NEW ISSUE – BOOK-ENTRY ONLY **Ratings: Fitch: AAA; S&P: AAA**
(See "Other Information − Ratings")

*In the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, interest on the Series 2015A Bonds (hereinafter defined) is excludable from gross income for federal income tax purposes under statutes, regulations, rulings and court decisions existing on the date of delivery and the Series 2015A Bonds are not "private activity bonds." See "**TAX MATTERS − Tax-Exempt Bonds**" for a discussion of the opinion of Bond Counsel, including a description of alternative minimum tax consequences for corporations and other federal income tax consequences. Interest on the Taxable Series 2015B Bonds (hereinafter defined) will be included in gross income for federal income tax purposes. See "**TAX MATTERS – Taxable Bonds**."*

$810,410,000
TEXAS WATER DEVELOPMENT BOARD

$798,450,000
STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS REVENUE BONDS, SERIES 2015A (MASTER TRUST)

$11,960,000
STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS REVENUE BONDS, TAXABLE SERIES 2015B (MASTER TRUST)

Interest Accrual: Date of Delivery (hereinafter defined) **Due: April 15** and **October 15**, as shown on inside cover

The Texas Water Development Board (the "**Board**") is issuing the Texas Water Development Board State Water Implementation Revenue Fund for Texas Revenue Bonds, Series 2015A (Master Trust) (the "**Series 2015A Bonds**") and the Texas Water Development Board State Water Implementation Revenue Fund for Texas Revenue Bonds, Taxable Series 2015B (Master Trust) (the "**Taxable Series 2015B Bonds**," and together with the Series 2015A Bonds, the "**Series 2015 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 October 1, 2015 (the "**Master Indenture**"), a Bond Indenture between the Board and The Bank of New York Mellon Trust Company, National Association (the "**2015A Bond Trustee**"), dated as October 1, 2015, with respect to the issuance of the Series 2015A Bonds (the "**2015A Bond Indenture**") and a Bond Indenture between the Board and The Bank of New York Mellon Trust Company, National Association (the "**2015B Bond Trustee**," and together with the 2015A Bond Trustee, the "**Bond Indenture Trustee**"), dated as October 1, 2015, with respect to the issuance of the Taxable Series 2015B Bonds (the "**2015B Bond Indenture**," and together with the 2015A Bond Indenture, the "**Bond Indentures**"), all of which were approved by the Board by resolution adopted on July 23, 2015 (the "**Resolution**"). The Master Indenture and the Bond Indentures are collectively referred to herein as the "**Indentures**." See "**INTRODUCTION**." Interest on the Series 2015 Bonds of each series will accrue from their Date of Delivery at the fixed rates of interest shown on the inside front cover page hereof. Interest will be payable on April 15, 2016, 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 Series 2015 Bonds will be issued only as fully registered bonds in the denomination of $5,000 or any integral multiple thereof within a series and maturity.

The Board initially will issue the Series 2015 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* – DESCRIPTION OF BOOK-ENTRY-ONLY SYSTEM**." Principal of the Series 2015 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 E)*. In the event the Series 2015 Bonds are not in the book-entry-only system, payment of principal of the Series 2015 Bonds will be made to the registered owner upon maturity or redemption prior to maturity only upon presentation and surrender of such Series 2015 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 its Austin, Texas, corporate trust office.

The proceeds from the sale of the Series 2015 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-1* and *Appendix A-2* and (ii) to pay the costs of issuance of the Series 2015 Bonds. See "**PLAN OF FINANCE**."

The Series 2015 Bonds are special, limited obligations of the Board equally and ratably secured by and payable solely from a lien on the related Security, as hereinafter defined, pursuant to the applicable Bond Indenture including, but not limited to: (i) all Revenues, as hereinafter defined, held under the related Bond Indenture; (ii) all amounts held in the funds and accounts established under the applicable Bond Indenture (other than the Rebate Fund established for the Series 2015A Bonds and the applicable Costs of Issuance Account); and (iii) all of the proceeds of the foregoing including, without limitation, investments thereof. In addition, the Series 2015 Bonds are secured by amounts that become available under the Master Indenture. See "**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS**." **The security held under the 2015A Bond Indenture does not secure the Taxable Series 2015B Bonds. The security held under the 2015B Bond Indenture does not secure the Series 2015A Bonds.**

The Series 2015 Bonds are subject to optional redemption prior to their stated maturity. The Series 2015 Bonds are also subject to mandatory sinking fund redemption as described herein. See "**THE SERIES 2015 BONDS - Redemption**."

The Series 2015 Bonds are issued under authority of the laws of the State of Texas, including specifically Subchapter H, Chapter 15, Texas Water Code, as amended. The Series 2015 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 Series 2015 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 INSIDE COVER PAGES HEREIN FOR STATED MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL YIELDS, AND CUSIP NUMBERS.

*The Series 2015 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 the Hardwick Law Firm LLC, Houston, Texas, Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Locke Lord LLP, Dallas, Texas. It is expected that the Series 2015 Bonds will be delivered through the facilities of DTC on or about November 4, 2015 (the "**Date of Delivery**").*

Citigroup

BofA Merrill Lynch **Coastal Securities, Inc.** **J.P. Morgan**
Loop Capital Markets **Morgan Stanley & Co., LLC** **Piper Jaffray & Co.**
RBC Capital Markets **SAMCO Capital Markets** **Siebert Brandford Shank & Co., LLC**

Official Statement dated October 7, 2015

MATURITY SCHEDULE
$798,450,000
TEXAS WATER DEVELOPMENT BOARD
STATE WATER IMPLEMENTATION
REVENUE FUND FOR TEXAS REVENUE BONDS,
SERIES 2015A (MASTER TRUST)

SERIAL BONDS

Maturity	Principal Amount	Interest Rate	Initial Yield	CUSIP[1]
10/15/2016	$ 7,740,000	2.000%	0.230%	882854VP4
04/15/2017	7,860,000	5.000%	0.450%	882854VQ2
10/15/2017	8,015,000	5.000%	0.600%	882854VR0
04/15/2018	8,260,000	4.000%	0.750%	882854VS8
10/15/2018	8,380,000	4.000%	0.870%	882854VT6
04/15/2019	8,590,000	5.000%	0.990%	882854VU3
10/15/2019	8,760,000	4.000%	1.100%	882854VV1
04/15/2020	8,980,000	4.000%	1.230%	882854VW9
10/15/2020	9,115,000	5.000%	1.350%	882854VX7
04/15/2021	9,390,000	5.000%	1.450%	882854VY5
10/15/2021	9,580,000	5.000%	1.560%	882854VZ2
04/15/2022	9,860,000	5.000%	1.690%	882854WA6
10/15/2022	10,065,000	5.000%	1.770%	882854WB4
04/15/2023	10,360,000	5.000%	1.920%	882854WC2
10/15/2023	10,575,000	5.000%	1.990%	882854WD0
04/15/2024	10,250,000	5.000%	2.080%	882854WE8
10/15/2024	4,870,000	5.000%	2.140%	882854WF5
04/15/2025	11,575,000	5.000%	2.190%	882854WG3
10/15/2025	5,430,000	5.000%	2.250%	882854WH1
04/15/2026	12,400,000	5.000%	2.340%[c]	882854WJ7
10/15/2026	6,160,000	5.000%	2.380%[c]	882854WK4
04/15/2027	12,980,000	5.000%	2.460%[c]	882854WL2
10/15/2027	6,625,000	5.000%	2.490%[c]	882854WM0
04/15/2028	13,570,000	5.000%	2.570%[c]	882854WN8
10/15/2028	7,090,000	5.000%	2.590%[c]	882854WP3

TERM BONDS

$25,450,000 Term Bond due October 15, 2029; Interest Rate: 5.000% Yield: 2.680%[c]; CUSIP No. 882854WQ1 [1]
$26,810,000 Term Bond due October 15, 2030; Interest Rate: 5.000% Yield: 2.770%[c]; CUSIP No. 882854WR9 [1]
$27,190,000 Term Bond due October 15, 2031; Interest Rate: 5.000% Yield: 2.840%[c]; CUSIP No. 882854WS7 [1]
$28,535,000 Term Bond due October 15, 2032; Interest Rate: 4.000% Yield: 3.310%[c]; CUSIP No. 882854WT5 [1]
$19,765,000 Term Bond due October 15, 2033; Interest Rate: 4.000% Yield: 3.360%[c]; CUSIP No. 882854WU2 [1]
$10,000,000 Term Bond due October 15, 2033; Interest Rate: 5.000% Yield: 2.960%[c]; CUSIP No. 882854XC1 [1]
$31,090,000 Term Bond due October 15, 2034; Interest Rate: 4.000% Yield: 3.410%[c]; CUSIP No. 882854WV0 [1]
$32,390,000 Term Bond due October 15, 2035; Interest Rate: 4.000% Yield: 3.460%[c]; CUSIP No. 882854WW8 [1]
$70,000,000 Term Bond due October 15, 2040; Interest Rate: 4.000% Yield: 3.660%[c]; CUSIP No. 882854XA5 [1]
$74,795,000 Term Bond due October 15, 2040; Interest Rate: 5.000% Yield: 3.260%[c]; CUSIP No. 882854WX6 [1]
$70,000,000 Term Bond due October 15, 2045; Interest Rate: 4.000% Yield: 3.730%[c]; CUSIP No. 882854XB3 [1]
$109,900,000 Term Bond due October 15, 2045; Interest Rate: 5.000% Yield: 3.330%[c]; CUSIP No. 882854WY4 [1]
$46,045,000 Term Bond due October 15, 2050; Interest Rate: 4.000% Yield: 3.850%[c]; CUSIP No. 882854WZ1 [1]

[c] = Priced assuming Bonds are redeemed on the first redemption date of October 15, 2025

(Interest accrues from Date of Delivery)

[1] CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC 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 Advisors, or the Underwriters are responsible for the selection or correctness of the CUSIP numbers set forth herein.

$11,960,000
TEXAS WATER DEVELOPMENT BOARD
STATE WATER IMPLEMENTATION
REVENUE FUND FOR TEXAS REVENUE BONDS,
TAXABLE SERIES 2015B (MASTER TRUST)

SERIAL BONDS

Maturity	Principal Amount	Interest Rate	Initial Yield	CUSIP[1]
10/15/2016	$ 75,000	0.450%	0.450%	882854UZ3
04/15/2017	100,000	0.899%	0.899%	882854VA7
10/15/2017	75,000	0.949%	0.949%	882854VB5

TERM BONDS

$155,000 Term Bond due October 15, 2018; Interest Rate: 1.273% Yield: 1.273%; CUSIP No. 882854VC3 [1]
$155,000 Term Bond due October 15, 2019; Interest Rate: 1.688% Yield: 1.688%; CUSIP No. 882854VD1 [1]
$160,000 Term Bond due October 15, 2020; Interest Rate: 1.988% Yield: 1.988%; CUSIP No. 882854VE9 [1]
$165,000 Term Bond due October 15, 2021; Interest Rate: 2.283% Yield: 2.283%; CUSIP No. 882854VF6 [1]
$165,000 Term Bond due October 15, 2022; Interest Rate: 2.533% Yield: 2.533%; CUSIP No. 882854VG4 [1]
$175,000 Term Bond due October 15, 2023; Interest Rate: 2.703% Yield: 2.703%; CUSIP No. 882854VH2 [1]
$175,000 Term Bond due October 15, 2024; Interest Rate: 2.853% Yield: 2.853%; CUSIP No. 882854VJ8 [1]
$230,000 Term Bond due October 15, 2025; Interest Rate: 3.053% Yield: 3.053%; CUSIP No. 882854VK5 [1]
$1,165,000 Term Bond due October 15, 2030; Interest Rate: 3.703% Yield: 3.703%; CUSIP No. 882854VL3 [1]
$1,920,000 Term Bond due October 15, 2035; Interest Rate: 4.248% Yield: 4.248%; CUSIP No. 882854VM1 [1]
$7,245,000 Term Bond due April 15, 2050; Interest Rate: 4.648% Yield: 4.648%; CUSIP No. 882854VN9 [1]

(Interest accrues from Date of Delivery)

[1] CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC 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 Advisors, or the Underwriters are responsible for the selection or correctness of the CUSIP numbers set forth herein.

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TEXAS WATER DEVELOPMENT BOARD[1]

MEMBERS
Bech Bruun, Chairman
Kathleen Jackson, Member
(Vacancy)

STAFF MEMBERS

Kevin Patteson	Executive Administrator
Darrell Nichols	Assistant Executive Administrator
Jeff Walker	Deputy Executive Administrator
Cindy Demers	Chief Financial Officer/Development Fund Manager
Les Trobman	General Counsel

BOND COUNSEL

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

DISCLOSURE COUNSEL

The Hardwick Law Firm, LLC
Houston, Texas

CO-FINANCIAL ADVISORS

First Southwest Company, LLC
Dallas and San Antonio, Texas

Estrada Hinojosa & Company, Inc.
Dallas and Austin, Texas

MASTER TRUSTEE

The Bank of New York Mellon Trust Company, National Association
Austin, Texas

BOND INDENTURE TRUSTEE

The Bank of New York Mellon Trust Company, National Association
Austin, Texas

[1] For additional information on the Board, see "*Appendix C* – Information Regarding the Texas Water Development Board."

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.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2015 BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2015 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

NEITHER THE BOARD, ITS FINANCIAL ADVISORS 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 FURNISHED 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 SECURITIES 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 Series 2015 Bonds has been filed with the SEC under the Securities Act of 1933, as amended, in reliance upon an exemption provided thereunder. The Series 2015 Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Series 2015 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 Series 2015 Bonds under the securities laws of any jurisdiction in which the Series 2015 Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Series 2015 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.

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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**")
Issue:	Texas Water Development Board State Water Implementation Revenue Fund for Texas Revenue Bonds, Series 2015A (Master Trust) (the "**Series 2015A Bonds**") and Texas Water Development Board State Water Implementation Revenue Fund for Texas Revenue Bonds, Taxable Series 2015B (Master Trust) (the "**Taxable Series 2015B Bonds**"). Collectively the Series 2015A Bonds and the Taxable Series 2015B Bonds are referred to herein as the "**Series 2015 Bonds**."
Dated Date:	Date of Delivery
Interest Payment Date:	April 15 and October 15, commencing April 15, 2016.
Principal Due:	As detailed on the inside front cover pages of this Official Statement.
Redemption:	***Optional Redemption***. The Series 2015 Bonds maturing on and after April 15, 2026, are subject to redemption at the option of the Board, in whole or in part on any date on and after October 15, 2025, at the redemption price, of 100% of the principal amount thereof being redeemed, plus accrued interest thereon to the date fixed for redemption. Series 2015 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 Series 2015A Bonds scheduled to mature on October 15 in the years 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2040, 2045 and 2050 (the "**2015A 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 Series 2015A Bonds, on the dates and in the respective principal amounts, set forth herein. The Taxable **Series 2015B** Bonds scheduled to mature on October 15 in the years 2018 through 2025, 2030, and 2035 and on April 15, 2050 (the "**2015B 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 Taxable Series 2015B Bonds, on the dates and in the respective principal amounts, set forth herein.
Authorization:	On November 5, 2013, Texas voters approved adding Sections 49-d-12 and 49-d-13 to Article III of the Texas Constitution which created 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 will be administered by, or on behalf of, the Board, or its successor, for

the purpose of implementing the State Water Plan. The Series 2015 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 Indenture**") a Bond Indenture, dated as of October 1, 2015, between the Board and The Bank of New York Mellon Trust Company, National Association, with respect to the Series 2015A Bonds (the "**Series 2015A Bond Indenture**") and a Bond Indenture, dated as of October 1, 2015, between the Board and The Bank of New York Mellon Trust Company, National Association, with respect to the Taxable Series 2015B Bonds (the "**Series 2015B Bond Indenture**," and together with the 2015A Bond Indenture, the "**Bond Indentures**"). The Master Indenture and the Bond Indentures are collectively referred to herein as the "**Indentures**." In its capacity as trustee under the Master 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 each 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 SERIES 2015 BONDS – Master Trust Indenture**," "**2015A Bond Indenture**" and "**2015B 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 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 Series 2015 Bonds constitutes such a bond enhancement agreement under State law. The Board and TTSTC 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 August 27, 2015 the Board and TTSTC entered into the SWIFT Funds Transfer Agreement, pursuant to which not to exceed $175,000,000 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 respective Bond Indentures. See "**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS – SWIFT Funds Transfer Agreement**."

