

AMENDED

This Agenda is posted pursuant to Chapter 551, Texas Government Code

**Matters to Come Before a Meeting of the Board of Directors  
of Tarrant Regional Water District**

**To Be Held the 19<sup>th</sup> Day of October 2021 at 9:00 a.m.**

**TRWD Board Room  
800 East Northside Drive  
Fort Worth, Texas 76102**

**PLEASE BE ADVISED THAT A QUORUM OF THE BOARD OF DIRECTORS OF TRWD WILL CONVENE ON THE ABOVE DATE AND TIME FOR THE PURPOSE OF CONSIDERING AND ACTING UPON THE MATTERS SET FORTH IN THIS AGENDA. THE LINK TO VIEW AND LISTEN TO THE MEETING VIA INTERNET IS <HTTPS://WWW.TRWD.COM/BOARDVIDEOS>. A RECORDING OF THE MEETING WILL ALSO BE AVAILABLE AT <HTTPS://WWW.TRWD.COM/BOARDVIDEOS>.**

---

1. Pledges of Allegiance
2. Public Comment

Citizens may present public comment at this time, limited to a total time of three (3) minutes per speaker, unless the speaker addresses the Board through a translator, in which case the limit is a total time of six (6) minutes. If citizens wish to address the Board in person, each proposed speaker must have completed and submitted a speaker card prior to the commencement of the meeting identifying, if the speaker wishes to address the Board regarding a specific agenda item, the agenda item number(s) and topic(s). If citizens wish address the Board virtually, each proposed speaker must have contacted Mr. Chad Lorange of TRWD, by telephone at (817) 720-4367 or by email at [chad.lorange@trwd.com](mailto:chad.lorange@trwd.com), by no later than 3:00 P.M. on Monday, October 18, 2021, identifying, if the speaker wishes to address the Board regarding specific agenda item(s), the agenda item number(s) and topic(s). In such event, each such member of the public will be provided with a dial-in number to address the Board. By law, the Board may not deliberate, debate or take any action on public comment but may place the item on a future agenda.

3. Consider Approval of the Minutes from the Meetings Held on September 20, 2021, September 21, 2021 and September 29, 2021

4. **Discuss and Consider Approval and Adoption of Proposed Board Governance Policy - Dan Buhman, General Manager**
5. **Consider Approval of Order Authorizing the Issuance of Tarrant Regional Water District, a Water Control and Improvement District, Unlimited Tax Refunding Bonds; Levying an Ad Valorem Tax in Support of the Bonds; Establishing the Procedures of Selling and Delivering the Bonds; and Authorizing Other Matters Related to the Issuance of the Bonds - Sandy Newby, Chief Financial Officer**
6. **Consider Approval of Resolution Regarding the Tarrant Regional Water District's Authorized Bank Representatives - Sandy Newby, Chief Financial Officer**
7. **Consider Approval of Interlocal Agreement for Developing Future Water Supplies in the Sulphur River Basin - Rachel Ickert, Chief Water Resources Officer**
8. **Consider Approval of Contract Amendment to CH2M Hill Engineers, Inc. for Final Design, Bid and Construction Phase Services of Dallas Lake Palestine Pump Station of the Integrated Pipeline Project - Ed Weaver, IPL Program Manager**
9. **Consider Approval of Contract with Retzlaff Construction LLC for Lower West Fork Trail Resurfacing - Darrell Beason, Chief Operations Officer**
10. **Consider Approval of Operations Maintenance Expenditures - Darrell Beason, Chief Operations Officer**
11. **Staff Updates**
  - **Administrative Policies Update - Lisa Cabrera, Chief Human Resources Officer**
  - **Transparency Update - Sandy Newby, Chief Financial Officer**
  - **Forensic Accounting Update - Carol Tackel, Chief Internal Auditor**
  - **Mary's Creek Water Reclamation Facility - Rachel Ickert, Chief Water Resources Officer**
  - **TRWD Trash Bash: A Celebration of the Trinity River Video - Tina Nikolic - Recreation Program Coordinator**
12. **Executive Session under Texas Government Code:**

**Section 551.071 to Consult with Legal Counsel on a Matter in Which the Duty of Counsel Under the Texas Disciplinary Rules of Professional Conduct Clearly Conflicts with Chapter 551, Texas Government Code and to Conduct**

**a Private Consultation with Attorneys Regarding Pending or Contemplated Litigation and Ongoing Investigation; and**

**Section 551.072 to Deliberate the Purchase, Exchange, Lease or Value of Real Property; and**

**Section 551.074 to Discuss or Deliberate Regarding Personnel Matters; and**

**Section 551.076 to Deliberate Regarding Security Personnel, Devices, or Audits**

- 13. Discussion of General Manager's Goals - Dan Buhman, General Manager**
- 14. Consider Approval of Settlement of Claims in the Integrated Pipeline Project - B.N. Development Company, Inc. (37) Lawsuit - Steve Christian, Real Property Director**
- 15. Consider Approval of Settlement of Claims in the Integrated Pipeline Project - Brown, et al. (1061) Lawsuit - Steve Christian, Real Property Director**
- 16. Consider Approval of Authorization to Acquire Real Property by Purchase for the Integrated Pipeline Project - Steve Christian, Real Property Director**
  - IPL Parcel 639AE (Jackson)**

**A permanent easement interest across a 0.789-acre tract of land situated in the Peter Tumlinson Survey, Abstract Number 755, Henderson County, Texas**
  - IPL Parcel 1161 (Schiller)**

**A permanent easement interest across a 5.340-acre tract of land out of the B.B. Sublett Survey, Abstract Number 719, Henderson County, Texas**
- 17. Consider Approval of Acceptance of Conveyance of Real Property Located in the Edwards Ranch Clearfork Addition, Fort Worth, Texas - Steve Christian, Real Property Director**
- 18. Future Agenda Items**
- 19. Schedule Next Board Meeting**
- 20. Adjourn**

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS OF  
TARRANT REGIONAL WATER DISTRICT  
HELD ON THE 20<sup>th</sup> DAY OF SEPTEMBER 2021 AT 11:00 A.M.

---

The call of the roll disclosed the presence of the Directors as follows:

Present

Leah King  
James Hill  
Marty Leonard  
Mary Kelleher

Absent

Jim Lane

Also present were Dan Buhman, Alan Thomas, Victoria Bailey, Kelly Harper and Sandy Newby.

Also in attendance was Ethel Steele of Pope, Hardwicke, Christie, Schell, Kelly & Taplett, L.L.P. General Counsel for Tarrant Regional Water District (District or TRWD); Max Baker; Kailey Broussard of Fort Worth Star-Telegram; Lon Burnam of Tarrant Coalition for Environmental Awareness; Robert Cross; Doreen Geiger; Darlia Hobbs; Robert Montoya of Texas Scorecard; Jeremy Munsch; Jessica Priest of Fort Worth Report; Joey Rios; Vanessa Rios; and Thomas Torlincasi.

President King convened the meeting with the assurance from management that all requirements of the “open meetings” laws had been met.

1.

Public comment was received from Robert Cross regarding the proposed tax rate. Public comment was received from Thomas Torlincasi regarding transparency and the proposed tax rate. Public comment was received from Doreen Geiger regarding a forensic audit. Public comment was received from Lon Burnam regarding transparency. Public comment was received Darlia Hobbs regarding a forensic audit.

2.

This meeting was scheduled in accordance with requirements that a public hearing providing an opportunity for public comment be held prior to the vote on the proposed 2020 tax rate of \$0.0287/\$100 at the Board of Directors meeting to be held on September 21, 2021.

3.

There being no further business before the Board of Directors, the meeting was adjourned.

\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS OF  
TARRANT REGIONAL WATER DISTRICT  
HELD ON THE 21<sup>st</sup> DAY OF SEPTEMBER 2021 AT 9:00 A.M.

---

The call of the roll disclosed the presence of the Directors as follows:

Present  
Leah King  
James Hill  
Jim Lane  
Marty Leonard  
Mary Kelleher

Also present were Dan Buhman, Alan Thomas, Norman Ashton, Victoria Bailey, Darrell Beason, Lisa Cabrera, Linda Christie, Dustan Compton, Woody Frossard, JD Granger, Kelly Harper, Rachel Ickert, Chad Lorange, Mick Maguire, Sandy Newby and Carol Tackel of the Tarrant Regional Water District (District or TRWD).

Also in attendance were Lee F. Christie of Pope, Hardwicke, Christie, Schell, Kelly & Taplett, L.L.P., General Counsel for the District; Kathryn Long of Thompson & Horton LLP; Jessica Priest of Fort Worth Report; Joyce Baker; Kailey Broussard of Fort Worth Star-Telegram; Lon Burnam of Tarrant Coalition for Environmental Awareness; Jackee Cox; Doreen Geiger; Darlia Hobbs; Bobby Hobbs; Jeremy Munsch; Joey Rios; Vanessa Rios; and Thomas Torlincasi.

President King convened the meeting with assurance from management that all requirements of the “open meetings” laws had been met.

1.

All present were given the opportunity to join in reciting the Pledges of Allegiance to the U.S. and Texas flags.

2.

Public comment was received from Jackee Cox regarding proposed board

governance policies. Public comment was received from Lon Burnam regarding transparency. Public comment was received from Darlia Hobbs regarding a new reservoir and gas wells. Public comment was received from Thomas Torlincasi regarding open meeting requirements. Public comment was received from Doreen Geiger regarding proposed board governance policies.

3.

On a motion made by Director Lane and seconded by Director Hill, the Directors voted unanimously to approve the minutes from the Board meeting held on August 17, 2021. It was accordingly ordered that these minutes be placed in the permanent files of the District.

4.

Kathryn Long of Thompson & Horton LLP gave a briefing on the proposed board governance policies.

5.

With the recommendation of management, Director Leonard moved to approve the Fiscal Year 2022 General Fund Budget of \$20,868,980. This budget includes \$20,868,980 related to Flood Control expenditures offset by projected revenues of \$22,150,000 from property tax revenues and interest income. Funding for this item is included in the Fiscal Year 2022 General Fund. Director Lane seconded the motion and the vote in favor was unanimous.

6.

With the recommendation of management, Director Leonard moved to approve Fiscal Year 2022 Revenue Fund Budget of \$154,869,988. This budget includes water supply expenditures of \$154,869,988 offset by expected non-contract revenues of

\$8,670,745 for a proposed net revenue requirement from contract customers of \$146,199,243. Funding for this item is included in the Fiscal Year 2022 Revenue Fund. Director Lane seconded the motion and Directors King, Hill, Lane and Kelleher voted in favor. Director Leonard was absent for the vote.

7.

With the recommendation of management, Director Lane moved to approve the Fiscal Year 2022 Special Projects/Contingency Fund Budget of \$10,134,215. This budget includes net recreation expenditures of \$2,341,260, special project expenditures of \$1,112,500, and debt service expenditures for the Panther Island/Central City project of \$6,680,455. These expenditures are offset by expected revenues for oil and gas royalties of \$6,000,000, interest and other income of \$932,246, and TIF revenues of \$6,680,455. Funding for this item is included in the Fiscal Year 2022 Special Projects/Contingency Fund. Director Hill seconded the motion and the vote in favor was unanimous.

8.

With the recommendation of management, Director Lane moved to adopt an ad valorem tax rate of \$.0287/\$100 for tax year 2021. Director Leonard seconded the motion and the vote in favor was unanimous.

9.

With the recommendation of management, Director Hill moved to approve a contract with Weaver and Tidwell LLP for internal audit services for Fiscal Years 2022 to 2026. Director Lane seconded the motion and the vote in favor was unanimous.

10.

With the recommendation of management, Director Leonard moved to approve a purchase in the amount of \$212,036 for Cisco SD-WAN subscription service, support,

and necessary hardware to implement an updated network management software across the District communications network. Funding for this item is included in the Fiscal Year 2022 General Fund. Director Hill seconded the motion and the vote in favor was unanimous.

11.

With the recommendation of management, Director Leonard moved to approve adoption of a Hazard Mitigation Plan that has been submitted to the Texas Department of Emergency Management and Federal Emergency Management Agency. Director Hill seconded the motion and the vote in favor was unanimous.

12.

With the recommendation of management, Director Lane moved to approve a contract in an amount not-to-exceed \$135,525 with The National Theatre for Children, Inc. for elementary school water conservation education services. Funding for this item is included in the Fiscal Year 2022 General Fund. Director Kelleher seconded the motion and the vote in favor was unanimous.

13.

With the recommendation of management, Director Hill moved to approve a contract in an amount not-to-exceed \$169,975 with M&M Irrigation and Illumination for the TRWD Residential Sprinkler System Evaluation Program. Funding for this item is included in the Fiscal Year 2022 Revenue Fund. Director Kelleher seconded the motion and the vote in favor was unanimous.

14.

With the recommendation of management, Director Leonard moved to approve a contract in an amount not-to-exceed \$118,491 with Garrett Demolition, Inc. for demolition

and asbestos abatement of former Police and Fire Training Towers for the Central City Flood Control Project. An additional 20% contingency to cover costs associated with any additional unforeseen demolition or abatement costs necessary should they be required brings the total budget authorization to \$142,190. In addition, the General Manager or his designee is granted authority to execute all documents necessary to complete this transaction. Funding for this item is included in the Fiscal Year 2022 Special Projects/Contingency Fund. Director Lane seconded the motion and the vote in favor was unanimous.

15.

With the recommendation of management, Director Keller moved to approve a joint-funding agreement in an amount not-to-exceed \$356,730 with the U.S. Geological Survey for Gage Network Support Services. This agreement has a total cost of \$390,480. The USGS contribution is \$33,750 (9%). The District is responsible for the remaining \$356,730 for services provided during the October 1, 2021 through September 30, 2022 period. Funding for this item is included in the Fiscal Year 2022 General and Revenue Funds. Director Hill seconded the motion and the vote in favor was unanimous.

16.

With the recommendation of management, Director Lane moved to approve a contract in an amount not-to-exceed \$95,471.60 with Stovall Commercial Contractors for replacement of the gasoline storage and delivery system at Eagle Mountain Dam. Funding for this item is included in the Fiscal Year 2022 General Fund. Director Kelleher seconded the motion and the vote in favor was unanimous.

17.

With the recommendation of management, Director Hill moved to approve capital

expenditures as listed below:

**Tarrant Regional Water District  
Board of Directors Meeting  
September 2021  
Capital Expenditures**

Project	Vendor	Amount	Purpose	Budget Line	Budget	
					Source	Amount
1 ITB No. 22-012 1 Ton 4wd Ext Cab LWB UTL - Unit 2-424	Lake Country Chevrolet	\$49,856.32	New unit will replace unit 2-328 2014 Ford 1 Ton 4wd Ext Cab Utility Truck with approximately 92,000 miles. New unit will be assigned to a Operations & Maintenance Technician. Upon receipt of the new unit, unit 2-328 will be evaluated against the vehicle pool and the appropriate unit will be sold at auction. The purchase will be made utilizing the State of Texas Co-Op program, TXSmartbuy, in accordance with Local Government Code 271.083.			
<b>Total for Unit 2-424</b>		<b>\$49,856.32</b>		11965	Revenue	<b>\$49,000.00</b>
2 ITB No. 22-012 1 Ton 4wd Ext Cab LWB UTL - Unit 2-426	Lake Country Chevrolet	\$49,856.32	New unit will replace unit 2-239 2007 Chevrolet 3/4 Ton 4wd Reg Cab Utility Truck with approximately 141,000 miles. New unit will be assigned to FW Fleet. Upon receipt of the new unit, unit 2-239 will be evaluated against the vehicle pool and the appropriate unit will be sold at auction. The purchase will be made utilizing the State of Texas Co-Op program, TXSmartbuy, in accordance with Local Government Code 271.083.			
<b>Total for Unit 2-426</b>		<b>\$49,856.32</b>		11967	General	<b>\$49,000.00</b>
3 ITB No. 22-012 3/4 Ton 4wd Ext Cab LWB UTL - Unit 2-428	Lake Country Chevrolet	\$46,916.32	New unit will be an addition to the Fleet. New unit will be assigned to a Instrumentation & Electrical Tech. The purchase will be made utilizing the State of Texas Co-Op program, TXSmartbuy, in accordance with Local Government Code 271.083.			
<b>Total for Unit 2-428</b>		<b>\$46,916.32</b>		11969	Revenue	<b>\$45,000.00</b>
4 ITB No. 22-012 3/4 Ton 4wd Ext Cab LWB UTL - Unit 2-430	Lake Country Chevrolet	\$46,916.32	New unit will replace unit 2-336 2015 Ford 3/4 Ton 2wd Ext Cab Utility Truck with approximately 92,000 miles. New unit will be assigned to a Instrumentation & Electrical Tech. Upon receipt of the new unit, unit 2-336 will be evaluated against the vehicle pool and the appropriate unit will be sold at auction. The purchase will be made utilizing the State of Texas Co-Op program, TXSmartbuy, in accordance with Local Government Code 271.083.			
<b>Total for Unit 2-430</b>		<b>\$46,916.32</b>		11971	Revenue	<b>\$45,000.00</b>
5 ITB No. 22-010 3/4 Ton 2wd Utility Van - Unit 2-423	Caldwell Country Chevrolet	\$34,465.00	New unit will replace unit 2-278 2010 Ford 1/2 Ton 2wd E150 Van with approximately 107,000 miles. New unit will be assigned to a HVAC Technician. Upon receipt of the new unit, unit 2-278 will be evaluated against the vehicle pool and the appropriate unit will be sold at auction. The purchase will be made utilizing the Buyboard Contract 601-19, a local Governmental Purchasing Cooperative, in accordance with Government Code 791.025.			
<b>Total for Unit 2-423</b>		<b>\$34,465.00</b>		12033	General	<b>\$35,000.00</b>
6 ITB No. 22-010 1/2 Ton 4WD Crew Cab SWB Pickup - Unit 2-419	Caldwell Country Chevrolet	\$35,775.00	New unit will replace unit 2-286 2011 Chevrolet 1/2 Ton 4wd Ext Cab SWB Pickup with approximately 106,000 miles. New unit will be assigned to Assistant Environmental Manager. Upon receipt of the new unit, unit 2-286 will be evaluated against the vehicle pool and the appropriate unit will be sold at auction. The purchase will be made utilizing the Buyboard Contract 601-19, a local Governmental Purchasing Cooperative, in accordance with Government Code 791.025.			
<b>Total for Unit 2-419</b>		<b>\$35,775.00</b>		11961	Revenue	<b>\$34,000.00</b>

**Tarrant Regional Water District  
Board of Directors Meeting  
September 2021  
Capital Expenditures**

Project	Vendor	Amount	Purpose	Budget Line	Budget
7 ITB No. 22-010 1/2 Ton 4WD Crew Cab SWB Pickup - Unit 2-425	Caldwell Country Chevrolet	\$35,775.00	New unit will replace unit 2-316 2013 Dodge 1/2 Ton 4wd Crew Cab SWB Pickup with approximately 112,000 miles. New unit will be assigned to Reservoir Supervisor. Upon receipt of the new unit, unit 2-316 will be evaluated against the vehicle pool and the appropriate unit will be sold at auction. The purchase will be made utilizing the Buyboard Contract 601-19, a local Governmental Purchasing Cooperative, in accordance with Government Code 791.025.		
<b>Total for Unit 2-425</b>		<b>\$35,775.00</b>		11966	Revenue <b>\$34,000.00</b>
8 ITB No. 22-010 1/2 Ton 4WD Crew Cab SWB Pickup - Unit 2-427	Caldwell Country Chevrolet	\$35,775.00	New unit will replace unit 2-364 2017 Chevrolet 1/2 Ton 4wd Crew Cab SWB Pickup with approximately 105,000 miles. New unit will be assigned to JPL Program Manager. Upon receipt of the new unit, unit 2-364 will be evaluated against the vehicle pool and the appropriate unit will be sold at auction. The purchase will be made utilizing the Buyboard Contract 601-19, a local Governmental Purchasing Cooperative, in accordance with Government Code 791.025.		
<b>Total for Unit 2-427</b>		<b>\$35,775.00</b>		11968	Revenue <b>\$34,000.00</b>
9 ITB No. 22-011 1/2 Ton 4WD Ext Cab SWB Pickup - Unit 2-421	Silsbee Ford	\$32,796.25	New unit will replace unit 2-288 2012 Chevrolet 1/2 Ton 2wd Reg Cab LWB Pickup with approximately 117,000 miles. New unit will be assigned to a Reservoir Inspector. Upon receipt of the new unit, unit 2-288 will be evaluated against the vehicle pool and the appropriate unit will be sold at auction. The purchase will be made utilizing the Interlocal Cooperative, TIPS USA Contract 200206, in accordance with Government Code 791.025.		
<b>Total for Unit 2-421</b>		<b>\$32,796.25</b>		11962	Revenue <b>\$30,000.00</b>
10 ITB No. 22-011 1/2 Ton 4WD Ext Cab SWB Pickup - Unit 2-422	Silsbee Ford	\$32,796.25	New unit will replace unit 2-289 2011 Ford 1/2 Ton 2wd Reg Cab LWB Pickup with approximately 109,000 miles. New unit will be assigned to a Reservoir Inspector. Upon receipt of the new unit, unit 2-289 will be evaluated against the vehicle pool and the appropriate unit will be sold at auction. The purchase will be made utilizing the Interlocal Cooperative, TIPS USA Contract 200206, in accordance with Government Code 791.025.		
<b>Total for Unit 2-422</b>		<b>\$32,796.25</b>		11963	Revenue <b>\$30,000.00</b>
11 ITB No. 22-011 1/2 Ton 4WD Ext Cab SWB Pickup - Unit 2-429	Silsbee Ford	\$32,796.25	New unit will be an addition to the Fleet. New unit will be assigned to a Reservoir Inspector. The purchase will be made utilizing the Interlocal Cooperative, TIPS USA Contract 200206, in accordance with Government Code 791.025.		
<b>Total for Unit 2-429</b>		<b>\$32,796.25</b>		11970	Revenue <b>\$30,000.00</b>
12 ITB No. 22-011 1/2 Ton 4WD Ext Cab SWB Pickup - Unit 2-432	Silsbee Ford	\$32,796.25	New unit will replace 2-343 2014 Ford 1/2 Ton 4WD Ext Cab Pickup with approximately 140,000 miles. New unit will be assigned to TX811 Locator Inspector. Upon receipt of the new unit, unit 2-343 will be evaluated against the vehicle pool and the appropriate unit will be sold at auction. The purchase will be made utilizing the Interlocal Cooperative, TIPS USA Contract 200206, in accordance with Government Code 791.025.		
<b>Total for Unit 2-432</b>		<b>\$32,796.25</b>		12038	Revenue <b>\$30,000.00</b>
13 ITB No. 22-011 1/2 Ton 4WD Ext Cab SWB Pickup - Unit 2-433	Silsbee Ford	\$32,796.25	New unit will replace 2-344 2014 Ford 1/2 Ton 4WD Ext Cab Pickup with approximately 137,000 miles. New unit will be assigned to IPL Inspector. Upon receipt of the new unit, unit 2-344 will be evaluated against the vehicle pool and the appropriate unit will be sold at auction. The purchase will be made utilizing the Interlocal Cooperative, TIPS USA Contract 200206, in accordance with Government Code 791.025.		
<b>Total for Unit 2-433</b>		<b>\$32,796.25</b>		12039	Revenue <b>\$30,000.00</b>

**Tarrant Regional Water District  
Board of Directors Meeting  
September 2021  
Capital Expenditures**

Project	Vendor	Amount	Purpose	Budget Line	Budget
14 ITB No. 22-017 Commercial Remote Control Slope Mower Unit 6-185	<b>Kinloch Equipment &amp; Supply, Inc.</b>	\$57,897.75	New unit will be an addition to the Fleet and assigned to Floodway Operations. A remote controlled mower will allow our employees to guide the unit from a safe distance, eliminating the risk of roll over, reduce the cost of labor cost and challenge of weedeating steep slopes. The unit will increase productivity on difficult terrain with the climbing ability of 55%. The purchase will be made utilizing the Interlocal Cooperative, BuyBoard Contract #611-20- in accordance with Government Code 791.025.		
<b>Total for Unit 6-185</b>		<b>\$57,897.75</b>		12082	General <b>\$30,000.00</b>
ITB No. 22-002 Tractor 140 Hp W/Cab - Unit 6-184	<b>John Deere Company</b>	\$108,073.87	New unit will replace 6-134 2007 Case MXU125 4wd Tractor with approximately 3700 hours. New unit will be assigned to Operations. Upon receipt of the new unit, unit 6-134 will be evaluated against the vehicle pool and the appropriate unit will be sold at auction. The purchase will be made utilizing the Interlocal Cooperative, HGACBuy Contract GR01-20 in accordance with Government Code 791.025.		
15					
<b>Total for Unit 6-184</b>		<b>\$108,073.87</b>		11973	General <b>\$106,500.00</b>
ITB No. 22-002 Tractor 140 Hp W/Cab - Unit 6-186	<b>John Deere Company</b>	\$108,073.87	New unit will replace 6-163 2012 Kubota M126X Krawler 4wd Tractor with approximately 4000 hours. New unit will be assigned to Operations. On May 10, 2021 this unit experienced an engine failure and the cost of the engine replacement was over 50% of the current value of the unit. Management determined after the condition assessment and the cost of repair it was recommended to replace the unit. Unit 6-163 will be sold at auction. The purchase will be made utilizing the Interlocal Cooperative, HGACBuy Contract GR01-20 in accordance with Government Code 791.025.		
16					
<b>Total for Unit 6-186</b>		<b>\$108,073.87</b>		12123	General <b>\$106,500.00</b>
ITB No. 22-002 Tractor 140 Hp W/Cab - Unit 6-183	<b>John Deere Company</b>	\$108,073.87	New unit will replace 6-131 2006 Case MXM155 4wd Tractor with approximately 3950 hours. New unit will be assigned to Operations. Upon receipt of the new unit, unit 6-131 will be evaluated against the vehicle pool and the appropriate unit will be sold at auction. The purchase will be made utilizing the Interlocal Cooperative, HGACBuy Contract GR01-20 in accordance with Government Code 791.025.		
17					
<b>Total for Unit 6-183</b>		<b>\$108,073.87</b>		11972	Revenue <b>\$106,500.00</b>
ITB No. 22-007 Heavy Duty 40' Belly Dump - Unit 10-176	<b>Kirby-Smith Machinery Inc.</b>	\$63,381.00	New unit will replace 10-97 1996 Clement 38' Steel End Dump Trailer. New unit will be assigned to the Operations Resource Calendar. Unit 10-97 will be sold at auction. The purchase will be made utilizing the BuyBoard Contract #599-19 in accordance with Government Code 791.025.		
18					
<b>Total for Unit 10-176</b>		<b>\$63,381.00</b>		12083	General <b>\$60,000.00</b>
ITB No. 22-006 Heavy Duty Telehandler - Unit 17-13	<b>Kirby-Smith Machinery Inc.</b>	\$155,673.00	New unit will replace 17-2 1993 Clark 5,000 LB Forklift. New unit will be assigned to the Operations Resource Calendar. Upon receipt of the new unit, unit 17-2 will be evaluated against the vehicle pool and the appropriate unit will be sold at auction. The purchase will be made utilizing the BuyBoard Contract #597-19 in accordance with Government Code 791.025.		
19					
<b>Total for Unit 17-13</b>		<b>\$155,673.00</b>		11977	General <b>\$155,000.00</b>
ITB No. 22-004 120KW Stand-by Generator - Unit 12-212	<b>Loftin Equipment Company, Inc.</b>	\$73,398.00	New unit will be an addition and will be a mobile emergency back up power supply to a variety of Projects and emergency situations. The purchase will be made utilizing the Interlocal Cooperative, HGACBuy Contract GE02-20 in accordance with Government Code 791.025.		
20					
<b>Total for Unit 12-212</b>		<b>\$73,398.00</b>		12064	General <b>\$73,000.00</b>

**Tarrant Regional Water District  
Board of Directors Meeting  
September 2021  
Capital Expenditures**

Project	Vendor	Amount	Purpose	Budget Line	Budget
ITB No. 22-004 125KW Stand-by Generator - Unit 12-177	Loftin Equipment Company, Inc.	\$46,490.00	New unit will replace 12-27 1997 Generac 125KW Stand-by Generator and will provide emergency back up power to Communications & Cedar Creek Administrative Offices. Unit 12-27 will be sold at auction. The purchase will be made utilizing the Interlocal Cooperative, HGACBuy Contract GE02-20 in accordance with Government Code 791.025.		
21					
<b>Total for Unit 12-177</b>		<b>\$46,490.00</b>		11974	Revenue <b>\$39,000.00</b>
ITB No. 22-004 120KW Stand-by Generator - Unit 12-213	Loftin Equipment Company, Inc.	\$73,398.00	New unit will be an addition and will be a mobile emergency back up power supply to a variety of Projects and emergency situations. The purchase will be made utilizing the Interlocal Cooperative, HGACBuy Contract GE02-20 in accordance with Government Code 791.025.		
22					
<b>Total for Unit 12-213</b>		<b>\$73,398.00</b>		12065	Revenue <b>\$73,000.00</b>
ITB No. 22-004 150KW Stand-by Generator - Unit 12-211	Loftin Equipment Company, Inc.	\$50,583.00	New unit will replace 12-15 1990 Onan 15KW Stand-by Generator and will provide Emergency Power to Bridgeport Spillway Communication project. Unit 12-15 will be sold at auction. The purchase will be made utilizing the Interlocal Cooperative, HGACBuy Contract GE02-20 in accordance with Government Code 791.025.		
23					
<b>Total for Unit 12-211</b>		<b>\$50,583.00</b>		11975	Revenue <b>\$47,000.00</b>
ITB No. 22-003 Heavy Duty Multi-Purpose Welder - Unit 12-276	Grainger	\$45,347.31	New unit will replace 12-61 a 1996 Miller Big 40 Welder that is now 25 years old and in poor condition. Unit 12-61 will be sold at auction. The purchase will be made utilizing the State of Texas Co-Op program, TXMAS, in accordance with Local Government Code 271.083.		
24					
<b>Total for Unit 12-276</b>		<b>\$45,347.31</b>		11978	Revenue <b>\$39,000.00</b>
<b>General Actuals</b>	<b>\$650,818.81</b>		<b>General Budget</b>		<b>\$615,000.00</b>
Revenue Actuals	\$738,887.39		Revenue Budget		\$695,500.00
Capital Equipment Actual Total	<u>\$1,389,706.20</u>		Capital Equipment Budget Total		<u>\$1,310,500.00</u>
<b>VENDOR TOTALS</b>					
Grand Total for Kirby Smith		\$219,054.00			
Grand Total for Lake Country Chevrolet		\$193,545.28			
Grand Total for Silsbee Ford		\$163,981.25			
Grand Total for Caldwell Chevrolet		\$141,790.00			
Grand Total for Loftin Equipment Company, Inc.		\$243,869.00			
Grand Total for Grainger		\$45,347.31			
Grand Total for United AG & Turf		\$324,221.61			
Grand Total for Kinloch Equipment & Supply, Inc.		\$57,897.75			
Capital Equipment Total		<u>\$1,389,706.20</u>			

Funding for these items is included in the Fiscal Year 2022 General and Revenue Funds. Director Hill seconded the motion and the vote in favor was unanimous.

