus Christi Seawater Desalination (Inner Harbor)	Revenue Series 2025	210,045,000
Dallas	Infrastructure to Treat and Deliver to Customers: Water Main Replacement Program	Revenue Series 2025	34,000,000
Denton	30 MGD WTP Expansion – Ray Roberts-1	Revenue Series 2025	11,235,000
Guadalupe Blanco RA	ARWA/GBRA Project Phase 1 Expansion of Mid-Basin WSP (Carrizo Groundwater Supply Project)	GO Series 2025E	47,705,000
North Fort Bend Water Authority	NFBWA Phase 2 Distribution Segments	Revenue Series 2025	36,735,000
North Harris Co Regional Water Authority	NHCRWA Internal 2020 Distribution	Revenue Series 2025	204,000,000
Palo Pinto Co MWD # 1	Turkey Peak Reservoir	GO Series 2025E	58,000,000
Palo Pinto Co MWD # 1	Turkey Peak Reservoir	GO Series 2025F	42,000,000
Upper Trinity Regional Water District	Lake Ralph Hall Reservoir	Revenue Series 2025	60,220,000
Upper Trinity Regional Water District	RTWS Northeast Transmission Pipelines (Ph 1-6) and Loop	Revenue Series 2025	13,300,000
Upper Trinity Regional Water District	Harpool RWTP Expansion, Phase 2	Revenue Series 2025	40,000,000
Upper Trinity Regional Water District	Taylor Regional Water Treatment Plant Expansion	Revenue Series 2025	20,220,000
			$ 1,090,040,000

Anticipated July 2025 Commitments

Entity	Project Description	Funding Source	Anticipated Closing Amount
Alliance Regional Water Authority	ARWA/GBRA Project (Phase 1)	GO Series 2025E	$ 33,500,000
Austin	Direct Reuse Strategy	Revenue Series 2025	10,000,000
Austin	Municipal Conservation	Revenue Series 2025	3,000,000
Baytown Area Water Authority	BAWA East SWTP Expansion	Revenue Series 2025	69,000,000
Brushy Creek Regional Utility Authority	Distribution Project	GO Series 2025E	36,240,000
Central Harris County Regional Water Authority	Central Harris County Regional Water Authority Transmission and Internal Distribution	GO Series 2025E	8,000,000
Del Rio	City of Del Rio - Drill and equip a new well and connect to distribution system	Revenue Series 2025	4,865,000
Del Rio	City of Del Rio - Water Treatment Plant Expansion	Revenue Series 2025	265,000
Fort Worth	Eagle Mountain Water Treatment Plan Expansion - 35 MGD Expansion	GO Series 2025E	180,000,000
Greater Texoma Utility Authority	South Transmission System Pipeline	GO Series 2025E	32,400,000
Greater Texoma Utility Authority	South Transmission System Pipeline	GO Series 2025F	10,800,000
Guadalupe Blanco River Authority	Carrizo Groundwater Supply Projec	GO Series 2025E	40,000,000
Houston	Amendment to 2021 Region H- Regional Water Plan- City of Houston East Water Purification Plant Enhancement	Revenue Series 2025	350,000,000
Laguna Madre Water District*	Seawater Desalination Plant	GO Series 2025E	64,655,000
McAllen*	City of McAllen Brackish Groundwater Treatment Plant	Revenue Series 2025	30,000,000
McAllen	City of McAllen Acquisition of Water Rights	Revenue Series 2025	3,215,000
North Texas Municipal Water District	North System Raw Water Pipelines	Revenue Series 2025	641,695,000
North Texas Municipal Water District	BDL/LWTP Phase III-HSPS-South & 25kv South Loop	Revenue Series 2025	239,060,000
San Antonio Water System*	SAWS ASR Treatment Plant Expansion	Revenue Series 2025	27,635,000
Upper Trinity Regional Water District	Taylor Regional Water Treatment Plant Expansion	Revenue Series 2025	55,000,000
			$ 1,839,330,000

*Eligible for funding from the New Water Supply for Texas Fund.

Grand Total **$ 2,929,370,000**