Security: The Series 2015A Bonds are special, limited obligations of the Board equally and ratably secured by and payable solely from a lien on the Security pursuant to the 2015A Bond Indenture, in the case of the Series 2015A Bonds (the "**Security for the Series 2015A Bonds**") including, but not limited to: (i) all Revenues held under the 2015A Bond Indenture; (ii) all amounts held in the funds and accounts established under the 2015A Bond Indenture (other than the Rebate Fund and the Costs of Issuance Account), and (iii) all of the proceeds of the foregoing including, without limitation, investments thereof. **SWIFT does not constitute Security for the Series 2015A Bonds.**

The Taxable Series 2015B Bonds of each series are special, limited obligations of the Board equally and ratably secured by and payable solely from a lien on the Security pursuant to the 2015B Bond Indenture, in the case of the Taxable Series 2015B Bonds (the "**Security for the Taxable Series 2015B Bonds**") including, but not limited to: (i) all Revenues held under the 2015B Bond Indenture; (ii) all amounts held in the funds and accounts established under the 2015B Bond

Indenture (other than the Costs of Issuance Account), and (iii) all of the proceeds of the foregoing including, without limitation, investments thereof. **SWIFT does not constitute Security for the Taxable Series 2015B Bonds.**

Moneys received by the Master Trustee from a Bond Indenture Trustee also provide an additional source of security for the Series 2015 Bonds of either series. Security for the Series 2015A Bonds does **not** secure the Taxable **Series 2015B** Bonds. Security for the Taxable Series 2015B Bonds does **not** secure the Series 2015A Bonds.

Credit Rating: The Series 2015 Bonds of each series received a rating of "AAA" from Fitch Ratings, and "AAA" from Standard & Poor's Rating Service, a Standard & Poor's Financial Services LLC business. See "**RATINGS**" herein.

Program: The Series 2015 Bonds are the first and second series of Master Trust Bonds issued pursuant to the Master Indenture to provide funds for SWIRFT. The Board intends to use the proceeds of the Series 2015 Bonds to provide financial assistance to Political Subdivisions by offering subsidized loans and/or repayment deferral to Political Subdivisions. See "**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS**" herein.

Purpose: The Series 2015 Bonds will be issued (i) to provide money to provide financial assistance through the purchase of or entering into Political Subdivision Obligations, and (ii) to pay costs of issuance of the Series 2015 Bonds. See "**PLAN OF FINANCE**" 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 Series 2015A Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax, such interest is taken into account in computing the federal alternative minimum tax. See "**TAX MATTERS – Tax-Exempt Bonds**" herein. Interest on the Taxable Series 2015B Bonds will be included in gross income for federal income tax purposes. See "**TAX MATTERS – Taxable Bonds**" herein.

Master Trustee: The Bank of New York Mellon Trust Company, National Association, Austin, Texas

Bond Indenture Trustee and Paying Agent: The Bank of New York Mellon Trust Company, National Association, Austin, Texas

Book-Entry Form: The Series 2015 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 Series 2015 Bonds. See "***APPENDIX E* – Description of Book-Entry-Only System**" herein.

Questions regarding this Official Statement may be directed to Cindy Demers, Chief Financial Officer/Development Fund Manager, Texas Water Development Board, 1700 North Congress, Suite 620K, Austin, Texas 78701; Telephone: (512) 936-0809; Electronic mail: Cindy.Demers@twdb.texas.gov.

Official Statement

$810,410,000
TEXAS WATER DEVELOPMENT BOARD

$798,450,000	**$11,960,000**
STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS REVENUE BONDS, SERIES 2015A (MASTER TRUST)	**STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS REVENUE BONDS, TAXABLE SERIES 2015B (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**"), certain of the Board's 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 2015A (Master Trust) (the "**Series 2015A Bonds**") and of its Texas Water Development Board State Water Implementation Revenue Fund for Texas Revenue Bonds, Taxable Series 2015B (Master Trust) (the "**Taxable Series 2015B Bonds**," and together with the Series 2015A Bonds, the "**Series 2015 Bonds**"). The Series 2015 Bonds are being issued pursuant to a Master Indenture, dated as of October 1, 2015, between the Board and The Bank of New York Mellon Trust Company, National Association (the "**Master Indenture**"), a Bond Indenture between the Board and The Bank of New York Mellon Trust Company, National Association (the "**2015A Bond Trustee**"), dated as October 1, 2015, with respect to the issuance of the Series 2015A Bonds (the "**2015A Bond Indenture**") and a Bond Indenture between the Board and The Bank of New York Mellon Trust Company, National Association (the "**2015B Bond Trustee**," and together with the 2015A Bond Trustee, the "**Bond Indenture Trustee**"), dated as October 1, 2015, with respect to the issuance of the Taxable Series 2015B Bonds (the "**2015B Bond Indenture**," and together with the 2015A Bond Indenture, the "**Bond Indentures**"), and the terms of a bond purchase agreement pertaining to the sale of the Series 2015 Bonds (the "**Bond Purchase Agreement**"). The Master Indenture, the Bond Indentures, 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 23, 2015 (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 Series 2015 Bonds. The Master Indenture and the Bond Indentures are sometimes hereinafter collectively referred to as the "**Indentures**." The Master Indenture governs the revenue bond program and the issuance of "**Master Trust Bonds**." The Series 2015 Bonds are the first and second series of Master Trust Bonds issued pursuant to the Master Indenture. Terms used but not defined herein have the same meaning assigned to such terms in "***APPENDIX B* – SUMMARY OF CERTAIN PROVISIONS OF THE MASTER TRUST INDENTURE AND THE BOND INDENTURES**".

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 cost-effective financial assistance programs for the 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. See "**TEXAS WATER DEVELOPMENT BOARD**," "**STATE WATER PLAN ASSISTANCE PROGRAM**" and "***APPENDIX C* – INFORMATION REGARDING THE TEXAS WATER DEVELOPMENT BOARD**" herein.

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 that are a part of the State Water Plan. **Moneys on deposit in SWIFT are not pledged in support of bonds issued by the Board, including specifically the Series 2015 Bonds.** Moneys in SWIFT are made available to the Board from time to time through a bond enhancement agreement. 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 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 Series 2015 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 approval will need to be sought and there is no assurance that such approval will be obtained. See "**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS – SWIFT Funds Transfer Agreement**" herein. The SWIFT Funds Transfer Agreement is a bond enhancement agreement under Subchapter G. See "**STATE WATER PLAN ASSISTANCE PROGRAM**."

Series 2015 Bonds

The Series 2015 Bonds are issued pursuant to the Master Indenture, the 2015A Bond Indenture (with respect to the Series 2015A Bonds), the 2015B Bond Indenture (with respect to the Taxable Series 2015B Bonds) and the laws of the State of Texas, including Subchapter H. See "**THE SERIES 2015 BONDS**." Bonds issued pursuant to the terms of the Master Indenture are referred to herein as the "**Master Trust Bonds**." The Series 2015 Bonds are the first and second series of Master Trust Bonds issued by the Board. See "**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS – Master Trust Indenture**" for a description of the authority to issue Master Trust Bonds in accordance with the terms of the Master Indenture.

Security through Bond Indentures

Security for the Series 2015A Bonds.

The Series 2015A Bonds and the interest and any premium 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 2015A Bond Indenture (the "**Security for the Series 2015A Bonds**") including, but not limited to: (i) all Revenues held under the 2015A Bond Indenture; (ii) all amounts held in the funds and accounts established under the 2015A Bond Indenture (other than the Rebate Fund and the

Costs of Issuance Account); and (iii) all of the proceeds of the foregoing including, without limitation, investments thereof. Security for the Series 2015A Bonds includes amounts deposited to the credit of the Assistance Account within SWIRFT held by the 2015A 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 Series 2015A Bonds.** See "**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS**" herein.

"**Revenues**," with respect to the Series 2015A 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 2015A Bond Indenture.

The Series 2015A 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 under the 2015A Bond Indenture and the Master Trust Indenture, the proceeds from the sale of the Series 2015A Bonds and the income from the temporary investment thereof. The Board has no taxing powers.

Security for the Taxable Series 2015B Bonds.

The Taxable Series 2015B Bonds and the interest and any premium 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 2015B Bond Indenture (the "**Security for the Taxable Series 2015B Bonds**") including, but not limited to: (i) all Revenues held under the terms of the 2015B Bond Indenture; (ii) all amounts held in the funds and accounts established under the 2015B Bond Indenture (other than the Costs of Issuance Account); and (iii) all of the proceeds of the foregoing including, without limitation, investments thereof. Security for the Taxable Series 2015B Bonds includes amounts deposited to the credit of the Assistance Account within SWIRFT held by the 2015B Bond Trustee from moneys received by the Board under the terms of the SWIFT Funds Transfer Agreement for the Taxable Series 2015B Bonds. **Moneys on deposit to the credit of SWIFT do NOT provide security for the Taxable Series 2015B Bonds.** See "**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS**" herein.

"**Revenues,**" with respect to the Taxable Series 2015B 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 Series 2015B Bond Indenture.

The Taxable Series 2015B 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 under the 2015B Bond Indenture and the Master Trust Indenture, the proceeds from the sale of the Taxable Series 2015B Bonds and the income from the temporary investment thereof. The Board has no taxing powers.

Series 2015A Bonds and Taxable Series 2015B Bonds not on Parity.

The Series 2015A Bonds and the Taxable Series 2015B Bonds are not parity bonds. The Security for the Series 2015A Bonds held under the 2015A Bond Indenture does not secure the Taxable Series 2015B Bonds. The Security for the Taxable Series 2015B Bonds held under the 2015B Bond Indenture does not secure the Series 2015A Bonds. The moneys transferred pursuant to the SWIFT Funds Transfer Agreement for the Series 2015A Bonds are not a part of the Security for the Taxable Series 2015B Bonds, and the moneys transferred pursuant to the SWIFT Funds Transfer Agreement for the Taxable Series 2015B Bonds are not part of the Security for the Series 2015A Bonds. See "***APPENDIX A-1*, SUMMARY OF POLITICAL SUBDIVISION OBLIGATIONS EXPECTED TO BE FUNDED BY SERIES 2015A BONDS AND BY TAXABLE SERIES 2015B BONDS.**"

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 loan made or incurred pursuant thereto constitutes a "Political Subdivision Obligation." Prior to purchasing or entering into Political Subdivision Obligations, the office of General Counsel of the Board will review and approve 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, 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 PLAN ASSISTANCE PROGRAM – Board Participation Obligations**." Upon approval by the Attorney General of the State, registration of the Political Subdivision Obligations by the Comptroller of Public Accounts of the State 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 Subdivisions Obligations expected to be purchased with the proceeds of the Series 2015 Bonds are listed in *Appendix A-1*. Certain information on entities expected to be Significant Borrowers (see "**CONTINUING DISCLOSURE OF INFORMATION – Continuing Disclosure Undertaking of Significant Borrowers**") is attached hereto as *Appendix A-2*, as hereinafter defined. A summary of certain provisions of the Master Indenture and the Bond Indentures is attached hereto as *Appendix B*. A description of the Board and its programs is attached hereto as *Appendix C*. The proposed form of the opinions of Bond Counsel is attached hereto as *Appendix D*. A description of DTC and its Book-Entry-Only System is attached hereto as *Appendix E*. The descriptions, summaries and excerpts herein of the Master 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 SERIES 2015 BONDS

The Series 2015A Bonds are special, limited obligations of the Board equally and ratably secured by and payable solely from a lien on the Security for the Series 2015A Bonds, including, but not limited to: (i) all Revenues held under the terms of the 2015A Bond Indenture; (ii) all amounts held in the funds and accounts established under the 2015A Bond Indenture (other than the Rebate Fund and the Costs of Issuance Account); and (iii) all of the proceeds of the foregoing including, without limitation, investments thereof. In addition, the Series 2015A Bonds are secured by amounts that become available under the Master Indenture.

The Taxable Series 2015B Bonds are special, limited obligations of the Board equally and ratably secured by and payable solely from a lien on the Security for the Taxable Series 2015B Bonds, including, but not limited to: (i) all Revenues held under the terms of the 2015B Bond Indenture; (ii) all amounts held in the funds and accounts established under the 2015B Bond Indenture (other than the Costs of Issuance Account); and (iii) all of the proceeds of the foregoing including, without limitation, investments thereof. In addition, the Taxable Series 2015B Bonds are secured by amounts that become available under the Master Indenture.

The Series 2015A Bonds and the Taxable Series 2015B Bonds are **not** parity bonds. The Security for the Series 2015A Bonds held under the 2015A Bond Indenture does **not** secure the Taxable Series 2015B Bonds. The Security for the Taxable Series 2015B Bonds held under the 2015B Bond Indenture does **not** secure the Series 2015A Bonds. See "Security through Bond Indentures" above for a description of how the respective bond indentures secure the Series 2015A Bonds and the Taxable Series 2015B Bonds.

THE SERIES 2015 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 SERIES 2015 BONDS DOES NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE THE STATE OR ANY 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 Indenture authorizes a comprehensive program to accommodate the issuance or incurrence of obligations that are held in accounts created under the Master Indenture. The Series 2015 Bonds are the first and second series of Master Trust Bonds secured by the Master Indenture. See "***APPENDIX B* –SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE BOND INDENTURES**." The Master Indenture provides security for revenue bonds issued by the Board pursuant to Subchapter H.

The trust estate established under the Master 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 Series 2015A Bond Indenture)) paid to or held by the Master Trustee in the funds and accounts created under the Master 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 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 Series 2015 Bonds then due, the Trustee shall immediately give notice to the Board and the Master Trustee of such anticipated deficiency. Upon a certification from a bond 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 Series 2015 Bonds), the Master Trustee will transfer to the bond trustee the amount certified to by the bond trustee to be necessary to timely make the debt service payment due on such Master Trust Bonds. If more than one bond 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 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 Indenture, the Board will execute a Series Certificate stating that a Series of Master Trust Bonds is entitled to the benefits of the Master 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 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 Indenture shall be a continuing, irrevocable and exclusive first lien on the trust estate created under the Master Indenture. After payment in full of the principal of, redemption premium, if any, and interest on the Master Trust Bonds secured by the Master Indenture, and the payment of all fees and expenses payable to the Bond Indenture Trustee under the terms of any bond trust indenture, the lien on the trust estate created under the Master 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 TTSTC 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 of Public Accounts, with instructions that such Surplus Balance shall be deposited to the credit of SWIFT.

Bond Indentures

2015A Bond Indenture. The Security for the Series 2015A Bonds pledged under the 2015A Bond Indenture to the payment of the Series 2015A Bonds includes all Political Subdivision Obligations purchased by the Board with funds from the Project Financing Account of the SWIRFT created under the 2015A 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 2015A Bond Trustee, the Political Subdivision Obligations held in the Portfolio Account for the Series 2015A Bonds, and the Repayments on such Political Subdivision Obligations, moneys held in the Assistance Account for the Series 2015A

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 Series 2015A Bonds, as well as certain other revenues, receipts and funds held by the 2015A Bond Trustee as part of the Trust Estate for the Series 2015A Bonds. See "***APPENDIX B* - THE SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE BOND INDENTURES**."

In the 2015A Bond Indenture, among the conditions to the issuance and delivery of the Series 2015A 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 2015A Bond Indenture and will be held by the 2015A Bond Trustee: (a) Assistance Account; (b) Project Financing Account; (c) Portfolio Account, and within the Portfolio Account a Repayment Subaccount (the "**Repayment Subaccount**") and a Prepayment Subaccount (the "**Prepayment Subaccount**"); (d) Revenue Account, and within the Revenue Account an Administrative Expenses Subaccount (the "**Administrative Expenses Subaccount**"); (e) Debt Service Account, consisting of a Principal and Interest Subaccount (a "**Principal and Interest Subaccount**") and a Redemption Subaccount (a "**Redemption Subaccount**"); (f) Surplus Revenue Account (the "**Surplus Revenue Account**"); and (g) Costs of Issuance Account (the "**Costs of Issuance Account**"). The 2015A 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 2015A Bond Indenture, on each Payment Date, the 2015A 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 Series 2015A Bonds and deposit the same to the Principal and Interest Subaccount of the Debt Service Account.

Pursuant to the 2015A Bond Indenture, on each Payment Date, the 2015A 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 Series 2015A 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 2015A Bond Indenture.

Any moneys remaining in the Revenue Account after making the transfers described above may be transferred to the Surplus Revenues 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.

If no later than forty 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 Series 2015A Bonds then due as shown in the 2015A Bond Indenture, the 2015A Bond Trustee shall immediately give notice to the Board and the Master Trustee of such anticipated deficiency. The notice shall certify the amounts required to make up for such anticipated deficiency and request (i) that the Board take such measures as permitted by the 2015A Bond Indenture to cure the deficiency and (ii) if the Board is unable to take such measures as permitted by the 2015A Bond Indenture, that a transfer of moneys from the Program Account be effected.

The 2015A 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.