18.

With the recommendation of management, Director Kelleher moved to approve operations maintenance expenditures as listed below:

**Tarrant Regional Water District  
Board of Directors Meeting  
September 2022  
Operations Maintenance**

Project	Vendor	Amount	Purpose	Budget Line	Budget
ITB 21-134 Contract for Maintenance and Technical Services for Switchgear, Transformers, and Feeder Cable.	Shermco Inc.	\$80 field/hr and \$68 shop/hr \$120 overtime field/hr and \$93 overtime shop/hr	ITB 21-134 Shermco Inc is the lowest conforming bidder with the following rates: \$80 per field hour and \$68 per shop hour for services provided during normal working hours and \$120 per field overtime hour and \$93 per shop overtime area with a 18% markup on materials. <b>This contract is for one initial one-year period with the option to renew for four additional one-year periods</b>	9968	Revenue \$400,000
				9961	
				9963	
				9965	
				9964	
				9959	
				9967	
				10903	
11445					
11672					

Project	Vendor	Amount	Purpose	Budget Line	Budget
ITB 21-135 Contract with Evans Enterprises, Inc. for Maintenance and Technical Services for Pump Motors	Evans Enterprises, Inc.	\$53 field/hr and \$48 shop/hr \$64 overtime field/hr and \$64 overtime shop/hr	ITB 21-135 Evans Enterprises, Inc is the lowest conforming bidder with the following rates: \$53 per field hour and \$48 per shop area for services provided during normal working hours and \$64 per field overtime hour and \$64 per shop overtime hour with a 15% markup on materials. <b>This contract is for one initial one-year period with the option to renew for four additional one-year periods</b>	10547	Revenue \$200,000
				9968	
				9961	
				9963	
				9965	
				9964	
				9959	
				9967	
				10903	
				11445	
11672					

Funding for these items is included in the Fiscal Year 2022 General and Revenue Funds. Director Hill seconded the motion and the vote in favor was unanimous.

19.

#### Staff Updates

- Environmental Remediation Update
- Quarterly Financial Update
- Water Resources Update

20.

The Board next held an Executive Session commencing at 11:29 a.m. under Section 551.071 to Consult with Legal Counsel on a Matter in Which the Duty of Counsel Under the Texas Disciplinary Rules of Professional Conduct Clearly Conflicts with Chapter 551, Texas Government Code and to Conduct a Private Consultation with Attorneys Regarding Pending or Contemplated Litigation; and Section 551.074 to Deliberate Regarding Personnel Matters, including the recent retirement of Jim Oliver and the related legal inquiry, and any potential dispute related to the recent retirement of Jim Oliver.

Upon completion of the executive session at 11:56 a.m., the President reopened the meeting.

21.

No action was taken regarding the retirement or compensation of Jim Oliver.

22.

The Board requested a special meeting regarding board governance policies. Director Lane requested an update on forensic accounting.

23.

The next board meeting was scheduled for October 19, 2021 at 9:00 AM.

24.

There being no further business before the Board of Directors, the meeting was adjourned.

---

President

---

Secretary

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS OF  
TARRANT REGIONAL WATER DISTRICT  
HELD ON THE 29<sup>th</sup> DAY OF SEPTEMBER 2021 AT 4:00 P.M.

---

The call of the roll disclosed the presence of the Directors as follows:

Present  
Leah King  
James Hill  
Marty Leonard  
Jim Lane  
Mary Kelleher

Also present were Dan Buhman, Victoria Bailey, Ellie Garcia, Laramie LaRue, Chad Lorance and Mick Maguire of the Tarrant Regional Water District (District or TRWD).

Also in attendance were Kathryn Long and Carlos Lopez of Thompson & Horton, LLP; Harrison Mantas of Fort Worth Star-Telegram; Robert Montaya of Texas Scorecard; Jessica Priest of Fort Worth Report; Marice Richter of Fort Worth Business Press; Kim Roberts of The Texan; Joyce Baker; Claudia Blalock; Lon Burnam of Tarrant Coalition for Environmental Awareness; Bettina Caliga; Jackee Cox; Derrek Drury; Doreen Geiger; Tamara Maas; Joey Rios; S.R. Ross; and Thomas Torlincasi.

President King convened the meeting with assurance from management that all requirements of the “open meetings” laws had been met.

1.

All present were given the opportunity to join in reciting the Pledges of Allegiance to the U.S. and Texas flags.

2.

Public comment was received from Doreen Geiger regarding use of public funds for public servants. Public comment was received by Jackee Cox regarding employment

issues regarding the former General Manager, Jim Oliver. Public comment was received from Thomas Torlincasi regarding employment issues regarding the former General Manager, Jim Oliver. Public comment was received from Lon Burnam regarding transparency, open meetings procedure and forensic audit.

3.

The Board next held an Executive Session commencing at 4:46 p.m. under Section 551.071 to Consult with Legal Counsel on a Matter in Which the Duty of Counsel Under the Texas Disciplinary Rules of Professional Conduct Clearly Conflicts with Chapter 551, Texas Government Code and to Conduct a Private Consultation with Attorneys Regarding Pending or Contemplated Litigation; and Section 551.074 to Deliberate Regarding Personnel Matters including Consultation with Counsel Relating to Possible Agreement to Conclude and Resolve Employment Issues Regarding Former General Manager, Jim Oliver.

Upon completion of the executive session at 5:54 p.m., the President reopened the meeting.

4.

President King moved to approve and adopt a settlement agreement with release of all claims by Jim Oliver with the terms outlined in Executive Session and to authorize Dan Buhman as General Manager to execute such final agreement on behalf of TRWD. Director Lane seconded the motion with Directors King, Hill, Lane and Leonard voting in favor and Director Kelleher voting against.

5.

There being no further business before the Board of Directors, the meeting was adjourned.

---

President

---

Secretary

**TARRANT REGIONAL WATER DISTRICT**

**AGENDA ITEM 4**

**DATE:** October 19, 2021

**SUBJECT:** **Discuss and Consider Approval and Adoption of Proposed Board Governance Policy**

**FUNDING:** N/A

**RECOMMENDATION:**

Management recommends approval and adoption of the proposed Board Governance Policy.

**DISCUSSION:**

The proposed Board Governance Policy outlines the structure by which the Board will govern itself and perform its duties on behalf of TRWD. Thompson and Horton, LLP prepared the proposed Governance Policy in consultation with District staff to be considered by the Board of Directors.

**Submitted By:**

Dan Buhman  
General Manager



# **Board Governance Policies**

## TABLE OF CONTENTS

1.0	LEGAL STATUS.....	2
2.0	MISSION AND OBJECTIVES .....	3
2.1	Vision Statement.....	3
2.2	Mission Statement .....	3
2.3	Tenets and Objectives .....	3
3.0	THE BOARD OF DIRECTORS.....	4
3.1	Board Authority .....	4
3.2	No Individual Director Authority .....	4
3.3	Board Duties and Responsibilities .....	4
3.4	Delegation to the General Manager.....	4
3.5	Elections. ....	5
3.6	Election of Officers.....	5
3.7	Duties of the President.....	6
3.8	Duties of the Vice President.....	6
3.9	Duties of the Secretary .....	7
3.10	Access to Information. ....	7
3.11	Communication with or regarding TRWD Staff. ....	7
3.12	Training.....	8
3.13	Expense Reimbursement. ....	8
3.14	Education and Training Expenses. ....	8
4.0	THE GENERAL MANAGER .....	9
4.1	Executive and Leadership Teams.....	9
4.2	Hiring and Removal. ....	9
4.3	Duties and Responsibilities of the General Manager. ....	9
4.4	Annual Evaluation.....	10
4.5	Compensation.....	11
4.6	Ethics and Standards of Conduct. ....	11

5.0	BOARD POLICYMAKING. ....	12
5.1	Definitions. ....	12
5.2	Requests for Additional Policies or Amendments to Policies. ....	12
5.3	Policy Formation and Submission. ....	12
5.4	Consideration and Adoption of Board Policy. ....	13
5.5	Board Review of Administrative Procedures. ....	13
6.0	BOARD MEETINGS ....	14
6.1	Regular Monthly Board Meetings. ....	14
6.2	Special or Called Board Meetings/Board Workshops. ....	14
6.3	Emergency Meetings. ....	14
6.4	Notice to the Public. ....	15
6.5	Executive Session (Closed Meeting). ....	15
6.6	Rules of Order. ....	16
6.7	Voting. ....	16
6.8	Discussion and Limitations. ....	16
6.9	Public Comment. ....	17
6.10	Minutes. ....	17
6.11	Conduct at Board Meetings. ....	17
6.12	Board Committees. ....	18
6.13	Training. ....	18
7.0	BOARD MEETING AGENDAS ....	19
7.1	Requests for Agenda Items. ....	19
7.2	Order of Business. ....	19
7.3	Consent Agenda. ....	19
7.4	Executive Session. ....	19
7.5	Emergency Agenda Items. ....	20
8.0	BOARD COMMITTEES. ....	21
8.1	Standing Committees. ....	21

8.2	Special Purpose Committees:.....	21
8.3	New Committees. ....	22
8.4	Committee Membership.....	22
8.5	Committee Meetings.....	22
8.6	Board Referrals of Matters to Committees.....	22
9.0	BOARD OF DIRECTORS STANDARDS OF CONDUCT AND ETHICAL OBLIGATIONS .....	23
9.1	General Standards of Conduct. ....	23
9.2	Attendance at Board Meetings.....	24
9.3	Conflict of Interest Disclosure. ....	24
9.4	Contractors, Vendors, and Consultants. ....	25
9.5	Confidentiality. ....	26
9.6	Privilege. ....	26
9.7	Prohibition on Nepotism.....	26
9.8	Prohibition on Bribery. ....	27
9.9	Prohibition on Illegal Gifts: .....	27
9.10	Prohibition on Improper Honoraria and Expenses .....	28
9.11	Prohibition on Abuse of Office. ....	28
9.12	Prohibition on Misuse of Official Information.....	29
9.13	Protections for Acting on a Legislative Measure .....	29
10.0	COUNSEL .....	31
10.1	Internal Counsel.....	31
10.2	Requests for Services from Internal Counsel.....	31
10.3	Special Counsel to the Board .....	31
10.4	Director Requests for Services from Special Counsel to the Board.....	32
10.5	External Counsel. ....	32
10.6	Attorney-Client Privilege. ....	32

11.0	AUDITORS AND AUDIT REPORTING .....	33
11.1	Internal Auditor(s) .....	33
11.2	External Auditor(s) .....	33
11.3	Audited Financial Reports.....	34

The following amends and supersedes the Tarrant Regional Water District Board Governance Policies adopted July 22, 2013 and amended on November 18, 2014 and September 17, 2019. These Board Governance Policies were adopted on October 19, 2021 and are effective November 1, 2021.

## **1.0 LEGAL STATUS**

The Tarrant Regional Water District (“TRWD” or the “District”) is a water control and improvement district created under article XVI, section 59 of the Texas Constitution. TRWD is a political subdivision of the State of Texas.

TRWD’s authority comes from the legislative act creating TRWD, Tex. Rev. Civ. Stat. Ann. art. 8280–207 as amended (the “Enabling Act”). Under the provisions of the Enabling Act and the Texas Water Code, all powers of TRWD shall be exercised by TRWD’s Board of Directors (the “Board”).

## **2.0 MISSION AND OBJECTIVES**

**2.1 Vision Statement.** Enriching Communities, Improving the Quality of Life.

**2.2 Mission Statement.** It is TRWD's mission to:

1. Deliver a reliable, resilient, and sustainable supply of water to the public at the lowest cost and highest quality possible;
2. Reduce the risk of flooding in our communities with dependable flood damage reduction infrastructure and operations; and
3. Enhance the quality of life in North Texas communities by creating recreation opportunities around TRWD infrastructure to enable active lifestyles.

**2.3 Tenets and Objectives.** The strategic tenets of TRWD include resource stewardship, reliability, continuous improvement, a results-oriented approach, and care for the communities TRWD serves and its employees.

The strategic objectives TRWD identifies to guide its work shall be set forth in a Strategic Plan prepared by the General Manager that is updated and presented regularly, and not less than once every five (5) years, to TRWD's Board.

### **3.0 THE BOARD OF DIRECTORS**

TRWD shall be governed by a board of five elected directors.

**3.1 Board Authority.** The Board shall be responsible for the management of all the affairs of TRWD.

The Board may only officially act or transact any business of TRWD by majority vote of the Directors present at a properly-noticed meeting that complies with the Texas Open Meetings Act, at which a quorum of the Board is present and voting.

**3.2 No Individual Director Authority.** Individual Directors shall not exercise authority over TRWD, its property, or its employees. Unless expressly authorized by the Board, individual Directors may not act on behalf of the Board, may not speak on behalf of the Board, and may not commit the Board on an issue.

No individual Director may waive or disclose any privilege, confidential information, or right available to the Board, including any privileges or confidentiality which may apply to litigation, to real property matters, to matters concerning the awarding of contracts, or purchasing of equipment or materials.

**3.3 Board Duties and Responsibilities.** The Board will select and employ a person to serve as the General Manager for TRWD. The Board makes all decisions regarding the General Manager's compensation and has the authority to remove the General Manager in the best interests of TRWD. The General Manager will report directly to the Board.

The Board, in consultation with and with recommendations developed by the General Manager and executive team, will adopt the overall strategic plan and objectives of TRWD and review them on a regular basis. The Board shall also adopt policies it determines are in the best interest of TRWD for the operation of the District.

Each year, the Board shall adopt an annual budget.

The Board shall faithfully discharge its duties by conducting its affairs and management of TRWD in a highly ethical manner to serve the public trust and based on sound business judgment. Directors shall not discharge their duties or direct actions of TRWD for any purpose of private gain or to seek personal advantage.

**3.4 Delegation to the General Manager.** The Board delegates to the General Manager the full authority to manage and operate TRWD's affairs subject only to the orders or directives of the Board. This delegation of authority to the General Manager includes all general powers and duties in the Enabling Act, other applicable law, and Board policies necessary to accomplish TRWD's mission, plans, and strategic objectives

as approved by the Board, except for the powers and duties specifically reserved for the Board by the Enabling Act, state law, or other Board policies.

The Board's delegation of authority to the General Manager includes the authority to employ all persons necessary to properly conduct TRWD's business and operations. The general powers, duties, and responsibilities of the General Manager are set forth in Section 4.0 of these Board Governance Policies.

The strategic objectives TRWD identifies to guide its works shall be set forth in a Strategic Plan prepared by the General Manager and adopted by the Board that is updated and presented regularly to TRWD's Board, and no less than once every five (5) years, to ensure TRWD is furthering its mission for the North Texas community.

**3.5 Elections.** The election of Directors for TRWD's Board is governed by Texas Water Code Chapter 49, subchapter D and the Texas Election Code. Elections will be held in May of each odd-numbered year to elect the appropriate number of Directors. Generally, members of the Board shall serve staggered four-year terms until their successors have been qualified.

The Board shall convene at a regularly-scheduled, special, or called Board meeting no later than the eleventh day after the election day and not earlier than the time prescribed by the Election Code to conduct the local canvas. After the local canvas is conducted at the Board meeting, and before further Board action is taken, the elected candidates shall be administered the oath of office.

Within thirty (30) days after qualification of Directors following an election, each elected Director shall certify in writing that he or she has read these Board Governance Policies and agrees to follow them in the discharge of his or her duties as a Director of TRWD's Board.

**3.6 Election of Officers.** At the first Board meeting after qualification of Directors following an election, the Board shall elect from its membership a President, Vice President, and Secretary and such other officers or assistant officers the Board deems necessary. In addition, the Board may call an election of officers as it deems necessary and appropriate based on a majority vote of the Board at a properly-noticed meeting at which a quorum of the Board is present and voting.

The Vice President or Secretary shall serve as chairperson and shall preside over the Board meeting during the election of officers until such time as the President is elected.

Nominations for officers may be taken from the floor at the Board meeting prior to the vote. After nominations have been closed, Board members shall cast their vote. When there is only one nominee for an office, the chair can declare that the nominee is elected, effecting the election by unanimous consent or acclamation. An election to an office shall become final immediately.

Individual officer vacancies in the midst of a term may be filled by vote of the Board at the next regularly-scheduled Board meeting or at a special or called Board meeting.

**3.7 Duties of the President.** The Board President is the chief executive officer of the District and shall execute all documents on behalf of TRWD unless the Board authorizes another Director, the General Manager, or other TRWD staff member to execute a document or documents on behalf of TRWD. The President shall generally be authorized to represent the District at official functions unless the Board authorizes another Director to serve as the District's representative at a particular function.

The President shall preside as the chairperson at all Board meetings. In the absence or unavailability of the President, the Vice President or Secretary shall preside. As chairperson, the President shall:

1. Call to order any Board meeting;
2. Preserve order and decorum in all Board meetings;
3. Confine the Directors' debate at Board meetings to the issue under discussion;
4. Decide all questions of order with guidance from *Robert's Rules of Order*, subject to a Director's appeal and request for a vote on the question of order;
5. Have the right to declare a recess for a short intermission or break; and
6. State all questions submitted for a voice vote or roll call vote, upon the request of any Director.

The President shall generally be authorized to recommend the creation of Board committees to the Board and appoint Directors to serve on Board committees. The President shall call special meetings of the Board and review the agendas for Board meetings.

The President shall inform the Board of all correspondence to TRWD that directly concerns the Board and deliver the advice of attorneys and auditors to Directors.

The President, in consultation and cooperation with the General Manager and executive team or leadership team, shall respond to Director requests for reports, Director requests for information, requests for special meetings, and placement of matters on the agenda for Board meetings. The President may request that the General Manager or appropriate executive or leadership team member respond to Director requests.

**3.8 Duties of the Vice President.** The Vice President shall act as the Board President in case of absence or unavailability of the President. The Vice President shall serve as

the chairperson at any Board meeting if the President is absent. The Vice President shall also have authority to execute contracts and documents on behalf of TRWD in the absence or unavailability of the President. The Vice President shall also have the authority to attest to the President's signature on all contracts and legal documents if the Secretary is absent or unavailable.

**3.9 Duties of the Secretary.** The Secretary is responsible for ensuring that all records and books of TRWD are properly kept and may attest to the President's signature on all contracts and legal documents. TRWD's Records Management Officer assists the Secretary in the discharge of this responsibility to ensure proper management and retention of records and books. The General Manager may select one or more staff members to assist the Secretary and Records Management Officer ensure proper management and retention of records and books.

**3.10 Access to Information.** An individual Director, acting in his or her official capacity, shall have the right to request and obtain information regarding TRWD's administration or operations, including fiscal management, contracting and purchasing, personnel matters, and existing reports or internal correspondence regarding TRWD's affairs. If a Director is not acting in his or her official capacity, the Director has no greater right to TRWD records than a member of the public.

If information is requested and provided to an individual Director that is confidential or privileged, the General Manager or his designee shall advise the Director of the responsibility to comply with all confidentiality and privilege requirements.

Individual Directors shall not direct or require TRWD staff to prepare reports derived from an analysis of information in existing District records or to create a new record compiled from information in existing District records. Directives to TRWD staff regarding the preparation of reports shall be made by the Board as a whole.

**3.11 Communication with or regarding TRWD Staff.** Directors should direct all requests for information from or meetings with TRWD staff to the General Manager or his or her designee. The General Manager, or his or her designee, may make the decision whether to attend the meeting between a Director and TRWD staff.

A Director may not exert pressure of any kind on the General Manager or staff members to hire, promote, change the compensation or benefits of, or dismiss any employee of the District. The authority to hire, promote, dismiss, or change the compensation or benefits of any TRWD staff ultimately rests with the General Manager. If a Director does attempt to exert such pressure, the General Manager is instructed and obligated to bring the matter to the attention of the Board.

**3.12 Training.** The Board shall receive annual training and/or legal updates regarding open governance, particularly the Texas Open Meetings Act and Texas Public Information Act, and ethics.

**3.13 Expense Reimbursement.** Directors may submit and receive reimbursement for actual expenses incurred by an individual Director for his or her reasonable travel, lodging, or meals required when attending to the business of the District.

**3.14 Education and Training Expenses.** Because a well-educated and knowledgeable Board of Directors is important to TRWD's mission and objectives, TRWD may authorize and reimburse Directors' reasonable expenses for attending educational, training, and developmental opportunities related to issues facing water districts.

**AUTHORITY**

Tex. Elec. Code § 67.003(b)  
Tex. Gov't Code §§ 551.001, et seq.  
Tex. Water Code § 49.053  
Tex. Water Code § 49.054  
Tex. Water Code § 49.056  
Tex. Water Code § 49.057  
Tex. Water Code, Chapter 49, subchapter D

## **4.0 THE GENERAL MANAGER**

The General Manager shall perform all general powers and duties delegated to the General Manager by the Board. The General Manager shall report to the Board of Directors and work with TRWD's executive team and leadership team to effectuate the District's strategic direction, formulate procedures and plans, and provide overall direction to the District to ensure TRWD's continued success. The General Manager is ultimately responsible for the management, operational effectiveness, and financial health of the District.

**4.1 Executive and Leadership Teams.** The General Manager may establish an executive team and leadership team and may select the members to serve on the executive team and leadership team to assist the General Manager with the management and operation of the District.

**4.2 Hiring and Removal.** The Board, acting as a body, shall hire a General Manager of TRWD. The Board, acting as a body, may remove a General Manager if the Board determines it is in the best interests of TRWD.

**4.3 Duties and Responsibilities of the General Manager.** The General Manager shall manage and operate TRWD's affairs in accordance with local, state, and federal law and Board policies. The General Manager may delegate any general duties or responsibilities, including the duties identified below, to a member of the executive team, leadership team, or other TRWD staff to serve as the General Manager's designee.

In addition to the general powers and duties delegated by the Board to the General Manager, the General Manager shall:

1. Collaborate with the Board of Directors in defining and establishing TRWD's mission, vision, and strategic goals;
2. Attend all special and regular meetings of the Board of Directors and meetings of Board Committees, or ensure that a member of the executive team or leadership team attends in the General Manager's absence or unavailability;
3. Manage and oversee the complete operation of TRWD in accordance with the direction established in the Strategic Plan and ensure compliance with all legal and regulatory requirements;
4. Supervise and control access to and activities upon TRWD facilities or property;

5. Have ultimate authority to hire, determine compensation and benefits, and supervise all employees of TRWD, including dismissal of any TRWD employee for any reason not prohibited by local, state, or federal law;
6. Serve as the primary spokesperson and representative for the District and act as a liaison between the District and the community;
7. Develop and recommend to the Board strategies and operating plans that support Board initiatives and assist in achieving short-term and long-term goals of TRWD, including strategies and plans which ensure and promote the financial health and viability of the District;
8. Ensure the Board is advised of the financial health and needs of the District;
9. Continuously review Board policies and if any deficiencies are identified, provide such information to the Board;
10. Ensure TRWD staff develop and implement administrative procedures and practices to effectuate Board policies and to ensure TRWD complies with all local, state, and federal laws;
11. Ensure TRWD administrative procedures and practices are consistent with and reflective of the policies adopted by the Board;
12. Make recommendations to the Board on any matter the General Manager deems necessary;
13. Make recommendations, as appropriate, to the Board regarding the hiring of private consultants (accountants, engineers, and financial advisers) and supervise and coordinate the authorized work of any private consultant retained by the Board; and
14. Perform any other duties and responsibilities assigned to the General Manager by the Board.

**4.4 Annual Evaluation.** The Board of Directors shall conduct an annual review of the General Manager's performance. The annual review should be conducted prior to December 1 each year. The Board may enlist the assistance of a private consultant or attorney to facilitate the evaluation process.

The Board shall conduct the General Manager's evaluation, which may be developed with a private consultant, based on pre-established criteria identified by the Board that are tied to the District's Strategic Plan and the duties and responsibilities delegated to the General Manager. The General Manager shall conduct a self-evaluation, in consultation with any private consultant retained by the Board, which addresses each of the criteria established by the Board.

Each Director shall participate in the evaluation of the General Manager based on the General Manager's self-evaluation and a Director's individual discussion with the General Manager or interview conducted by any private consultant retained by the Board.

The Board shall complete the evaluation and discuss the Board's conclusions with the General Manager in an executive session closed to the public.

**4.5 Compensation.** The Board of Directors shall establish the annual salary the General Manager receives. The Board may vote to authorize additional remuneration to the General Manager, such as incentive or performance-based compensation, so long as the additional compensation is consistent with the Texas Constitution and Texas state law.

**4.6 Ethics and Standards of Conduct.** The General Manager shall follow all standards of conduct and ethical practices set forth in Board policies and TRWD's administrative procedures. The General Manager shall not accept payment from any source other than TRWD for work performed as the District's General Manager.

No member of the General Manager's family, within the third degree by consanguinity or within the second degree of affinity as defined in Chapter 573, subchapter B of the Texas Government Code, and no domestic partner of or individual in a dating relationship with the General Manager, may be employed by TRWD or have a substantial interest in an organization associated with or benefiting from TRWD without disclosure to and authorization from the Board of Directors.

**5.0 BOARD POLICYMAKING.** In addition to these Board Governance Policies and the framework under which the Board of Directors must operate under the law, the Board shall adopt additional policies for the operation of TRWD. The following procedures shall be followed with respect to preparation and adoption of Board Governance Policies, Board policies, and presentation of TRWD administrative procedures to the Board.

**5.1 Definitions.**

Board Governance Policies: Board Governance Policies shall be the policies, outlined herein, that are adopted by the Board regarding the Board's own internal operations and procedures and shall be binding on all individual Directors serving on the Board.

Board Policies: TRWD shall be guided by Board-adopted written policies accessible to the public that serve as a primary method by which the Board exercises its governance over the operation of the District.

Administrative Procedures: The General Manager and TRWD staff shall be responsible for developing and enforcing procedures for the operation of the District that are consistent with and designed to implement Board policy and local, state, and federal law. TRWD's administrative procedures shall be designed to promote and further the mission and objectives of the District. These procedures shall be the administrative regulations of TRWD and should consist of guidelines, handbooks, manuals, forms, and any other documents setting forth the standard operating procedures of TRWD.