2015B Bond Indenture. The Security for the Taxable Series 2015B Bonds pledged under the Taxable Series 2015B Bond Indenture to the payment of the Taxable Series 2015B Bonds includes all Political Subdivision Obligations purchased by the Board with funds from the Project Financing Account of the SWIRFT created under the Taxable Series 2015B 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 Taxable Series 2015B Bond Trustee, the Political Subdivision Obligations held in the Portfolio Account for the Taxable Series 2015B Bonds, and the Repayments on such Political Subdivision Obligations, moneys held in the Assistance Account for the Taxable Series 2015B Bonds, the source of which are moneys and investment earnings thereon received pursuant to the terms of the SWIFT Funds Transfer Agreement, any Investment Securities acquired by the Board and held in the Portfolio Account for the Taxable Series 2015B Bonds, as well as certain other revenues, receipts and funds held by the Taxable Series 2015B Bond Trustee as part of the Trust Estate for the Taxable Series 2015B Bonds. See "***APPENDIX B* - THE SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE AND THE BOND INDENTURES**."

In the 2015B Bond Indenture, among the conditions to the issuance and delivery of the Taxable Series 2015B 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 2015B Bond Indenture and will be held by the 2015B Bond Trustee: (a) Assistance Account; (b) Project Financing Account; (c) Portfolio Account, and within the Portfolio Account a Repayment Subaccount (the "**Repayment Subaccount**") and a Prepayment Subaccount (the "**Prepayment Subaccount**"); (d) Revenue Account, and within the Revenue Account an Administrative Expenses Subaccount (the "**Administrative Expenses Subaccount**"); (e) Debt Service Account, consisting of a Principal and Interest Subaccount (a "**Principal and Interest Subaccount**") and a Redemption Subaccount (a "**Redemption Subaccount**"); (f) Surplus Revenue Account (the "**Surplus Revenue Account**"); and (g) Costs of Issuance Account (the "**Costs of Issuance Account**").

Pursuant to the 2015B Bond Indenture, on each Payment Date, the 2015B Bond Trustee shall transfer from the Assistance Account the amount to be transferred on such Payment Date to pay principal and interest due on the Taxable Series 2015B Bonds and deposit the same to the Principal and Interest Subaccount of the Debt Service Account.

Pursuant to the 2015B Bond Indenture, on each Payment Date, the 2015B 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 Taxable Series 2015B 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 Indenture.

Any moneys remaining in the Revenue Account after making the transfers described above may be transferred to the Surplus Revenues 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.

If no later than forty 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 Taxable Series 2015B Bonds then due as shown in the 2015B Bond Indenture, the 2015B Bond Trustee shall immediately give notice to the Board and the Master Trustee of such anticipated deficiency. The notice shall certify the amounts required to make up for such anticipated deficiency and request (i) that the Board take such measures as permitted by the 2015B Bond Indenture to cure the deficiency and (ii) if the Board is unable to take such measures as permitted by the 2015B Bond Indenture, that a transfer of moneys from the Program Account be effected. The 2015B 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 2015B Debt Service Account in accordance with such designation.

SWIFT Funds Transfer Agreement

The Board has entered into the SWIFT Funds Transfer Agreement with the TTSTC. In accordance with the provisions of the Texas Water Code, the Board has requested that TTSTC disburse from SWIFT an amount not to exceed $175,000,000, 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. The execution and delivery of the SWIFT Funds Transfer Agreement is the first bond enhancement agreement executed and delivered in the State's fiscal year ended August 31, 2016.

No later than three Business Days following the date the Bond Purchase Agreement effecting the sale of the Series 2015 Bonds is executed by the Board and the underwriters of the Series 2015 Bonds (the "**Execution Date**"), an executed Board Request will be delivered to 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, 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, 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, $106,382,704.32 will be transferred by the Master Trustee to the 2015A Bond Trustee for deposit to the credit of the Assistance Account established by the 2015A Bond Indenture. On or before the Date of Delivery, $1,791,783.98 will be transferred by the Master Trustee to the 2015B Bond Trustee for deposit to the credit of the Assistance Account established by the 2015B Bond Indenture.

Moneys deposited to the credit of the respective Assistance Accounts shall be invested on the Date of Delivery in Investment Securities as directed by the Board, in a manner, with respect to the Series 2015A Bonds, which would not adversely affect the treatment of the Series 2015A Bonds as obligations described in section 103 of the Code. Moneys deposited to the credit of the Assistance Account established by the 2015B Bond Indenture shall be invested as directed by the Board in Investment Securities.

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 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 applicable series of Series 2015 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 to the applicable Bond Indenture (which amendment does not require the consent of the owners of the applicable series of Series 2015 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 Trustee of (i) 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 (ii) 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 Series 2015 Bonds on each such Payment Date until maturity.

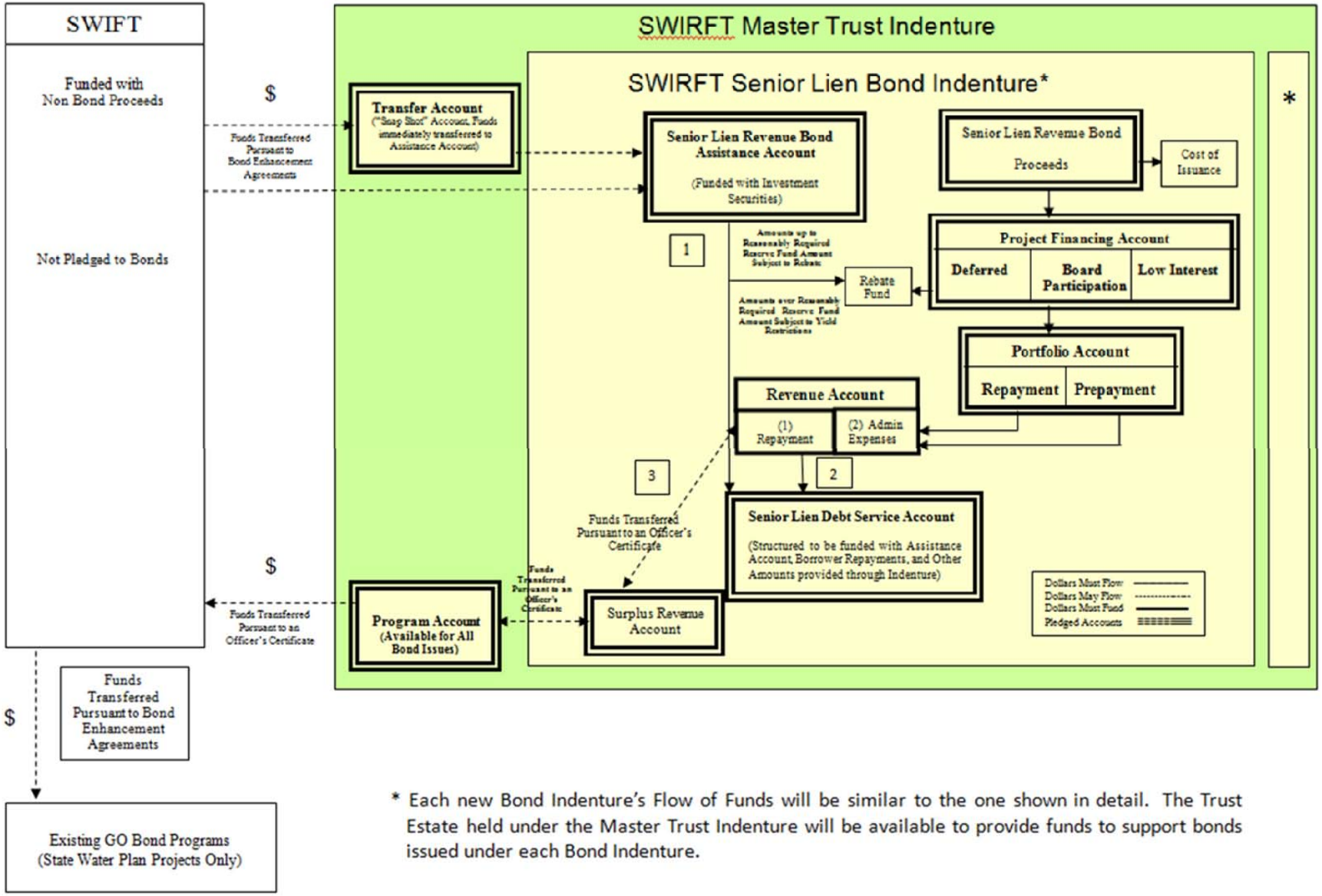
Amendment of Terms of Political Subdivision Obligations. The Board shall not consent to the amendment of the terms of a Political Subdivision Obligation unless the Board first delivers to the Bond Indenture Trustee an Officer's Certificate to the effect that the amendment will not cause the Coverage Requirement for the applicable series of Series 2015 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 Series 2015A Bonds prior to or on a parity with the pledge of the Security securing payment of the Series 2015A Bonds. 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 Taxable Series 2015B Bonds prior to or on a parity with the pledge of the Security securing payment of the Taxable Series 2015B Bonds. The Series 2015A Bonds and the Taxable Series 2015B Bonds are **not** parity obligations.

Flow of Funds

The table 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 Series 2015A Bonds and the Taxable Series 2015B 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.



* Each new Bond Indenture's Flow of Funds will be similar to the one shown in detail. The Trust Estate held under the Master Trust Indenture will be available to provide funds to support bonds issued under each Bond Indenture.

PLAN OF FINANCE

Purpose

The Series 2015 Bonds of each series 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 Series 2015 Bonds of such series.

The Board received, evaluated, and considered applications from 21 political subdivisions for 32 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-1* – SUMMARY OF POLITICAL SUBDIVISION OBLIGATIONS EXPECTED TO BE FUNDED BY SERIES 2015A BONDS AND BY TAXABLE SERIES 2015B BONDS**." Each Political Subdivision is expected to issue its Political Subdivision Obligation and close on the purchase of it by the Board within 45 days after the Date of Delivery of the Series 2015 Bonds. The Board expects to acquire or enter into 27 Political Subdivision Obligations from or with 20 of these 21 entities. Purchases of the Political Subdivision Obligations will be made by the Bond Indenture Trustee for each series of the Series 2015 Bonds at the direction of the Board from moneys on deposit in the applicable Project Financing Account established under the applicable Bond Indenture.

Sources and Uses

The proceeds from the sale of the Series 2015 Bonds plus other available funds of the Board are expected to be applied as set forth in the following table:

Sources of Funds	**Series 2015A**	**Taxable Series 2015B**	**Total Master Trust**
Par Amount	$798,450,000.00	$11,960,000.00	$810,410,000.00
Net Original Issue Premium\Discount	93,664,009.00		93,664,009.00
Transfer to Assistance Account	106,382,704.32	1,791,783.98	108,174,488.30
Total	$998,496,713.32	$13,751,783.98	$1,012,248,497.30
Uses of Funds			
Deposit to Project Financing Account	$887,775,000.00	$11,885,000.00	$899,660,000.00
Deposit to Assistance Account	106,382,704.32	1,791,783.98	108,174,488.30
Deposit to Costs of Issuance Account	1,334,096.33	20,945.12	1,355,041.45
Underwriters' Discount	3,004,912.67	54,054.88	3,058,967.55
Total	$998,496,713.32	$13,751,783.98	$1,012,248,497.30

THE SERIES 2015 BONDS

General

The Series 2015 Bonds are special, limited obligations of the Board and are issued pursuant to the Master Indenture, the applicable Bond Indenture and Subchapter H.

The Series 2015 Bonds will be issued as fully registered bonds in denominations of $5,000 or any integral multiples thereof. Interest on the Series 2015 Bonds will accrue from the Date of Delivery to the

Underwriters at the respective rates shown on the inside cover page of this Official Statement, calculated on the basis of a 360-day year composed of twelve 30-day months. Interest on the Series 2015 Bonds will be payable semiannually commencing on April 15, 2016, and on each October 15 and April 15 thereafter (each an "**Interest Payment Date**"), until maturity or prior redemption. The Series 2015 Bonds will mature in the principal amounts and on the dates shown on the inside cover page of this Official Statement. The Series 2015 Bonds, when issued, will be registered in the name of Cede & Co., as nominee for DTC.

Payment

As long as the Series 2015 Bonds are held in the book-entry-only system, payment on the Series 2015 Bonds of each series 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 Series 2015 Bonds of each series, in accordance with arrangements among the Board, the Paying Agent/Registrar and DTC. See "***APPENDIX E* — DESCRIPTION OF BOOK-ENTRY-ONLY SYSTEM**."

The principal and redemption price of the Series 2015 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 Series 2015 Bonds are not held in book-entry form, as described in *"**APPENDIX E - DESCRIPTION OF BOOK-ENTRY-ONLY SYSTEM**,"* interest on the Series 2015 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 Series 2015 Bond prior to maturity as provided in the Bond Indentures 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 Austin, Texas, corporate trust office.

Redemption

Optional Redemption – Series 2015A Bonds. The Series 2015A Bonds maturing on and after April 15, 2026, are subject to redemption at the option of the Board, in whole or in part on any date on and after October 15, 2025 at the redemption price, of 100% of the principal amount thereof being redeemed, plus accrued interest thereon to the date fixed for redemption. Series 2015A 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 − Series 2015A Bonds. The Series 2015A Bonds scheduled to mature on October 15 in the years 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2040, 2045 and 2050 (the "**2015A 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 Series 2015A Bonds, on the dates and in the respective principal amounts, set forth in the following schedule:

Term Bond
Maturity: October 15, 2029

Mandatory Redemption Date	Principal Amount ($)
04/15/2029	$16,020,000
10/15/2029*	9,430,000

Term Bond
Maturity: October 15, 2030

Mandatory Redemption Date	Principal Amount ($)
04/15/2030	$16,770,000
10/15/2030*	10,040,000

Term Bond
Maturity: October 15, 2031

Mandatory Redemption Date	Principal Amount ($)
04/15/2031	$16,550,000
10/15/2031*	10,640,000

Term Bond
Maturity: October 15, 2032

Mandatory Redemption Date	Principal Amount ($)
04/15/2032	$17,340,000
10/15/2032*	11,195,000

Term Bond
Maturity: October 15, 2033 (4%)

Mandatory Redemption Date	Principal Amount ($)
04/15/2033	$13,020,000
10/15/2033*	6,745,000

Term Bond
Maturity: October 15, 2033 (5%)

Mandatory Redemption Date	Principal Amount ($)
04/15/2033	$5,000,000
10/15/2033*	5,000,000

* Stated maturity

Term Bond
Maturity: October 15, 2034

Mandatory Redemption Date	Principal Amount ($)
04/15/2034	$18,775,000
10/15/2034*	12,315,000

Term Bond
Maturity: October 15, 2035

Mandatory Redemption Date	Principal Amount ($)
04/15/2035	$19,520,000
10/15/2035*	12,870,000

Term Bond
Maturity: October 15, 2040 (4%)

Mandatory Redemption Date	Principal Amount ($)
04/15/2036	$7,000,000
10/15/2036	7,000,000
04/15/2037	7,000,000
10/15/2037	7,000,000
04/15/2038	7,000,000
10/15/2038	7,000,000
04/15/2039	7,000,000
10/15/2039	7,000,000
04/15/2040	7,000,000
10/15/2040*	7,000,000

Term Bond
Maturity: October 15, 2040 (5%)

Mandatory Redemption Date	Principal Amount ($)
04/15/2036	$9,335,000
10/15/2036	4,450,000
04/15/2037	8,330,000
10/15/2037	4,975,000
04/15/2038	8,980,000
10/15/2038	5,555,000
04/15/2039	9,685,000
10/15/2039	6,200,000
04/15/2040	10,420,000
10/15/2040*	6,865,000

* Stated maturity

Term Bond
Maturity: October 15, 2045 (4%)

Mandatory Redemption Date	Principal Amount ($)
04/15/2041	$7,000,000
10/15/2041	7,000,000
04/15/2042	7,000,000
10/15/2042	7,000,000
04/15/2043	7,000,000
10/15/2043	7,000,000
04/15/2044	7,000,000
10/15/2044	7,000,000
04/15/2045	7,000,000
10/15/2045*	7,000,000

Term Bond
Maturity: October 15, 2045 (5%)

Mandatory Redemption Date	Principal Amount ($)
04/15/2041	$11,195,000
10/15/2041	7,580,000
04/15/2042	11,995,000
10/15/2042	8,305,000
04/15/2043	12,850,000
10/15/2043	9,085,000
04/15/2044	13,760,000
10/15/2044	9,910,000
04/15/2045	14,695,000
10/15/2045*	10,525,000

Term Bond
Maturity: October 15, 2050

Mandatory Redemption Date	Principal Amount ($)
04/15/2046	$6,885,000
10/15/2046	6,060,000
04/15/2047	1,415,000
10/15/2047	6,330,000
04/15/2048	1,480,000
10/15/2048	6,610,000
04/15/2049	1,545,000
10/15/2049	6,905,000
04/15/2050	1,610,000
10/15/2050*	7,205,000

* Stated maturity

The principal amount of 2015A 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 2015A 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 2015A 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 2015A 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.

Optional Redemption – Taxable Series 2015B Bonds. The Taxable Series 2015B Bonds maturing on and after October 15, 2030, are subject to redemption at the option of the Board, in whole or in part on any date on and after October 15, 2025 at the redemption price, of 100% of the principal amount thereof being redeemed, plus accrued interest thereon to the date fixed for redemption. Taxable Series 2015B 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 – Taxable Series 2015B Bonds. The Taxable **Series 2015B** Bonds scheduled to mature on October 15 in each of the years 2018 through 2025, inclusive, October 15 in each of the years 2030 and 2035 and on April 15, 2050 (the "**2015B 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 Taxable Series 2015B Bonds, on the dates and in the respective principal amounts, set forth in the following schedule:

Term Bond
Maturity: October 15, 2018

Mandatory Redemption Date	Principal Amount ($)
04/15/2018	$80,000
10/15/2018*	75,000

Term Bond
Maturity: October 15, 2019

Mandatory Redemption Date	Principal Amount ($)
04/15/2019	$80,000
10/15/2019*	75,000

Term Bond
Maturity October 15, 2020

Mandatory Redemption Date	Principal Amount ($)
04/15/2020	$80,000
10/15/2020*	80,000

*Stated maturity

Term Bond
Maturity: October 15, 2021

Mandatory Redemption Date	Principal Amount ($)
04/15/2021	$85,000
10/15/2021*	80,000

Term Bond
Maturity October 15, 2022

Mandatory Redemption Date	Principal Amount ($)
04/15/2022	$85,000
10/15/2022*	80,000

Term Bond
Maturity October 15, 2023

Mandatory Redemption Date	Principal Amount ($)
04/15/2023	$90,000
10/15/2023*	85,000

Term Bond
Maturity October 15, 2024

Mandatory Redemption Date	Principal Amount ($)
04/15/2024	$90,000
10/15/2024*	85,000

Term Bond
Maturity October 15, 2025

Mandatory Redemption Date	Principal Amount ($)
04/15/2025	$90,000
10/15/2025*	140,000

Term Bond
Maturity October 15, 2030

Mandatory Redemption Date	Principal Amount ($)
10/15/2026	$160,000
10/15/2027	165,000
10/15/2028	170,000
04/15/2029	70,000
10/15/2029	260,000
04/15/2030	75,000
10/15/2030*	265,000

*Stated maturity

Term Bond
Maturity October 15, 2035

Mandatory Redemption Date	Principal Amount ($)
04/15/2031	$75,000
10/15/2031	275,000
04/15/2032	80,000
10/15/2032	285,000
04/15/2033	85,000
10/15/2033	300,000
04/15/2034	90,000
10/15/2034	315,000
04/15/2035	95,000
10/15/2035*	320,000

Term Bond
Maturity April 15, 2050

Mandatory Redemption Date	Principal Amount ($)
04/15/2036	$190,000
10/15/2036	255,000
04/15/2037	205,000
10/15/2037	265,000
04/15/2038	220,000
10/15/2038	280,000
04/15/2039	230,000
10/15/2039	290,000
04/15/2040	245,000
10/15/2040	305,000
04/15/2041	255,000
10/15/2041	315,000
04/15/2042	270,000
10/15/2042	330,000
04/15/2043	290,000
10/15/2043	345,000
04/15/2044	305,000
10/15/2044	355,000
04/15/2045	315,000
10/15/2045	370,000
04/15/2046	335,000
04/15/2047	295,000
04/15/2048	310,000
04/15/2049	325,000
04/15/2050*	345,000

*Stated maturity

The principal amount of 2015B 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 2015B 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 2015B 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 2015B 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. Unless waived by any owner of Series 2015 Bonds of each series to be redeemed, official notice of any redemption of Series 2015 Bonds shall be published at least thirty (30) days prior to the date fixed for any redemption of Series 2015 Bonds or portions thereof prior to maturity once in a financial publication, journal or reporter of general circulation among securities dealers in The City of New York, New York or in the State of Texas. Such notice of redemption shall also 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 Series 2015 Bond or Series 2015 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 Series 2015 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 Series 2015 Bonds or portions thereof. Should notice to call Series 2015 Bonds of either series for redemption at the option of the Board be given in the manner provided above, but the Board shall not be able to provide such applicable Bond Indenture Trustee with amounts sufficient to effect on the date fixed for redemption the payment of the entire redemption price of the Series 2015 Bonds so called for redemption, such Series 2015 Bonds shall not be redeemed on the date fixed for redemption, and the notice of redemption for such Series 2015 Bonds shall be null and void.

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 Series 2015 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 Series 2015 Bonds called for redemption, and notice of redemption to the owners of Series 2015 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 Series 2015 Bonds.

Partial Redemption. If less than all of the Series 2015 Bonds of either series within a maturity are called for redemption, the Series 2015 Bonds of such series 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 Series 2015 Bonds is determined only by a book-entry at a securities depository for the Series 2015 Bonds of either series, if less than all of the Series 2015 Bonds of either series within a maturity are called for redemption, the particular Series 2015 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 E* —DESCRIPTION OF BOOK-ENTRY-ONLY SYSTEM**."

Registration, Transfer and Exchange

The Bond Indenture Trustee for each series of the Series 2015 Bonds has been named to serve as initial Paying Agent/Registrar for the Series 2015 Bonds of each series. 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 such Bond Indenture.

In the event the Book-Entry-Only System is discontinued, printed certificates will be delivered to the owners of the Series 2015 Bonds and thereafter the Series 2015 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 Series 2015 Bond may be assigned by the execution of an assignment form on the Series 2015 Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Series 2015 Bond or Series 2015 Bonds will be delivered by the Paying Agent/Registrar in lieu of the Series 2015 Bond being transferred or exchanged at the designated office of the Paying Agent/Registrar. New Series 2015 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 Series 2015 Bond or Series 2015 Bonds surrendered for exchange or transfer. See "***APPENDIX E* —DESCRIPTION OF BOOK-ENTRY-ONLY SYSTEM**." herein for a description of the system to be utilized initially in regard to the ownership and transferability of the Series 2015 Bonds.

The record date ("**Record Date**") for the interest payable on any interest payment date for the Series 2015 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 Series 2015 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 Series 2015 Bond.

If any Series 2015 Bond is mutilated, destroyed, stolen or lost, a new Series 2015 Bond in the same principal amount and series as the Series 2015 Bond so mutilated, destroyed, stolen or lost will be issued. In the case of a mutilated Series 2015 Bond, such new Series 2015 Bond will be delivered only upon surrender and cancellation of such mutilated Series 2015 Bond. In the case of any Series 2015 Bond issued in lieu of and in substitution for a Series 2015 Bond which has been destroyed, stolen or lost, such new Series 2015 Bond will be delivered only (a) upon filing with the Board and the Paying Agent/Registrar of satisfactory evidence to the effect that such Series 2015 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 Series 2015 Bond must pay such expenses as the Paying Agent/Registrar may incur in connection therewith.

INVESTMENT CONSIDERATIONS

Prospective purchasers of the Series 2015 Bonds should be aware that investment in the Series 2015 Bonds entails some degree of risk and uncertainty. Each prospective investor in the Series 2015 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 Series 2015 Bonds and which could also affect the market price and liquidity of the Series 2015 Bonds to an extent that cannot be determined. This discussion of investment considerations is not, and is not intended to be, exhaustive.

Series 2015 Bonds are Limited Obligations of the Board and are Payable Solely from Specific Sources

The Series 2015 Bonds are special, limited obligations of the Board and are payable only from the Security and funds and accounts specifically pledged to each series of the Series 2015 Bonds. Accordingly, investors should consider only the sources of payment and security described under the subsection **"SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS"** in this Official Statement.

Moneys on Deposit in SWIFT Are Not Pledged in Support of the Series 2015 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 Series 2015 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. The Board and TTSTC 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 initial source of repayment for the Series 2015 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. If a Political Subdivision fails to pay the principal of or interest on any Political Subdivision Obligations held in the Portfolio Account, the Board may proceed 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 the Portfolio Account will be subject to review and approval by the Office of the State Attorney General with an approval required for Political Subdivision Obligations that utilize the low interest and deferred payment structures.

Owners of Bonds are Not Entitled to Accelerate the Indebtedness of the Series 2015 Bonds upon a Default

The payment of principal of, premium, if any, and interest on the Series 2015 Bonds is not subject to acceleration upon the occurrence and continuation of an Event of Default under the applicable Bond Indenture. Owners of the Series 2015 Bonds will therefore be required to collect debt service payments on the Series 2015 Bonds due after an Event of Default based on the Series 2015 Bonds scheduled payment dates from the Revenues and other property pledged under the respective Bond Indentures which may not be sufficient to make such payments.

Projected Revenues 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 advisors. Projected Revenue Cash Flows contain estimates that include assumptions regarding future events, including assumptions regarding future Political Subdivision Obligations purchased or entered into with moneys made available through SWIRFT, future interest rates on Political Subdivision Obligations, the repayment of Political Subdivision Obligations by Political Subdivisions and investment earnings on moneys in SWIRFT. The actual results will differ from the estimates stated in each Projected Revenue Cash Flow to the extent that actual future events differ from the estimates and assumptions upon which the Projected Revenue Cash Flow is based. See "**OTHER INFORMATION – Forward-Looking Statements**."

Repayment of the 2015 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 Series 2015 Bonds that were issued to acquire them. Because the debt service on the Series 2015 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 Series 2015 Bonds will need to be made from the other funds available under the respective Bond Indentures, including specifically moneys in the respective Assistance Accounts for each series of the Series 2015 Bonds.

Limitations on Remedies Available to Owners of Series 2015 Bonds

The enforceability of the rights and remedies of the Owners of Series 2015 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 Series 2015 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 Series 2015 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.

STATE WATER PLAN ASSISTANCE PROGRAM

Introduction

Texas is a fast growing state and the population of the State is projected to almost double by 2060, which will lead to a tremendous growth in water needs. As a result of Texas' projected population growth, projected water demand is also expected to increase substantially through 2060. Based on the 2012 State Water Plan, total capital costs projected over the next 50 years for water supplies, water treatment and distribution, wastewater collection and treatment, and flood control are forecast to approximate $231 billion of which approximately $53 billion is for water management strategies.

In the 2013 Regular Session of the Texas State Legislature (the "**Legislature**"), enabling legislation was enacted to implement provisions relating to the proposed constitutional amendments. With the adoption of the two amendments as described below under "**STATE WATER PLAN ASSISTANCE PROGRAM – Authorization of SWIFT and SWIRFT**", the plan envisioned by the Legislature was implemented.

Authorization of SWIFT and 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. 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. 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 make 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 House Bill 1025, adopted by the Legislature in its 2013 regular session, $2 billion from the State's economic stabilization fund was appropriated and transferred to SWIFT. 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 State Water Plan Assistance Program is to achieve funding of approximately $27 billion of water projects over the next 50 years, ensuring that the original $2 billion capitalization of SWIFT is available in perpetuity. Subchapter G provides that the Board shall undertake to apply not less than 10 percent to support projects that are for rural political subdivisions 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 adoption of each State Water Plan.

The Board has adopted rules providing for the use of money received from SWIFT that are 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.

At the direction of the Board, 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 loan 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 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 Fund; or (5) the Water Infrastructure Fund (the latter four funds and accounts are administered by the Board). The SWIFT Funds Transfer Agreement executed in connection with the issuance of the Series 2015 Bonds constitutes such a bond enhancement agreement under State law.

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 will be 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 loans 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 the SWIRFT, (ii) to acquire loans 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.

Advisory Committee

Subchapter G established the State Water Implementation Fund for Texas Advisory Committee (the "**SWIFT Advisory Committee**"), which consists of seven persons: the Comptroller, or a person designated by the Comptroller; 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 a member of the committee of the senate having primary jurisdiction over matters relating to natural resources; and 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 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

The Texas Water Code directs the Board to prepare, develop, formulate, and adopt a comprehensive state water plan (the "**State Water Plan**") every five years. The 2012 State Water Plan is the ninth state water plan and the third plan based on the regional planning process described below.

For purposes of developing the State Water Plan, the State is divided into sixteen 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 must 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.

The State Water Plan must provide for and identify 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.

On adoption of the State Water Plan, the Board must 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 most recent State Water Plan was adopted by the Board on December 15, 2011, and distributed on January 5, 2012. The 2012 State Water Plan is available for inspection on the website of the Board at http://www.twdb.texas.gov/waterplanning/swp/2012/index.asp.

Application Process

Any political subdivision with a project included in the most recently adopted State Water Plan can apply for assistance under the State Water Plan Assistance Program. Financing for planning, design and construction costs will be available with multi-year commitments, available for funding needs spanning several years.

On February 3, 2015, the application period for the first round of State Water Plan Assistance Program officially closed. The Board received abridged applications for 48 state water plan projects for more than $5.5 billion. On May 6, 2015, the Board approved the prioritization of those projects and sent invitations to eligible political subdivisions to submit complete applications. The abridged applications were

more than $5.5 billion. On May 6, 2015, 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 a 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. Political Subdivisions were invited to complete more thorough applications for 39 State Water Plan projects. The complete applications were submitted to the Board on or before June 5, 2015. Of the applications received and evaluated, the Board approved funding on July 23, 2015, for 21 entities for 32 State Water Plan projects, totaling $1,005,775,000 in financial assistance for 2015 and $3,899,458,000 in multi-year financial assistance. The Board expects to acquire or enter into 27 Political Subdivision Obligations from or with 20 of these 21 Political Subdivisions in the aggregate principal amount of approximately $899,660,000. See "***APPENDIX A-1* – SUMMARY OF POLITICAL SUBDIVISION OBLIGATIONS EXPECTED TO BE FUNDED BY SERIES 2015A BONDS AND BY TAXABLE SERIES 2015B BONDS**."

The Board has significant flexibility in establishing the terms of the financial assistance made available under the SWIRFT structure consistent with achievement of legislative and Board objectives.

Political Subdivision Obligations

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, the net revenues of a combined water and sewer system 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 generally requires a reserve fund of one year's average annual debt service 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 the portfolio for delinquent accounts. If a payment is three days late, the collection process begins with calls to the Political Subdivision and/or its paying agent bank. Negotiations continue daily until the payment is collected. Although this is a new program, the Board, with its other programs has had no late bond payments exceeding 30 days past the scheduled due date. Most late payments fall in the three to ten day range. To date there have been no payment defaults on the political Subdivision Obligations currently in the Board's other programs.

The Political Subdivision Obligations expected to be purchased will include a range of credits. Below is a description of four categories of the security pledges of the Political Subdivision Obligations expected to be held within the SWIRFT Portfolio Account. Political Subdivisions need not have ratings or obtain credit ratings on Political Subdivision Obligations expected to be purchased by the Board.

As of the time of issuance, Tarrant Regional Water District is expected to represent 49.56% of the Political Subdivision Obligations expected to be held within the Portfolio Account for the Series 2015A Bonds (consisting of $440,000,000 principal amount of Political Subdivision Obligations) and Lone Star Regional Water Authority and Palo Pinto County Municipal Water District No. 1 are expected to represent 39.55% and 60.45%, respectively, of the Political Subdivision Obligations expected to be held within the Portfolio Account for the Taxable Series 2015B Bonds. See "***APPENDIX A-2* – 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 of and interest on the obligation. State law requires the eligible Political Subdivision to levy taxes that will be collected in amounts and at the 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. 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 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.

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." The revenue pledge may be limited to surplus 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.

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-1* – SUMMARY OF POLITICAL SUBDIVISION OBLIGATIONS EXPECTED TO BE FUNDED BY SERIES 2015A BONDS AND BY TAXABLE SERIES 2015B 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 three categories as outlined below:

(1) Low-Interest Loans – Long-term, fixed-rate loans offered at below market rate. Maturities range from 20 to 30 years. Interest rates are based on the Board cost of funds, which reflects the credit rating of SWIRFT. This rate is further reduced by a subsidy established by the Board. For the initial round of FY2015 funding from proceeds of the Series 2015 Bonds, the subsidy amount is 35.5% for 20-year maturities. The subsidy for loans up to 25 years is 27%, and for loans up to 30 years the subsidy is 22%.

(2) Deferred Loans – Used for funding developmental costs (planning and design). Maturities range from 20 to 30 years. Principal and interest are deferred up to eight years or until end of construction, whichever is sooner. 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 initial round of FY2015 funding from proceeds of the Series 2015 Bonds, the subsidy amount is 15% for 20-year maturities. No subsidy is available for loans longer than 20 years.