**5.2 Requests for Additional Policies or Amendments to Policies.** The General Manager or designee shall monitor Board policies and the implementation of Board policies and identify any needed changes or additions to existing Board policies to ensure compliance with all local, state, and federal law, and the effective operations of the District.

The Board or an individual Director may also request at a properly-noticed meeting or in writing to the Board President and General Manager, that TRWD staff prepare an additional Board policy or amendment to existing Board Governance Policies or other Board policy for consideration by the Administration and Policy Committee.

**5.3 Policy Formation and Submission.** When the General Manager or designee identifies needed additions or amendments to Board Governance Policies or Board policies, or the Board or an individual Director requests additions or amendments to Board Governance Policies or Board policies, the General Manager or designee shall prepare the requested policies or amendments to existing policy. The General Manager or designee shall ensure all proposed Board Governance Policies or Board policies or amendments to existing Board Governance Policies or Board policies go through legal review. After legal review, the General Manager or designee shall submit the proposed

policies or amendments to existing policy to the Administration and Policy Committee for review and consideration.

After consideration of the proposed additions or amendments to Board Governance Policies or Board policies by the Administration and Policy Committee, the Committee members, in consultation with and assistance from the General Manager or appropriate member of the executive or leadership team, shall make recommendations regarding any proposed additions or amendments to Board Governance Policies or Board policies to the Board for review and consideration.

**5.4 Consideration and Adoption of Board Policy.** All proposed policies or amendments to existing Board Governance Policies or other Board policies shall be considered by the Board at a regular, special, or called Board meeting or Board workshop. The proposed policy or amendment to Board Governance Policies or other Board policy shall be timely placed on the Board agenda. A copy of the proposed Board policy or amendment to existing Board policy shall be provided to all Directors at least 72 hours before the Board meeting where the proposed policy or amendment to Board Governance Policies or other Board policy will be considered.

All policies or amendments to Board Governance Policies or other Board policies must be adopted by a majority vote of the Board at a properly-noticed meeting at which a quorum of the Board is present and voting. The formal adoption of Board Governance Policies or other Board policies or amendments to Board Governance Policies or other Board policies shall be recorded in the minutes of the Board meeting. Only those proposed policies or amendments to proposed policies adopted by a majority vote of the Board shall be regarded as official policy of TRWD's Board of Directors.

**5.5 Board Review of Administrative Procedures.** Administrative procedures that are developed or amended by the General Manager or his or her designee shall be regularly presented to the Board. The Board does not vote on or adopt TRWD's administrative procedures.

## **6.0 BOARD MEETINGS**

A meeting of the Board of Directors of TRWD is defined as any meeting that is required to be posted under the Texas Open Meetings Act. The Board shall give written notice of the date, hour, place, and subject(s) of each meeting it holds.

All regular monthly meetings and special meetings of the Board shall be open to the public, and public notices shall be posted in compliance with applicable state law.

**6.1 Regular Monthly Board Meetings.** The Board of Directors shall conduct monthly regular Board meetings in accordance with Section 49.064 of the Texas Water Code and Chapter 551 of the Texas Government Code. The Monthly Board Meeting shall be held at 800 E. Northside Drive, Fort Worth, Texas in the TRWD Administrative Offices building. When determined necessary and for the convenience of the Directors, the Board President, or a majority vote of the of the Board, may change the location of a Board meeting. The notice for that Board meeting shall reflect the changed location.

Directors of the TRWD shall be given 72 hours' notice for regular monthly and special meetings.

All meeting notices and official records of Board meetings shall be preserved in accordance with applicable state law and TRWD's record retention procedures.

**6.2 Special or Called Board Meetings/Board Workshops.** The Board President shall call special or called Board meetings or workshops as appropriate. The Board President shall call a special or called Board meeting or workshop at the President's discretion or at the formal, written request of two Directors. A formal request shall:

1. Be submitted by two or more Directors to the Board President either by e-mail or paper;
2. Contain language for the specific agenda item(s) for the requested special or called Board meeting that is/are identical from two Directors; and
3. If submitted on paper, be signed by two or more Directors with the date of the request.

The Board shall hold a special or called meeting addressing the specific agenda items presented in the formal, written request within 60 days after the formal, written request is received.

**6.3 Emergency Meetings.** The Board President may call an emergency meeting when an emergency or an urgent public matter arises that is an imminent threat to public health and safety, or a reasonably unforeseeable situation arises, and the Board has a need to take immediate action.

Notice for emergency meetings shall be provided to the Directors at least one hour prior to the scheduled time of an emergency meeting.

**6.4 Notice to the Public.** Notice of a Board meeting shall be posted in a place convenient to the public and in the Administrative Offices of TRWD, as well as on the internet, at least 72 hours before the scheduled time of a meeting. The notice shall also be provided to the secretary of state and the county clerk of the county in which the administrative office of TRWD is located; or, TRWD may post notice of each meeting on TRWD's website.

Notice for an emergency Board meeting or the addition of an emergency action item to a meeting agenda shall be posted for at least one hour before the meeting is convened.

**6.5 Executive Session (Closed Meeting).** The Board of Directors may meet in executive session closed to the general public on matters exempted by the Texas Open Meetings Act or other applicable state law from public meeting requirements, provided that requirements for public notice and documentation of such sessions are followed.

Procedures for Executive Session: If a closed meeting is allowed, the Board shall not conduct the executive session unless a quorum of the Board first convenes in an open meeting for which proper notice has been given and the presiding officer has publicly announced that an executive session will be held and has identified the section or sections of the Texas Open Meetings Act or other applicable law under which the executive session is held.

Certified Agenda: The Board shall keep a certified agenda of the proceedings of each executive session closed to the general public except for private consultations with the District's attorney as permitted under Sections 551.071 and 551.103 of the Texas Government Code. The certified agenda will include a statement of the subject matter for each deliberation, a record of any further action taken, and an announcement by the Board President at the beginning and end of the closed executive session indicating the date and time. Board members, acting in their official capacity, may not receive, remove, or copy the certified agenda from an executive session.

The Board President shall attest that the certified agenda is a true and correct record of the proceedings. The certified agenda will be retained by the District's General Counsel as a record of a closed executive session for at least two years after the date of the meeting. If litigation regarding the executive session is brought within the two-year preservation period, the Board shall preserve the certified agenda while the litigation is pending.

Recording Prohibited: Executive sessions (closed meetings) shall not be recorded by any person unless a majority vote of the Board authorizes such recording.

Conflicts of Interest in Executive Session: A member of the Board of Directors shall not participate in a portion of an executive session involving any litigation that the member

has pending against the District. Additionally, no person shall attend a portion of an executive session when the individual's interests on a topic are adverse to the District's.

No Participation in Improper Closed Meetings: No Director shall willfully call or aid in calling an executive session, or to close a meeting or session to the public, or willfully participate in an executive session where an executive session is not duly posted or otherwise not permissible. No Director shall knowingly participate in an executive session knowing that a certified agenda of the executive session is not being kept. No Director or group of Directors of the Board should circumvent, or conspire to circumvent, the provisions of the Texas Open Meetings Act by meeting in numbers constituting less than a quorum for the purpose of secret deliberations in contravention of the Open Meetings Act.

If, in the opinion of a Director, a discussion in the executive session goes beyond the specific called agenda item(s) or includes topics that should not be discussed in executive session under law, the Director should call the presiding officer's attention to a "point of order."

Except as required by court order, other applicable law or under the provisions of this section, no one other than a TRWD Board member will be granted access to executive session records. Requests for access or review of such records by a TRWD staff member or legal counsel retained to represent TRWD must be made in writing to the General Counsel and must state the reasons for the request. Access to the records will be granted only by the General Counsel. The General Counsel will be responsible for maintaining the confidentiality of executive session records.

**6.6 Rules of Order.** The Board of Directors will use the modified parliamentary procedures as articulated in *Robert's Rules of Order, Newly Revised* as a guide when applicable or when any procedural dispute arises. The Board President shall be the final authority for interpreting the applicability of *Robert's Rules of Order* in all Board meetings. The Board may suspend procedural rules at any Board meeting by a majority vote of Directors who are present and cast a vote.

**6.7 Voting.** Directors may vote by a show of hands or by voice vote, depending on the direction given by the Board President. Any Director may abstain from a vote. Such vote or abstention from the vote shall be recorded upon that Director's request.

Any final action, decision, or vote by the Board on a matter deliberated in an executive session shall be made only in an open meeting for which proper notice has been given.

**6.8 Discussion and Limitations.** All Board discussions shall first be addressed to the Board President and then opened to the entire Board. Discussion shall be limited solely to the agenda item presently under deliberation. The Board President shall terminate any discussion that does not apply to the agenda item before the Board.

Additionally, the Board President shall terminate discussions which exceed any agreed time limitation for discussion of a particular agenda item, and that time limit has expired. The Board President shall not otherwise interfere or impede debate among the Directors so long as members wish to address only those items under consideration.

Directors shall conduct themselves in accordance with the Board's Standards of Conduct and ethical obligations during discussions.

**6.9 Public Comment.** The Board shall provide a forum at regular Board meetings for members of the public to comment on matters not on the agenda. The Board will allow each member of the public who desires to address the Board regarding an item on an agenda for an open meeting of the Board to address the Board regarding the agenda item at the beginning of the Board meeting during the public comment forum provided by the Board. At all other times during Board meetings, the audience shall not enter into discussion or debate on matters being considered by the Board.

All individual presentations shall be limited to three (3) minutes, regardless of the number of agenda items on which the individual seeks to comment, or six (6) minutes if such comments are provided through a translator. The Board President may allow additional time for an individual presentation if the Board President deems the time limit is unreasonable under the circumstances.

In response to an inquiry from a member of the public at a meeting, the Board may either provide a statement of specific factual information or recite existing policy. Any deliberation or decision about the subject of the inquiry shall be limited to a proposal to place the subject on the agenda for a subsequent meeting.

**6.10 Minutes.** Action taken by the Board of Directors shall be carefully recorded by the Board Secretary or TRWD staff member assisting the Board Secretary and provided to all Directors before the next meeting at which the minutes shall be approved. Corrections to the minutes shall be made at the meeting at which they are approved. Once approved or corrected by the Board at the next regular or special/called meeting, these minutes shall serve as the legal record of official Board action. Approved minutes of all meetings shall be signed by the Board President and Board Secretary.

Minutes of the Board of Directors meetings shall be kept in an official file and retained in accordance with TRWD's records retention schedule. Individuals wishing to review the minutes should contact TRWD during regular business hours. Minutes may also be accessed by visiting TRWD's website.

**6.11 Conduct at Board Meetings.** The Board shall not tolerate disruption of the meeting by members of the public. If, after at least one warning from the Board President, any person continues to disrupt the meeting by his or her words or actions, the Board President shall request assistance from law enforcement officials to have the person removed from the meeting.

Individuals attending Board meetings shall not engage in conduct that disrupts, interrupts, or causes delay in the proceedings. The Board President shall take such measures as may be necessary to ensure that decorum is preserved at all times during Board meetings.

**6.12 Board Committees.** Duly-created Board committees, discussed in Section 8.0 of these Board Governance Policies—which may consist of Directors and TRWD staff—may only conduct meetings, consider issues, and make recommendations to the Board regarding matters within the specific authority granted by the Board. Unless otherwise delegated by the Board to the committee, to be binding on the Board, all committee recommendations must be provided to the Board at the next regular or special/called Board meeting for consideration and discussion, and a vote by the Board regarding the committee’s recommendation.

**6.13 Training.** Members of the TRWD Board of Directors shall participate in annual training prior to September 1 each year on the Texas Open Meetings Act.

## **AUTHORITY**

Tex. Gov’t Code §§ 551.001, et seq.  
Tex. Gov’t Code § 551.005  
Tex. Gov’t Code § 551.007  
Tex. Gov’t Code § 551.041  
Tex. Gov’t Code 551.042  
Tex. Gov’t Code § 551.045  
Tex. Gov’t Code E § 551.0554  
Tex. Gov’t Code § 551.101  
Tex. Gov’t Code § 551.103  
Tex. Gov’t Code § 551.104  
Tex. Gov’t Code § 551.144  
Tex. Gov’t Code § 551.445  
Tex. Atty. Gen. Op. JC-0120 (1999)  
Tex. Atty. Gen. Op. JM-1004 (1989)  
Tex. Atty. Gen. Op. JC-0506 (2002)  
Tex. Atty. Gen. Op. KP-0300 (2020)

## **7.0 BOARD MEETING AGENDAS**

The General Manager, in consultation with the Board President, shall prepare the agenda for all Board meetings. Agendas for all Board meetings shall be sufficiently specific in order to inform the public of subjects to be deliberated at the meeting, including any special or unusual matters in which the public has a particular interest.

**7.1 Requests for Agenda Items.** The Board President or any two members of the Board of Directors may request that a subject be included on the meeting agenda for open meetings. A request can be made orally at a Board meeting that is open to the public or in writing to the Board President and/or General Manager.

The General Manager shall include all timely submitted items that satisfy these criteria on a preliminary agenda for review in consultation with the Board President. If a written request for an agenda item is not made with sufficient time to be placed on the agenda for the next Board meeting, the General Manager shall include the requested agenda item on the agenda for the following Board meeting.

**7.2 Order of Business.** The order of business for all regular monthly meetings of the Board of Directors shall be as set forth in the agenda accompanying the notice of the meeting. During the meeting, the Board President may change the order in which agenda items are taken, unless a majority of the Board votes to retain the order of items as listed on the agenda.

**7.3 Consent Agenda.** When preparing the agenda, the General Manager, in consultation with the Board President, shall determine which agenda items, if any, qualify for placement on the consent agenda. Consent agendas shall include routine or recurring items which are grouped under one action item. The Board of Directors shall be provided with background material supporting each consent agenda item. Consent agenda items shall be acted on by one Board vote without separate discussion, unless the General Manager or a Board member requests that an item be withdrawn from the consent agenda for individual consideration. Any remaining consent agenda items shall be adopted under a single motion and vote.

By way of example only, consent Agenda Items may include, but are not limited to:

1. Items that are ministerial in nature; or
2. Items not involving an expenditure of funds.

**7.4 Executive Session.** All Board meeting agendas shall include language reflecting the possibility of an executive session during an open meeting, in accordance with state law.

**7.5 Emergency Agenda Items.** In an emergency or when there is an urgent public necessity, a meeting agenda to deliberate or take action on an emergency or urgent public necessity, or a supplemental notice to add the deliberation or taking of action on the emergency or urgent public necessity as an item to the agenda for a meeting for which notice has been posted in accordance with the Texas Open Meetings Act, is sufficient if the notice or supplemental notice is posted for at least one hour before the meeting is convened.

**AUTHORITY**

Tex. Gov't Code §§ 551.001, et seq.

## 8.0 BOARD COMMITTEES

The purpose of Board Committees is to provide adequate time for detailed review and evaluation of information for a small group of Directors to be knowledgeable and informed on appropriate matters. The Committees shall keep the Board apprised of the matters it is considering and make recommendations to the Board prior to Board action.

**8.1 Standing Committees.** TRWD's Board has established the following standing or perpetuate committees of TRWD's Board of Directors:

**Construction and Operations Committee.** This Committee reviews TRWD's construction activities as well as the operations and maintenance of TRWD infrastructure. This review includes, but is not limited to, design, construction, and maintenance contracts for new and existing infrastructure, water supply contracts, conservation programs, watershed protection and water quality, and electricity purchases.

**Real Estate Committee.** This Committee reviews, considers, and evaluates real estate purchases, operating agreements, and sales of real estate.

**Finance and Audit Committee.** This Committee reviews TRWD's financial information, investment policies, and audits. This Committee serves on behalf of the Board as the primary point of contact for the internal auditor and internal audit department.

**Administration and Policy Committee.** This Committee reviews and evaluates Board Governance Policies and Board Policies, including proposals or recommendations for additions or amendments to Board Governance Policies and Board Policies. This Committee also oversees the General Manager's annual evaluation and makes recommendations to the Board regarding the General Manager's compensation.

**Recreation Committee.** This Committee considers all aspects of TRWD's recreation investments including, but not limited to, infrastructure investments, infrastructure operations and maintenance, programming, and events. Construction, operations, and maintenance activities specific to TRWD recreation infrastructure are considered by and within the purview of the Recreation Committee. All other construction, operations, and maintenance activities are in the purview of the Construction and Operations Committee.

**8.2 Special Purpose Committees:** In addition to the standing or perpetual committees discussed in Section 8.1, the Board may vote from time to time to create special purpose committees to address a particular project or program. The Board shall give a name to a special purpose committee that is reflective of the committee's function

and purpose. A special purpose committee created by the Board shall exist for no longer than one year unless the Board votes to extend the time for its existence.

**8.3 New Committees.** The Board President or two members of the Board may propose the creation of new or additional standing committees or special purpose committees. The Board shall consider the creation of any new standing or special purpose committee to confirm the need for the new committee. Any new standing or special purpose committee is created by a majority vote of the Board at the next regularly-scheduled Board meeting after the new committee is proposed.

**8.4 Committee Membership.** The Board President appoints Directors to standing committees or special purpose committees. Each Director shall serve on at least two standing committees. The General Manager or designee from the executive or leadership team shall be an ex-officio member of all Committees. The General Manager and/or designee may be excused from a Committee meeting when matters related to the General Manager are under review or consideration.

If a vacancy occurs on a Board-established Committee, the President shall promptly designate a replacement Director to the Committee.

On or before August 1 in an election year, the Board shall vote to appoint or reappoint the members of TRWD's standing committees.

**8.5 Committee Meetings.** Committee meetings will be held on the date, time, and location determined by the Directors who serve on the Committee.

**8.6 Board Referrals of Matters to Committees.** The Board may refer specific items to committees for review or consideration and for recommendation to the Board. If the Board refers an item to a Committee, a Committee meeting shall be called as soon as practicable to review or consider the matter and prepare a recommendation to the Board for potential Board action.

## **9.0 BOARD OF DIRECTORS STANDARDS OF CONDUCT AND ETHICAL OBLIGATIONS**

These Standards of Conduct govern, affirm, and clarify the policies and expectations of TRWD concerning the conduct of members of the Board of Directors. It is in the best interests of TRWD for its governing body to maintain the highest standards of integrity, candor, impartiality, and conduct so that the best interests of TRWD may be served and the business of TRWD is carried out in a manner that upholds TRWD's business responsibilities and derives confidence of TRWD's staff, customers, and constituents. In conducting themselves in a manner consistent with the highest standards of integrity and personal conduct, TRWD Directors shall avoid even the appearance of any conflict of interest or impropriety.

These Standards of Conduct and Ethical Obligations should be reflected in Board policies and TRWD administrative procedures to ensure the General Manager, TRWD's executive and leadership teams, and all TRWD staff adhere to appropriate standards of conduct and the utmost ethical practices in the performance of their duties for TRWD.

**9.1 General Standards of Conduct.** Each Director is expected to demonstrate the highest degree of ethics in their official responsibilities and duties in order to maintain the integrity of TRWD. Each Director must commit to ensuring that they conduct themselves with honesty, integrity, and fairness in the discharge of their duties and ensure that TRWD business is conducted ethically and transparently.

Each Director is expected to become familiar with these policies and state law and procedures regarding ethical practices for public officials.

Additionally, members of the Board of Directors shall adhere to the following standards:

1. Attend all duly-scheduled Board meetings and committee meetings insofar as possible and become informed concerning issues to be considered at those meetings.
2. Communicate to other Board members and the General Manager expressions of public reaction to Board policies and programs.
3. Inform oneself about current issues by individual study and through participation in programs providing needed information.
4. Avoid being placed in a position of conflict of interest, and refrain from using the Board position for personal or partisan gain.
5. Take no private action that will compromise the Board or TRWD staff and respect the confidentiality of information that is privileged or confidential.

6. Bring about desired changes through legal and ethical procedures, upholding and enforcing all applicable statutes, regulations, and court decisions pertaining to water control and improvement districts.
7. Work with other Board members to establish effective Board policies and to delegate authority for the administration of the District to the General Manager.
8. Endeavor to make policy decisions only after full discussion at publicly-held Board meetings.
9. Render all decisions based on the available facts and independent judgment and refuse to surrender that judgment to other individuals or special interest groups.
10. Encourage the free expression of opinion by all Board members, and seek systematic communications between and among the Board, TRWD staff, and the community.
11. Work with other Board members and the General Manager to establish effective policies and practices prohibiting unlawful discrimination, including conduct that constitutes sexual harassment.
12. Support TRWD's employment of those persons best qualified to serve as staff and insist on avoiding preferential treatment of any person.

**9.2 Attendance at Board Meetings.** If a Director fails to attend six (6) consecutive regular meetings of the Board, or one-half or more of the regular meetings scheduled during the prior twelve (12) months, the Board by unanimous vote may remove the Director from serving as a member of the Board of Directors. The Board of Directors, however, may determine if fairness requires that the absences be excused on the basis of illness or other good cause.

**9.3 Conflict of Interest Disclosure.** If a Director has a substantial interest in a business entity or in real property, as defined by Local Government Code Chapter 171, the Board member shall file with the official recordkeeper of the Board, before a vote or decision on any matter involving the business entity or the real property, an affidavit stating the nature and extent of the interest and shall abstain from further participation on the matter if the Board action will have a special economic effect on the business entity or the value of the property that is distinguishable from its effect on the public.

If a Director is required to file and does file an affidavit under this section, the Board member is not required to abstain from further participation in the matter at issue if a majority of the Board is likewise required to file and does file affidavits of similar interest on the same official action.

An individual has a “substantial interest” if the individual or his or her parent, child, stepchild, spouse, or spouse’s parent:

1. Has a controlling interest in the business entity;
2. Has ownership in excess of ten percent of the voting interest in the business entity or in excess of \$15,000 of the fair market value of the business entity;
3. Has any participating interest, either direct or indirect, by shares, stock, or otherwise, whether or not voting rights are included, in the profits, proceeds, or capital gains of the business entity in excess of ten percent;
4. Holds the position of a member of the Board of Directors or other governing board of the business entity;
5. Serves as an elected officer of the business entity; or
6. Is an employee of the business entity.

**9.4 Contractors, Vendors, and Consultants.** All activities of TRWD shall be carried out in accordance with local, state, and federal law. Directors are expected to avoid any improper interactions with contractors, vendors, and consultants who provide services to or seek to provide services including, but not limited to, bribes, kickbacks, or other illegal payments.

TRWD does not authorize or condone illegal or unethical activities by any of its contractors, vendors, and consultants. Directors who have knowledge of illegal or unethical activities by such third parties shall immediately report to the Board or the General Manager any activities which may be an indicator of illegal or unethical business practices.

No Director, or member of a Director’s family, shall solicit or accept any gift, favor, or service from a current or potential contractor, vendor, or consultant that might reasonably tend to influence the Director in the discharge of official duties or that the officer knows or should know is being offered with the intent to influence the Director’s official conduct. Directors are specifically prohibited from accepting from current or potential contractors, vendors, and consultants:

1. Vacations, pleasure trips, or hunting trips;
2. Discounts not available to the general public;
3. Products or services not available to the general public under similar circumstances;
4. Loans or advances;

5. Entertainment at a discount unavailable to the general public; or
6. Other unusual favors not available to the general public at the same cost.

Any Director receiving such offers shall immediately report such offers to the General Manager or to the Board of Directors.

A “gift” does not include a reasonable meal accepted as a guest, or a promotional item of nominal value, typical of items given at vendor booths at conferences.

**9.5 Confidentiality.** When there are competing confidentiality or security concerns, the Board may establish reasonable procedures or limitations to preserve confidentiality. If a member of the Board requests access to records which may be confidential, TRWD shall direct such requests to the General Counsel for review. Individual records responsive to the request shall first be reviewed by the General Counsel and marked as “Confidential.” Records so marked may be reviewed by the requesting Board member, but copies may not be released, or their contents disclosed, without the approval of the Board. The reviewing Board member is required to maintain the records in the same manner they were maintained by TRWD.

At the time a Director is provided access to confidential records or to reports compiled from such records, the General Manager, other District employee, or General Counsel shall advise them of their responsibility to comply with confidentiality requirements.

**9.6 Privilege.** Communications between the Board of Directors and legal counsel is considered confidential if the information is not intended for disclosure to third persons other than those persons to whom the disclosure of information is made in furtherance of rendering professional legal services to TRWD and/or the Board of Directors or those reasonably necessary for the transmission of the communication. The attorney-client privilege belongs to the Board as a whole, and the privilege may not be waived except by the Board as a whole. Any unauthorized disclosure of an attorney-client communication is strictly prohibited.

**9.7 Prohibition on Nepotism.** A Director may not appoint a person to a position that is to be directly or indirectly compensated from public funds or fees of office if the person is related to the Director by blood (consanguinity) within the third degree or by marriage (affinity) within the second degree; or the person is related to another member of the Board of Directors by blood or marriage within a prohibited degree defined under state law. In addition, a Director may not appoint a person to a position that is to be directly or indirectly compensated from public funds or fees of office if the person is a domestic partner of or in a romantic relationship with the Director.

This prohibition on nepotism expressly includes directing the General Manager or TRWD staff to employ such a person at TRWD.

**9.8 Prohibition on Bribery.** A Director shall not intentionally or knowingly offer, confer, agree to confer on another, solicit, accept, or agree to accept a benefit:

- In exchange for the Director's decision, opinion, recommendation, vote, or other exercise of discretion as a Director of TRWD;
- In exchange for a violation of a duty imposed on the public servant by law; or
- That is a political contribution as defined by Title 15 of the Election Code or an expenditure made and reported as a lobbying expense in accordance with Government Code, Chapter 305, if the benefit was offered, conferred, solicited, accepted, or agreed to pursuant to an express agreement to take or withhold a specific exercise of official discretion, if such exercise of official discretion would not have been taken or withheld but for the benefit. "Benefit" means anything reasonably regarded as pecuniary gain or pecuniary advantage, including benefit to any other person in whose welfare the beneficiary has a direct and substantial interest.

**9.9 Prohibition on Illegal Gifts:** A Director shall not solicit, accept, or agree to accept any benefit from a person the Director is interested in or likely to become interested in contracts, purchases, payments, claims, or other pecuniary transactions with TRWD.

A Director who receives an unsolicited benefit that the Director is prohibited from accepting under this section may donate the benefit to a governmental entity that has the authority to accept the gift or may donate the benefit to a recognized tax exempt charitable organization formed for educational, religious, or scientific purposes.

This prohibition on illegal gifts does not apply to:

1. A fee prescribed by law to be received by the Director or any other benefit to which the Director is lawfully entitled or for which he or she gives legitimate consideration in a capacity other than as a public servant;
2. A gift or other benefit conferred on account of kinship or a personal, professional, or business relationship independent of the status of the recipient as a Director;
3. A benefit to a Director required to file a statement under Texas Government Code Chapter 572 or a report under Texas Election Code Title 15 that is derived from a function in honor or appreciation of the recipient if:
  - The benefit and the source of any benefit in excess of \$50 is reported in the statement; and

- The benefit is used solely to defray the expenses that accrue in the performance of duties or activities as a Director which are non-reimbursable by TRWD;
4. A political contribution as defined by Title 15 of the Texas Election Code;
  5. An item with a value of less than \$50, excluding cash or a negotiable instrument as described by Texas Business and Commerce Code § 3.104;
  6. An item issued by a governmental entity that allows the use of property or facilities owned, leased, or operated by the governmental entity;
  7. Transportation and lodging expenses or meals in connection with a conference or similar event at which the Director renders services, such as addressing an audience or engaging in a seminar, to the extent those services are more than merely perfunctory; or
  8. Food, lodging, transportation, or entertainment accepted as a guest and, if the donee is required by law to report those items, reported by the donee in accordance with that law.

**9.10 Prohibition on Improper Honoraria and Expenses.** A Director shall not solicit, accept, or agree to accept an honorarium in consideration for services that the Director would not have been requested to provide but for his or her official position or duties as a member of TRWD's Board of Directors. A Director, however, is not prohibited from accepting transportation and lodging expenses or meals in connection with a conference or similar event in which he or she renders services, such as addressing an audience or engaging in a seminar, to the extent those services are more than merely perfunctory.

**9.11 Prohibition on Abuse of Office.** A Director shall not, with intent to obtain a benefit or with intent to harm or defraud another, intentionally or knowingly violate a law that specifically applies to Directors of water districts and that directly or indirectly imposes a duty on the Director or governs the conduct of the Director. A Director, likewise, shall not misuse TRWD property, services, personnel, or any other thing of value belonging to the District, that has come into his or her custody by virtue of his or her status as a Director of TRWD's Board. Such misuse includes dealing with TRWD property contract to:

- An agreement under which the Director holds the property;
- A contract of employment or oath of office of the Director;
- A law, including provisions of the General Appropriations Act specifically relating to government property, that prescribes the manner of custody or disposition of the property; or
- A limited purpose for which the property is delivered or received.