(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. For the initial FY2015 round of funding from proceeds of the Series 2015 Bonds, 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 the SWIFT are held by TTSTC, which is responsible for the investment of funds entrusted to it. 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/reports/.

DEBT SERVICE ON SERIES 2015 BONDS
(Table 1)

Year Ending August 31	Debt Service on Outstanding Master Trust Bonds	Series 2015A Bonds		Taxable Series 2015B Bonds		Total Master Trust Debt Service
		Principal	Interest	Principal	Interest	
2016	–	-	$16,264,690	-	$221,759	$16,486,449
2017	–	$15,600,000	36,290,850	$175,000	495,690	$52,561,540
2018	–	16,275,000	35,620,075	155,000	494,267	52,544,342
2019	–	16,970,000	34,921,700	155,000	492,415	52,539,115
2020	–	17,740,000	34,149,400	155,000	489,954	52,534,354
2021	–	18,505,000	33,387,125	165,000	486,936	52,544,061
2022	–	19,440,000	32,450,250	165,000	483,287	52,538,537
2023	–	20,425,000	31,466,125	170,000	479,207	52,540,332
2024	–	20,825,000	30,432,125	175,000	474,613	51,906,738
2025	–	16,445,000	29,533,500	175,000	469,684	46,623,184
2026	–	17,830,000	28,697,250	140,000	463,586	47,130,836
2027	–	19,140,000	27,787,500	160,000	458,487	47,545,987
2028	–	20,195,000	26,818,875	165,000	452,469	47,631,344
2029	–	23,110,000	25,797,500	240,000	446,267	49,593,767
2030	–	26,200,000	24,583,500	335,000	435,713	51,554,213
2031	–	26,590,000	23,258,250	340,000	423,216	50,611,466
2032	–	27,980,000	21,913,750	355,000	409,282	50,658,032
2033	–	29,215,000	20,730,250	370,000	393,989	50,709,239
2034	–	30,520,000	19,475,650	390,000	377,953	50,763,603
2035	–	31,835,000	18,218,450	410,000	361,067	50,824,517
2036	–	29,205,000	16,933,950	510,000	343,544	46,992,494
2037	–	26,780,000	15,678,550	460,000	321,990	43,240,540
2038	–	27,955,000	14,466,425	485,000	300,377	43,206,802
2039	–	29,240,000	13,194,175	510,000	277,486	43,221,661
2040	–	30,620,000	11,856,050	535,000	253,548	43,264,598
2041	–	32,060,000	10,448,425	560,000	228,333	43,296,758
2042	–	33,575,000	8,967,550	585,000	202,072	43,329,622
2043	–	35,155,000	7,410,675	620,000	174,532	43,360,207
2044	–	36,845,000	5,773,425	650,000	145,366	43,413,791
2045	–	38,605,000	4,050,550	670,000	114,922	43,440,472
2046	–	24,410,000	2,244,925	705,000	83,432	27,443,357
2047	–	7,475,000	1,445,200	295,000	59,262	9,274,462
2048	–	7,810,000	1,140,800	310,000	45,550	9,306,350
2049	–	8,155,000	822,800	325,000	31,142	9,333,942
2050	–	8,515,000	490,700	345,000	16,036	9,366,736
2051	–	7,205,000	144,100	-	-	7,349,100
TOTAL		**$798,450,000**	**$666,865,115**	**$11,960,000**	**$11,407,433**	**$1,488,682,548**

SWIRFT DEBT SERVICE AND CASH FLOW PROJECTIONS

The following tables (collectively, "Table 2") represent cash flow projections for the respective series of Bonds.

Series 2015A Bonds

Date	Projected Loan Revenue[1]	Assistance Fund Receipts	Total Projected Revenue	Ongoing Fees	Debt Service	Coverage
8/31/2016	$ 5,818,681.31	$ 10,446,008.27	$ 16,264,689.58	$ -	$ 16,264,689.58	100%
8/31/2017	30,740,319.14	21,195,780.86	51,936,100.00	45,250.00	51,890,850.00	100%
8/31/2018	37,359,096.75	14,581,228.25	51,940,325.00	45,250.00	51,895,075.00	100%
8/31/2019	38,303,711.50	13,633,238.50	51,936,950.00	45,250.00	51,891,700.00	100%
8/31/2020	39,409,614.50	12,525,035.50	51,934,650.00	45,250.00	51,889,400.00	100%
8/31/2021	40,169,725.62	11,767,649.38	51,937,375.00	45,250.00	51,892,125.00	100%
8/31/2022	41,272,287.62	10,663,212.38	51,935,500.00	45,250.00	51,890,250.00	100%
8/31/2023	42,374,001.55	9,562,373.45	51,936,375.00	45,250.00	51,891,125.00	100%
8/31/2024	43,078,467.92	8,224,143.45	51,302,611.37	45,250.00	51,257,125.00	100%
8/31/2025	46,025,641.67	-	46,025,641.67	45,250.00	45,978,500.00	100%
8/31/2026	46,576,639.43	-	46,576,639.43	45,250.00	46,527,250.00	100%
8/31/2027	46,975,958.50	-	46,975,958.50	45,250.00	46,927,500.00	100%
8/31/2028	47,061,503.50	-	47,061,503.50	45,250.00	47,013,875.00	100%
8/31/2029	48,957,354.22	-	48,957,354.22	45,250.00	48,907,500.00	100%
8/31/2030	50,835,109.44	-	50,835,109.44	45,250.00	50,783,500.00	100%
8/31/2031	49,899,135.94	-	49,899,135.94	45,250.00	49,848,250.00	100%
8/31/2032	49,946,204.94	-	49,946,204.94	45,250.00	49,893,750.00	100%
8/31/2033	49,997,459.94	-	49,997,459.94	45,250.00	49,945,250.00	100%
8/31/2034	50,044,015.69	-	50,044,015.69	45,250.00	49,995,650.00	100%
8/31/2035	50,100,374.69	-	50,100,374.69	45,250.00	50,053,450.00	100%
8/31/2036	46,189,630.58	-	46,189,630.58	45,250.00	46,138,950.00	100%
8/31/2037	42,507,012.25	-	42,507,012.25	45,250.00	42,458,550.00	100%
8/31/2038	42,473,727.75	-	42,473,727.75	45,250.00	42,421,425.00	100%
8/31/2039	42,487,584.00	-	42,487,584.00	45,250.00	42,434,175.00	100%
8/31/2040	42,523,973.50	-	42,523,973.50	45,250.00	42,476,050.00	100%
8/31/2041	42,557,241.50	-	42,557,241.50	45,250.00	42,508,425.00	100%
8/31/2042	42,594,279.25	-	42,594,279.25	45,250.00	42,542,550.00	100%
8/31/2043	42,613,858.50	-	42,613,858.50	45,250.00	42,565,675.00	100%
8/31/2044	42,668,305.00	-	42,668,305.00	45,250.00	42,618,425.00	100%
8/31/2045	42,705,758.00	-	42,705,758.00	45,250.00	42,655,550.00	100%
8/31/2046	26,705,376.75	-	26,705,376.75	45,250.00	26,654,925.00	100%
8/31/2047	8,966,232.50	-	8,966,232.50	45,250.00	8,920,200.00	100%
8/31/2048	8,996,563.50	-	8,996,563.50	45,250.00	8,950,800.00	100%
8/31/2049	9,023,362.50	-	9,023,362.50	45,250.00	8,977,800.00	100%
8/31/2050	9,051,132.00	-	9,051,132.00	45,250.00	9,005,700.00	100%
8/31/2051	7,399,374.50	-	7,399,374.50	45,250.00	7,349,100.00	100%
Totals	$ 1,354,408,715.95	$ 112,598,670.04	$ 1,467,007,385.99	$ 1,583,750.00	$ 1,465,315,114.58	

[2] Represents anticipated obligation revenue for the period ending 40 days before each debt service payment which occurs within such fiscal year.

Taxable Series 2015B Bonds

Date	Projected Loan Revenue [1]	Assistance Fund Receipts	Total Projected Revenue	Ongoing Fees	Debt Service	Coverage
8/31/2016	$ -	$ 221,759.19	$ 221,759.19	$ -	$ 221,759.19	100%
8/31/2017	239,980.54	434,959.77	674,940.31	4,250.00	670,690.31	100%
8/31/2018	420,418.50	233,098.18	653,516.68	4,250.00	649,266.68	100%
8/31/2019	456,484.00	195,181.03	651,665.03	4,250.00	647,415.03	100%
8/31/2020	476,797.25	172,407.01	649,204.26	4,250.00	644,954.26	100%
8/31/2021	482,726.50	173,459.16	656,185.66	4,250.00	651,935.66	100%
8/31/2022	501,963.50	150,573.20	652,536.70	4,250.00	648,286.70	100%
8/31/2023	525,087.00	128,370.26	653,457.26	4,250.00	649,207.26	100%
8/31/2024	557,168.50	96,694.08	653,862.58	4,250.00	649,612.58	100%
8/31/2025	578,826.00	70,107.58	648,933.58	4,250.00	644,683.58	100%
8/31/2026	605,138.75	2,697.51	607,836.26	4,250.00	603,586.26	101%
8/31/2027	617,425.00	5,311.76	622,736.76	4,250.00	618,486.76	100%
8/31/2028	615,736.50	5,982.88	621,719.38	4,250.00	617,469.38	101%
8/31/2029	697,071.14	-	697,071.14	4,250.00	686,266.85	101%
8/31/2030	778,038.28	-	778,038.28	4,250.00	770,713.30	101%
8/31/2031	775,614.78	-	775,614.78	4,250.00	763,215.68	101%
8/31/2032	772,549.78	-	772,549.78	4,250.00	764,282.20	101%
8/31/2033	773,619.28	-	773,619.28	4,250.00	763,989.40	101%
8/31/2034	779,351.78	-	779,351.78	4,250.00	767,953.20	101%
8/31/2035	779,578.78	-	779,578.78	4,250.00	771,067.40	101%
8/31/2036	866,382.93	-	866,382.93	4,250.00	853,544.40	101%
8/31/2037	795,198.00	-	795,198.00	4,250.00	781,990.20	101%
8/31/2038	794,962.00	-	794,962.00	4,250.00	785,377.00	101%
8/31/2039	793,888.00	-	793,888.00	4,250.00	787,485.60	100%
8/31/2040	796,976.00	-	796,976.00	4,250.00	788,548.40	101%
8/31/2041	798,950.00	-	798,950.00	4,250.00	788,333.00	101%
8/31/2042	799,994.00	-	799,994.00	4,250.00	787,071.80	101%
8/31/2043	799,965.00	-	799,965.00	4,250.00	794,532.40	101%
8/31/2044	803,822.00	-	803,822.00	4,250.00	795,366.20	100%
8/31/2045	796,514.00	-	796,514.00	4,250.00	784,921.80	101%
8/31/2046	803,276.00	-	803,276.00	4,250.00	788,431.60	101%
8/31/2047	360,865.00	-	360,865.00	4,250.00	354,262.00	100%
8/31/2048	361,765.00	-	361,765.00	4,250.00	355,550.40	100%
8/31/2049	361,960.00	-	361,960.00	4,250.00	356,141.60	100%
8/31/2050	366,450.00	-	366,450.00	4,250.00	361,035.60	100%
Totals	$ 21,734,543.79	$ 1,890,601.61	$ 23,625,145.40	$ 144,500.00	$ 23,367,433.68	

[1] Represents anticipated obligation revenue for the period ending 40 days before each debt service payment which occurs within such fiscal year.

TAX MATTERS

THE FOLLOWING DISCUSSION, WHICH WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE SALE OF THE SERIES 2015 BONDS, IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY ANY TAXPAYER, TO AVOID PENALTIES THAT MIGHT BE IMPOSED ON THE TAXPAYER IN CONNECTION WITH THE MATTERS DISCUSSED BELOW. INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE TAX IMPLICATIONS OF THE PURCHASE, OWNERSHIP OR DISPOSITION OF THE SERIES 2015 BONDS UNDER APPLICABLE STATE OR LOCAL LAWS, OR ANY OTHER TAX CONSEQUENCE.

Certain Federal Income Tax Considerations

The following discussion is a summary of certain expected material federal income tax consequences of the purchase, ownership and disposition of the Series 2015 Bonds and is based on the Internal Revenue Code of 1986, as amended (the "**Code**"), the regulations promulgated thereunder, published rulings and pronouncements of the Internal Revenue Service ("**IRS**") and court decisions currently in effect. There can be no assurance that the IRS will not take a contrary view, and no ruling from the IRS, has been, or is expected to be, sought on the issues discussed herein. Any subsequent changes or interpretations may apply retroactively and could affect the opinion and summary of federal income tax consequences discussed herein.

The following discussion is not a complete analysis or description of all potential U.S. federal tax considerations that may be relevant to, or of the actual tax effect that any of the matters described herein will have on, particular holders of the Series 2015 Bonds and does not address U.S. federal gift or estate tax or (as otherwise stated herein) the alternative minimum tax, state, local or other tax consequences. This summary does not address special classes of taxpayers (such as partnerships, or other pass-thru entities treated as a partnerships for U.S. federal income tax purposes, S corporations, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, real estate investment trusts, grantor trusts, former citizens of the U.S., broker-dealers, traders in securities and tax-exempt organizations, individual recipients of Social Security or Railroad Retirement benefits, taxpayers qualifying for the health insurance premium assistance credit, taxpayers who may be subject to or personal holding company provisions of the Code) that are subject to special treatment under U.S. federal income tax laws, or persons that hold Series 2015 Bonds as a hedge against, or that are hedged against, currency risk or that are part of hedge, straddle, conversion or other integrated transaction, or persons whose functional currency is not the "U.S. dollar". This summary is further limited to investors who will hold the Series 2015 Bonds as "capital assets" (generally, property held for investment) within the meaning of section 1221 of the Code. This discussion is based on statutes, regulations, published rulings and court decisions existing on the date of delivery of Bond Counsel's opinion, as described below ("**Existing Law**"), all of which are subject to change or modification, retroactively.

As used herein, the term "**U.S. Holder**" means a beneficial owner of a Series 2015 Bond who or which is: (i) an individual citizen or resident of the United States, (ii) a corporation or partnership created or organized under the laws of the United States or any political subdivision thereof or therein, (iii) an estate, the income of which is subject to U.S. federal income tax regardless of the source; or (iv) a trust, if (a) a court within the U.S. is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (b) the trust validly elects to be treated as a U.S. person for U.S. federal income tax purposes. As used herein, the term "Non-U.S. Holder" means a beneficial owner of a Series 2015 Bond that is not a U.S. Holder.

THIS SUMMARY IS INCLUDED HEREIN FOR GENERAL INFORMATION ONLY AND DOES NOT DISCUSS ALL ASPECTS OF THE U.S. FEDERAL INCOME TAXATION THAT MAY BE

RELEVANT TO A PARTICULAR HOLDER OF SERIES 2015 BONDS IN LIGHT OF THE HOLDER'S PARTICULAR CIRCUMSTANCES AND INCOME TAX SITUATION. PROSPECTIVE HOLDERS OF THE SERIES 2015 BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE SERIES 2015 BONDS BEFORE DETERMINING WHETHER TO PURCHASE SERIES 2015 BONDS.

FOREIGN INVESTORS SHOULD ALSO CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES UNIQUE TO NON-U.S. HOLDERS.

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 Series 2015A Bonds under federal or state law and could affect the market price or marketability of the Series 2015A Bonds. Any such legislation, action or court decision could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such legislation, action or court decision being enacted or becoming effective cannot be predicted. Prospective purchasers of the Series 2015A Bonds should consult their own tax advisors regarding the foregoing matters.

Information Reporting and Backup Withholding

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Series 2015 Bonds will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("**TIN**"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Tax-Exempt Bonds

Opinion.

On the date of initial delivery of the Series 2015A Bonds, McCall, Parkhurst & Horton L.L.P., Bond Counsel, will render its opinion that, in accordance with Existing Law, (1) for federal income tax purposes, interest on the Series 2015A Bonds will be excludable from the "gross income" of the holders thereof and (2) the Series 2015A 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 Code. Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Series 2015A Bonds. See "***APPENDIX D* - Form of Bond Counsel's Opinions."**

In rendering its opinion, Bond Counsel will rely upon (a) certain information and representations of the Issuer, including information and representations contained in the Board's federal tax certificate related to the Series 2015A Bonds, and (b) covenants of the Board contained in the 2015A Bond Indenture relating to certain matters, including arbitrage and the use of the proceeds of the Series 2015A Bonds and the property financed or refinanced therewith. Failure by the Board to observe the aforementioned representations or covenants could cause the interest on the Series 2015A Bonds to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Series 2015A Bonds in order for interest on the Series 2015A 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 Series 2015A Bonds to be included in gross income retroactively to the date of issuance of the Series 2015A Bonds. The opinion of Bond Counsel is conditioned on compliance by the Board with such requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Series 2015A Bonds.

Bond Counsel's opinion regarding the Series 2015A Bonds 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 related to the Series 2015A Bonds is not a guarantee of a result. Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Series 2015A Bonds.

Federal Income Tax Accounting Treatment of Original Issue Discount.

The initial public offering price to be paid for one or more maturities of the Series 2015A Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the Series 2015A 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 Series 2015A 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 U.S. Holder who has purchased a Series 2015A Bond as an 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 U.S. Holder in excess of the basis of such Original Issue Discount Bond in the hands of such U.S. Holder (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 accrual period and ratably within each such accrual 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.

All U.S. Holders 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.

Interest on the Series 2015A Bonds will be includable as an adjustment for "adjusted current earnings" to calculate the alternative minimum tax imposed on corporations by section 55 of the Code.

Under section 6012 of the Code, U.S. Holders of tax-exempt obligations, such as the Series 2015A 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 Series 2015A 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 Series 2015A 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 Series 2015A 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.

Taxable Bonds

Certain U.S. Federal Income Tax Consequences to U.S. Holders.

Periodic Interest Payments and Original Issue Discount. The Taxable Series 2015B Bonds are not obligations described in section 103(a) of the Code. Accordingly, the stated interest paid on the Taxable Series 2015B Bonds or original issue discount, if any, accruing on the Taxable Series 2015B Bonds will be includable in "gross income" within the meaning of section 61 of the Code of each owner thereof and be subject to federal income taxation when received or accrued, depending upon the tax accounting method applicable to such owner.

Disposition of Bonds. An owner will recognize gain or loss on the redemption, sale, exchange or other disposition of a Taxable Series 2015B Bond equal to the difference between the redemption or sale price (exclusive of any amount paid for accrued interest) and the owner's tax basis in the Taxable Series 2015B Bonds. Generally, a U.S. Holder's tax basis in the Taxable Series 2015B Bonds will be the owner's initial cost, increased by income reported by such U.S. Holder, including original issue discount and market discount income, and reduced, but not below zero, by any amortized premium. Any gain or loss generally will be a capital gain or loss and either will be long-term or short-term depending on whether the Taxable Series 2015B Bonds has been held for more than one year.

Defeasance of the Taxable Bonds. Defeasance of any Taxable Series 2015B Bond may result in a reissuance thereof, for U.S. federal income tax purposes, in which event a U.S. Holder will recognize taxable gain or loss as described above.

Certain U.S. Federal Income Tax Consequences to Non-U.S. Holders.

A Non-U.S. Holder that is not subject to U.S. federal income tax as a result of any direct or indirect connection to the U.S. in addition to its ownership of a Taxable Series 2015B Bond, will not be subject to U.S. federal income or withholding tax in respect of such Taxable Series 2015B Bond, provided that such Non-U.S. Holder complies, to the extent necessary, with identification requirements including delivery of a signed statement under penalties of perjury, certifying that such Non-U.S. Holder is not a U.S. person and providing the name and address of such Non-U.S. Holder. Absent such exemption, payments of interest, including any amounts paid or accrued in respect of accrued original issue discount, may be subject to withholding taxes, subject to reduction under any applicable tax treaty. Non-U.S. Holders are urged to consult their own tax advisors regarding the ownership, sale or other disposition of a Taxable Series 2015B Bond.

The foregoing rules will not apply to exempt a U.S. shareholder of a controlled foreign corporation from taxation on the U.S. shareholder's allocable portion of the interest income received by the controlled foreign corporation.

CONTINUING DISCLOSURE OF INFORMATION

The Board 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.

Continuing Disclosure Undertaking of the Board

General.

In each Bond Indenture, the Board has made the following agreement for the benefit of the holders and Beneficial Owners of the related Series 2015A Bonds or Taxable Series 2015B Bonds, as the case may be. The Board is required to observe the agreement for so long as it remains obligated to advance funds to pay the Series 2015 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, Table 2 and "***APPENDIX A-1* – SUMMARY OF POLITICAL SUBDIVISION OBLIGATIONS EXPECTED TO BE FUNDED BY SERIES 2015A BONDS AND BY TAXABLE SERIES 2015B BONDS**." herein. The Board will update and provide this information within 195 days after the end of each fiscal year ending in or after 2016.

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 Series 2015 Bonds of either series: (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 2015 Bonds, or other material events affecting the tax status of the Series 2015 Bonds; (7) modifications to rights of holders of the Series 2015 Bonds, if material; (8) Series 2015 Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Series 2015 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 or additional Trustee or the change of name of a Trustee, 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) in the preceding paragraph, 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.

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 Series 2015 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 Series 2015 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 Series 2015 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 Series 2015 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 Series 2015 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 Series 2015 Bonds in the primary offering of the Series 2015 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 each Bond Indenture, the Board covenants that it will require each Significant Borrower (any Political Subdivision with outstanding aggregate principal amount of Political Subdivision Obligation issued by the Political Subdivision and held in the Portfolio Account established by the 2015A Bond Indenture and the 2015B Bond Indenture, as the case may be, comprises at least 20% in aggregate principal amount of all Political Subdivision Obligations held, on and after May 1, 2016, 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, 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 2015, financial information and operating data with respect thereto of the nature included in the Significant Borrower Undertaking, which is summarized in Appendix A-2 attached hereto. 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 becomes 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 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.

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 applicable series of the Series 2015 Bonds within the meaning of the Rule.

The Significant Borrower Undertaking is for the sole benefit of the Holders and beneficial owners of the Series 2015 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 its Political Subdivision Obligations in the primary offering 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 each Bond 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

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.

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 2015A Bond Indenture or the 2015B 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.

Compliance with Prior Undertakings of the Board

With respect to its 2011 Continuing Disclosure Annual Report, the Board has determined that the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets for the Clean Water State Revolving Fund was inadvertently omitted; however such financial statements were included in prior and subsequent continuing disclosure filings. It is the Board's position that such inadvertent omission is not a failure to comply, in all material respects, with any of its prior undertakings. On April 9, 2015, the Board filed an event notice regarding this inadvertent omission through the MSRB's EMMA system.

OTHER INFORMATION

Ratings

Each series of the Series 2015 Bonds is rated "AAA" by Fitch Ratings and "AAA" by Standard & Poor's Rating Services, a Standard & Poor's Financial Services LLC business. 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. 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 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 Series 2015 Bonds.

Underwriting

The Underwriters have agreed, subject to certain conditions, to purchase the Series 2015A Bonds from the Board, at a price of $889,109,096.33 (reflecting the par amount of the Series 2015A Bonds, plus an original issue premium of $93,664,009.00, less an underwriting discount of $3,004,912.67) and no accrued interest. The Underwriters will be obligated to purchase all of the Series 2015A Bonds if any Series 2015A Bonds are purchased. The Series 2015A Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Series 2015A Bonds into investment trusts) at prices lower than the public offering prices of such Series 2015A Bonds, and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have agreed, subject to certain conditions, to purchase the Taxable Series 2015B Bonds from the Board, a price of $11,905,945.12 (reflecting the par amount of the Taxable Series 2015B Bonds, less an underwriting discount of $54,054.88) and no accrued interest. The Underwriters will be obligated to purchase all of the Taxable Series 2015B Bonds if any Taxable Series 2015B Bonds are purchased. The Taxable Series 2015B Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Taxable Series 2015B Bonds into investment trusts) at prices lower than the public offering prices of such Taxable Series 2015B 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 Board, the State or the Political Subdivision, 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, the State or the Political Subdivisions.

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.

Citigroup Global Markets Inc., an underwriter of the Series 2015 Bonds, has entered into a retail distribution agreement with each of TMC Bonds L.L.C. ("**TMC**") and UBS Financial Services Inc. ("**UBSFS**"). Under these distribution agreements, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS and the electronic primary offering platform of TMC. As part of this arrangement, Citigroup Global Markets Inc. may compensate TMC (and TMC may compensate its electronic platform member firms) and UBSFS for their selling efforts with respect to the Bonds.

Piper Jaffray & Co. and Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation, entered into an agreement (the "**Agreement**") which enables Pershing LLC to distribute certain new issue municipal securities underwritten by or allocated to Piper Jaffray & Co., including the Bonds. Under the Agreement, Piper Jaffray & Co. will share with Pershing LLC a portion of the fee or commission paid to Piper.

Piper Jaffray & Co. has entered into an agreement with BMO Capital Markets GKST Inc. ("**BMO**") which enables BMO to distribute certain new issue municipal securities underwritten by or allocated to Piper Jaffray & Co which could include the Bonds. Under that agreement, Piper Jaffray & Co. will share with BMO a portion of the fee or commission paid to Piper Jaffray & Co. Piper Jaffray & Co. is expected to acquire BMO in an acquisition closing in the fourth quarter of 2015.

Morgan Stanley, parent company of Morgan Stanley & Co LLC., an underwriter 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 municipal securities to retail investors through the financial advisor 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 selling efforts with respect to the Bonds.

Siebert Brandford Shank & Co., L.L.C. ("**SBS**") has entered into separate agreements with its affiliate, Muriel Siebert & Co., and with Credit Suisse Securities (USA) for the retail distribution of certain securities offerings, at the original issue prices. Pursuant to the distribution agreement, if applicable to the Bonds, Muriel Siebert & Co. and/or Credit Suisse Securities (USA) will purchase Bonds at the original issue price less the selling concession with respect to any Bonds that Muriel Siebert & Co. and/or Credit Suisse Securities (USA) sells. SBS will share a portion of its underwriting compensation with Muriel Siebert & Co. and/or Credit Suisse Securities (USA).

Registration and Qualification of Series 2015 Bonds

The sale of the Series 2015 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 Series 2015 Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Series 2015 Bonds been qualified under the securities acts of any jurisdiction. The Board assumes no responsibility for qualification of the Series 2015 Bonds under the securities laws of any jurisdiction in which the Series 2015 Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Series 2015 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 Series 2015 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 Series 2015 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 Series 2015 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 Series 2015 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 Series 2015 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 to determine whether the Series 2015 Bonds are legal investments for various institutions in those states.

Legal Opinions

The delivery of the Series 2015 Bonds of each series is subject to the approval of the Attorney General of Texas to the effect that the Series 2015 Bonds of each series 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 each respective series of the Series 2015 Bonds in the manner provided in each Bond Indenture and the approving legal opinions of Bond Counsel, to like effect and to the effect that the interest on the Series 2015A Bonds will be excludable from gross income for

federal income tax purposes, subject to the matters described under "**TAX MATTERS – Tax-Exempt Bonds**" in this Official Statement, including the alternative minimum tax on corporations. The proposed forms of Bond Counsel's opinions are attached as *Appendix D*.

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 SERIES 2015 BONDS," "THE SERIES 2015 BONDS," "TAX MATTERS," "CONTINUING DISCLOSURE OF INFORMATION" (except for the information under the subheading "Compliance with Prior Undertakings"), "OTHER INFORMATION – Registration and Qualification of Series 2015 Bonds," "OTHER INFORMATION – Legal Investments and Eligibility to Secure Public Funds in Texas" and "OTHER INFORMATION – Legal Opinions," and in "*Appendix B*" and "*Appendix D*" to verify that the information relating to the Series 2015 Bonds, the Master Indenture, the 2015A Bond Indenture and the 2015B Bond Indenture contained under such captions and in *Appendices B* and *D* 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 Locke Lord LLP, counsel to the Underwriters, and (ii) for the Board by The Hardwick Law Firm LLC, Disclosure Counsel for the Board. The payment of the fees of each such law firm is contingent on the sale and issuance of the Series 2015 Bonds.

The legal opinions to be delivered concurrently with the delivery of the Series 2015 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 Series 2015A Bonds or the Security for the Taxable Series 2015B 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 Series 2015A Bonds to secure or pay the principal of or interest on the Series 2015A Bonds, or would affect the provisions made for the use of the Security for the Taxable Series 2015B Bonds to secure or pay the principal of or interest on the Taxable Series 2015B Bonds, or in any manner questioning the validity of the Bonds of either series.

Certification of Official Statement

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

First Southwest Company, LLC, and Estrada, Hinojosa & Company, Inc. are employed as Co-Financial Advisors to the Board in connection with the issuance of the Series 2015 Bonds. The Co-Financial Advisors' respective fees for services rendered with respect to the sale of the Series 2015 Bonds are contingent upon the issuance and delivery of the Series 2015 Bonds. Neither First Southwest Company, LLC, nor Estrada, Hinojosa & Company, Inc., assumes 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 Series 2015 Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Co-Financial Advisors to the Board have provided the following sentence for inclusion in this Official Statement. The Co-Financial Advisors have reviewed the information in this Official Statement in accordance with, and as part of, their 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 Co-Financial Advisors do 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 within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, 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.

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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 Series 2015 Bonds by the Underwriters. Questions regarding this Official Statement may be directed to Cindy Demers, Chief Financial Officer/Development Fund Manager, Texas Water Development Board, 1700 North Congress, Suite 620K, Austin, Texas 78701; Telephone: (512) 936-0809; Electronic Mail: cindy.demers@twdb.texas.gov.

TEXAS WATER DEVELOPMENT BOARD

/s/ Kevin Patteson
Executive Administrator
Texas Water Development Board

APPENDIX A-1

SUMMARY OF POLITICAL SUBDIVISION OBLIGATIONS EXPECTED TO BE FUNDED BY SERIES 2015A BONDS AND BY TAXABLE SERIES 2015B BONDS

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SUMMARY OF SWIRFT POLITICAL SUBDIVISION OBLIGATIONS EXPECTED TO BE FUNDED BY SERIES 2015A BONDS*

The following table shows the projected Political Subdivision Obligations expected to be funded with proceeds of the Series 2015A Bonds based on applications for 2015.

Entity	Obligation Description	Commitment Date	Commitment Amount	Anticipated Closing Amount
Brazosport Water Authority	Brazosport Water Authority Water Supply System Revenue Bonds, Series 2015	7/23/2015	$5,605,000	$ 5,605,000
Canyon Regional Water Authority	Canyon Regional Water Authority Tax-Exempt Contract Revenue Bonds (Wells Ranch Project II), Series 2015 (Texas Water Development Board SWIRFT Project Financing)	7/23/2015	$55,000,000	$42,000,000
Central Harris County Regional Water Authority	Central Harris County Regional Water Authority Revenue Bonds, Series 2015	7/23/2015	$10,805,000	$10,805,000
City of Bedford	City of Bedford, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Series 2015	7/23/2015	$30,000,000	$30,000,000
City of Fort Worth	City of Fort Worth, Texas Water and Sewer System Revenue Bonds Series 2015	7/23/2015	$13,000,000	$13,000,000
City of Houston	City of Houston, Texas Combined Utility System Revenue Bonds, Series 2015	7/23/2015	$25,915,000	$25,915,000
City of Marfa	City of Marfa, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Series 2015	7/23/2015	$705,000	$ 705,000
Coastal Water Authority	Master Agreement for Board Participation	7/23/2015	$66,565,000	$66,565,000
El Paso Water Utilities Public Service Board	City of El Paso, Texas Water and Sewer Revenue Bonds, Series 2015B	7/23/2015	$50,000,000	$50,000,000

Greater Texoma Utility Authority, City of Tom Bean	Greater Texoma Utility Authority Contract Revenue Bonds, Series 2015 (City of Tom Bean Project)	7/23/2015	$1,210,000	$ 1,210,000
Guadalupe Blanco River Authority	Guadalupe-Blanco River Authority, General Improvement Revenue Bonds, Series 2015	7/23/2015	$8,000,000	$ 2,000,000
Hays Caldwell Public Utility Agency	Hays Caldwell Public Utility Agency Contract Revenue Bonds, Series 2015 A (Canyon Regional Water Authority) and Series B (City of Kyle)	7/23/2015	$12,500,000	$ 7,490,000
Hidalgo County Irrigation District No. 1	Hidalgo County Irrigation District No. 1 System Revenue Notes, Series 2015	7/23/2015	$7,100,000	$ 7,100,000
Lone Star Regional Water Authority	Lone Star Regional Water Authority Contract Revenue Bonds, Proposed Series 2015A Master Agreement for Board Participation Tax-Exempt	7/23/2015	$19,345,000	$22,940,000
North Fort Bend Water Authority	North Fort Bend Water Authority Water System Junior Lien Revenue Bonds, Series 2015	7/23/2015	$8,670,000	$ 8,670,000
North Harris County Regional Water Authority	North Harris County Regional Water Authority Senior Lien Revenue Bonds, Series 2015	7/23/2015	$80,435,000	$80,435,000
North Texas Municipal Water District	North Texas Municipal Water District Water System Revenue Bonds, Series 2015A	7/23/2015	$82,105,000	$ - 0 -
Palo Pinto County Municipal Water District No. 1	Palo Pinto County Municipal Water District No. 1 Revenue Bonds, Series 2015A	7/23/2015	$9,915,000	$ 9,915,000

Tarrant Regional Water District	Tarrant Regional Water District, A Water Control and Improvement District, Water Revenue Bonds, Series 2015A Tarrant Regional Water District, A Water Control and Improvement District, Water Transmission Facilities Contract Revenue Bonds (City of Dallas Project), Series 2015	7/23/2015	$440,000,000	$440,000,000
Upper Trinity Regional Water District	Master Agreement for Board Participation Upper Trinity Regional Water District Regional Treated Water Supply System Revenue Bonds, Series 2015A	7/23/2015	$44,680,000	$44,680,000
West Harris County Regional Water Authority	West Harris County Regional Water Authority Water System Junior Lien Revenue Bonds, Series 2015	7/23/2015	$18,740,000	$18,740,000
Projected PSO's to be Funded			**$990,295,000**	**$887,775,000**

* Financial assistance amounts are subject to change until the Political Subdivision Obligations are purchased or entered into by the Board.