**9.12 Prohibition on Misuse of Official Information:** A Director shall not use or rely on information the Director has access to by virtue of his or her service as a Director and that has not been made public to:

- Acquire or aid another to acquire a pecuniary interest in any property, transaction, or enterprise that may be affected by the information;
- Speculate or aid another to speculate on the basis of the information; or
- As a Director, coerce another into suppressing or failing to report that information to a law enforcement agency.

A Director likewise shall not, with intent to obtain a benefit or with intent to harm or defraud another, disclose or use information for a nongovernmental purpose that the Director has access to because he or she serves as a member of the Board of Directors that has not been made public.

For purposes of Section 9.12, “information that has not been made public” means any information to which the public does not generally have access, and that is prohibited from disclosure under the Texas Public Information Act.

**9.13 Protections for Acting on a Legislative Measure.** A Director may not be subject to disciplinary action or a sanction, penalty, disability, or liability for:

- An action permitted by law that the Director takes in the Director’s official capacity regarding a legislative measure;
- Proposing, endorsing, or expressing support for or opposition to a legislative measure or taking any action permitted by law to support or oppose a legislative measure;
- The effect of a legislative measure or of a change in law proposed by a legislative measure on any person; or
- A breach of duty in connection with the Director’s practice of or employment in a licensed or regulated profession or occupation, to disclose to any person information, or to obtain a waiver or consent from any person, regarding the Director’s actions relating to a legislative measure; or the substance, effects, or potential effects of a legislative measure.

## **AUTHORITY**

Tex. Gov’t Code §§ 551.001, et seq.

Tex. Gov't Code §§ 552.001, et seq.  
Tex. Gov't Code § 572.059  
Tex. Gov't Code § 573.002  
Tex. Gov't Code § 573.041  
Tex. Loc. Gov't Code § 171.002  
Tex. Loc. Gov't Code § 171.004  
Tex. Penal Code §§ 1.07(41)(A), (E)  
Tex. Penal Code. § 36.01  
Tex. Penal Code § 36.02  
Tex. Penal Code § 36.07  
Tex. Penal Code §§ 36.08(d), (i)  
Tex. Penal Code §§ 36.10(a)-(b)  
Tex. Penal Code §§ 39.01(1)-(2)  
Tex. Penal Code § 39.02(a).  
Tex. Atty Gen. Op. OR 2006-03805 (2006).  
Tex. Atty. Gen. Op JC-184 (2000)

**10.0 COUNSEL**

Legal services shall generally be provided to TRWD under the direction of the General Counsel. This includes the coordination of external counsel, including external counsel selected or authorized by the Board to represent the District.

The following sets forth the manner in which TRWD and its Board of Directors will utilize legal services from internal and external attorneys.

**10.1 Internal Counsel.** The Board delegates to the General Manager the authority to hire and employ an attorney or attorneys for the District, through TRWD’s normal employee hiring process, to serve as the District’s in-house legal counsel and representative in matters requiring legal services. This in-house legal counsel may serve as the District’s General Counsel.

Internal counsel shall report directly to the General Manager or designee and assist the Board upon request.

**10.2 Requests for Services from Internal Counsel.** To coordinate and monitor the provision of legal services for the District, the Board delegates to the General Manager the ability to determine how to channel staff requests for legal advice from internal counsel.

Board requests for specific legal research and/or formal opinions of internal counsel must be requested by the President, a majority of the Board, or a written request to the President by two or more Board members. Board requests for legal services from internal counsel should be directed to the General Manager to provide to internal counsel.

**10.3 Special Counsel to the Board.** The Board may, by majority vote, retain Special Counsel to the Board, who may serve as the District’s General Counsel, to advise on legal matters affecting the Board. The Board may utilize Special Counsel to the Board, in lieu of or in addition to internal counsel, to provide representation and advice to the Board at Board meetings.

The Board President is authorized to request Special Counsel to the Board to attend Board meetings or issue opinions. Special Counsel to the Board shall only be compensated for attending a Board meeting if their presence is requested in writing by the Board President.

Special counsel to the Board shall be responsible and report directly to the Board as a whole. Although Special Counsel to the Board reports directly to the Board, the attorney(s) shall coordinate and work with the General Manager, internal counsel, and/or other TRWD staff as appropriate to coordinate and enhance the quality of legal services provided to the Board.

**10.4 Director Requests for Services from Special Counsel to the Board.** Directors may make requests for legal services from Special Counsel to the Board in writing to the Board President. Upon receipt of an appropriate request for legal services from a Board member, the Board President may request that Special Counsel to the Board perform the service or issue the opinion. If the Board President receives an identical or substantially similar request for legal services from Special Counsel to the Board from two or more Directors, the request must be forwarded to Special Counsel to the Board for action within a reasonable timeframe. Opinions by Special Counsel to the Board not provided during a Board meeting shall be issued in writing and delivered to all Directors.

**10.5 External Counsel.** Beginning at the latest January 1, 2022 and every three years after that, the Board, through the General Manager, shall publish a Request for Qualifications (“RFQ”) for all external counsel, which includes Special Counsel to the Board. The General Manager in consultation and coordination with the executive and leadership teams shall review all responses to the RFQ and present a list to the Board recommending the candidates deemed best qualified to provide external legal services to TRWD. The Board may adopt, reject, or amend the list of recommended external counsel.

The General Manager or in-house counsel, in consultation with the General Manager, shall have the ability to retain external counsel for TRWD in legal matters based on the list of external counsel approved by the Board.

External Counsel will report directly to the General Manager or in-house counsel, but is also responsible for reporting to the Board as requested. Special Counsel to the Board selected under the RFQ process shall report directly to the Board.

**10.6 Attorney-Client Privilege.** Communication with all legal counsel, whether internal counsel, Special Counsel to the Board, or external counsel, is considered confidential if it is not intended to be disclosed to third persons other than those to whom the disclosure is made in furtherance of the rendition of professional legal services to the District and/or the Board or those reasonably necessary for the transmission of the communication. The attorney-client privilege belongs to the Board, as a whole, and the privilege may not be waived except by the Board, as a whole. Any unauthorized disclosure of an attorney-client communication is strictly prohibited.

## **11.0 AUDITORS AND AUDIT REPORTING**

**11.1 Internal Auditor(s).** TRWD shall employ an internal auditor who will oversee, facilitate, and assist with TRWD's internal audit function. TRWD may also employ other audit personnel or independently contract with audit personnel to assist with TRWD's internal audit function.

To provide independence and objectivity in TRWD's internal audit function, the internal auditor and any internal audit personnel shall report functionally to the Finance and Audit Committee and TRWD's Board and administratively to the Deputy General Manager. The internal auditor will serve as the liaison between TRWD's administration and the Finance and Audit Committee and Board with respect to the internal audit function. The internal auditor will cooperate with other departments or divisions within TRWD as necessary to effectively perform the duties and responsibilities of the internal auditor while maintaining the independence of the internal audit function.

The Board may also approve and retain private auditors or a private auditing firm, for up to a five-year period, based on the recommendation of the Finance and Audit Committee and the internal auditor, to assist TRWD with its internal audit function. The private auditors or private auditing firm assisting with TRWD's internal audit function shall cooperate with the internal auditor and any TRWD personnel, but shall report to the Finance and Audit Committee and the Board.

**11.2 External Auditor(s).** External auditors shall be approved and retained by the Board with the recommendation of the Finance and Audit Committee and the Chief Financial Officer. The external auditor will cooperate with, but function independently of, TRWD's executive management, the internal auditor, and TRWD staff.

The Board shall select an external auditor for provision of audit services for up to a five-year period.

TRWD's external audit examination shall be conducted in accordance with generally accepted auditing standards and shall include all funds over which the Board has direct or supervisory control.

When a circumstance occurs in which the external auditors feel that information should be brought directly to the Board, this matter shall be communicated to the Finance and Audit Committee, who shall in turn inform the full Board. The members of the Finance and Audit Committee are obligated to report such opinions or findings directly to the Board.

The auditors' final report, which shall include a letter to management, shall be submitted directly to the Finance and Audit Committee and subsequently presented to the whole Board.

**11.3 Audited Financial Reports.** TRWD’s audited financial reports shall be prepared in accordance with Generally Accepted Accounting Principles as defined by the Governmental Accounting Standards Board and presented in “Audits of State and Local Government Units” and “Governmental Accounting and Financial Reporting Standards.”



# **Board Governance Policies**

*Redline Version*

## TABLE OF CONTENTS

1.0	LEGAL STATUS.....	2
2.0	MISSION AND OBJECTIVES .....	3
2.1	Vision Statement.....	3
2.2	Mission Statement .....	3
2.3	Tenets and Objectives .....	3
3.0	THE BOARD OF DIRECTORS.....	4
3.1	Board Authority .....	4
3.2	No Individual Director Authority .....	4
3.3	Board Duties and Responsibilities .....	4
3.4	Delegation to the General Manager.....	4
3.5	Elections. ....	5
3.6	Election of Officers.....	5
3.7	Duties of the President.....	6
3.8	Duties of the Vice President.....	6
3.9	Duties of the Secretary .....	7
3.10	Access to Information. ....	7
3.11	Communication with or regarding TRWD Staff. ....	7
3.12	Training.....	8
3.13	Expense Reimbursement. ....	8
3.14	Education and Training Expenses. ....	8
4.0	THE GENERAL MANAGER .....	9
4.1	Executive and Leadership Teams.....	9
4.2	Hiring and Removal. ....	9
4.3	Duties and Responsibilities of the General Manager. ....	9
4.4	Annual Evaluation.....	10
4.5	Compensation.....	11
4.6	Ethics and Standards of Conduct. ....	11

5.0	BOARD POLICYMAKING. ....	12
5.1	Definitions. ....	12
5.2	Requests for Additional Policies or Amendments to Policies. ....	12
5.3	Policy Formation and Submission. ....	12
5.4	Consideration and Adoption of Board Policy. ....	13
5.5	Board Review of Administrative Procedures. ....	13
6.0	BOARD MEETINGS ....	14
6.1	Regular Monthly Board Meetings. ....	14
6.2	Special or Called Board Meetings/Board Workshops. ....	14
6.3	Emergency Meetings. ....	14
6.4	Notice to the Public. ....	15
6.5	Executive Session (Closed Meeting). ....	15
6.6	Rules of Order. ....	16
6.7	Voting. ....	16
6.8	Discussion and Limitations. ....	16
6.9	Public Comment. ....	17
6.10	Minutes. ....	17
6.11	Conduct at Board Meetings. ....	17
6.12	Board Committees. ....	18
6.13	Training. ....	18
7.0	BOARD MEETING AGENDAS ....	19
7.1	Requests for Agenda Items. ....	19
7.2	Order of Business. ....	19
7.3	Consent Agenda. ....	19
7.4	Executive Session. ....	19
7.5	Emergency Agenda Items. ....	20
8.0	BOARD COMMITTEES. ....	21
8.1	Standing Committees. ....	21

8.2	Special Purpose Committees:.....	21
8.3	New Committees. ....	22
8.4	Committee Membership.....	22
8.5	Committee Meetings.....	22
8.6	Board Referrals of Matters to Committees.....	22
9.0	BOARD OF DIRECTORS STANDARDS OF CONDUCT AND ETHICAL OBLIGATIONS .....	23
9.1	General Standards of Conduct. ....	23
9.2	Attendance at Board Meetings.....	24
9.3	Conflict of Interest Disclosure. ....	24
9.4	Contractors, Vendors, and Consultants. ....	25
9.5	Confidentiality. ....	26
9.6	Privilege. ....	26
9.7	Prohibition on Nepotism.....	26
9.8	Prohibition on Bribery. ....	27
9.9	Prohibition on Illegal Gifts: .....	27
9.10	Prohibition on Improper Honoraria and Expenses .....	28
9.11	Prohibition on Abuse of Office. ....	28
9.12	Prohibition on Misuse of Official Information.....	29
9.13	Protections for Acting on a Legislative Measure .....	29
10.0	COUNSEL .....	31
10.1	Internal Counsel.....	31
10.2	Requests for Services from Internal Counsel.....	31
10.3	Special Counsel to the Board .....	31
10.4	Director Requests for Services from Special Counsel to the Board.....	32
10.5	External Counsel. ....	32
10.6	Attorney-Client Privilege. ....	32

11.0 AUDITORS AND AUDIT REPORTING ..... 33

11.1 Internal Auditor(s). ..... 33

11.2 External Auditor(s) ..... 33

11.3 Audited Financial Reports..... 34

The following amends and supersedes the Tarrant Regional Water District Board Governance Policies adopted July 22, 2013 and amended on November 18, 2014 and September 17, 2019. These Board Governance Policies were adopted on October 19, 2021 and are effective November 1, 2021.

## **1.0 LEGAL STATUS**

The Tarrant Regional Water District (“TRWD” or the “District”) is a water control and improvement district created under article XVI, section 59 of the Texas Constitution. TRWD is a political subdivision of the State of Texas.

TRWD’s authority comes from the legislative act creating TRWD, Tex. Rev. Civ. Stat. Ann. art. 8280–207 as amended (the “Enabling Act”). Under the provisions of the Enabling Act and the Texas Water Code, all powers of TRWD shall be exercised by TRWD’s Board of Directors (the “Board”).

## **2.0 MISSION AND OBJECTIVES**

**2.1 Vision Statement.** Enriching Communities, Improving the Quality of Life.

**2.2 Mission Statement.** It is TRWD's mission to:

1. Deliver a reliable, resilient, and sustainable supply of water to the public at the lowest cost and highest quality possible;
2. Reduce the risk of flooding in our communities with dependable flood damage reduction infrastructure and operations; and
3. Enhance the quality of life in North Texas communities by creating recreation opportunities around TRWD infrastructure to enable active lifestyles.

**2.3 Tenets and Objectives.** The strategic tenets of TRWD include resource stewardship, reliability, continuous improvement, a results-oriented approach, and care for the communities TRWD serves and its employees.

The strategic objectives TRWD identifies to guide its work shall be set forth in a Strategic Plan prepared by the General Manager that is updated and presented regularly, and not less than once every five (5) years, to TRWD's Board.

### **3.0 THE BOARD OF DIRECTORS**

TRWD shall be governed by a board of five elected directors.

**3.1 Board Authority.** The Board shall be responsible for the management of all the affairs of TRWD.

The Board may only officially act or transact any business of TRWD by majority vote of the Directors present at a properly-noticed meeting that complies with the Texas Open Meetings Act, at which a quorum of the Board is present and voting.

**3.2 No Individual Director Authority.** Individual Directors shall not exercise authority over TRWD, its property, or its employees. Unless expressly authorized by the Board, individual Directors may not act on behalf of the Board, may not speak on behalf of the Board, and may not commit the Board on an issue.

No individual Director may waive or disclose any privilege, confidential information, or right available to the Board, including any privileges or confidentiality which may apply to litigation, to real property matters, to matters concerning the awarding of contracts, or purchasing of equipment or materials.

**3.3 Board Duties and Responsibilities.** The Board will select and employ a person to serve as the General Manager for TRWD. The Board makes all decisions regarding the General Manager's compensation and has the authority to remove the General Manager in the best interests of TRWD. The General Manager will report directly to the Board.

The Board, in consultation with and with recommendations developed by the General Manager and executive team, will adopt the overall strategic plan and objectives of TRWD and review them on a regular basis. The Board shall also adopt policies it determines are in the best interest of TRWD for the operation of the District.

Each year, the Board shall adopt an annual budget.

The Board shall faithfully discharge its duties by conducting its affairs and management of TRWD in a highly ethical manner to serve the public trust and based on sound business judgment. Directors shall not discharge their duties or direct actions of TRWD for any purpose of private gain or to seek personal advantage.

**3.4 Delegation to the General Manager.** The Board delegates to the General Manager the full authority to manage and operate TRWD's affairs subject only to the orders or directives of the Board. This delegation of authority to the General Manager includes all general powers and duties in the Enabling Act, other applicable law, and Board policies necessary to accomplish TRWD's mission, plans, and strategic objectives

as approved by the Board, except for the powers and duties specifically reserved for the Board by the Enabling Act, state law, or other Board policies.

The Board's delegation of authority to the General Manager includes the authority to employ all persons necessary to properly conduct TRWD's business and operations. The general powers, duties, and responsibilities of the General Manager are set forth in Section 4.0 of these Board Governance Policies.

The strategic objectives TRWD identifies to guide its works shall be set forth in a Strategic Plan prepared by the General Manager and adopted by the Board that is updated and presented regularly to TRWD's Board, and no less than once every five (5) years, to ensure TRWD is furthering its mission for the North Texas community.

**3.5 Elections.** The election of Directors for TRWD's Board is governed by Texas Water Code Chapter 49, subchapter D and the Texas Election Code. Elections will be held in May of each odd-numbered year to elect the appropriate number of Directors. Generally, members of the Board shall serve staggered four-year terms until their successors have been qualified.

The Board shall convene at a regularly-scheduled, special, or called Board meeting no later than the eleventh day after the election day and not earlier than the time prescribed by the Election Code to conduct the local canvas. After the local canvas is conducted at the Board meeting, and before further Board action is taken, the elected candidates shall be administered the oath of office.

Within thirty (30) days after qualification of Directors following an election, each elected Director shall certify in writing that he or she has read these Board Governance Policies and agrees to follow them in the discharge of his or her duties as a Director of TRWD's Board.

**3.6 Election of Officers.** At the first Board meeting after qualification of Directors following an election, the Board shall elect from its membership a President, Vice President, and Secretary and such other officers or assistant officers the Board deems necessary. In addition, the Board may call an election of officers as it deems necessary and appropriate based on a majority vote of the Board at a properly-noticed meeting at which a quorum of the Board is present and voting.

The Vice President or Secretary shall serve as chairperson and shall preside over the Board meeting during the election of officers until such time as the President is elected.

Nominations for officers may be taken from the floor at the Board meeting prior to the vote. After nominations have been closed, Board members shall cast their vote. When there is only one nominee for an office, the chair can declare that the nominee is elected, effecting the election by unanimous consent or acclamation. An election to an office shall become final immediately.

Individual officer vacancies in the midst of a term may be filled by vote of the Board at the next regularly-scheduled Board meeting or at a special or called Board meeting.

**3.7 Duties of the President.** The Board President is the chief executive officer of the District and shall execute all documents on behalf of TRWD unless the Board authorizes another Director, the General Manager, or other TRWD staff member to execute a document or documents on behalf of TRWD. The President shall generally be authorized to represent the District at official functions unless the Board authorizes another Director to serve as the District's representative at a particular function.

The President shall preside as the chairperson at all Board meetings. In the absence or unavailability of the President, the Vice President or Secretary shall preside. As chairperson, the President shall:

1. Call to order any Board meeting;
2. Preserve order and decorum in all Board meetings;
3. Confine the Directors' debate at Board meetings to the issue under discussion;
4. Decide all questions of order with guidance from *Robert's Rules of Order*, subject to a Director's appeal and request for a vote on the question of order;
5. Have the right to declare a recess for a short intermission or break; and
6. State all questions submitted for a voice vote or roll call vote, upon the request of any Director.

The President shall generally be authorized to recommend the creation of Board committees to the Board and appoint Directors to serve on Board committees. The President shall call special meetings of the Board and review the agendas for Board meetings.

The President shall inform the Board of all correspondence to TRWD that directly concerns the Board and deliver the advice of attorneys and auditors to Directors.

The President, in consultation and cooperation with the General Manager and executive team or leadership team, shall respond to Director requests for reports, Director requests for information, requests for special meetings, and placement of matters on the agenda for Board meetings. The President may request that the General Manager or appropriate executive or leadership team member respond to Director requests.

**3.8 Duties of the Vice President.** The Vice President shall act as the Board President in case of absence or unavailability of the President. The Vice President shall serve as

the chairperson at any Board meeting if the President is absent. The Vice President shall also have authority to execute contracts and documents on behalf of TRWD in the absence or unavailability of the President. The Vice President shall also have the authority to attest to the President's signature on all contracts and legal documents if the Secretary is absent or unavailable.

**3.9 Duties of the Secretary.** The Secretary is responsible for ensuring that all records and books of TRWD are properly kept and may attest to the President's signature on all contracts and legal documents. TRWD's Records Management Officer assists the Secretary in the discharge of this responsibility to ensure proper management and retention of records and books. The General Manager may select one or more staff members to assist the Secretary and Records Management Officer ensure proper management and retention of records and books.

**3.10 Access to Information.** An individual Director, acting in his or her official capacity, shall have the right to request and obtain information regarding TRWD's administration or operations, including fiscal management, contracting and purchasing, personnel matters, and existing reports or internal correspondence regarding TRWD's affairs. If a Director is not acting in his or her official capacity, the Director has no greater right to TRWD records than a member of the public.

If information is requested and provided to an individual Director that is confidential or privileged, the General Manager or his designee shall advise the Director of the responsibility to comply with all confidentiality and privilege requirements.

Individual Directors shall not direct or require TRWD staff to prepare reports derived from an analysis of information in existing District records or to create a new record compiled from information in existing District records. Directives to TRWD staff regarding the preparation of reports shall be made by the Board as a whole.

**3.11 Communication with or regarding TRWD Staff.** Directors should direct all requests for information from or meetings with TRWD staff to the General Manager or his or her designee. The General Manager, or his or her designee, may make the decision whether to attend the meeting between a Director and TRWD staff.

A Director may not exert pressure of any kind on the General Manager or staff members to hire, promote, change the compensation or benefits of, or dismiss any employee of the District. The authority to hire, promote, dismiss, or change the compensation or benefits of any TRWD staff ultimately rests with the General Manager. If a Director does attempt to exert such pressure, the General Manager is instructed and obligated to bring the matter to the attention of the Board.

**3.12 Training.** The Board shall receive annual training and/or legal updates regarding open governance, particularly the Texas Open Meetings Act and Texas Public Information Act, and ethics.

**3.13 Expense Reimbursement.** Directors may submit and receive reimbursement for actual expenses incurred by an individual Director for his or her reasonable travel, lodging, or meals required when attending to the business of the District.

**3.14 Education and Training Expenses.** Because a well-educated and knowledgeable Board of Directors is important to TRWD's mission and objectives, TRWD may authorize and reimburse Directors' reasonable expenses for attending educational, training, and developmental opportunities related to issues facing water districts.

**AUTHORITY**

Tex. Elec. Code § 67.003(b)  
Tex. Gov't Code §§ 551.001, et seq.  
Tex. Water Code § 49.053  
Tex. Water Code § 49.054  
Tex. Water Code § 49.056  
Tex. Water Code § 49.057  
Tex. Water Code, Chapter 49, subchapter D

## **4.0 THE GENERAL MANAGER**

The General Manager shall perform all general powers and duties delegated to the General Manager by the Board. The General Manager shall report to the Board of Directors and work with TRWD's executive team and leadership team to effectuate the District's strategic direction, formulate procedures and plans, and provide overall direction to the District to ensure TRWD's continued success. The General Manager is ultimately responsible for the management, operational effectiveness, and financial health of the District.

**4.1 Executive and Leadership Teams.** The General Manager may establish an executive team and leadership team and may select the members to serve on the executive team and leadership team to assist the General Manager with the management and operation of the District.

**4.2 Hiring and Removal.** The Board, acting as a body, shall hire a General Manager of TRWD. The Board, acting as a body, may remove a General Manager if the Board determines it is in the best interests of TRWD.

**4.3 Duties and Responsibilities of the General Manager.** The General Manager shall manage and operate TRWD's affairs in accordance with local, state, and federal law and Board policies. The General Manager may delegate any general duties or responsibilities, including the duties identified below, to a member of the executive team, leadership team, or other TRWD staff to serve as the General Manager's designee.

In addition to the general powers and duties delegated by the Board to the General Manager, the General Manager shall:

1. Collaborate with the Board of Directors in defining and establishing TRWD's mission, vision, and strategic goals;
2. Attend all special and regular meetings of the Board of Directors and meetings of Board Committees, or ensure that a member of the executive team or leadership team attends in the General Manager's absence or unavailability;
3. Manage and oversee the complete operation of TRWD in accordance with the direction established in the Strategic Plan and ensure compliance with all legal and regulatory requirements;
4. Supervise and control access to and activities upon TRWD facilities or property;

5. Have ultimate authority to hire, determine compensation and benefits, and supervise all employees of TRWD, including dismissal of any TRWD employee for any reason not prohibited by local, state, or federal law;
6. Serve as the primary spokesperson and representative for the District and act as a liaison between the District and the community;
7. Develop and recommend to the Board strategies and operating plans that support Board initiatives and assist in achieving short-term and long-term goals of TRWD, including strategies and plans which ensure and promote the financial health and viability of the District;
8. Ensure the Board is advised of the financial health and needs of the District;
9. Continuously review Board policies and if any deficiencies are identified, provide such information to the Board;
10. Ensure TRWD staff develop and implement administrative procedures and practices to effectuate Board policies and to ensure TRWD complies with all local, state, and federal laws;
11. Ensure TRWD administrative procedures and practices are consistent with and reflective of the policies adopted by the Board;
12. Make recommendations to the Board on any matter the General Manager deems necessary;
13. Make recommendations, as appropriate, to the Board regarding the hiring of private consultants (accountants, engineers, and financial advisers) and supervise and coordinate the authorized work of any private consultant retained by the Board; and
14. Perform any other duties and responsibilities assigned to the General Manager by the Board.

**4.4 Annual Evaluation.** The Board of Directors shall conduct an annual review of the General Manager's performance. The annual review should be conducted prior to December 1 each year. The Board may enlist the assistance of a private consultant or attorney to facilitate the evaluation process.

The Board shall conduct the General Manager's evaluation, which may be developed with a private consultant, based on pre-established criteria identified by the Board that are tied to the District's Strategic Plan and the duties and responsibilities delegated to the General Manager. The General Manager shall conduct a self-evaluation, in consultation with any private consultant retained by the Board, which addresses each of the criteria established by the Board.

Each Director shall participate in the evaluation of the General Manager based on the General Manager's self-evaluation and a Director's individual discussion with the General Manager or interview conducted by any private consultant retained by the Board.

The Board shall complete the evaluation and discuss the Board's conclusions with the General Manager in an executive session closed to the public.

**4.5 Compensation.** The Board of Directors shall establish the annual salary the General Manager receives. The Board may vote to authorize additional remuneration to the General Manager, such as incentive or performance-based compensation, so long as the additional compensation is consistent with the Texas Constitution and Texas state law.

**4.6 Ethics and Standards of Conduct.** The General Manager shall follow all standards of conduct and ethical practices set forth in Board policies and TRWD's administrative procedures. The General Manager shall not accept payment from any source other than TRWD for work performed as the District's General Manager.

No member of the General Manager's family, within the third degree by consanguinity or within the second degree of affinity as defined in Chapter 573, subchapter B of the Texas Government Code, and no domestic partner of or individual in a dating relationship with the General Manager, may be employed by TRWD or have a substantial interest in an organization associated with or benefiting from TRWD without disclosure to and authorization from the Board of Directors.

**5.0 BOARD POLICYMAKING.** In addition to these Board Governance Policies and the framework under which the Board of Directors must operate under the law, the Board shall adopt additional policies for the operation of TRWD. The following procedures shall be followed with respect to preparation and adoption of Board Governance Policies, Board policies, and presentation of TRWD administrative procedures to the Board.

### **5.1 Definitions.**

Board Governance Policies: Board Governance Policies shall be the policies, outlined herein, that are adopted by the Board regarding the Board's own internal operations and procedures and shall be binding on all individual Directors serving on the Board.

Board Policies: TRWD shall be guided by Board-adopted written policies accessible to ~~the public all stakeholders~~ that serve as a primary method by which the Board exercises its governance over the operation of the District.

Administrative Procedures: The General Manager and TRWD staff shall be responsible for developing and enforcing procedures for the operation of the District that are consistent with and designed to implement Board policy and local, state, and federal law. TRWD's administrative procedures shall be designed to promote and further the mission and objectives of the District. These procedures shall be the administrative regulations of TRWD and should consist of guidelines, handbooks, manuals, forms, and any other documents setting forth the standard operating procedures of TRWD.

**5.2 Requests for Additional Policies or Amendments to Policies.** The General Manager or designee shall monitor Board policies and the implementation of Board policies and identify any needed changes or additions to existing Board policies to ensure compliance with all local, state, and federal law, and the effective operations of the District.

The Board or an individual Director may also request at a properly-noticed meeting or in writing to the Board President and General Manager, that TRWD staff prepare an additional Board policy or amendment to existing Board Governance Policies or other Board policy for consideration by the Administration and Policy Committee.