SUMMARY OF SWIRFT POLITICAL SUBDIVISION OBLIGATIONS EXPECTED TO BE FUNDED BY TAXABLE SERIES 2015B BONDS*

Entity	Obligation Description	Commitment Date	Commitment Amount	Anticipated Closing Amount
Lone Star Regional Water Authority	Lone Star Regional Water Authority Contract Revenue Bonds, Taxable Series 2015B Master Agreement for Board Participation Taxable	7/23/2015	$ 8,295,000	$ 4,700,000
Palo Pinto County Municipal Water District No. 1	Palo Pinto County Municipal Water District No. 1 Revenue Bonds Taxable Series 2015B	7/23/2015	$ 7,185,000	$ 7,185,000
Projected PSO's to be Funded			**$15,480,000**	**$11,885,000**

* 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 SWIRFT

Series 2015A Bonds

POLITICAL SUBDIVISION	EXPECTED NUMBER OF OBLIGATIONS	ANTICIPATED CLOSING AMOUNT	PERCENTAGE OF PORTFOLIO ACCOUNT
Tarrant Regional Water District	2	$440,000,000	49.56%

Taxable Series 2015B Bonds

POLITICAL SUBDIVISION	EXPECTED NUMBER OF OBLIGATIONS	ANTICIPATED CLOSING AMOUNT	PERCENTAGE OF PORTFOLIO ACCOUNT
Lone Star Regional Water Authority	2	$4,700,000	39.55%
Palo Pinto County Municipal Water District No. 1	1	$7,185,000	60.45%

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APPENDIX A-2

SIGNIFICANT BORROWER INFORMATION

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SIGNIFICANT BORROWER INFORMATION
SERIES 2015A BONDS

The following information has been furnished by the respective Significant Borrowers for inclusion in this Official Statement:

Tarrant Regional Water District

The Tarrant Regional Water District (the "**District**"), formerly the Tarrant County Water Control and Improvement District Number One, is a water control and improvement district and political subdivision of the State of Texas created in October 1924 pursuant to Article 16, Section 59 of the Texas Constitution. The District is presently functioning under the general laws of the State of Texas, including Chapters 49 and 51, Texas Water Code, and pursuant to the provisions of Chapter 268, Acts of 1957, 55th Legislature of Texas, as amended, Regular Session (the "**District Act**").

The District was created for the purpose of providing water supply and flood control and developing and providing a sufficient supply of raw water for the City of Fort Worth. The District's functions have expanded and now encompass the development of a raw water supply system to meet the needs of major municipal and industrial users within and outside its boundaries, flood control protection, recreation and water conservation activities.

The District is the primary supplier for raw water used by a total of approximately 50 municipal and non-municipal entities located both within and outside Tarrant County. Among the major municipal customers of the District are the Cities of Fort Worth, Arlington and Mansfield and the Trinity River Authority of Texas ("**TRA**"). The total area serviced by the District through these four major municipal entities includes nearly all the populated regions within Tarrant County.

In connection with its bond issues the District has agreed to provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes quantitative financial information and operating data with respect to the District described in the offering documents of the District, the most recent being the official statement for its Water Transmission Facilities Contract Revenue Bonds (City of Dallas Project), Series 2014, dated January 28, 2014, and the official statement for its Water Revenue Refunding Bonds, Series 2015, dated January 30, 2015 (the "**District's Continuing Disclosure Undertakings**"). The District will update and provide this information within six months after the end of each fiscal year ending in or after 2015. The District's current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change. The official statements referenced above are available for review through EMMA.

In a Continuing Disclosure Agreement entered into between the District and the Cities of Arlington, Mansfield and Fort Worth (the "**Cities**") and the TRA (collectively, "**Contracting Parties**") each have made the following respective agreements for the benefit of the holders and beneficial owners of the Political Subdivision Obligations issued by the District. The Contracting Parties are required to observe the agreements for so long as the Contracting Parties remain obligated to advance funds to pay such Political Subdivision Obligations. Under the agreement, the Contracting Parties will be obligated to provide certain updated financial information and operating date annually, and the Contracting Parties will be obligated to provide timely notice of specified events, to the MSRB.

The Contracting Parties will provide certain information to the MSRB annually. The information to be updated, includes quantitative financial information and operating data with respect to the respective Contracting Parties of the general type described in the Continuing Disclosure Undertaking. The Contracting Parties will update and provide this information as to such entity within six months after the end of each fiscal year of the Contracting Parties.

The Contracting Parties may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12. The updated information will include audited financial statements, if the Contracting Parties commission an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Contracting Parties will provide unaudited financial information 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 the accounting principles described in such filings or such other accounting principles as the Contracting Parties may be required to employ from time to time pursuant to state law or regulation.

Each City's current fiscal year end is September 30, and TRA's fiscal year ends November 30. Accordingly, they must provide updated information by March 31 and May 31 respectively, in each year, unless the Cities or the TRA change their fiscal years. If the Cities or the TRA change their fiscal years, they will notify the MSRB of the change.

In a Continuing Disclosure Agreement entered into between the District and the City of Dallas ("**Dallas**"), Dallas has made the following agreement for the benefit of the holders and beneficial owners of the Political Subdivision Obligations issued by the District. Dallas is required to observe the agreement for so long as it remains obligated to advance funds to pay such Political Subdivision Obligations. Under the agreement, Dallas will be obligated to provide certain updated financial information and operating date annually, and Dallas will be obligated to provide timely notice of specified events, to the MSRB.

Dallas will provide certain information to the MSRB annually. The information to be updated, includes quantitative financial information and operating data with respect to Dallas of the general type included described in the District's Continuing Disclosure Undertakings. Dallas will update and provide this information as to such entity within six months after the end of each fiscal year**.**

Dallas may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12. The updated information will include audited financial statements, if Dallas commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, Dallas will provide unaudited financial information 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 the accounting principles described in such filings or such other accounting principles as Dallas may be required to employ from time to time pursuant to state law or regulation.

Dallas' current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 in each year, unless Dallas changes its fiscal year. If Dallas changes its fiscal year, it will notify the MSRB of the change.

The District will also provide timely notices of certain events to the MSRB (not in excess of ten (10) business days after the occurrence of the event) of any of the events listed in the SEC Rule 15c2-12.

The District has agreed that its future filings, described above, will be made on behalf of the Texas Water Development Board for so long as the District remains a Significant Borrower. The District has agreed to request that the Contracting Parties agree to make the same agreement.

SIGNIFICANT BORROWER INFORMATION
TAXABLE SERIES 2015B BONDS

Palo Pinto County Municipal Water District No. 1

Palo Pinto County Municipal Water District No. 1 was created in 1961 pursuant to Article 8280- 258, V.A.T.C.S. for the purpose of acquiring, constructing, and improving facilities for the purpose of impounding, processing, and transporting water. The District owns Lake Palo Pinto (the "**Lake**") which is located

approximately 16 miles southwest of the City of Mineral Wells (the "**City**"). The dam and reservoir were constructed in 1964.

The District supplies water to the City, Brazos Electric Power Cooperative, Inc. ("**BEPC**") and Lake Palo Pinto Area Water Supply Corporation ("**LPPAWSC**"). Water for the City is treated at the District's water treatment plant then pumped to the City for distribution to its customers. LPPAWSC diverts water directly from the Lake for subsequent treatment and municipal use. BEPC diverts water directly from the Lake for industrial cooling purposes at their generating facility located on the northwest side of the Lake.

The District's Revenue Bonds, Series 2015A and Taxable Series 2015B (collectively, the "**District's Bonds**") to be purchased by TWDB are special obligations of the District and, together with outstanding parity obligations of the District, are payable solely from a first lien on and pledge of the Pledged Revenues (hereinafter defined) of the District's waterworks system, including specifically payments received by the District from the City as hereinafter described. "Pledged Revenues", as defined in the resolutions authorizing the District's Bonds ("**District's Bond Resolutions**"), means all tolls, revenues, rates, fees, charges, rents and other income and receipts of the District from the operation of the District not used to pay operation and maintenance expenses. The District has not covenanted nor obligated itself to pay the District's Bonds from monies raised or to be raised from taxation.

The District entered into a Water Purchase Contract dated July 10, 1981, (as supplemented and modified, the "**Contract**") with the City. Under the terms of the Contract, the City has covenanted to pay the District sufficient rates of compensation for water sold and services rendered by the District to the City under the contract (the "**Water Charge**") so that the revenues of the District will at all times be sufficient to enable the District to pay its operation and maintenance expenses and to pay the principal of and interest on all outstanding bonded indebtedness of the District, and to meet the requirements for reserves and contingencies as required by the District's bond resolutions. Under the terms of the Contract the Water Charge will be adjusted so that said charges are sufficient to pay principal of and interest on the District's Bonds and outstanding parity obligations, and shall also be sufficient to satisfy the requirements for any additional revenue bonds. All such contract payments to the District are expressly stated to be "operating expenses" of the City's waterworks and sewer system.

In connection with the District's Bonds, the District has agreed to provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes quantitative financial information and operating data with respect to the District of the general type included in its annual audited financial statements. Such financial statements to be provided shall be (1) prepared in accordance with the accounting principles described therein or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the District commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the District shall provide unaudited financial information by the required time, and shall provide audited financial statements for the applicable fiscal year to the MSRB, when and if the audit report on such statements become available. The District will provide this information within six months after the end of each fiscal year ending in or after 2015. The District's current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

The District will also provide timely notices of certain events to the MSRB of any of the events listed in the SEC Rule 15c2-12.

The District has agreed that its filings described above will be made for so long as the District remains a Significant Borrower.

Lone Star Regional Water Authority

The Lone Star Regional Water Authority (the "**Authority**") was created by the 82nd Legislature as The Corn Hill Regional Water Authority as a Conservation and Reclamation District created under the authority of Section 59, Article XVI of the Texas Constitution, pursuant to Texas Special District Local Laws Code, Chapter 8364, as amended (the "**Enabling Act**"). The Enabling Act authorizes the Authority to design, finance, construct and operate wholesale water infrastructure wastewater and drainage projects for public/private retail water providers. By order of the Texas Commission on Environmental Quality (the "**TCEQ**"), the Authority's name was changed from Corn Hill Regional Water Authority to Lone Star Regional Water Authority in July of 2013.

In connection with its bond issues being purchased by TWDB (the "**Lone Star Bonds**"), the Authority has agreed to provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes quantitative financial information and operating data with respect to the Authority of the general type included in its annual audited financial statements. The Authority will update and provide this information within six months after the end of each fiscal year ending in or after 2015. The Authority's current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 in each year, unless the Authority changes its fiscal year. If the Authority changes its fiscal year, it will notify the MSRB of the change.

In Continuing Disclosure Agreements entered into between the Authority and the City of Jarrell, Texas ("**Jarrell**"), Sonterra Municipal Utility District ("**Sonterra**") and Jarrell-Schwertner Water Supply Corporation ("**JSWSC**" and collectively with Jarrell and Sonterra, the "**Lone Star Contracting Parties**") each has made the following respective agreement for the benefit of the holders and beneficial owners of the Lone Star Bonds. The Contracting Parties are required to observe the agreements for so long as the Lone Star Contracting Parties remain obligated to advance funds to pay such Lone Star Bonds. Under the agreement, the Lone Star Contracting Parties will be obligated to provide certain updated financial information and operating date annually, and the Lone Star Contracting Parties will be obligated to provide timely notice of specified events, to the MSRB.

Each Lone Star Contracting Party will provide certain financial information and operating data with respect to itself of the general type included in its annual audited financial statements, respectively, to the MSRB annually within six months after the end of its fiscal year, and if not provided as part such financial information and operating data, audited financial statements of such Lone Star Contracting Party, when and if available. If the audit of such financial statements is not complete within six months after any such fiscal year end, then such Lone Star Contracting Party shall file unaudited financial statements within such six month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

Jarrell's and Sonterra's current fiscal year end is September 30 and JSWSC's current fiscal year end is October 31. Accordingly, they must provide updated information by March 31 and April 30, respectively, in each year, unless a Lone Star Contracting Party changes its fiscal years, in which case it will file notice of the change (and of the date of the new fiscal year end) with the MSRB prior to the next date by which it would otherwise be required to provide financial information and operating data pursuant to this section.

The Authority and each Lone Star Contracting Party will also provide timely notices of certain events to the MSRB (not in excess of ten (10) business days after the occurrence of the event) of any of the events listed in the SEC Rule 15c2-12.

The Authority has agreed that its future filings, described above, will be made on behalf of the TWDB for so long as the Authority remains a Significant Borrower. The Authority has agreed to request that each Lone Star Contracting Party agree to make the same agreement.

The undertakings made by the Authority are contained in its official statements for its Contract Revenue Bonds, Series 2015 (City of Jarrell, Texas, Project) dated April 14, 2015, and its official statement for its Contract Revenue Bonds, Series 2015 (Sonterra Municipal Utility District Project), dated July 16, 2015. The official statements referenced above are available for review through EMMA.

APPENDIX B

DEFINITIONS AND SUMMARY OF PROVISIONS OF THE MASTER TRUST INDENTURE AND THE BOND INDENTURES

The following statements summarize certain provisions of the Master Trust Indenture and the Bond Indentures. 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 Indentures, respectively. Copies of the Master Trust Indenture and Bond Indentures are available for examination at the offices of the Board.

The following capitalized terms appearing 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 INDENTURES

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

"Assistance Account" means, for purposes of this Official Statement, the Assistance Accounts so designated and established by the 2015A Bond Indenture and the 2015B Bond Indenture for the Series 2015A Bonds and the Taxable Series 2015B Bonds, respectively.

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

"Authorized Investments" or *"Investment Securities"* means: (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 nationally 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 Standard & Poor's; (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 Standard & Poor's 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.

"Board" means the Texas Water Development Board.

"Board Representative" shall mean the Executive Administrator, the Chief Financial Officer of the Board, or the Development Fund Manager, 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 issued, in one or more series, under authority of Subchapter H 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 2015 (Master Trust) 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 respective Bond Indenture.

"Bond Registrar" means the Bond Indenture Trustee for the Series 2015A Bond Indenture and the 2015B Bond Indenture, respectively.

"Bond Indenture" means, for purposes of this Official Statement, the Bond Indenture Trustee for the Series 2015A Bonds and the Taxable Series 2015B Bonds, respectively.

"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.

"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 amended, and the rules and regulations promulgated thereunder or under the corresponding section of the Internal Revenue Code of 1954, as amended, or any subsequently enacted internal revenue law of the United States of America.

"Costs of Issuance Account" means, for purposes of this Official Statement, the Cost of Issuance Accounts so designated and established by the 2015A Bond Indenture and the 2015B Bond Indenture for the Series 2015A Bonds and the Taxable Series 2015B Bonds, respectively.

"Debt Service Account" means, for purposes of this Official Statement, the Debt Service Accounts so designated and established by the 2015A Bond Indenture and the 2015B Bond Indenture for the Series 2015A Bonds and the Taxable Series 2015B Bonds, respectively.

"Defeasance Securities" means (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 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 Bonds, are rated as to investment quality by a nationally-recognized investment rating firm not less than "AAA" or its equivalent, or (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.

"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.

"Interest Payment Date" means April 15, 2016, and each October 15 and April 15 thereafter until maturity or prior redemption.

"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, as master trustee under the Master Trust Indenture at the time serving as Master Trustee thereunder.