**5.3 Policy Formation and Submission.** When the General Manager or designee identifies needed additions or amendments to Board Governance Policies or Board policies, or the Board or an individual Director requests additions or amendments to Board Governance Policies or Board policies, the General Manager or designee shall prepare the requested policies or amendments to existing policy. The General Manager or designee shall ensure all proposed Board Governance Policies or Board policies or amendments to existing Board Governance Policies or Board policies go through legal review. After legal review, the General Manager or designee shall submit the proposed

policies or amendments to existing policy to the Administration and Policy Committee for review and consideration.

After consideration of the proposed additions or amendments to Board Governance Policies or Board policies by the Administration and Policy Committee, the Committee members, in consultation with and assistance from the General Manager or appropriate member of the executive or leadership team, shall make recommendations regarding any proposed additions or amendments to Board Governance Policies or Board policies to the Board for review and consideration.

**5.4 Consideration and Adoption of Board Policy.** All proposed policies or amendments to existing Board Governance Policies or other Board policies shall be considered by the Board at a regular, special, or called Board meeting or Board workshop. The proposed policy or amendment to Board Governance Policies or other Board policy shall be timely placed on the Board agenda. A copy of the proposed Board policy or amendment to existing Board policy shall be provided to all Directors at least 72 hours before the Board meeting where the proposed policy or amendment to Board Governance Policies or other Board policy will be considered.

All policies or amendments to Board Governance Policies or other Board policies must be adopted by a majority vote of the Board at a properly-noticed meeting at which a quorum of the Board is present and voting. The formal adoption of Board Governance Policies or other Board policies or amendments to Board Governance Policies or other Board policies shall be recorded in the minutes of the Board meeting. Only those proposed policies or amendments to proposed policies adopted by a majority vote of the Board shall be regarded as official policy of TRWD's Board of Directors.

**5.5 Board Review of Administrative Procedures.** Administrative procedures that are developed or amended by the General Manager or his or her designee shall be regularly presented to the Board. The Board does not vote on or adopt TRWD's administrative procedures.

## **6.0 BOARD MEETINGS**

A meeting of the Board of Directors of TRWD is defined as any meeting that is required to be posted under the Texas Open Meetings Act. The Board shall give written notice of the date, hour, place, and subject(s) of each meeting it holds.

All regular monthly meetings and special meetings of the Board shall be open to the public, and public notices shall be posted in compliance with applicable state law.

**6.1 Regular Monthly Board Meetings.** The Board of Directors shall conduct monthly regular Board meetings in accordance with Section 49.064 of the Texas Water Code and Chapter 551 of the Texas Government Code. The Monthly Board Meeting shall be held at 800 E. Northside Drive, Fort Worth, Texas in the TRWD Administrative Offices building. When determined necessary and for the convenience of the Directors, the Board President, or a majority vote of the of the Board, may change the location of a Board meeting. The notice for that Board meeting shall reflect the changed location.

Directors of the TRWD shall be given 72 hours' notice for regular monthly and special meetings.

All meeting notices and official records of Board meetings shall be preserved in accordance with applicable state law and TRWD's record retention procedures.

**6.2 Special or Called Board Meetings/Board Workshops.** The Board President shall call special or called Board meetings or workshops as appropriate. The Board President shall call a special or called Board meeting or workshop at the President's discretion or at the formal, written request of two Directors. A formal request shall:

1. Be submitted by two or more Directors to the Board President either by e-mail or paper;
2. Contain language for the specific agenda item(s) for the requested special or called Board meeting that is/are identical from two Directors; and
3. If submitted on paper, be signed by two or more Directors with the date of the request.

The Board shall hold a special or called meeting addressing the specific agenda items presented in the formal, written request within 60 days after the formal, written request is received.

**6.3 Emergency Meetings.** The Board President may call an emergency meeting when an emergency or an urgent public matter arises that is an imminent threat to public health and safety, or a reasonably unforeseeable situation arises, and the Board has a need to take immediate action.

Notice for emergency meetings shall be provided to the Directors at least one hour prior to the scheduled time of an emergency meeting.

**6.4 Notice to the Public.** Notice of a Board meeting shall be posted in a place convenient to the public and in the Administrative Offices of TRWD, as well as on the internet, at least 72 hours before the scheduled time of a meeting. The notice shall also be provided to the secretary of state and the county clerk of the county in which the administrative office of TRWD is located; or, TRWD may post notice of each meeting on TRWD's website.

Notice for an emergency Board meeting or the addition of an emergency action item to a meeting agenda ~~shall~~**must** be posted for at least one hour before the meeting is convened.

**6.5 Executive Session (Closed Meeting).** The Board of Directors may meet in executive session closed to the general public on matters exempted by the Texas Open Meetings Act or other applicable state law from public meeting requirements, provided that requirements for public notice and documentation of such sessions are followed.

Procedures for Executive Session: If a closed meeting is allowed, the Board shall not conduct the executive session unless a quorum of the Board first convenes in an open meeting for which proper notice has been given and the presiding officer has publicly announced that an executive session will be held and has identified the section or sections of the Texas Open Meetings Act or other applicable law under which the executive session is held.

Certified Agenda: The Board shall keep a certified agenda of the proceedings of each executive session closed to the general public except for private consultations with the District's attorney as permitted under Sections 551.071 and 551.103 of the Texas Government Code. The certified agenda will include a statement of the subject matter for each deliberation, a record of any further action taken, and an announcement by the Board President at the beginning and end of the closed executive session indicating the date and time. Board members, acting in their official capacity, may not receive, remove, or copy the certified agenda from an executive session.

The Board President shall attest that the certified agenda is a true and correct record of the proceedings. The certified agenda will be retained by the District's General Counsel as a record of a closed executive session for at least two years after the date of the meeting. If litigation regarding the executive session is brought within the two-year preservation period, the Board shall preserve the certified agenda while the litigation is pending.

Recording Prohibited: Executive sessions (closed meetings) ~~may~~**shall** not be recorded by any person unless a majority vote of the Board authorizes such recording.

Conflicts of Interest in Executive Session: A member of the Board of Directors shall not participate in a portion of an executive session involving any litigation that the member has pending against the District. Additionally, no person shall attend a portion of an executive session when the individual's interests on a topic are adverse to the District's.

No Participation in Improper Closed Meetings: No Director shall willfully call or aid in calling an executive session, or to close a meeting or session to the public, or willfully participate in an executive session where an executive session is not duly posted or otherwise not permissible. No Director shall knowingly participate in an executive session knowing that a certified agenda of the executive session is not being kept. No Director or group of Directors of the Board should circumvent, or conspire to circumvent, the provisions of the Texas Open Meetings Act by meeting in numbers constituting less than a quorum for the purpose of secret deliberations in contravention of the Open Meetings Act.

If, in the opinion of a Director, a discussion in the executive session goes beyond the specific called agenda item(s) or includes topics that should not be discussed in executive session under law, the Director should call the presiding officer's attention to a "point of order."

Except as required by court order, other applicable law or under the provisions of this section, no one other than a TRWD Board member will be granted access to executive session records. Requests for access or review of such records by a TRWD staff member or legal counsel retained to represent TRWD must be made in writing to the General Counsel and must state the reasons for the request. Access to the records will be granted only by the General Counsel. The General Counsel will be responsible for maintaining the confidentiality of executive session records.

**6.6 Rules of Order.** The Board of Directors will use the modified parliamentary procedures as articulated in *Robert's Rules of Order, Newly Revised* as a guide when applicable or when any procedural dispute arises, except as otherwise provided for under Board operating procedures or by law. The Board President shall be the final authority for interpreting the applicability of Robert's Rules of Order in all Board meetings. The Board may suspend procedural rules at any Board meeting by a majority vote of Directors who are present and cast a vote.

**6.7 Voting.** Directors may vote by a show of hands or by voice vote, depending on the direction given by the Board President. Any Director may abstain from a vote. Such vote or abstention from the vote shall be recorded upon that Director's request.

Any final action, decision, or vote by the Board on a matter deliberated in an executive session shall be made only in an open meeting for which proper notice has been given.

**6.8 Discussion and Limitations.** All Board discussions shall first be addressed to the Board President and then opened to the entire Board. Discussion shall be limited solely

to the agenda item presently under deliberation. The Board President shall terminate any discussion that does not apply to the agenda item before the Board.

Additionally, the Board President shall terminate discussions which exceed any agreed time limitation for discussion of a particular agenda item, and that time limit has expired. The Board President shall not otherwise interfere or impede debate among the Directors so long as members wish to address only those items under consideration.

Directors shall conduct themselves in accordance with the Board's Standards of Conduct and ethical obligations during discussions.

**6.9 Public Comment.** The Board shall provide a forum at regular Board meetings for members of the public to comment on matters not on the agenda. The Board will allow each member of the public who desires to address the Board regarding an item on an agenda for an open meeting of the Board to address the Board regarding the agenda item at the beginning of the Board meeting ~~before the Board's consideration of the agenda item during the public comment forum provided by the Board.~~ At all other times during Board meetings, the audience shall not enter into discussion or debate on matters being considered by the Board. ~~In addition, the Board may provide a forum at regular Board meetings for members of the public to comment on matters not on the agenda.~~

All individual presentations shall be limited to three (3) minutes, regardless of the number of agenda items on which the individual seeks to comment, or six (6) minutes if such comments are provided through a translator. The Board President may allow additional time for an individual presentation if the Board President deems the time limit is unreasonable under the circumstances.

In response to an inquiry from a member of the public at a meeting, the Board may either provide a statement of specific factual information or recite existing policy. Any deliberation or decision about the subject of the inquiry shall be limited to a proposal to place the subject on the agenda for a subsequent meeting.

**6.10 Minutes.** Action taken by the Board of Directors shall be carefully recorded by the Board Secretary or TRWD staff member assisting the Board Secretary and provided to all Directors before the next meeting at which the minutes shall be approved. Corrections to the minutes shall be made at the meeting at which they are approved. Once approved or corrected by the Board at the next regular or special/called meeting, these minutes shall serve as the legal record of official Board action. Approved minutes of all meetings shall be signed by the Board President and Board Secretary.

Minutes of the Board of Directors meetings shall be kept in an official file and retained in accordance with TRWD's records retention schedule. Individuals wishing to review the minutes should contact TRWD during regular business hours. Minutes may also be accessed by visiting TRWD's website.

**6.11 Conduct at Board Meetings.** The Board shall not tolerate disruption of the meeting by members of the public. If, after at least one warning from the Board President, any person continues to disrupt the meeting by his or her words or actions, the Board President shall request assistance from law enforcement officials to have the person removed from the meeting.

Individuals attending Board meetings shall not engage in conduct that disrupts, interrupts, or causes delay in the proceedings. The Board President shall take such measures as may be necessary to ensure that decorum is preserved at all times during Board meetings.

**6.12 Board Committees.** Duly-created Board committees, discussed in Section 8.0 of these Board Governance Policies—which may consist of Directors and TRWD staff—may only conduct meetings, ~~and transact business~~ consider issues, and make recommendations to the Board regarding matters within the specific authority granted by the Board. Unless otherwise delegated by the Board to the committee, in order to be binding on the Board, all committee ~~recommendations~~ business must be provided reported to the Board at the next regular or special/called Board meeting for consideration and discussion, and a vote by the Board regarding the committee's recommendation ~~approval and entry into the Board's minutes as a public record.~~

**6.13 Training.** Members of the TRWD Board of Directors shall participate in annual regular training prior to September 1 each year on the Texas Open Meetings Act.

## **AUTHORITY**

Tex. Gov't Code §§ 551.001, et seq.  
Tex. Gov't Code § 551.005-  
Tex. Gov't Code § 551.007  
Tex. Gov't Code § 551.041  
Tex. Gov't Code 551.042  
Tex. Gov't Code § 551.045  
Tex. Gov't Code E § 551.0554  
Tex. Gov't Code § 551.101  
Tex. Gov't Code § 551.103  
Tex. Gov't Code § 551.104  
Tex. Gov't Code § 551.144  
Tex. Gov't Code § 551.445  
Tex. Atty. Gen. Op. JC-0120 (1999)  
Tex. Atty. Gen. Op. JM-1004 (1989)  
Tex. Atty. Gen. Op. JC-0506 (2002)  
Tex. Atty. Gen. Op. KP-0300 (2020)

## **7.0 BOARD MEETING AGENDAS**

The General Manager, in consultation with the Board President, shall prepare the agenda for all Board meetings. Agendas for all Board meetings shall be sufficiently specific in order to inform the public of subjects to be deliberated at the meeting, including any special or unusual matters in which the public has a particular interest.

**7.1 Requests for Agenda Items.** The Board President or any two members of the Board of Directors may request that a subject be included on the meeting agenda for open meetings. A request can be made orally at a Board meeting that is open to the public or in writing to the Board President and/or General Manager.

The General Manager shall include all timely submitted items that satisfy these criteria on a preliminary agenda for review in consultation with the Board President. If a written request for an agenda item is not made with sufficient time to be placed on the agenda for the next Board meeting, the General Manager shall include the requested agenda item on the agenda for the following Board meeting.

**7.2 Order of Business.** The order of business for all regular monthly meetings of the Board of Directors shall be as set forth in the agenda accompanying the notice of the meeting. During the meeting, the Board President may change the order in which agenda items are taken, unless a majority of the Board votes to retain the order of items as listed on the agenda.

**7.3 Consent Agenda.** When preparing the agenda, the General Manager, in consultation with the Board President, shall determine which agenda items, if any, qualify for placement on the consent agenda. Consent agendas shall include routine or recurring items which are grouped under one action item. The Board of Directors shall be provided with background material supporting each consent agenda item. Consent agenda items shall be acted on by one Board vote without separate discussion, unless the General Manager or a Board member requests that an item be withdrawn from the consent agenda for individual consideration. Any remaining consent agenda items shall be adopted under a single motion and vote.

By way of example only, consent Agenda Items may include, but are not limited to:

1. Items that are ministerial in nature; or
2. Items not involving an expenditure of funds.

**7.4 Executive Session.** All Board meeting agendas shall include language reflecting the possibility of an executive session during an open meeting, in accordance with state law.

**7.5 Emergency Agenda Items.** In an emergency or when there is an urgent public necessity, a meeting agenda to deliberate or take action on an emergency or urgent public necessity, or a supplemental notice to add the deliberation or taking of action on the emergency or urgent public necessity as an item to the agenda for a meeting for which notice has been posted in accordance with the Texas Open Meetings Act, is sufficient if the notice or supplemental notice is posted for at least one hour before the meeting is convened.

**AUTHORITY**

Tex. Gov't Code §§ 551.001, et seq.

## 8.0 BOARD COMMITTEES

The purpose of Board Committees is to provide adequate time for detailed review and evaluation of information for a small group of Directors to be knowledgeable and informed on appropriate matters. The Committees shall keep the Board apprised of the matters it is considering and make recommendations to the Board prior to Board action.

**8.1 Standing Committees.** TRWD's Board has established the following standing or perpetuate committees of TRWD's Board of Directors:

**Construction and Operations Committee.** This Committee reviews TRWD's construction activities as well as the operations and maintenance of TRWD infrastructure. This review includes, but is not limited to, design, construction, and maintenance contracts for new and existing infrastructure, water supply contracts, conservation programs, watershed protection and water quality, and electricity purchases.

**Real Estate Committee.** This Committee reviews, considers, and evaluates real estate purchases, operating agreements, and sales of real estate.

**Finance and Audit Committee.** This Committee reviews TRWD's financial information, investment policies, and audits. This Committee serves on behalf of the Board as the primary point of contact for the internal auditor and internal audit department.

**Administration and Policy Committee.** This Committee reviews and evaluates Board Governance Policies and Board Policies, including proposals or recommendations for additions or amendments to Board Governance Policies and Board Policies. This Committee also oversees the General Manager's annual evaluation and makes recommendations to the Board regarding the General Manager's compensation.

**Recreation Committee.** This Committee considers all aspects of TRWD's recreation investments including, but not limited to, infrastructure investments, infrastructure operations and maintenance, programming, and events. Construction, operations, and maintenance activities specific to TRWD recreation infrastructure are considered by and within the purview of the Recreation Committee. All other construction, operations, and maintenance activities are in the purview of the Construction and Operations Committee.

**8.2 Special Purpose Committees:** In addition to the standing or perpetual committees discussed in Section 8.1, the Board may vote from time to time to create special purpose committees to address a particular project or program. The Board shall give a name to a special purpose committee that is reflective of the committee's function

and purpose. A special purpose committee created by the Board shall exist for no longer than one year unless the Board votes to extend the time for its existence.

**8.3 New Committees.** The Board President or two members of the Board may propose the creation of new or additional standing committees or special purpose committees. The Board shall consider the creation of any new standing or special purpose committee to confirm the need for the new committee. Any new standing or special purpose committee is created by a majority vote of the Board at the next regularly-scheduled Board meeting after the new committee is proposed.

**8.4 Committee Membership.** The Board President appoints Directors to standing committees or special purpose committees. Each Director shall serve on at least two standing committees. The General Manager or designee from the executive or leadership team shall be an ex-officio member of all Committees. The General Manager and/or designee may be excused from a Committee meeting when matters related to the General Manager are under review or consideration.

If a vacancy occurs on a Board-established Committee, the President shall promptly designate a replacement Director to the Committee.

On or before August 1 in an election year, the Board shall vote to appoint or reappoint the members of TRWD's standing committees.

**8.5 Committee Meetings.** Committee meetings will be held on the date, time, and location determined by the Directors who serve on the Committee.

**8.6 Board Referrals of Matters to Committees.** The Board may refer specific items to committees for review or consideration and for recommendation to the Board. If the Board refers an item to a Committee, a Committee meeting shall be called as soon as practicable to review or consider the matter and prepare a recommendation to the Board for potential Board action.

## **9.0 BOARD OF DIRECTORS STANDARDS OF CONDUCT AND ETHICAL OBLIGATIONS**

These Standards of Conduct govern, affirm, and clarify the policies and expectations of TRWD concerning the conduct of members of the Board of Directors. It is in the best interests of TRWD for its governing body to maintain the highest standards of integrity, candor, impartiality, and conduct so that the best interests of TRWD may be served and the business of TRWD is carried out in a manner that upholds TRWD's business responsibilities and derives confidence of TRWD's staff, customers, and constituents. In conducting themselves in a manner consistent with the highest standards of integrity and personal conduct, TRWD Directors shall avoid even the appearance of any conflict of interest or impropriety.

These Standards of Conduct and Ethical Obligations should be reflected in Board policies and TRWD administrative procedures to ensure the General Manager, TRWD's executive and leadership teams, and all TRWD staff adhere to appropriate standards of conduct and the utmost ethical practices in the performance of their duties for TRWD.

**9.1 General Standards of Conduct.** Each Director is expected to demonstrate the highest degree of ethics in their official responsibilities and duties in order to maintain the integrity of TRWD. Each Director must commit to ensuring that they conduct themselves with honesty, integrity, and fairness in the discharge of their duties and ensure that TRWD business is conducted ethically and transparently.

Each Director is expected to become familiar with these policies and state law and procedures regarding ethical practices for public officials.

Additionally, members of the Board of Directors shall adhere to the following standards:

1. Attend all duly-scheduled Board meetings and committee meetings insofar as possible and become informed concerning issues to be considered at those meetings.
2. Communicate to other Board members and the General Manager expressions of public reaction to Board policies and programs.
3. Inform oneself about current issues by individual study and through participation in programs providing needed information.
4. Avoid being placed in a position of conflict of interest, and refrain from using the Board position for personal or partisan gain.
5. Take no private action that will compromise the Board or TRWD staff and respect the confidentiality of information that is privileged or confidential.

6. Bring about desired changes through legal and ethical procedures, upholding and enforcing all applicable statutes, regulations, and court decisions pertaining to water control and improvement districts.
7. Work with other Board members to establish effective Board policies and to delegate authority for the administration of the District to the General Manager.
8. Endeavor to make policy decisions only after full discussion at publicly-held Board meetings.
9. Render all decisions based on the available facts and independent judgment and refuse to surrender that judgment to other individuals or special interest groups.
10. Encourage the free expression of opinion by all Board members, and seek systematic communications between and among the Board, TRWD staff, and the community.
11. Work with other Board members and the General Manager to establish effective policies and practices prohibiting unlawful discrimination, including conduct that constitutes sexual harassment.
12. Support TRWD's employment of those persons best qualified to serve as staff and insist on avoiding preferential treatment of any person.

**9.2 Attendance at Board Meetings.** If a Director fails to attend six (6) consecutive regular meetings of the Board, or one-half or more of the regular meetings scheduled during the prior twelve (12) months, the Board by unanimous vote may remove the Director from serving as a member of the Board of Directors. The Board of Directors, however, may determine if fairness requires that the absences be excused on the basis of illness or other good cause.

**9.3 Conflict of Interest Disclosure.** If a Director has a substantial interest in a business entity or in real property, as defined by Local Government Code Chapter 171, the Board member shall file with the official recordkeeper of the Board, before a vote or decision on any matter involving the business entity or the real property, an affidavit stating the nature and extent of the interest and shall abstain from further participation on the matter if the Board action will have a special economic effect on the business entity or the value of the property that is distinguishable from its effect on the public.

If a Director is required to file and does file an affidavit under this section, the Board member is not required to abstain from further participation in the matter at issue if a majority of the Board is likewise required to file and does file affidavits of similar interest on the same official action.

An individual has a “substantial interest” if the individual or his or her parent, child, stepchild, spouse, or spouse’s parent:

1. Has a controlling interest in the business entity;
2. Has ownership in excess of ten percent of the voting interest in the business entity or in excess of \$15,000 of the fair market value of the business entity;
3. Has any participating interest, either direct or indirect, by shares, stock, or otherwise, whether or not voting rights are included, in the profits, proceeds, or capital gains of the business entity in excess of ten percent;
4. Holds the position of a member of the Board of Directors or other governing board of the business entity;
5. Serves as an elected officer of the business entity; or
6. Is an employee of the business entity.

**9.4 Contractors, Vendors, and Consultants.** All activities of TRWD shall be carried out in accordance with local, state, and federal law. Directors are expected to avoid any improper interactions with contractors, vendors, and consultants who provide services to or seek to provide services including, but not limited to, bribes, kickbacks, or other illegal payments.

TRWD does not authorize or condone illegal or unethical activities by any of its contractors, vendors, and consultants. Directors who have knowledge of illegal or unethical activities by such third parties shall immediately report to the Board or the General Manager any activities which may be an indicator of illegal or unethical business practices.

No Director, or member of a Director’s family, shall solicit or accept any gift, favor, or service from a current or potential contractor, vendor, or consultant that might reasonably tend to influence the Director in the discharge of official duties or that the officer knows or should know is being offered with the intent to influence the Director’s official conduct. Directors are specifically prohibited from accepting from current or potential contractors, vendors, and consultants:

1. Vacations, pleasure trips, or hunting trips;
2. Discounts not available to the general public;
3. Products or services not available to the general public under similar circumstances;
4. Loans or advances;

5. Entertainment at a discount unavailable to the general public; or
6. Other unusual favors not available to the general public at the same cost.

Any Director receiving such offers shall immediately report such offers to the General Manager or to the Board of Directors.

A “gift” does not include a reasonable meal accepted as a guest, or a promotional item of nominal value, typical of items given at vendor booths at conferences.

**9.5 Confidentiality.** When there are competing confidentiality or security concerns, the Board may establish reasonable procedures or limitations to preserve confidentiality. If a member of the Board requests access to records which may be confidential, TRWD shall direct such requests to the General Counsel for review. Individual records responsive to the request shall first be reviewed by the General Counsel and marked as “Confidential.” Records so marked may be reviewed by the requesting Board member, but copies may not be released, or their contents disclosed, without the approval of the Board. The reviewing Board member is required to maintain the records in the same manner they were maintained by TRWD.

At the time a Director is provided access to confidential records or to reports compiled from such records, the General Manager, other District employee, or General Counsel shall advise them of their responsibility to comply with confidentiality requirements.

**9.6 Privilege.** Communications between the Board of Directors and legal counsel is considered confidential if the information is not intended for disclosure to third persons other than those persons to whom the disclosure of information is made in furtherance of rendering professional legal services to TRWD and/or the Board of Directors or those reasonably necessary for the transmission of the communication. The attorney-client privilege belongs to the Board as a whole, and the privilege may not be waived except by the Board as a whole. Any unauthorized disclosure of an attorney-client communication is strictly prohibited.

**9.7 Prohibition on Nepotism.** A Director may not appoint a person to a position that is to be directly or indirectly compensated from public funds or fees of office if the person is related to the Director by blood (consanguinity) within the third degree or by marriage (affinity) within the second degree; or the person is related to another member of the Board of Directors by blood or marriage within a prohibited degree defined under state law. In addition, a Director may not appoint a person to a position that is to be directly or indirectly compensated from public funds or fees of office if the person is a domestic partner of or in a romantic relationship with the Director.

This prohibition on nepotism expressly includes directing the General Manager or TRWD staff to employ such a person at TRWD.

**9.8 Prohibition on Bribery.** A Director shall not intentionally or knowingly offer, confer, agree to confer on another, solicit, accept, or agree to accept a benefit:

- In exchange for the Director's decision, opinion, recommendation, vote, or other exercise of discretion as a Director of TRWD;
- In exchange for a violation of a duty imposed on the public servant by law; or
- That is a political contribution as defined by Title 15 of the Election Code or an expenditure made and reported as a lobbying expense in accordance with Government Code, Chapter 305, if the benefit was offered, conferred, solicited, accepted, or agreed to pursuant to an express agreement to take or withhold a specific exercise of official discretion, if such exercise of official discretion would not have been taken or withheld but for the benefit. "Benefit" means anything reasonably regarded as pecuniary gain or pecuniary advantage, including benefit to any other person in whose welfare the beneficiary has a direct and substantial interest.

**9.9 Prohibition on Illegal Gifts:** A Director shall not solicit, accept, or agree to accept any benefit from a person the Director is interested in or likely to become interested in contracts, purchases, payments, claims, or other pecuniary transactions with TRWD.

A Director who receives an unsolicited benefit that the Director is prohibited from accepting under this section may donate the benefit to a governmental entity that has the authority to accept the gift or may donate the benefit to a recognized tax exempt charitable organization formed for educational, religious, or scientific purposes.

This prohibition on illegal gifts does not apply to:

1. A fee prescribed by law to be received by the Director or any other benefit to which the Director is lawfully entitled or for which he or she gives legitimate consideration in a capacity other than as a public servant;
2. A gift or other benefit conferred on account of kinship or a personal, professional, or business relationship independent of the status of the recipient as a Director;
3. A benefit to a Director required to file a statement under Texas Government Code Chapter 572 or a report under Texas Election Code Title 15 that is derived from a function in honor or appreciation of the recipient if:
  - The benefit and the source of any benefit in excess of \$50 is reported in the statement; and

- The benefit is used solely to defray the expenses that accrue in the performance of duties or activities as a Director which are non-reimbursable by TRWD;
4. A political contribution as defined by Title 15 of the Texas Election Code;
  5. An item with a value of less than \$50, excluding cash or a negotiable instrument as described by Texas Business and Commerce Code § 3.104;
  6. An item issued by a governmental entity~~TRWD~~ that allows the use of property or facilities owned, leased, or operated by the governmental entity~~TRWD~~;
  7. Transportation and lodging expenses or meals in connection with a conference or similar event at which the Director renders services, such as addressing an audience or engaging in a seminar, to the extent those services are more than merely perfunctory; or
  8. Food, lodging, transportation, or entertainment accepted as a guest and, if the donee is required by law to report those items, reported by the donee in accordance with that law.

**9.10 Prohibition on Improper Honoraria and Expenses.** A Director shall not solicit, accept, or agree to accept an honorarium in consideration for services that the Director would not have been requested to provide but for his or her official position or duties as a member of TRWD’s Board of Directors. A Director, however, is not prohibited from accepting transportation and lodging expenses or meals in connection with a conference or similar event in which he or she renders services, such as addressing an audience or engaging in a seminar, to the extent those services are more than merely perfunctory.

**9.11 Prohibition on Abuse of Office.** A Director shall not, with intent to obtain a benefit or with intent to harm or defraud another, intentionally or knowingly violate a law that specifically applies to Directors of water districts and that directly or indirectly imposes a duty on the Director or governs the conduct of the Director. A Director, likewise, shall not misuse TRWD property, services, personnel, or any other thing of value belonging to the District, that has come into his or her custody by virtue of his or her status as a Director of TRWD’s Board. Such misuse includes dealing with TRWD property contract to:

- An agreement under which the Director holds the property;
- A contract of employment or oath of office of the Director;
- A law, including provisions of the General Appropriations Act specifically relating to government property, that prescribes the manner of custody or disposition of the property; or

- A limited purpose for which the property is delivered or received.

**9.12 Prohibition on Misuse of Official Information:** A Director shall not use or rely on information the Director has access to by virtue of his or her service as a Director and that has not been made public to:

- Acquire or aid another to acquire a pecuniary interest in any property, transaction, or enterprise that may be affected by the information;
- Speculate or aid another to speculate on the basis of the information; or
- As a Director, coerce another into suppressing or failing to report that information to a law enforcement agency.

A Director likewise shall not, with intent to obtain a benefit or with intent to harm or defraud another, disclose or use information for a nongovernmental purpose that the Director has access to because he or she serves as a member of the Board of Directors that has not been made public.

For purposes of Section 9.12, “information that has not been made public” means any information to which the public does not generally have access, and that is prohibited from disclosure under the Texas Public Information Act.

**9.13 Protections for Acting on a Legislative Measure.** A Director may not be subject to disciplinary action or a sanction, penalty, disability, or liability for:

- An action permitted by law that the Director takes in the Director’s official capacity regarding a legislative measure;
- Proposing, endorsing, or expressing support for or opposition to a legislative measure or taking any action permitted by law to support or oppose a legislative measure;
- The effect of a legislative measure or of a change in law proposed by a legislative measure on any person; or
- A breach of duty in connection with the Director’s practice of or employment in a licensed or regulated profession or occupation, to disclose to any person information, or to obtain a waiver or consent from any person, regarding the Director’s actions relating to a legislative measure; or the substance, effects, or potential effects of a legislative measure.

## **AUTHORITY**

Tex. Gov't Code §§ 551.001, et seq.  
Tex. Gov't Code §§ 552.001, et seq.  
Tex. Gov't Code § 572.059  
Tex. Gov't Code § 573.002  
Tex. Gov't Code § 573.041  
Tex. Loc. Gov't Code § 171.002  
Tex. Loc. Gov't Code § 171.004  
Tex. Penal Code §§ 1.07(41)(A), (E)  
Tex. Penal Code. § 36.01  
Tex. Penal Code § 36.02  
Tex. Penal Code § 36.07  
Tex. Penal Code §§ 36.08(d), (i)  
Tex. Penal Code §§ 36.10(a)-(b)  
Tex. Penal Code §§ 39.01(1)-(2)  
Tex. Penal Code § 39.02(a).  
Tex. Atty Gen. Op. OR 2006-03805 (2006).  
Tex. Atty. Gen. Op JC-184 (2000)

## **10.0 COUNSEL**

Legal services shall generally be provided to TRWD under the direction of the General Counsel. This includes the coordination of external counsel, including external counsel selected or authorized by the Board to represent the District.

The following sets forth the manner in which TRWD and its Board of Directors will utilize legal services from internal and external attorneys.

**10.1 Internal Counsel.** The Board delegates to the General Manager the authority to hire and employ an attorney or attorneys for the District, through TRWD's normal employee hiring process, to serve as the District's in-house legal counsel and representative in matters requiring legal services. This in-house legal counsel may serve as the District's General Counsel.

Internal counsel shall report directly to the General Manager or designee and assist the Board upon request.

**10.2 Requests for Services from Internal Counsel.** To coordinate and monitor the provision of legal services for the District, the Board delegates to the General Manager the ability to determine how to channel staff requests for legal advice from internal counsel.

Board requests for specific legal research and/or formal opinions of internal counsel must be requested by the President, a majority of the Board, or a written request to the President by two or more Board members. Board requests for legal services from internal counsel should be directed to the General Manager to provide to internal counsel.

**10.3 Special Counsel to the Board.** The Board may, by majority vote, retain Special Counsel to the Board, who may serve as the District's General Counsel, to advise on legal matters affecting the Board. The Board may utilize Special Counsel to the Board, in lieu of or in addition to internal counsel, to provide representation and advice to the Board at Board meetings.

The Board President is authorized to request Special Counsel to the Board to attend Board meetings or issue opinions. Special Counsel to the Board shall only be compensated for attending a Board meeting if their presence is requested in writing by the Board President.

Special counsel to the Board shall be responsible and report directly to the Board as a whole. Although Special Counsel to the Board reports directly to the Board, the attorney(s) shall coordinate and work with the General Manager, internal counsel, and/or other TRWD staff as appropriate to coordinate and enhance the quality of legal services provided to the Board.

**10.4 Director Requests for Services from Special Counsel to the Board.** Directors may make requests for legal services from Special Counsel to the Board in writing to the Board President. Upon receipt of an appropriate request for legal services from a Board member, the Board President may request that Special Counsel to the Board perform the service or issue the opinion. If the Board President receives an identical or substantially similar request for legal services from Special Counsel to the Board from two or more Directors, the request must be forwarded to Special Counsel to the Board for action within a reasonable timeframe. Opinions by Special Counsel to the Board not provided during a Board meeting shall be issued in writing and delivered to all Directors.

**10.5 External Counsel.** Beginning at the latest January 1, 2022 and every three years after that, the Board, through the General Manager, shall publish a Request for Qualifications (“RFQ”) for all external counsel, which includes Special Counsel to the Board. The General Manager in consultation and coordination with the executive and leadership teams shall review all responses to the RFQ and present a list to the Board recommending the candidates deemed best qualified to provide external legal services to TRWD. The Board may adopt, reject, or amend the list of recommended external counsel.

The General Manager or in-house counsel, in consultation with the General Manager, shall have the ability to retain external counsel for TRWD in legal matters based on the list of external counsel approved by the Board.

External Counsel will report directly to the General Manager or in-house counsel, but is also responsible for reporting to the Board as requested. Special Counsel to the Board selected under the RFQ process shall report directly to the Board.

**10.6 Attorney-Client Privilege.** Communication with all legal counsel, whether internal counsel, Special Counsel to the Board, or external counsel, is considered confidential if it is not intended to be disclosed to third persons other than those to whom the disclosure is made in furtherance of the rendition of professional legal services to the District and/or the Board or those reasonably necessary for the transmission of the communication. The attorney-client privilege belongs to the Board, as a whole, and the privilege may not be waived except by the Board, as a whole. Any unauthorized disclosure of an attorney-client communication is strictly prohibited.

## **11.0 AUDITORS AND AUDIT REPORTING**

**11.1 Internal Auditor(s).** TRWD shall employ an internal auditor who will oversee, facilitate, and assist with TRWD's internal audit function. TRWD may also employ other audit personnel or independently contract with audit personnel to assist with TRWD's internal audit function.

To provide independence and objectivity in TRWD's internal audit function, the internal auditor and any internal audit personnel shall report functionally to the Finance and Audit Committee and TRWD's Board and administratively to the Deputy General Manager. The internal auditor will serve as the liaison between TRWD's administration and the Finance and Audit Committee and Board with respect to the internal audit function. The internal auditor will cooperate with other departments or divisions within TRWD as necessary to effectively perform the duties and responsibilities of the internal auditor while maintaining the independence of the internal audit function.

The Board may also approve and retain private auditors or a private auditing firm, for up to a five-year period, based on the recommendation of the Finance and Audit Committee and the internal auditor, to assist TRWD with its internal audit function. The private auditors or private auditing firm assisting with TRWD's internal audit function shall cooperate with the internal auditor and any TRWD personnel, but shall report to the Finance and Audit Committee and the Board.

**11.2 External Auditor(s).** External auditors shall be approved and retained by the Board with the recommendation of the Finance and Audit Committee and the Chief Financial Officer. The external auditor will cooperate with, but function independently of, TRWD's executive management, the internal auditor, and TRWD staff.

The Board shall select an external auditor for provision of audit services for up to a five-year period.

TRWD's external audit examination shall be conducted in accordance with generally accepted auditing standards and shall include all funds over which the Board has direct or supervisory control.

When a circumstance occurs in which the external auditors feel that information should be brought directly to the Board, this matter shall be communicated to the Finance and Audit Committee, who shall in turn inform the full Board. The members of the Finance and Audit Committee are obligated to report such opinions or findings directly to the Board.

The auditors' final report, which shall include a letter to management, shall be submitted directly to the Finance and Audit Committee and subsequently presented to the whole Board.

**11.3 Audited Financial Reports.** TRWD’s audited financial reports shall be prepared in accordance with Generally Accepted Accounting Principles as defined by the Governmental Accounting Standards Board and presented in “Audits of State and Local Government Units” and “Governmental Accounting and Financial Reporting Standards.”

## TARRANT REGIONAL WATER DISTRICT

### AGENDA ITEM 5

**DATE:** October 19, 2021

**SUBJECT:** CONSIDER APPROVAL OF ORDER AUTHORIZING THE ISSUANCE OF TARRANT REGIONAL WATER DISTRICT, A WATER CONTROL AND IMPROVEMENT DISTRICT, UNLIMITED TAX REFUNDING BONDS; LEVYING AN AD VALOREM TAX IN SUPPORT OF THE BONDS; ESTABLISHING THE PROCEDURES OF SELLING AND DELIVERING THE BONDS; AND AUTHORIZING OTHER MATTERS RELATED TO THE ISSUANCE OF THE BONDS

**FUNDING:** N/A

#### **RECOMMENDATION:**

Management recommends approval of a resolution authorizing the issuance of Tarrant Regional Water District, a Water Control and Improvement District, Unlimited Tax Refunding Bonds; Levying an Ad Valorem Tax in support of the Bonds; establishing the procedures of selling and delivering the bonds; and authorizing other matters related to the issuance of the bonds.

#### **DISCUSSION:**

The resolution authorizes the sale of Unlimited Tax Refunding Bonds to refund any ECP Bonds Series B outstanding under the District's Extendable Commercial Paper Financing Program. This resolution gives the District the flexibility to refund the Extendable Commercial Paper Bonds ("ECP") to long-term fixed rate bonds at any time over the next 12 months. This resolution is necessary should the District need quick access to the bond market if the ECP Bonds are no longer marketable at a cost effective interest rate. The decision to refund will depend on the market conditions, costs and/or market accessibility.

Please see attached the resolution for the sale.

This item was reviewed by the Finance and Audit Committee on October 11, 2021.

#### **Submitted By:**

Sandy Newby  
Chief Financial Officer

CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS :  
COUNTY OF TARRANT :  
TARRANT REGIONAL WATER DISTRICT,  
A WATER CONTROL AND IMPROVEMENT DISTRICT :

We, the undersigned officers of the Board of Directors of said District, hereby certify as follows:

1. The Board of Directors of said District convened in REGULAR MEETING ON THE 19TH DAY OF OCTOBER, 2021, at the regular designated meeting place, and the roll was called of the duly constituted officers and members of said Board, to-wit:

- Leah King, President
- James Hill, Vice President
- Jim Lane, Secretary
- Marty Leonard, Director
- Mary Kelleher, Director

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

ORDER AUTHORIZING THE ISSUANCE OF TARRANT REGIONAL WATER DISTRICT, A WATER CONTROL AND IMPROVEMENT DISTRICT, UNLIMITED TAX REFUNDING BONDS; LEVYING AN AD VALOREM TAX IN SUPPORT OF THE BONDS; ESTABLISHING THE PROCEDURES OF SELLING AND DELIVERING THE BONDS; AND AUTHORIZING OTHER MATTERS RELATED TO THE ISSUANCE OF THE BONDS

was duly introduced for the consideration of said Board and read in full. It was then duly moved and seconded that said Resolution be passed; and, after due discussion, said motion, carrying with it the passage of said Resolution, prevailed and carried by the following vote:

AYES: All members of said Board shown present above voted "Aye"; except \_\_\_\_\_.

NOES: \_\_\_\_\_.

ABSTENTION: \_\_\_\_\_.

2. That a true, full, and correct copy of the aforesaid Resolution passed at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; that said Resolution has been duly recorded in said Board's minutes of said Meeting; that the above and foregoing paragraph is a true, full, and correct excerpt from said Board's minutes of said Meeting pertaining to the passage of said Resolution; that the persons named in the above and foregoing

paragraph are the duly chosen, qualified, and acting officers and members of said Board as indicated therein; that each of the officers and members of said Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the aforesaid Meeting, and that said Resolution would be introduced and considered for passage at said Meeting, and each of said officers and members consented, in advance, to the holding of said Meeting for such purpose; and that said Meeting was open to the public, and public notice of the time, place, and purpose of said Meeting was given all as required by Chapter 551, Texas Government Code.

SIGNED AND SEALED the 19th day of October, 2021.

---

Secretary, Board of Directors

---

President, Board of Directors

(SEAL)

ORDER AUTHORIZING THE ISSUANCE OF TARRANT REGIONAL WATER DISTRICT, A WATER CONTROL AND IMPROVEMENT DISTRICT, UNLIMITED TAX REFUNDING BONDS; LEVYING AN AD VALOREM TAX IN SUPPORT OF THE BONDS; ESTABLISHING THE PROCEDURES OF SELLING AND DELIVERING THE BONDS; AND AUTHORIZING OTHER MATTERS RELATED TO THE ISSUANCE OF THE BONDS

THE STATE OF TEXAS §  
COUNTY OF TARRANT §  
TARRANT REGIONAL WATER DISTRICT  
A WATER CONTROL AND IMPROVEMENT DISTRICT §

**WHEREAS**, Tarrant Regional Water District, a Water Control and Improvement District, (formerly known as "Tarrant County Water Control and Improvement District Number One") (the "Issuer" or the "District") is a political subdivision of the State of Texas, being a conservation and reclamation district created and functioning under Article 16, Section 59 of the Texas Constitution, pursuant to the 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, Regular Session, as amended (collectively the "District Act"); and

**WHEREAS**, among other bonds, pursuant to a Master Resolution Establishing the Tarrant Regional Water District, A Water Control and Improvement District Extendable Commercial Paper Financing Program, Series B And Authorizing Extendable Commercial Paper Mode Bonds, Series B, adopted on October 16, 2018 (the "Master Resolution"), the Issuer has previously authorized to be outstanding the following described bonds:

Tarrant Regional Water District, a Water Control and Improvement District Extendable Commercial Paper Mode, Series B (Tax-Exempt) and Tarrant Regional Water District, a Water Control and Improvement District Extendable Commercial Paper Mode Bonds, Series B (Taxable), in the original principal amount not to exceed \$150,000,000 (collectively, the "ECP Series B Bonds"); and

**WHEREAS**, at an election held on May 5, 2018 (the "Bond Election"), the voters of the District authorized the Board of Directors (the "Board") of the District to issue bonds of the District maturing serially or otherwise over a period or periods not exceeding forty (40) years from their date or dates, bearing interest at a rate not to exceed the maximum authorized by law at the time such bonds are issued (in whole or in part thereof), all as may be determined by the Board, in the maximum amount of two hundred fifty million dollars (\$250,000,000) for the purpose of purchasing, constructing, acquiring, owning, leasing, operating, repairing, improving, or extending land, improvements, facilities, plants, equipment, and appliances for flood control and drainage facilities in order to gather, conduct, divert, and control local harmful excesses of water, as well as all expenses in any manner incidental thereto, all in accordance with the engineer's report filed in the office of the district; making payments under contracts pursuant to section 49.213 of the Texas Water Code; refunding bond anticipation notes; and paying such expenses as are incidental to the administration and financing of the District, which under applicable law may properly be paid from the proceeds of such bonds; and in an amount not in excess of one and one-half times the amount of bonds or other evidences of indebtedness previously issued by the District for the purpose of

refunding any bonds or other evidences of indebtedness issued by the District for any of the foregoing purposes; and shall the Board be authorized to provide for the payment of the principal of and the interest and redemption price on all of such bonds by the levy and collection annually of a sufficient tax upon all taxable property within the District which, together with other funds of the district available therefor, will be sufficient to pay the bonds, as authorized by the Constitution and laws of the State of Texas, including particularly (but not by way of limitation Chapter 268, Acts of the 55th Legislature of the State of Texas, Regular Session, 1957, as amended) Chapters 49 and 51 of the Texas Water Code, to the extent applicable, together with all amendments and additions thereto.

**WHEREAS**, the District now desires to issue refunding bonds to refund all or part of the of the outstanding ECP Series B Bonds (the "Refundable Bonds," and those Refundable Bonds designated by the Authorized Officer in the Approval Certificate, each as defined herein, the "Refunded Bonds"); and

**WHEREAS**, all the Refunded Bonds mature or are subject to redemption prior to maturity within 20 years of the date of the bonds hereinafter authorized; and

**WHEREAS**, the refunding bonds hereafter authorized are being issued and delivered pursuant to Chapter 1207, Texas Government Code, as amended ("Chapter 1207"); and

**WHEREAS**, Chapter 1207 authorizes the District to issue refunding bonds and to deposit the proceeds from the sale thereof together with any other available funds or resources, directly with a place of payment (paying agent) for the Refunded Bonds or eligible trust company or commercial bank, and such deposit, if made before such payment dates, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Bonds; and

**WHEREAS**, Chapter 1207 further authorizes the District to enter into an escrow or similar agreement with respect to the safekeeping, investment, reinvestment, administration and disposition of any such deposit; and

**WHEREAS**, the Deposit Agreement hereinafter authorized, constitutes an agreement of the kind authorized and permitted by Chapter 1207; and

**WHEREAS**, the Board hereby specifies that to the extent the principal amount of the refunding bonds authorized hereby, together with any net premium thereon, exceeds the principal amount of the Refunded Bonds, such difference shall be counted against the amount authorized by the Bond Election for refunding purposes; and

**WHEREAS**, the issuance of the Bonds and the application of the proceeds of the Bonds to refund the Refunded Bonds, which consist of bonds in an extendable commercial paper mode, makes it impracticable to determine the maximum amount by which the aggregate amount of payments to be made under the Bonds exceeds the aggregate amount of payments that would have been made under the terms of the Refunded Bonds for purposes of Section 1207.008(a)(2), Texas Government Code; and

**WHEREAS**, the Board of Directors of the District deems it advisable and in the best interest of the District to refund the Refunded Bonds, among other information and terms to be included in a Approval Certificate to be executed by the Authorized Officer, both as hereinafter defined, all in accordance with the provisions of Chapters 1207 including Section 1207.007 thereof, and 1371, Texas Government Code, as amended.

**THEREFORE, BE IT ORDERED BY THE BOARD OF DIRECTORS OF TARRANT REGIONAL WATER DISTRICT, A WATER CONTROL AND IMPROVEMENT DISTRICT:**

## **ARTICLE ONE**

### **PREAMBLE**

**SECTION 1.01**      **INCORPORATION OF PREAMBLE.** The Board of Directors of the District hereby incorporates the recitals set forth in the preamble hereto as if set forth in full at this place and further finds and determines that the recitals are true and correct.

## **ARTICLE TWO**

### **DEFINITIONS AND INTERPRETATIONS**

**SECTION 2.01.**      **DEFINITIONS.** When used in this Order, except in Article Six, and in any resolution or order amendatory or supplemental hereto, the terms listed below shall have the meanings specified below, unless it is otherwise expressly provided or unless the context otherwise requires:

"Additional Bonds" means the additional bonds payable from ad valorem taxes which the Board of Directors expressly reserves the right to issue in Section 11.01 of this Order.

"Approval Certificate" means the certificate to be executed and delivered pursuant to Section 3.02 hereof in connection with the issuance of the Bonds.

"Authorized Denominations" means the denomination of \$5,000 or any integral multiple thereof with respect to the Bonds.

"Authorized Investments" means authorized obligations as set forth in the Public Funds Investment Act, Chapter 2256, Texas Government Code and the District's Investment Policy.

"Authorized Officer" means the President, Vice President, Secretary or Assistant Secretary of the District.

"Authorized Representative" means the General Manager, the Deputy General Manager, and the Chief Financial Officer of the District authorized, appointed, and designated to act on behalf of the District as provided herein.

"Bank" means U.S. Bank National Association, as paying agent for the Refunded Bonds.

"Board of Directors" or "Board" means the governing body of the District.

"Bond Election" means the election held on May 5, 2018, at which the issuance of a maximum amount of \$250,000,000 in bonds was authorized to be issued by the District for the purpose of providing flood control and drainage facilities and an amount not exceeding one and one-half times the amount of bonds or other evidences of indebtedness previously issued by the District was authorized for the purpose of refunding bonds or other obligations of the District issued for providing flood control and drainage facilities.

"Bond Order" or "Order" means, this Order of the Board of Directors authorizing the issuance of the Bonds.

"Bonds" means the Bonds, as defined in section 3.01 of the Order, issued and delivered pursuant to this Order and all substitute Bonds exchanged therefor, as well as all other substitute bonds and replacement bonds issued pursuant hereto, and the term "Bond" shall mean any of the Bonds.

"Business Day" means any day which is not a Saturday, Sunday, or day on which the Paying Agent/Registrar is authorized by law or executive order to remain closed.

"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 of Directors adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide 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, and (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 of Directors adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide 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 no less than "AAA" or its equivalent.

"Deposit Agreement" means the agreement by and between the District and the Bank relating to the defeasance of the Refunded Bonds.

"District" or "Issuer" means Tarrant Regional Water District, A Water control and Improvement District and any other public agency succeeding to the powers, rights, privileges, and functions of the District and, when appropriate, the Board of Directors of the District.

"DTC" means The Depository Trust Company of New York.

"ECP Series B Bonds" means the ECP Series B Bonds as defined in the Preamble hereto.

"Exchange Bonds" means Bonds registered, authenticated, and delivered by the Registrar, as provided in Section 4.01 of this Order.

"Federal Securities" means direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America (including Interest Strips of the Resolution Funding Corporation).

"Fiscal Year" means the twelve-month accounting period for the District, which presently is the twelve-month period beginning on October 1 of each year and ending on September 30 of the following year, but which may be changed from time to time by the Board of Directors.

"Initial Bond" means the Bond authorized, issued, and initially delivered as provided in Section 3.02 of this Order.

"Interest Payment Date" means a date on which interest on the Bonds is due and payable. Interest on the Bonds is due and payable semi-annually on each March 15 and September 15, commencing on the Interest Payment Date set forth in the Approval Certificate thereafter until the earlier of maturity or redemption.

"Issuance Date" means the date of initial delivery of the Bonds to the Underwriter.

"Master Resolution" means the Master Resolution as defined in the Preamble hereto.

"MSRB" means the Municipal Securities Rulemaking Board.

"Outstanding" when used with reference to Bonds, means, as of a particular date, all Bonds theretofore and thereupon delivered except; (a) any Bond canceled by or on behalf of the District at or before said date, (b) any Bond defeased or no longer considered Outstanding pursuant to the provisions of this Order or otherwise defeased as permitted by applicable law and (c) any such Bond in lieu of or in substitution for which another Bond shall have been delivered pursuant to this Order.

"Paying Agent/Registrar" or "Registrar" means BOKF, NA, or such other bank, trust company, financial institution, or other entity as may hereafter be designated by the District to act as paying agent and registrar for the Bonds in accordance with the terms of this Order.

"Record Date" means the last calendar day of the month immediately preceding an Interest Payment Date whether or not a business day.

"Redemption Date" means a date fixed for redemption of any Bond pursuant to the terms of this Order.

"Refundable Bonds" means any of the Refundable Bonds as defined in the Preamble hereto.

"Refunded Bonds" means those Refundable Bonds to be refunded as designated by the Authorized Representative in the Approval Certificate.

"Register" means the registry system maintained on behalf of the District by the Registrar in which are listed the names and addresses of the Registered Owners and the principal amount of Bonds registered in the name of each Registered Owner.

"Registered Owner" means any person or entity in whose name a Bond is registered.

"Replacement Bonds" means the Bonds authorized by the District to be issued in substitution for lost, apparently destroyed, or wrongfully taken Bonds as provided in Section 4.02 of this Order.

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

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

"Underwriter" means the initial purchaser or purchasers of the Bonds.

**SECTION 2.02. INTERPRETATIONS.** The titles and headings of the articles and sections and the page numbers of this Order have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof. This Order and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of the Bonds and the validity of the taxes levied in payment thereof.

### **ARTICLE THREE**

#### **AUTHORIZATION, REGISTRATION, EXECUTION, AND AUTHENTICATION OF BONDS**

**SECTION 3.01. AMOUNT, NAME, PURPOSE, AND AUTHORIZATION.** Each Bond issued pursuant to this Order shall be issued under and by virtue of the Constitution and laws of the State of Texas, including particularly Article XVI, Section 59 of the Texas Constitution, the District Act, Chapters 1207 and 1371, Texas Government Code, as amended, and, to the extent applicable, Chapters 49 and 51, Texas Water Code, as amended, and shall be known and designated as "Tarrant Regional Water District, A Water Control and Improvement District Unlimited Tax Refunding Bonds," shall be dated the date and shall be issued in the aggregate principal amount set forth in the Approval Certificate (but in no event to exceed one and one-half times the amount of the Refunded Bonds) for the purpose of refunding the Refunded Bonds and paying certain costs of issuing the Bonds. The authority of the Authorized Representative to execute the Approval Certificate shall expire on October 19, 2022. Bonds priced on or before October 19, 2022, may close after such date.

**SECTION 3.02. FORM, DATE, NUMBERS, AND DENOMINATION.** (a) There initially shall be issued, sold and delivered fully registered bonds, without interest coupons, numbered consecutively from R-1 upward (except the initial Bonds delivered to the Attorney General of the State of Texas which shall be numbered T-1), payable to the respective initial Registered Owners thereof, or to the registered assignee or assignees of said Bonds or any portion or portions thereof, in Authorized Denominations, maturing not later than forty (40) years from their

date, serially or otherwise on the dates, in the years and in the principal amounts, respectively, all as set forth in the Approval Certificate to be executed and delivered by the Authorized Representative pursuant to subsection (b) of this Section. The Approval Certificate is hereby incorporated in and made a part of this Order and shall be filed in the minutes of the Board as a part of this Order.

(b) As authorized by Chapters 1207 and 1371, Texas Government Code, as amended, the General Manager, the Deputy General Manager, and the Chief Financial Officer of the Issuer are each hereby designated as an "Authorized Representative" of the Issuer, and each is hereby authorized, appointed, and designated as the officer or employee of the Issuer authorized to act on behalf of the Issuer, which actions shall be evidenced by a certificate executed by such Authorized Representative (the "Approval Certificate") for a period not to extend beyond October 19, 2022, in selling and delivering the Bonds, determining which of the Refundable Bonds shall be refunded and constitute "Refunded Bonds" in this Order and carrying out the other procedures specified in this Order, including the use of a book-entry only system with respect to the Bonds and the execution of an appropriate letter of representations if deemed appropriate, the determining and fixing of the date and the date of delivery of the Bonds, any additional or different designation or title by which the Bond shall be known (including, if the Bonds are issued on a taxable basis, inclusion of an appropriate designation as such), the price at which the Bonds will be sold (but in no event less than 95% of the principal amount of the Bonds), the principal amount (but in no event to exceed one and one-half times the amount of the Refunded Bonds) of the Bonds, the amount of each maturity of principal thereof, the due date of each such maturity (not exceeding forty years from the date of the Bonds), the rate of interest, to be borne by each such maturity (but in no event to result in the net effective interest rate on the Bonds exceeding 10% per annum), the initial interest payment date, the date or dates of any optional redemption thereof, any mandatory sinking fund redemption provisions, and approving modifications to this Order and executing such instruments, documents and agreements as may be necessary with respect thereto, and all other matters relating to the issuance, sale and delivery of the Bonds and the refunding of the Refunded Bonds.

(c) The Bonds shall bear interest calculated on the basis of a 360-day year composed of twelve 30-day months from the dates specified in the FORM OF BOND set forth in this Order to their respective dates of maturity or redemption at the rates per annum set forth in the Approval Certificate.

**SECTION 3.03. PAYMENT OF PRINCIPAL AND INTEREST.** The Registrar is hereby appointed as the paying agent for the Bonds. The principal of the Bonds, shall be payable, without exchange or collection charges, in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United States of America, upon their presentation and surrender as they become due and payable, whether at maturity or by prior redemption in the case of the Bonds, at the designated office for payment of the Registrar. The interest on each Bond shall be payable as provided in the Form of Bond by check payable on the Interest Payment Date, mailed by the Registrar on or before each Interest Payment Date to the Registered Owner as shown on the Register on the Record Date or, at the request of a Registered Owner, and at the Registered Owner's risk and expense, in such other manner as may be acceptable to the Registered Owner and the Registrar. Any accrued interest payable at maturity or

earlier redemption, in the case of the Bonds, shall be paid upon presentation and surrender of the Bond to which such interest appertains.

If the date for payment on any Bond is a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the Registrar is located are authorized by law or executive order to close, or the United States Postal Service is not open for business, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or a day on which banking institutions are authorized by law or executive order to close, and payment on such date shall have the same force and effect as if made on the original date payment was due.