"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.

"Paying Agent" means any Paying Agent for the Bonds and its successor or successors appointed pursuant to the provisions of 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; *provided, however,* that as used in the respective Bond Indentures, 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 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 2015A Bond Indenture and the 2015B Bond Indenture for the Series 2015A Bonds and the Taxable Series 2015B Bonds, respectively.

"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 October 15, 2016, and each April 15 and October 15 thereafter 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 2015A Bond Indenture and the 2015B Bond Indenture for the Series 2015A Bonds and the Taxable Series 2015B Bonds, respectively.

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

"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, for purposes of this Official Statement, the Revenue Accounts so designated and established by the 2015A Bond Indenture and the 2015B Bond Indenture for the Series 2015A Bonds and the Taxable Series 2015B Bonds, respectively.

"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.

"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.

"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.

"Significant Borrower" means any Political Subdivision whose outstanding aggregate principal amount of bonds issued by such Political Subdivision and held, on and after May 1, 2016, 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 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 connection with funding 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 Project" means any project included 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 Indenture.

"Surplus Revenue Account" means, for purposes of this Official Statement, the Surplus Revenue Accounts so designated and established by the 2015A Bond Indenture and the 2015B Bond Indenture for the Series 2015A Bonds and the Taxable Series 2015B Bonds, respectively.

"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.

"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.

"Trust Company" means the Texas Treasury Safekeeping Trust Company.

"Trustee" 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.

"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 to the Master Trustee 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.

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 forth 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:

(1) the Master Trustee will transfer to a Bond Indenture Trustee, for deposit in the appropriate debt service fund established for a Series of Bonds (or portion thereof), the amount projected by such Bond Indenture Trustee to be necessary to timely make the debt service payment due on such payment date on that Series of Bonds (or portion thereof);

(2) 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 Funds Transfer Agreement are deposited or (ii) in a reserve fund for a Series of Bonds (or portion thereof); or

(3) 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 Trustee 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 Trustee *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 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 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 Indenture Trustee 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 provisions of the Series 2015A Bond Indenture and the Series 2015B Bond Indenture separately.

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 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 the Bond Indenture;

(3) All cash, moneys, securities, investments and interest earnings on such investments, including specifically Political Subdivision Obligations 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 each respective 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 of the respective Indenture:

(a) Assistance Account;
(b) Project Financing Account;
(c) Portfolio Account (and within the Portfolio Account, a Repayment Subaccount and a Prepayment Subaccount);
(d) Revenue Account (and within the Revenue Account, a Repayment Subaccount 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) Cost of Issuance Account.

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 pursuant to the Bond Indenture's Schedule of Transfer from the Assistance 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 disburse moneys in the Project Financing Account for the acquisition of Political Subdivision Obligations or interest therein. 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 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 and held therein until paid in full. Promptly upon their receipt, Repayments of principal 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.

(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 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 deposited in the Prepayment Subaccount of the Portfolio Account and 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 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 and all other moneys directed to be deposited in the Revenue Account by the Board shall be deposited in the Repayment Account. Moneys in the Revenue Account 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 following sources shall be deposited into the Principal and Interest Subaccount of the Debt Service Account: (1) accrued interest, if any, on the Bonds; (2) the amount of moneys stated in the Bond Indenture to be used to pay capitalized interest on the Bonds; (3) all moneys received pursuant to the *"— Assistance Account"* section above; and (4) amounts received pursuant to the *"— Revenue Account"* section above.

Moneys on deposit in the respective 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 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 the 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 subaccounts within the Debt Service Account 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) 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.

Cost of Issuance Account

The amount of moneys stated in the Bond Indenture to be deposited into the Cost 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, as limited by the Bond Indenture. Any balance remaining in the Costs of Issuance Account on the 180th day following the issuance of the Bonds to the Project Financing 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. 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.

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 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 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.

Any moneys remaining in the Revenue Account 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 efficiency and (ii) and 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 Pledged 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 (clause (1) and (2) are referred to as the *"*Coverage Requirement*"*) and (B) specifying 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 Pledged Political Subdivision Obligations. The Trustee, upon the written direction of the Board may release Political Subdivision Obligations and substitute one or more Political Subdivision Obligation for such Political Subdivision Obligation upon the delivery to the Trustee of (i) the instruments described above in (a) above *provided*, that the substituted Political Subdivision Obligation or Political Subdivision Obligations shall be included in the calculation of the Coverage Requirement and (ii) 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 Pledged 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 (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.

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

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 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 an 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.

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.

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) 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) 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; or

(j) 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.

APPENDIX C

INFORMATION REGARDING THE TEXAS WATER DEVELOPMENT BOARD

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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 provide leadership, information, education, and support for planning, financial assistance, and outreach for the conservation and responsible development of water 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 or 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 (primarily along the border with Mexico) 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. Water Assistance Bonds issued by the Board are not included. Since Section 49-d-8 consolidates 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 does not currently intend, but reserves the right, to issue additional Water Development Bonds pursuant to the Development Fund I Constitutional Provisions.

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 grants program administered by the United States Environmental Protection Agency ("**USEPA**") grant programs and long-range planning for the water needs for 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 and the employment of an Executive Administrator. The Board has approximately 308 employees.

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 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 approving the State Water Plan.

The members of the Board currently are:

Bech Bruun, Chairman. Appointed to the Board by Governor Rick Perry effective September 1, 2013, and appointed as Chairman of the Board by Governor Greg Abbott effective June 10, 2015. Mr. Bruun's professional experience spans positions in the executive and legislative branches of government as well as in the water industry with one of the state's largest wholesale water providers. Prior to his service on the Board, Mr. Bruun held a variety of positions in Governor Rick Perry's administration, culminating in his service as Director of Governmental Appointments. Mr. Bruun has also served as the government and customer relations manager for the Brazos River Authority. His legislative experience includes service as chief of staff to State Representative Todd Hunter (District 32) during the 81st Legislative Session and as general counsel to the House Committee on Judiciary and Civil Jurisprudence. Mr. Bruun serves as the designated TWDB appointee to the Texas Environmental Flows Advisory Group. He received a bachelor's degree in business administration from the University of Texas at Austin and a law degree from the University of Texas School of Law. He is a member of the State Bar of Texas. Mr. Bruun's term expires February 1, 2019.

Kathleen Jackson, Member. Appointed to the Board by Governor Rick Perry effective March 18, 2014. Ms. Jackson, a registered professional engineer, served as public affairs manager for one of the world's largest petroleum and petrochemical producers. Additionally, she was involved in production agriculture with her late husband, who ran a cattle operation and farmed rice. She served as a past member of the Lower Neches Valley Authority Board of Directors, the Texas Water Conservation Association, and participated on the Sabine and Neches Rivers Bay and Estuary Environmental Flows Assessment Program Stakeholders Committee. Ms. Jackson served as chair of the Southeast Texas Industry Public Relations Association, and the Southeast Texas section of the American Institute of Chemical Engineers and Keep Beaumont Beautiful Commission. She is a board member and past president of the Lamar Institute of Technology Foundation, a member of the Texas Farm Bureau, past president of the American Cancer Society of North Jefferson County, and a past board member of Junior Achievement of the Golden Triangle. Ms. Jackson received a bachelor's degree in chemical engineering from North Carolina State University. Ms. Jackson's term expired on February 1, 2015; however, Ms. Jackson will continue to hold office until she is reappointed or until such time as a successor is appointed and qualified to hold office pursuant to Chapter 6 of the Texas Water Code.

One vacancy currently exists on the Board.

Key Staff Members

Kevin Patteson, Executive Administrator. Mr. Patteson became executive administrator of the Texas Water Development Board on October 1, 2013. He previously served as the director of the Office of State-Federal Relations, acting as a liaison between the state and the federal government, helping coordinate state and federal programs, and providing information to federal agencies and Congress about state policy.

Mr. Patteson is an attorney and was special counsel on federal initiatives for the Texas Commission on Environmental Quality (the "**TCEQ**"). He previously served as Special Counsel to Chairman Bryan W. Shaw at TCEQ, Deputy General Counsel to the Texas Workforce Commission, and Assistant General Counsel for the Office of the Governor. He is a member of the State Bar of Texas and a past member of the State Employee Charitable Campaign Policy Committee. Mr. Patteson holds a bachelor's degree and law degree from Baylor University.

Darrell Nichols, Assistant Executive Administrator. Mr. Nichols previously served as Director of Regional Water Planning & Development for the Board and as Project Lead for Board's state funded programs. Prior to joining the Board, Mr. Nichols performed utility regulatory work at the TCEQ and has 10 years of engineering and consulting experience in the private sector. He has a civil engineering degree from the University of Texas.

Jeff Walker, Deputy Executive Administrator for Water Supply and Infrastructure. Mr. Walker has served in various positions at the Board for more than 25 years including financial analyst and Director of Project Development. His current area of responsibility includes state water planning, project development, financial assistance, project funds disbursement, program administration, project inspection, water use and population projections, facility needs assessment, and reporting. He holds a Master of Business Administration degree from Texas State University and a Bachelor of Science in Agricultural Economics from Texas A&M University.

Cindy Demers, Chief Financial Officer/Development Fund Manager. Ms. Demers brings with her over 20 years of experience in organizational leadership, municipal government, financial policy development, project financing accounting and information technology. Ms. Demers previously served as the Controller for the Central Texas Regional Mobility Authority maintaining all aspects of finance, accounting and debt management; she was responsible for issuing multi-million dollar toll revenue bonds for multiple expressway projects. Ms. Demers has also served as the Assistant City Manager for the City of Round Rock handling the overall management for all city departments including budget development and financial oversight. Ms. Demers has state experience with the State Bar of Texas where she served as the Director of Accounting responsible for accounting operations including payroll, treasury, accounts receivable/payable, sales, inventory fixed assets, budgeting and special revenues accounting. Ms. Demers is a Certified Public Accountant and holds a bachelor's degree in Accounting from Concordia University and a master's degree in Business Administration from St. Edward's University.

Les Trobman, General Counsel. Mr. Trobman was appointed to serve as General Counsel effective November 1, 2013. Prior to joining the Board, Mr. Trobman served as the General Counsel for the TCEQ since 2007. He worked in various legal capacities with the TCEQ since 2003. Prior to joining the TCEQ, Mr. Trobman practiced law in the private sector in Washington, D.C. and served as counsel to the U.S. House of Representatives Budget Committee. Mr. Trobman is a current board member of the General Counsel Forum and a member of the American Inns of Court. Mr. Trobman received a bachelor's degree in political science from Washington University in St. Louis and a law degree from Tulane Law School.

Financial Assistance 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.

Texas Water Development Fund ("**Development Fund I**") and Texas Water Development Fund II ("**Development Fund II**") are used to provide loans 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, and 49-d-11 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 ("**Conservation Projects**"); (ii) to make grants, low interest loans, or zero interest loans to political subdivisions for Conservation Projects to serve areas outside metropolitan statistical areas in order to ensure that the projects are implemented, or for Conservation 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 Conservation 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 aforementioned provisions were designated within Chapter 15 of the Texas Water Code as Subchapter Q.

The Board may direct the Comptroller to transfer amounts 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 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.

Rural Water Assistance Fund

Chapter 15, Subchapter R, of the Texas Water Code authorizes and governs the Rural Water Assistance Fund, which is a special fund in the State Treasury. The Rural Water Assistance Fund may be used, among other purposes, to (i) provide low interest loans to Rural Political Subdivisions (as defined below) 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) 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 Rural Water Assistance Fund may also be used to (iv) finance an outreach and technical assistance program to assist Rural Political Subdivisions in obtaining assistance through the Rural Water Assistance Fund and (ii) buy down interest rates on loans or provide grants to Rural Political Subdivisions. A "Rural Political Subdivision" is a nonprofit water supply or sewer service corporation, district, or municipality with a service area of 10,000 or less in population; or that otherwise qualifies for financing from a federal agency; or a county in which no urban area exceeds 50,000 in population.

The Board may direct the Comptroller to transfer amounts from the Financial Assistance Account to the Rural Water Assistance Fund 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 Rural Water Assistance Fund 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 Rural Water Assistance Fund.

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.

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 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. Until this issuance of SWIRFT Bonds, the Board has issued revenue bonds only for the purpose of providing funds for the CWSRF. However, depending on future program demand, the Board is evaluating the need for the initial leveraging for the DWSRF.

State Revolving Funds

State Water Pollution Control Revolving Fund. The State Revolving Fund Act, Title VI of 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 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 publicly owned wastewater treatment works including storm water 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 at least equal to 20% of the SRF Capitalization Grant. Historically, proceeds of Water Development Bonds and Financial Assistance Bonds have been used to provide such matching funds, and proceeds of Financial Assistance Bonds hereafter issued are expected to be used to provide all or a portion of such matching funds. Funds in a state revolving fund are permitted to be applied to provide financial assistance to Eligible Political Subdvisions for publicly owned wastewater treatment works in a number of ways, including making direct loans, retiring existing debt through refinancing, and 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 loans to political subdivisions for wastewater treatment works including storm water and nonpoint source pollution control projects and other authorized purposes. The Board currently provides financial assistance by purchasing Political Subdivision Bonds from Eligible Borrower.

Each loan to an Eligible Borrower made with the proceeds of bonds issued by the Board is in the form of either a loan or the purchase of the obligations issued by the Eligible Borrower, in either case, pursuant to a financing agreement between the Board and the Eligible Borrower. Either form of assistance is referred to as a "*loan*." Pursuant to the financing agreements, each Eligible Political Subdvision delivers its own general obligation or revenue bond to the Board, referred to as a "*political*

subdivision bond," in order to secure its loan repayment obligations. The Board makes loans (or purchases debt obligations) under the State Revolving Fund program with terms up to thirty (30) years from project completion, but in no event longer than the expected useful life of the project financed or refinanced by such loan.

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 at least equal to 20% of the DWSRF Capitalization Grant for deposit in the safe drinking water revolving fund and comply with certain other requirements of the SDWA. Heretofore, proceeds of Water Development Bonds have been used to provide all or a portion of such matching funds, and it is expected that matching funds will continue to be provided from the proceeds of Financial Assistance Bonds hereafter issued. Pursuant to Subchapter J, Texas created the DWSRF for the purpose of providing loans 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 makes loans (or purchases debt obligations) under the State Revolving Fund program with terms up to thirty (30) years from project completion, but in no event longer than the expected useful life of the project financed or refinanced by such loan.

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**"). The Board was most recently reviewed in 2011 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. 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 which would in any way affect the Board's continuing obligations, including those to the Bondholders pursuant to the Bond Indenture.

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APPENDIX D

PROPOSED FORM OF OPINIONS OF BOND COUNSEL

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Proposed Form of Opinions of Bond Counsel

Opinions in substantially the following forms will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Series 2015 Bonds, assuming no material changes in facts or law.

TEXAS WATER DEVELOPMENT BOARD
STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS
REVENUE BONDS, SERIES 2015A (MASTER TRUST),
IN THE AGGREGATE PRINCIPAL AMOUNT OF $798,450,000

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, 2015, 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. R-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 August 27, 2015, 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 or corporate alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on 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.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Bonds, is included in a corporation's alternative minimum taxable income for purposes of determining the alternative minimum tax imposed on 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,

TEXAS WATER DEVELOPMENT BOARD
STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS
REVENUE BONDS, TAXABLE SERIES 2015B (MASTER TRUST),
IN THE AGGREGATE PRINCIPAL AMOUNT OF $11,960,000

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, 2015, 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. R-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 August 27, 2015, 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.

THE BONDS ARE NOT obligations described in section 103 of the Internal Revenue Code of 1986.

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.

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 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.

Respectfully,

APPENDIX E

DESCRIPTION OF BOOK-ENTRY-ONLY SYSTEM

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APPENDIX E

BOOK-ENTRY-ONLY SYSTEM

This appendix describes how ownership of the Series 2015 Bonds is to be transferred and how the principal and interest on the Series 2015 Bonds are to be paid to and credited by The Depository Trust Company, New York, New York ("DTC") while the Series 2015 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 Advisors and the Underwriters believe the source of such information to be reliable, but none of the Board, the Financial Advisors 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 Series 2015 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 Series 2015 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 Series 2015 Bonds. The Series 2015 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 Series 2015 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"). DTC has a Standard & Poor's rating of "AA+". The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2015 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2015 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2015 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 Series 2015 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 Series 2015 Bonds, except in the event that use of the book-entry system for the Series 2015 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 Series 2015 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 Series 2015 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2015 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 Series 2015 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2015 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Series 2015 Bonds may wish to ascertain that the nominee holding the Series 2015 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 Series 2015 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 Series 2015 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 Series 2015 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Series 2015 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 Series 2015 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 2015 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 Series 2015 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 Series 2015 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.

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