**SECTION 3.04. SUCCESSOR REGISTRARS.** The District covenants that at all times while any Bonds are outstanding it will provide a bank, trust company, financial institution or other entity duly qualified and duly authorized to act as Registrar for the Bonds. The District reserves the right to change the Registrar on not less than 30 days written notice to the Registrar, so long as any such notice is effective at such time as to not disrupt payment on the next succeeding principal or interest payment date on the Bonds. Promptly upon the appointment of any successor Registrar, the previous Registrar shall deliver the Register or copies thereof to the new Registrar, and the new Registrar shall notify each Registered Owner, by United States mail, first-class postage prepaid, of such change and of the address of the new Registrar. Each Registrar hereunder, by acting in that capacity, shall be deemed to have agreed to the provisions of this Section.

**SECTION 3.05. SPECIAL RECORD DATE.** If interest on any Bond is not paid on any Interest Payment Date and continues unpaid for 30 days thereafter, the Registrar shall establish a new record date for the payment of such interest, to be known as a Special Record Date. The Registrar shall establish a Special Record Date when funds to make such interest payment are received from or on behalf of the District. Such Special Record Date shall be 15 days prior to the date fixed for payment of such past due interest, and notice of the date of payment and the Special Record Date shall be sent by United States mail, first-class, postage prepaid, not later than 5 days prior to the Special Record Date, to each affected Registered Owner of record as of the close of business on the day prior to the mailing of such notice.

**SECTION 3.06. REGISTERED OWNERS.** The District, the Registrar and any other person may treat the person in whose name any Bond is registered as the absolute Registered Owner of such Bond for the purpose of making payment of principal or interest on such Bond, and for all other purposes, whether or not such Bond is overdue, and neither the District, nor the Registrar shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the Registered Owner of any Bond in accordance with this Section 3.06 shall be valid and effectual and shall discharge the liability of the District and the Registrar upon such Bond to the extent of the sums paid.

**SECTION 3.07. EXECUTION OF BONDS.** The Bonds shall be signed on behalf of the District by the President of the Board of Directors and attested by the Secretary, by their manual, lithographed, or facsimile signatures, and the official seal of the District shall be impressed or placed in facsimile thereon. The facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and the facsimile seal

on the Bonds shall have the same effect as if the official seal of the District had been manually impressed upon each of the Bonds. If any officer of the District whose manual or facsimile signature appears on the Bonds shall cease to be such officer before the authentication of such Bonds or before the delivery of such Bonds, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in such office.

**SECTION 3.09. AUTHENTICATION.** The Initial Bond shall bear thereon a certificate of registration of the Comptroller of Public Accounts of the State of Texas, substantially in the form provided in Section 6.02 of this Order, manually executed by the Comptroller or a duly authorized deputy. All other Bonds shall bear a certificate of authentication, substantially in the form provided in Section 6.03 of this Order, manually executed by an authorized officer of the Registrar. No Bond shall be valid or obligatory for any purpose unless either the registration certificate of the Comptroller or the authentication certificate of the Registrar has been signed by a duly authorized officer thereof.

## **ARTICLE FOUR**

### **REGISTRATION, TRANSFER, AND EXCHANGE**

**SECTION 4.01. REGISTRATION, TRANSFER, AND EXCHANGE.** So long as any Bonds remain outstanding, the Registrar shall keep at its designated office for payment the Register, in which, subject to such reasonable regulations as it may prescribe, the Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of this Order.

Each Bond shall be transferable only upon the presentation and surrender thereof at the designated office for payment of the Registrar, duly endorsed for transfer, or accompanied by an assignment duly executed by the Registered Owner or an authorized representative in form satisfactory to the Registrar. Upon due presentation of any Bond for transfer, the Registrar shall authenticate and deliver in exchange therefor, within 72 hours after such presentation, a new Bond or Bonds of the same type, registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount, and bearing interest at the same rate as the Bond or Bonds so presented.

All Bonds shall be exchangeable upon presentation and surrender thereof at the designated office for payment of the Registrar for a Bond or Bonds of the same maturity and interest rate and in any authorized denomination, in an aggregate principal amount equal to the unpaid principal amount of the Bond or Bonds presented for exchange. The Registrar shall be and is hereby authorized to authenticate and deliver exchange Bonds in accordance with the provisions of this Section 4.01. Each Bond delivered in accordance with this Section 4.01 shall be entitled to the benefits and security of this Order to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

The District or the Registrar may require the Registered Owner of any Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Bond. Any fee or charge of the Registrar for such transfer or exchange shall be paid by the District.

**SECTION 4.02. MUTILATED, LOST, OR STOLEN BONDS.** Upon the presentation and surrender to the Registrar of a mutilated Bond, the Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, destroyed, or wrongfully taken, the District, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall execute and the Registrar shall authenticate and deliver a replacement Bond of like amount, bearing a number not contemporaneously outstanding.

The District or the Registrar may require the Registered Owner of a mutilated Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith and any other expenses connected therewith, including the fees and expenses of the Registrar. The District or the Registrar may require the Registered Owner of a lost, destroyed or wrongfully taken Bond, before any replacement Bond is issued, to:

- (a) furnish to the District and the Registrar satisfactory evidence of the ownership of and the circumstances of the loss, destruction or theft of such Bond;
- (b) furnish such security or indemnity as may be required by the Registrar and the District to save them harmless;
- (c) pay all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Registrar and any tax or other governmental charge that may be imposed; and
- (d) meet any other reasonable requirements of the District and the Registrar.

If, after the delivery of such replacement Bond, a bona fide purchaser of the original Bond which such replacement Bond was issued presents for payment such original Bond, the District and the Registrar shall be entitled to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the District or the Registrar in connection therewith.

If any such mutilated, lost, destroyed or wrongfully taken Bond has become or is about to become due and payable, the District in its discretion may, instead of issuing a replacement Bond, authorize the Registrar to pay such Bond.

Each replacement Bond delivered in accordance with this Section 4.02 shall be entitled to the benefits and security of this Order to the same extent as the Bond or Bonds in lieu of which such replacement is delivered.

**SECTION 4.03. BOOK-ENTRY-ONLY SYSTEM.** (a) The Bonds issued in exchange for the Initial Bond shall be issued in the form of a separate single fully registered Bond

for each of the maturities thereof registered in the name of Cede & Co., as nominee of DTC and except as provided in subsection (b) hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

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

(b) Successor Securities Depository; Transfer Outside Book-Entry-Only System. In the event that the District determines to discontinue the book-entry system through DTC or a successor or DTC determines to discontinue providing its services with respect to the Bonds, the District shall either (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Register Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name

or names the Registered Owner transferring or exchanging Bond shall designate, in accordance with the provisions of this Order.

(c) Payments to Cede & Co. Notwithstanding any other provision of this Order to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Letter of Representations of the District to DTC.

(d) DTC Blanket Letter of Representations. The District authorizes execution of a Blanket Issuer Letter of Representations with DTC establishing the Book-Entry-Only System which will be utilized with respect to the Bonds.

(e) Cancellation of Initial Bond. On the closing date, one Initial Bond representing the entire principal amount of the Bonds, payable in stated installments to the order of the Underwriter of the Bonds or its designee set forth in Section 15.01 of this Order, executed by manual or facsimile signature of the President and Secretary, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to such Underwriter or its designee set forth in Section 15.01 of this Order. Upon payment for the Initial Bond, the Registrar shall cancel the Initial Bond and deliver to DTC on behalf of such Underwriter one registered definitive Bond for each year of maturity of the Bonds, in the aggregate principal amount of all the Bonds for such maturity.

**SECTION 4.04.**      **CANCELLATION OF BONDS.** All Bonds paid in accordance with this Order, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated, registered, and delivered in accordance herewith, shall be canceled and disposed of upon the making of proper records regarding such payment, redemption, exchange, or replacement. The Registrar shall furnish the District with appropriate certificates of disposition of such Bonds.

## **ARTICLE FIVE**

### **REDEMPTION OF BONDS BEFORE MATURITY**

**SECTION 5.01.**      **REDEMPTION OF BONDS.** The Bonds shall be subject to redemption, including redemption at the option of the District, as set forth in the FORM OF BOND in Section 6.01.

## **ARTICLE SIX**

### **FORM OF BOND**

**SECTION 6.01.**      **FORM OF BOND.** The Bonds authorized by this Order shall be in substantially the following form, with such omissions, insertions, and variations, including variations in form, spacing, and style, as may be necessary and desirable and consistent with the terms of this Order and the Approval Certificate. The District shall provide sufficient printed bond

forms, duly executed by the District, to the Registrar for registration, authentication, and delivery of the Bonds in accordance with the provisions of this Order.

**FORM OF BOND**

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

As provided in the Bond Order referred to herein, until the termination of the system of book-entry-only transfers through DTC, and notwithstanding any other provision of the Bond Order to the contrary, this Bond may be transferred, in whole but not in part, only to a nominee of DTC, or by a nominee of DTC to DTC or a nominee of DTC, or by DTC or a nominee of DTC to any successor securities depository or any nominee thereof.

**UNITED STATES OF AMERICA  
STATE OF TEXAS**

**TARRANT REGIONAL WATER DISTRICT,  
A WATER CONTROL AND IMPROVEMENT DISTRICT  
ECP SERIES B UNLIMITED TAX REFUNDING BONDS**

**NO. R-**

**PRINCIPAL  
AMOUNT**

\$\_\_\_\_\_

**INTEREST RATE    DATE OF BONDS    MATURITY DATE    CUSIP NO.**

\_\_\_\_\_, \_\_\_\_\*                      **September 15,** \_\_\_\_

**REGISTERED OWNER:**

**PRINCIPAL AMOUNT:**

**ON THE MATURITY DATE** specified above, **TARRANT REGIONAL WATER DISTRICT, A WATER CONTROL AND IMPROVEMENT DISTRICT** (the "District"), being a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assign (hereinafter called the "Registered Owner") the principal amount set forth above, and to pay interest thereon (calculated on the basis of a 360-day year of twelve 30-

\* From Approval Certificate.

day months) from \_\_\_\_\_, \_\_\_\_\*, at the interest rate per annum specified above. Interest is payable semiannually on each March 15 and September 15 (each, an "Interest Payment Date"), commencing on \_\_\_\_\_15, \_\_\_\_\*, to the maturity date specified above, or the date of redemption prior to maturity, at the interest rate per annum specified above; except that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the Interest Payment Date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following Interest Payment Date, in which case such principal amount shall bear interest from such next following Interest Payment Date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged or converted from is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full. Notwithstanding the foregoing, during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, any payment to the securities depository, or its nominee or registered assigns, shall be made in accordance with existing arrangements between the District and the securities depository.

**THE PRINCIPAL OF AND INTEREST ON** this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the Registered Owner hereof upon presentation and surrender of this Bond at maturity or upon the date fixed for its redemption prior to maturity at BOKF, NA, which is the "Registrar" or "Paying Agent/Registrar" for this Bond at its designated office for payment in Dallas, Texas. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each Interest Payment Date by check or draft, dated as of such Interest Payment Date, drawn by the Registrar on, and payable solely from, funds of the District required by the order authorizing the issuance of the Bonds (the "Bond Order") to be on deposit with the Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Registrar by United States mail, first-class postage prepaid, on or before each such Interest Payment Date, to the Registered Owner hereof, at its address as it appeared on the last calendar day of the month next preceding each such date (the "Record Date") on the Register kept by the Registrar listing the names and addresses of the Registered Owners (the "Register"). In addition, interest may be paid by such other method, acceptable to the Registrar, requested by, and at the risk and expense of, the Registered Owner. In the event of a non-payment of interest on a scheduled payment date, and for 30 calendar days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the District. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 calendar days after the Special Record Date) shall be sent at least 5 business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Registered Owner as it appears on the Register at the close of business on the last business day next preceding the date of mailing of such notice. Notwithstanding the foregoing, during any period in which ownership of the Bond is determined only by a book entry at a securities depository for the Bonds, any payment to the securities depository, or its nominee or registered assigns, shall be made in accordance with existing arrangements between the District and the securities depository.

**ANY ACCRUED INTEREST** due at maturity or upon the redemption of this Bond prior to maturity as provided herein shall be paid to the Registered Owner upon presentation and

surrender of this Bond for payment at the designated office for payment of the Paying Agent/Registrar. The District covenants with the Registered Owner of this Bond that on or before each principal payment date, interest payment date, and any redemption date for this Bond it will make available to the Registrar, from the "Debt Service Fund" created by the Bond Order, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

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

**THIS BOND** is one of a series of Bonds dated as of \_\_\_\_\_, \_\_\_\_\* and authorized to be issued pursuant to the Bond Order adopted by the Board of Directors of the District in the principal amount of \$ \_\_\_\_\_\* **FOR THE PURPOSE OF REFUNDING BONDS OF THAT ISSUE OF TARRANT REGIONAL WATER DISTRICT, A WATER CONTROL AND IMPROVEMENT DISTRICT EXTENDABLE COMMERCIAL PAPER MODE BONDS, SERIES B AND PAYING CERTAIN COSTS OF ISSUING THE BONDS.**

**ON SEPTEMBER 15, \_\_\_\_\*, OR ON ANY DATE THEREAFTER,** the Bonds maturing on and after September 15, \_\_\_\_\*, may be redeemed prior to their scheduled maturities, at the option of the District, with funds derived from any available and lawful source, at a redemption price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption as a whole, or from time to time in part, and, if in part, the particular Bonds, or portions thereof, to be redeemed shall be selected and designated by the District, and if less than all of a maturity is to be redeemed the Registrar shall determine by lot or other customary method of random selection the Bonds, or portions thereof within such maturity to be redeemed (provided that a portion of a Bond may be redeemed only in integral multiples of \$5,000 of principal amount).

**\*\*[THE BONDS MATURING ON \_\_\_\_\_ AND \_\_\_\_\_** (the "Term Bonds") are subject to mandatory sinking fund redemption by lot prior to maturity in the following amounts on the following dates and at a price of par plus accrued interest to the redemption date.

**Term Bonds Maturing on \_\_\_\_\_**

Redemption Date

Principal Amount

\* From Approval Certificate.

\*\* From Approval Certificate, if applicable.

Term Bonds Maturing on \_\_\_\_\_

Redemption Date

Principal Amount

**THE PRINCIPAL AMOUNT** of the Term Bonds required to be redeemed pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the direction of the District by the principal amount of any Term Bonds of the stated maturity which, at least 50 days prior to a mandatory redemption date, (1) shall have been acquired by the District at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the District with monies in the Debt Service Fund at a price not exceeding the principal amount of the Term Bonds plus accrued interest to the date of purchase thereof, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory sinking fund redemption requirement.]

**AT LEAST** 30 calendar days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity a written notice of such redemption shall be sent by the Registrar by United States mail, first-class postage prepaid, to the Registered Owner of each Bond to be redeemed at its address as it appeared on the Register on the 45th calendar day prior to such redemption date at least 30 days prior to the date fixed for redemption and to major securities depositories and bond information services. By the date fixed for any such redemption due provision shall be made with the Registrar for the payment of the required redemption price for the Bonds or portions for which such payment is made, all as provided above. The Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the Registered Owner to receive the redemption price from the Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed, a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any authorized denomination or denominations, at the written request of the Registered Owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Registered Owner upon the surrender thereof for cancellation, at the expense of the District, all as provided in the Bond Order.

**DURING ANY PERIOD** in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the District and the securities depository.

**WITH RESPECT TO** any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Bond Order have been met and moneys sufficient to pay the

principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the District, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the District shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

**ALL BONDS OF THIS SERIES** are issuable solely as fully registered Bonds, without interest coupons, in the principal denomination of any integral multiple of \$5,000. As provided in the Bond Order, this Bond may, at the request of the Registered Owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate amount of fully registered Bonds, without interest coupons, payable to the appropriate Registered Owner, assignee or assignees, as the case may be, having any authorized denomination or denominations as requested in writing by the appropriate Registered Owner, assignee or assignees, as the case may be, upon surrender of this Bond to the Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Order. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Registrar, evidencing assignment of this Bond or any portion or portions hereof in any authorized denomination to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be registered. The Form of Assignment printed or endorsed on this Bond may be executed by the Registered Owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the Registered Owner. The Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Bond or portion thereof will be paid by the District. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Registrar shall not be required to make any such transfer, conversion or exchange of any Bond or any portion thereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or Interest Payment Date or (ii) within 45 calendar days prior to its redemption date; provided, however, such limitation on transferability shall not be applicable to an exchange by the Registered Owner of the unredeemed balance hereof in the event of its redemption in part.

**WHENEVER** the beneficial ownership of this Bond is determined by a book entry at a securities depository for the Bonds, the foregoing requirements of holding, delivering or transferring this Bond shall be modified to require the appropriate person or entity to meet the requirements of the securities depository as to registering or transferring the book entry to produce the same effect.

**IN THE EVENT** any Registrar for the Bonds is changed by the District, resigns, or otherwise ceases to act as such, the District has covenanted in the Bond Order that it promptly will

appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the Registered Owners of the Bonds.

**THE BONDS** are payable from the proceeds of an ad valorem tax, without legal limit as to rate or amount, levied upon all taxable property within the District. The Bond Order further provides that the pledge of taxes to the payment of the Bonds shall terminate at such time, if ever, as (i) money and/or Defeasance Securities (as defined in the Bond Order) are deposited with or made available to the Registrar in accordance with the Bond Order or (ii) the District is abolished and the obligations of the District are assumed pursuant to existing Texas law.

**THE BONDS** are issued pursuant to the Bond Order, whereunder the District covenants to levy a continuing, direct annual ad valorem tax, without legal limit as to rate or amount, on taxable property within the District, for each year while any part of the Bonds are considered outstanding under the provisions of the Bond Order, in sufficient amount to pay interest on the Bonds as it becomes due, to provide a sinking fund for the payment of the principal of the Bonds when due or the redemption price at any earlier required redemption date with respect to the Bonds, and to pay the expenses of assessing and collecting such tax, all as more specifically provided in the Bond Order. Reference is hereby made to the Bond Order for provisions with respect to the custody and application of funds, remedies in the event of a default hereunder or thereunder, and the other rights of the Registered Owners of the Bonds. By acceptance of this Bond the Registered Owner hereof consents to all of the provisions of the Bond Order, a certified copy of which is on file in the office of the District.

**THE OBLIGATION** to pay the principal of and the interest on this Bond is solely and exclusively the obligation of the District until such time, if ever, as the District is abolished and this Bond is assumed as described above. No other entity, including the State of Texas, any political subdivision thereof other than the District, or any other public or private body, is obligated, directly, indirectly, contingently, or in any other manner, to pay the principal of or the interest on this Bond from any source whatsoever. No part of the physical properties of the District, including the properties refinanced by the proceeds of the Bonds, is encumbered by any lien for the benefit of the Registered Owner of this Bond.

**THE DISTRICT RESERVES THE RIGHT** to issue additional bonds heretofore or hereafter duly authorized at elections held in the District payable from a lien on and pledge of taxes; bonds, notes and other obligations of inferior liens, and revenue bonds, notes and other obligations payable solely from revenues of the District or revenues to be received under contracts with other persons, including private corporations, municipalities and political subdivisions or from any other source. The District further reserves the right to issue refunding bonds in any manner permitted by law to refund any bonds (including the Bonds) at or prior to their respective dates of maturity or redemption.

**TO THE EXTENT** permitted by and in the manner provided in the Bond Order, the terms and provisions of the Bond Order and the rights of the Registered Owners of the Bonds may be modified with, in certain circumstances, the consent of the Registered Owners of a majority in aggregate principal amount of the Bonds affected thereby; provided, however, that, without the

consent of the Registered Owners of all of the Bonds affected, no such modification shall (i) extend the time or times of payment of the principal of and interest on the Bonds, reduce the principal amount thereof or the rate of interest thereon, or in any other way modify the terms of payment of the principal of or interest on the Bonds, (ii) give any preference to any Bond over any other Bond, or (iii) reduce the aggregate principal amount of the Bonds required for consent to any such modification.

**THIS BOND** shall not be valid or obligatory for any purpose or be entitled to any benefit under the Bond Order unless this Bond either (a) is registered by the Comptroller of Public Accounts of the State of Texas as evidenced by execution of the registration certificate endorsed hereon or (b) is authenticated as evidenced by execution of the authentication certificate endorsed hereon by the Registrar.

**IT IS HEREBY CERTIFIED, COVENANTED, AND REPRESENTED** that all acts, conditions, and things necessary to be done precedent to the issuance of the Bonds in order to render the same legal, valid, and binding obligations of the District have happened and have been accomplished and performed in regular and due time, form, and manner, as required by law; that provision has been made for the payment of the principal of and interest on the Bonds by the levy of a continuing, direct annual ad valorem tax upon all taxable property within the District and that issuance of the Bonds does not exceed any constitutional or statutory limitation. In the event that any provisions herein contained do or would, presently or prospectively, operate to make any part hereof void or voidable, such provisions shall be without effect or prejudice to the remaining provisions hereof, which shall nevertheless remain operative, and such violative provisions, if any, shall be reformed by a court of competent jurisdiction within the limits of the laws of the State of Texas.

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

**TARRANT REGIONAL WATER DISTRICT,  
A WATER CONTROL AND IMPROVEMENT  
DISTRICT**

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

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

(SEAL)

**SECTION 6.02. REGISTRATION OF INITIAL BOND BY STATE COMPTROLLER AND CERTIFICATE.** The Initial Bond shall be registered by the Comptroller of Public Accounts of the State of Texas as provided by law. The registration certificate of the Comptroller of Public Accounts of the State of Texas shall be printed on the face of the Initial Bond and shall be in substantially the following form:

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

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

Witness my signature and seal this

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

(COMPTROLLER'S SEAL)

**SECTION 6.03. FORM OF AUTHENTICATION CERTIFICATE.** The following form of authentication certificate shall be printed on the face of each of the Bonds other than the Initial Bond:

**PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE**  
**(To be executed if this Bond is not accompanied by an**  
**executed Registration Certificate of the Comptroller**  
**of Public Accounts of the State of Texas)**

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

Dated:

**BOKF, NA,**  
Registrar

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

**SECTION 6.04. FORM OF ASSIGNMENT.** A form of assignment shall be printed on the back of each of the Bonds and shall be in substantially the following form:

**ASSIGNMENT**

For value received, the undersigned hereby sells, assigns and transfers unto

---

Please insert Social Security or Taxpayer  
Identification Number of Transferee

---

(Please print or typewrite name and address,  
including zip code of Transferee)

---

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

Dated: \_\_\_\_\_  
Signature Guaranteed:

---

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

---

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

**SECTION 6.05. CUSIP REGISTRATION.** The President of the Board of Directors may secure the printing of identification numbers on the Bonds through the CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association.

**SECTION 6.06. LEGAL OPINION AND BOND INSURANCE.** (a) The approving opinions of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, and Kintop Smith, PLLC, Dallas, Texas may be printed on the back of the Bonds over the certification of the Secretary of the Board of Directors which may be executed in facsimile.

(b) If bond insurance is obtained for the Bonds, a Statement of Insurance may be placed on the back of, or attached to, the Bonds.

**SECTION 6.07. INITIAL BOND.** The Initial Bond shall be in the form set forth in this Section, except that:

A. immediately above the name of the Bond, the two paragraphs with respect to DTC shall be removed.

B. immediately under the name of the Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As shown in below" and "CUSIP NO." shall be deleted.

C. the principal amount specified in the Approval Certificate shall be entered under the heading "PRINCIPAL AMOUNT."

D. the first paragraph shall be deleted and the following will be inserted:

**"TARRANT REGIONAL WATER DISTRICT, A WATER CONTROL AND IMPROVEMENT DISTRICT** (the "District"), being a political subdivision, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), the principal amount specified above, payable in annual installments on September 15 in each of the years and in the principal amounts and bearing interest at the per annum rates set forth in the following schedule:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
-------------	-------------------------	----------------------

(Information from Approval Certificate to be inserted)

The District promises to pay interest (calculated on the basis of a 360-day year of twelve 30-day months) on the unpaid principal amount hereof from \_\_\_\_\_, \_\_\_\_\*, at the respective interest rate per annum specified above. Interest is payable semiannually on each March 15 and September 15, commencing \_\_\_\_\_ 15, \_\_\_\_,\* thereafter to the date of payment of the principal installment specified above; except, that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full."

E. The Initial Bond shall be numbered "T-1."

\* From Approval Certificate.

## ARTICLE SEVEN

### SECURITY OF THE BONDS

**SECTION 7.01. SECURITY OF BONDS AND PERFECTION OF LIEN.** The Bonds are secured by and payable from the levy of a continuing, direct annual ad valorem tax, without legal limitation as to rate or amount, upon all taxable property within the District.

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

**SECTION 7.02. LEVY OF TAX.** To pay the interest on the Bonds, and to create a sinking fund for the payment of the principal thereof when due, and to pay the expenses of assessing and collecting such taxes, there is hereby levied, and there shall be assessed and collected in due time, a continuing, direct annual ad valorem tax without legal limit as to rate or amount on all taxable property in the District for each year while any of the Bonds are outstanding. All of the proceeds of such collections, except expenses incurred in that connection, shall be paid into the Debt Service Fund, and the aforementioned tax and such payments into such fund shall continue until the Bonds and the interest thereon have been fully paid and discharged, and such proceeds shall be used for such purposes and no other. While said Bonds, or any of them, are outstanding and unpaid, an ad valorem tax that will be ample and sufficient to provide funds to pay the interest on said Bonds and to provide the necessary sinking fund to pay the principal when due, full allowance being made for delinquencies and costs of collection, together with revenues and receipts from other sources that are legally available for such purpose, shall be levied and collected and applied to the payment of principal and interest on the Bonds, as follows:

- (a) By September 1 in each year, or as soon thereafter as practicable, the Board shall consider the taxable property in the District and determine the actual rate per \$100 valuation of taxable property which is to be levied in that year and levy the tax against all taxable property in the District.
- (b) In determining the actual rate to be levied in each year, the Board shall consider among other things:
  - (i) the amount which should be levied for maintenance and operation purposes;
  - (ii) the amount which should be levied for the payment of principal, interest, and redemption price of each series of bonds or notes payable in whole or in part from taxes;

- (iii) the amount which should be levied for the purpose of paying all other contractual obligations of the District payable in whole or in part from taxes; and
  - (iv) the percentage of anticipated tax collections and the cost of collecting the taxes.
- (c) In determining the amount of taxes which should be levied each year, the Board shall consider whether proceeds from the sale of Bonds have been placed in the Debt Service Fund (as defined in Section 8.01 of this Order) to pay interest on the Bonds and whether the Board reasonably expects to have revenue or receipts available from other sources which are legally available to pay debt service on the Bonds.

**SECTION 7.03. PAYMENT OF BONDS AND PERFORMANCE OF OBLIGATIONS.** The District covenants to pay promptly the principal of and interest on the Bonds as the same become due and payable, whether at maturity or by prior redemption, in accordance with the terms of the Bonds and this Order, and to keep and perform faithfully all of its covenants, undertakings, and agreements contained in this Order, or in any Bond executed, authenticated, and delivered hereunder.

**SECTION 7.04. ABOLITION OF DISTRICT.** To the extent provided by law, the pledge of taxes set forth in Section 7.02 will terminate if properties and assets are taken over, all debts, liabilities, and obligations are assumed, and all functions and services of the District are assumed, and the District is abolished pursuant to law.

## **ARTICLE EIGHT**

### **FLOW OF FUNDS AND INVESTMENTS**

**SECTION 8.01. FUNDS.** The ECP Series B Refunding Debt Service Fund is hereby created or confirmed. The Debt Service Fund shall be kept separate and apart from all other funds of the District. Each fund shall be kept separate and apart from all other funds of the District. The Debt Service Fund shall constitute a trust fund which shall be held in trust for the benefit of the owners of the Bonds. All funds shall be used solely as provided in this Order until all of the Bonds have been retired, both as to principal and interest.

**SECTION 8.02. SECURITY OF FUNDS.** Any cash balance in any fund, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, shall be continuously secured in the manner provided by law for the security of funds of counties of the State of Texas.

**SECTION 8.03. DEPOSIT AND USE OF DEBT SERVICE FUND.** The District shall deposit or cause to be deposited into the Debt Service Fund the aggregate of the following at the time specified:

- (a) As soon as practicable after the Bonds are sold, accrued interest on the Bonds from their date to the date of their delivery; and
- (b) The proceeds from collection of the ad valorem taxes levied, assessed and collected for and on account of the Bonds pursuant to Section 7.02 hereof, less costs of collection, as collected.

On or before the date for payment of the principal and/or Interest Payment Date on the Bonds, the Board of Directors shall cause the transfer of moneys out of the Debt Service Fund to the Registrar in an amount not less than that which is sufficient to pay the principal which matures on such date and the interest which accrues on such date. The District shall pay fees and charges of the Registrar for its services as paying agent and registrar for the Bonds from the Debt Service Fund.

**SECTION 8.04. INVESTMENTS; EARNINGS.** Moneys deposited into the Debt Service Fund and any other fund or funds which the District may lawfully create may be invested or reinvested in Authorized Investments. All investments and any profits realized from and interest accruing on investments made from any fund may be transferred to the Debt Service Fund. If any moneys are so invested, the District shall have the right to have sold in the open market a sufficient amount of such investments to meet its obligations in the event any fund does not have sufficient uninvested funds on hand to meet the obligations payable out of such fund. After such sale the moneys resulting therefrom shall belong to the fund from which the moneys for such investments were initially taken. The District shall not be responsible to the Registered Owners for any loss arising out of the sale of any investments.

## **ARTICLE NINE**

### **APPLICATION OF BOND PROCEEDS**

**SECTION 9.01. BOND PROCEEDS.** Proceeds from the sale of the Bonds will be disbursed in accordance with this Article.

**SECTION 9.02. ACCRUED INTEREST.** Moneys received from the Underwriter of the Bonds representing accrued interest on the Bonds from their date to the date of their actual delivery shall be deposited into the Debt Service Fund.

**SECTION 9.03. DEPOSIT AGREEMENT.** The proceeds from the sale of the Bonds after making the deposit provided in Section 9.02 and paying or making provisions for the payment of the costs in connection with issuing the Bonds, shall be deposited pursuant to the instructions of an Authorized Representative or the District's financial advisor, Hilltop Securities Inc., including deposits required by the Deposit Agreement to be made into the Payment Account created therein. The Deposit Agreement, in substantially the form attached hereto as Exhibit "A", is hereby approved and the President and any Vice President is authorized and directed, for and on behalf of the District, to execute, and the Secretary or any Assistant Secretary is authorized to attest, the Deposit Agreement with such changes as approved by such Officers.

## ARTICLE TEN

### PROVISIONS CONCERNING FEDERAL INCOME TAX EXCLUSION

**SECTION 10.01. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE BONDS.** If the Bonds are to be issued on a tax-exempt basis, the following shall apply: (a) Covenants. The District covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Bonds as obligations described in section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the District covenants as follows:

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

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

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

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

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

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

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

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

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

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

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

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

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

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

(d) Allocation of, and Limitation on, Expenditures for the Project. The District covenants to account for the expenditure of sale proceeds and investment earnings on its books and records by allocating proceeds to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed. The foregoing notwithstanding, the District shall not expend sale proceeds or investment earnings thereon more than 60 days after the later of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired, unless the District obtains an opinion of nationally-recognized bond counsel that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes hereof, the District shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) Rebate Fund. In order to facilitate compliance with the above covenant (a)(9), a "Rebate Fund" is hereby established by the District for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation, the bondholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(f) Written Procedures. Unless superseded by another action of the District to ensure compliance with the covenants contained herein regarding private business use, remedial actions, arbitrage and rebate, the District hereby adopts and establishes the instructions attached hereto as Exhibit "B" as their written procedures applicable to the Bonds and Additional Bonds.

## **ARTICLE ELEVEN**

### **ADDITIONAL BONDS AND REFUNDING BONDS**

**SECTION 11.01. ADDITIONAL BONDS.** The District expressly reserves the right to issue, in one or more installments, for the purpose of purchasing, constructing, acquiring, owning, operating, maintaining, repairing, improving, or extending the System, or for any other lawful purpose:

- (a) the unissued unlimited tax bonds which were authorized pursuant to the Bond Elections; and

- (b) such other unlimited tax bonds as may hereafter be authorized at subsequent elections.

**SECTION 11.02. OTHER BONDS AND OBLIGATIONS.** The District further reserves the right to issue unlimited tax bonds and combination unlimited tax and revenue bonds, if authorized by election, and such other bonds or other obligations as may be lawfully issued by the District including any obligations issued for special projects or defined areas.

**SECTION 11.03. REFUNDING BONDS.** The District further reserves the right to issue refunding bonds in any manner permitted by law to refund the Bonds at or prior to their respective dates of maturity or redemption.

## **ARTICLE TWELVE**

### **DEFAULT PROVISIONS**

**SECTION 12.01. REMEDIES IN EVENT OF DEFAULT.** In addition to any other rights and remedies provided by the laws of the State of Texas, the District covenants and agrees that in the event of default in payment of principal of or interest on any of the Bonds when due, or, in the event it fails to make the payments required to be made into the Debt Service Fund, or defaults in the observance or performance of any other of the covenants, conditions, or obligations set forth in this Order, the Registered Owners shall be entitled to a writ of mandamus issued by a court of competent jurisdiction compelling and requiring the District and the officials thereof to observe and perform the covenants, obligations, or conditions prescribed in this Order. Any delay or omission to exercise any right or power or be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

**SECTION 12.02. BOND ORDER IS CONTRACT.** In consideration of the purchase and acceptance of the Bonds authorized to be issued hereunder by the Registered Owners, the provisions of this Order shall be deemed to be and shall constitute a contract between the District and the Registered Owners; and the covenants and agreements herein set forth to be performed on behalf of the District shall be for the equal benefit, protection, and security of each of the Registered Owners. The Bonds, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority, or distinction of any Bond over any other, except as expressly provided herein.

## **ARTICLE THIRTEEN**

### **DISCHARGE BY DEPOSIT**

**SECTION 13.01. DEFEASANCE OF BONDS.** (a) Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond") within the meaning of this Order, except to the extent provided in subsections (c) and (e) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date or dates (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (i) shall have been

made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption) or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar for such payment (1) lawful money of the United States of America sufficient to make such payment, (2) Defeasance Securities, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by the District with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable or (3) any combination of (1) and (2). At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes herein levied as provided in this Order, and such principal and interest shall be payable solely from such money or Defeasance Securities.

(b) The deposit under clause (ii) of subsection (a) shall be deemed a payment of a Bond as aforesaid when proper notice of redemption of such Bonds shall have been given, in accordance with this Order. Any money so deposited with the Paying Agent/Registrar as provided in this Section may at the discretion of the Board of Directors also be invested in Defeasance Securities, maturing in the amounts and at the times as hereinbefore set forth, and all income from all Defeasance Securities in possession of the Paying Agent/Registrar pursuant to this Section which is not required for the payment of such Bond and premium, if any, and interest thereon with respect to which such money has been so deposited, shall be turned over to the Board of Directors.

(c) Notwithstanding any provision of any other Section of this Order which may be contrary to the provisions of this Section, all money or Defeasance Securities set aside and held in trust pursuant to the provisions of this Section for the payment of principal of the Bonds and premium, if any, and interest thereon, shall be applied to and used solely for the payment of the particular Bonds and premium, if any, and interest thereon, with respect to which such money or Defeasance Securities have been so set aside in trust. Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Bonds the same as if they had not been defeased, and the District shall make proper arrangements to provide and pay for such services as required by this Order.

(d) Notwithstanding anything elsewhere in this Order, if money or Defeasance Securities have been deposited or set aside or made available to with the Paying Agent/Registrar pursuant to this Section for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment of the provisions of this Section shall be made without the consent of the registered owner of each Bond affected thereby.

(e) Notwithstanding the provisions of subsection (a) immediately above, to the extent that, upon the defeasance of any Defeased Bond to be paid at its maturity, the District retains the right under Texas law to later call that Defeased Bond for redemption in accordance with the provisions of the Order authorizing its issuance, the District may call such Defeased Bond for redemption upon complying with the provisions of Texas law and upon the satisfaction of the provisions of subsection (a) immediately above with respect to such Defeased Bond as though it was being defeased at the time of the exercise of the option to redeem the Defeased Bond and the effect of the redemption is

taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Bond.

## ARTICLE FOURTEEN

### MISCELLANEOUS PROVISIONS

**SECTION 14.01. DISTRICT'S SUCCESSORS AND ASSIGNS.** Whenever in this Order the District is named and referred to, it shall be deemed to include its successors and assigns, and all covenants and agreements in this Order by or on behalf of the District, except as otherwise provided herein, shall bind and inure to the benefit of its successors and assigns whether or not so expressed.

**SECTION 14.02. NO RECOURSE AGAINST DISTRICT OFFICERS OR DIRECTORS.** No recourse shall be had for the payment of the principal of or interest on the Bonds or for any claim based thereon or on this Order against any officer or director of the District or any person executing the Bonds.

**SECTION 14.03. REGISTRAR.** The Registrar shall act as agent for the payment of principal of and interest on the Bonds and shall maintain the Register for the Bonds, all in accordance with the terms of this Order. If the Registrar or its successor becomes unable for any reason to act as Registrar hereunder, or if the Board of Directors of the District determines that a successor Registrar should be appointed, a successor Registrar shall be selected by the District. Any successor Registrar shall be either a bank, trust company, financial institution, or other entity duly qualified and legally authorized to serve and perform the duties as paying agent and registrar for the Bonds.

**SECTION 14.04. REGISTRAR MAY OWN BONDS.** The Registrar, in its individual or any other capacity, may become the owner or pledgee of the Bonds with the same rights it would have if it were not Registrar.

**SECTION 14.05. BENEFITS OF PROVISIONS.** Nothing in this Order or in the Bonds, expressed or implied, shall give or be construed to give any person, firm, or corporation, other than the District, the Registrar, and the Registered Owners, any legal or equitable right or claim under or in respect of this Order, or under any covenant, condition, or provision herein contained, all the covenants, conditions, and provisions contained in this Order or in the Bonds being for the sole benefit of the District, the Registrar, and the Registered Owners.

**SECTION 14.06. UNAVAILABILITY OF AUTHORIZED PUBLICATION.** If, because of the temporary or permanent suspension of any newspaper, journal, or other publication, or for any reason, publication of notice cannot be made meeting any requirements herein established, any notice required to be published by the provisions of this Order shall be given in such other manner and at such time or times as in the judgment of the District shall most effectively approximate such required publication, and the giving of such notice in such manner shall for all purposes of this Order be deemed to be in compliance with the requirements for publication thereof.

**SECTION 14.07. SEVERABILITY CLAUSE.** If any word, phrase, clause, sentence, paragraph, section, or other part of this Order, or the application thereof to any person or circumstance, shall ever be held to be invalid or unconstitutional by any court of competent jurisdiction, the remainder of this Order and the application of such word, phrase, clause, sentence, paragraph, section, or other part of this Order to any other persons or circumstances shall not be affected thereby.

**SECTION 14.08. ACCOUNTING.** The District will keep proper records and accounts regarding the levy and collection of taxes, which records and accounts will be made available to any Registered Owner on reasonable request. Each year while any of the Bonds are outstanding, the District shall have an audit of its books and accounts by a certified public accountant or firm of certified public accountants, based on its Fiscal Year, and copies of such audits will be made available to any Registered Owner upon request.

**SECTION 14.09. FURTHER PROCEEDINGS.** The President and Secretary of the Board of Directors and other appropriate officials of the District are hereby authorized and directed to do any and all things necessary and/or convenient to carry out the terms of this Order.

## **ARTICLE FIFTEEN**

### **SALE AND DELIVERY OF BONDS AND APPROVAL OF DOCUMENTS**

**SECTION 15.01. SALE OF BONDS.** Pursuant to the authorizations in Article 3 hereof, as approved by the Authorized Representative, the Bonds may be sold either pursuant to the taking of bids therefor as provided in the Official Notice of Sale or by negotiated sale or placement pursuant to a purchase agreement or other agreement (the "Purchase Agreement") with a purchaser or purchasers (collectively, the "Underwriters") to be approved by an Authorized Representative, and any supplements thereto which may be necessary to accomplish the issuance of Bonds. Such Purchase Agreement is hereby authorized to be dated, executed and delivered on behalf of the Issuer by an Authorized Representative, with such changes therein as shall be approved by an Authorized Representative, the execution thereof by an Authorized Representative to constitute evidence of such approval. The delegation of authority to an Authorized Representative to approve the final terms of the Bonds as set forth in this Order is, and the decisions made by an Authorized Representative pursuant to such delegated authority will be, in the best interests of the Issuer, and an Authorized Representative is authorized to make a finding to such effect in the Approval Certificate.

**SECTION 15.02. APPROVAL, REGISTRATION, AND DELIVERY.** The President of the Board of Directors of the District and representatives of McCall, Parkhurst & Horton L.L.P. and/or Kintop Smith, PLLC are each hereby authorized and directed to submit the Initial Bond and a transcript of the proceedings relating to the issuance of the Bonds to the Attorney General of the State of Texas for approval and, following said approval, to submit the Initial Bonds to the Comptroller of Public Accounts of the State of Texas for registration. Upon registration of the Initial Bond, the Comptroller of Public Accounts (or a deputy designated in writing to act for the Comptroller) shall manually sign the Comptroller's registration certificate prescribed herein to be

printed and endorsed on the Initial Bond, and the seal of the Comptroller shall be impressed or placed in facsimile on the Initial Bond. After the Initial Bond has been registered, signed, and sealed by the Comptroller, they shall be delivered to the Underwriter, but only upon receipt of the full purchase price.

**SECTION 15.03 APPROVAL OF OFFERING DOCUMENTS AND PAYING AGENT/REGISTRAR AGREEMENT.** The Authorized Representative is hereby authorized to approve the Preliminary Official Statement, the Official Statement relating to the Bonds and any addenda, supplement or amendment thereto (collectively, the "Offering Documents"). For the purpose of review by the Underwriter prior to purchasing the Bonds, the District deems said Preliminary Official Statement to have been "final as of its date" within the meaning of the Rule. The District further approves the distribution of such Official Statement in the reoffering of the Bonds by the Underwriter in final form, with such changes therein or additions thereto as an Authorized Representative executing the same may deem advisable, such determination to be conclusively evidenced by his execution thereof

The Paying Agent/Registrar Agreement by and between the District and BOFK, NA ("Paying Agent Agreement") in substantially the form and substance attached hereto as Exhibit "C" is hereby approved and the President or Vice President is hereby authorized and directed to complete, amend, modify and execute the Paying Agent Agreement, as necessary and the Secretary or Assistant Secretary is authorized and directed to attest such agreement.

**SECTION 15.04. REFUNDING OF REFUNDED BONDS.** (a) The Refunded Bonds shall be paid upon the earlier of their stated maturity dates or the earliest redemption dates for which notice of redemption can be given pursuant to the Master Resolution, in each case at a price of par plus accrued interest to the date of payment. As soon as practicable after sale of the Bonds, appropriate notices of redemption shall be delivered to the paying agent/registrar for the Refunded Bonds to notify, in accordance with the requirements of the Master Resolution, the owners of the Refunded Bonds of the call for redemption thereof.

(b) Concurrently with the delivery of the Bonds, the Issuer shall cause to be deposited an amount from the proceeds from the sale of the Bonds, together with, to the extent necessary, available funds of the Issuer, with the paying agent/registrar for the Refunded Bonds, sufficient to provide for the refunding and redemption, on the date or dates fixed for redemption, of all of the Refunded Bonds, in accordance with Subchapter C of Chapter 1207, Texas Government Code, as amended. In addition, the Authorized Officer is authorized to transfer and deposit such cash from available funds (including surplus funds in the Interest and Redemption Fund) as may be necessary for the Payment Account described in such Deposit Agreement. It is hereby found and determined that the refunding of the Refunded Bonds, which consist of bonds in an extendable commercial paper mode, makes it impracticable to determine the maximum amount by which the aggregate amount of payments to be made under the Bonds exceeds the aggregate amount of payments that would have been made under the terms of the Refunded Bonds for purposes of Section 1207.008(a)(2), Texas Government Code.

## **ARTICLE SIXTEEN**

### **OPEN MEETING AND EFFECTIVE DATE**

**SECTION 16.01. OPEN MEETING.** The Board of Directors officially finds, determines, and declares that this Order was reviewed, carefully considered, and adopted at a meeting of the Board, and that a sufficient written notice of the date, hour, place, and subject of this meeting was posted as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended, and that the meeting was open to the public as required by law at all times during which this Order and the subject matter hereof has been discussed, considered, and acted upon. The Board of Directors further ratifies, approves and confirms such written notice and the contents and posting thereof.

**SECTION 16.02. EFFECTIVE DATE OF BOND ORDER.** This Order shall take effect and be in full force and effect upon and after its passage.

## **ARTICLE SEVENTEEN**

### **AMENDMENTS**

**SECTION 17.01. AMENDMENTS.** (a) Amendment with Consent of Owners of 51% of Bonds. The owners of 51% in aggregate principal amount of then outstanding Bonds shall have the right from time to time to approve any amendment to this Order which may be deemed necessary or desirable by the District; provided however, that, other than as permitted by subsection (f) of this Section 17.01, nothing herein contained shall permit or be construed to permit the amendment, without the consent of the owner of each of the outstanding Bonds affected thereby, of the terms and conditions of this Order or the Bonds so as to:

- (1) change debt service requirements, interest payment dates or the maturity or maturities of the outstanding Bonds;
- (2) reduce the rate of interest borne by any of the outstanding Bonds;
- (3) reduce the amount of the principal of, redemption premium, if any, or interest on the outstanding Bonds or impose any conditions with respect to such payments;
- (4) modify the terms of payment of principal of, redemption premium, if any, or interest on the outstanding Bonds, or impose any conditions with respect to such payments;
- (5) affect the right of the Registered Owners of less than all of the Bonds then outstanding;  
or
- (6) decrease the minimum percentage of the principal amount of Bonds necessary for consent to any such amendment.

(b) Notice of Amendment. If at any time the District shall desire to amend this Order it may cause a written notice of the proposed amendment to be published at least once on a business day

in a financial newspaper, journal, or publication of general circulation in the City of New York, New York, or in the State of Texas. If, because of temporary or permanent suspension of the publication or general circulation of all such newspapers, journals, or publications, it is impossible or impractical to publish such notice in the manner provided herein, then such publication in lieu thereof as shall be made by the Registrar shall constitute a sufficient publication of notice. In addition to such publication, the Registrar shall cause a written notice of the proposed amendment to be given by registered or certified mail to Registered Owners of the Bonds as shown on the Registration Books maintained by the Registrar; provided, however, that failure to receive such written notice of the proposed amendment, or any defect therein or in the mailing thereof, shall not affect the validity of any proceeding in connection with, or the adoption of, such amendment. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of the Registrar for inspection by all Registered Owners of Bonds.

(c) Consent to Amendment. Whenever at any time not less than 30 days, and within one year, from the date of the first publication of said notice or other services of written notice the District shall receive an instrument or instruments executed by the Registered Owners of at least 51% in aggregate principal amount of all Bonds then outstanding, which instrument or instruments shall refer to the proposed amendment described in said notice and shall specifically consent to and approve such amendment, the District may adopt the amendatory resolution or order in substantially the same form.

(d) Effect of Amendment. Upon the adoption of any amendatory resolution or order pursuant to the provisions of this Section, this Order shall be deemed to be amended in accordance with such amendatory resolution or order, and the respective rights, duties, and obligations under such amendatory resolution or order of all the Registered Owners shall thereafter be determined and exercised subject in all respects to such amendments.

(e) Consent of Registered Owners. Any consent given by a Registered Owner pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the first publication of the notice provided for in this Section, and shall be conclusive and binding upon all future owners of the Bonds during such period. Such consent may be revoked by the Registered Owner who gave such consent at any time after six months from the date of the first giving of such notice, or by a successor in title, by filing notice thereof with the Registrar and the District, but such revocation shall not be effective if the Registered Owners of 51% in aggregate principal amount of the then outstanding Bonds have, prior to the attempted revocation, consented to and approved the amendment.

(f) Amendments Without Consent. Notwithstanding the provisions of (a) through (e) of this Section, and without notice of the proposed amendment and without the consent of the Registered Owners, the District may, at any time, amend this Order to cure any ambiguity or to cure, correct, or supplement any defective or inconsistent provision contained therein, or to make any other change that does not in any respect materially and adversely affect the interest of the Registered Owners, provided that no such amendment shall be made contrary to the provision to Section 17.01 (a), and a duly certified or executed copy of each such amendment shall be filed with the Registrar.

## ARTICLE EIGHTEEN

### CONTINUING DISCLOSURE UNDERTAKING

**SECTION 18.01. CONTINUING DISCLOSURE UNDERTAKING.** (a) Definitions.

As used in this Section, the following terms have the meanings ascribed to such terms below:

"*Authority*" means Trinity River Authority.

"*Cities*" means the Cities of Arlington, Fort Worth and Mansfield.

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

"*Obligated Person*" means the Issuer, the Authority, and the Cities, or any person, including an issuer of municipal securities, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities) in the Rule.

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

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

(b) General. Pursuant to a Continuing Disclosure Agreement by and among the Issuer, the Cities, and the Authority, the Issuer, the Cities and the Authority have undertaken for the benefit of the beneficial owners of the Bonds, to the extent set forth therein, to provide continuing disclosure of financial information and operating data with respect to the Issuer, Cities and Authority in accordance with the Rule as promulgated by the SEC.

(c) Annual Reports. (i) The Issuer shall provide annually to the MSRB, within six months after the end of the most recent fiscal year, financial information and operating data with respect to the Issuer of the general type included in the final Official Statement authorized by Section 15.03 of this Order, being the information described in Exhibit "D". Any financial statements so to be provided shall be prepared in accordance with the accounting principles described in Exhibit "D", or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation, and audited, if the Issuer 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 Issuer shall provide audited financial statements for the applicable fiscal year to the MSRB, when and if the audit report on such statements become available.

(ii) If the Issuer 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 Issuer 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.

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

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

15. Incurrence of a Financial Obligation of the Issuer or an Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or an Obligated Person, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer or an Obligated Person, any of which reflect financial difficulties.

For these purposes, (a) any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of the Issuer 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 Issuer, and (b) as used in clauses 15 and 16 above, the term "Financial Obligation" means: (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation shall not include Municipal Securities as to which a final official statement has been provided to the MSRB consistent with the Rule; the term "Municipal Securities" means securities which are direct obligations of, or obligations guaranteed as to principal or interest by, a state or any political subdivision thereof, or any agency or instrumentality of a state or any political subdivision thereof, or any municipal corporate instrumentality of one or more states and any other Municipal Securities described by Section 3(a)(29) of the Securities Exchange Act of 1934, as the same may be amended from time to time.

The Issuer shall notify the MSRB, in a timely manner, of any failure by the Issuer to provide financial information or operating data in accordance with this subsection by the time required. As used in clause 12 above, the phrase "bankruptcy, insolvency, receivership or similar event" means the appointment of a receiver, fiscal agent, or similar officer for the Issuer 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 Issuer, or if jurisdiction has been assumed by leaving the Board of Directors and official or officers of the Issuer 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 Issuer.

(e) Limitations, Disclaimers, and Amendments. (i) The Issuer shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Issuer remains an "obligated person" with respect to the Bonds within the meaning of the Rule,

except that the Issuer in any event will give notice of any deposit made in accordance with this Order or applicable law that causes Bonds no longer to be outstanding.

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

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

(iv) No default by the Issuer in observing or performing its obligations under this Section shall comprise a breach of or default under this Order for purposes of any other provision of this Order. Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

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

of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

**ARTICLE NINETEEN**

**OTHER ACTIONS**

**SECTION 19.01. ATTORNEY GENERAL FEES.** The District hereby authorizes and directs payment from legally available funds of the District, of the nonrefundable examination fee of the Attorney General of the State of Texas required by Section 1202.004, Texas Government Code, as amended.

**SECTION 19.02. OTHER ACTIONS.** The President or Vice President and Secretary of the Board of Directors of the District, and all other officers, employees and agents of the District, and each of them, shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the District all instruments as may be necessary or desirable in order to carry out the terms and provisions of this Order, the Bonds, the sale of the Bonds and the Official Statement. In addition, prior to the initial delivery of the Bonds, President, Vice President or Treasurer and Secretary of the Board of Directors of the District, the District's Attorney and Bond Counsel are hereby authorized and directed to approve any technical changes or corrections to this Order or to any of the instruments authorized and approved by this Order necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Order and as described in the Official Statement, (ii) obtain a rating from any of the national bond rating agencies, or (iii) obtain the approval of the Bonds by the Texas Attorney General's office.

**SECTION 19.03. APPROPRIATION.** To pay the debt service coming due on the Bonds prior to receipt of the taxes levied to pay such debt service, there is hereby appropriated from current funds on hand, which are hereby certified to be on hand and available for such purpose, an amount sufficient to pay such debt service, and such amount shall be used for no other purpose.

\*\*\*\*\*

## EXHIBIT "A"

### FORM OF DEPOSIT AGREEMENT

#### DEPOSIT AGREEMENT

THIS DEPOSIT AGREEMENT (the "Agreement"), dated as of \_\_\_\_\_, \_\_\_\_\_, made by and between Tarrant Regional Water District, a Water Control and Improvement District (the "Issuer"), a political subdivision of the State of Texas acting by and through the President and Secretary of the Board of Directors of the Issuer (the "Board"), and U.S. Bank National Association (the "Bank"), a banking association organized and existing under the laws of the United States of America,

#### WITNESSETH:

WHEREAS, the Issuer has heretofore issued and delivered and there is currently outstanding the obligations described on Exhibit "A" hereto (hereinafter called the "Refunded Obligations"); and

WHEREAS, in accordance with the provisions of Chapter 1207, Texas Government Code (the "Act"), the Issuer is authorized to sell refunding bonds in an amount sufficient to provide for the full and complete payment of obligations, deposit the proceeds of such refunding bonds with the place of payment for the obligations being refunded and enter into an escrow or similar agreement with such place of payment for the safekeeping, investment, reinvestment, administration and disposition of such deposit, upon such terms and conditions as the parties may agree; and

WHEREAS, the Issuer on \_\_\_\_\_, \_\_\_\_\_, pursuant to a resolution (the "Bond Resolution") passed and adopted by the Board, authorized the issuance of bonds known as "Tarrant Regional Water District, a Water Control and Improvement District Unlimited Tax Refunding Bonds" (the "Bonds"), and such Bonds are being issued to refund, discharge and make final payment of the principal of and interest on the Refunded Obligations; and

WHEREAS, a portion of the proceeds of sale of the Bonds, together with other available funds of the Issuer, are to be deposited with the Bank under this Agreement, which deposit of funds will be sufficient to pay and redeem in full the Refunded Obligations on \_\_\_\_\_, (the Redemption Date);

NOW, THEREFORE, in consideration of the mutual agreements herein contained and the payment to the Bank of amounts provided in Section 8 hereof, and to secure the payment of the principal of and the interest on the Refunded Obligations, the Issuer and the Bank hereby agree as follows:

**SECTION 1.** A trust clearing account (hereinafter called the "Payment Account") shall be maintained at the Bank for the benefit of the holders of the Refunded Obligations, and, immediately following the delivery of the Bonds, the Issuer agrees and covenants to cause to be deposited with the Bank for the credit of the Payment Account the sum of \$\_\_\_\_\_.

The Bank agrees to establish such Payment Account and further agrees to receive said moneys, apply the same as set forth herein, and to hold uninvested the cash deposited and credited to the Payment Account for application and disbursement for the payment and redemption of the Refunded Obligations on the Redemption Date.

SECTION 2. In reliance upon the Sufficiency Certificate of Financial Advisor, a copy of which is attached hereto as Exhibit "B", the Issuer represents that the amount deposited to the credit of the Payment Account, as provided in Section 1 hereof, will be sufficient to pay and redeem in full all the Refunded Obligations on the Redemption Date, and the Bank acknowledges the sufficiency of the deposit for said purpose.

The Bank acknowledges receipt of a copy of the Bond Resolution providing for the redemption of the Refunded Obligations on the Redemption Date at the price of par and accrued interest and acknowledges receipt of the form of notice of redemption attached hereto. The Bank will give the notice of redemption as required by the order authorizing the issuance of the Refunded Bonds.

SECTION 3. The Bank agrees that all funds held in the Payment Account shall constitute a dedicated interest and sinking fund for the payment of the principal of and interest on the Refunded Obligations which will mature and become due on and after the date of this Agreement, such funds deposited to the credit of the Payment Account shall be applied solely in accordance with the provisions of this Agreement and the Issuer shall have no right or title with respect thereto, except as otherwise provided herein. Such funds shall not be subject to checks or drafts drawn by the Issuer.

SECTION 4. If, for any reason, the funds on hand in the Payment Account shall be insufficient to pay the redemption price of the Refunded Obligations on the Redemption Date, notice of any such insufficiency shall be immediately given by the Bank to the Issuer by the fastest means possible.

SECTION 5. The Bank represents that the deposit covered by this Agreement shall constitute firm banking arrangements to insure payment of the Refunded Obligations and such deposit is collateralized to insure against any loss or diminution by virtue of any action of the Bank or as a result of its lack of financial integrity by a pledge of direct obligations of the United States of America, in the par or face amount at least equal to the principal amount of said monies to the extent such money is not insured by the Federal Deposit Insurance Corporation.

SECTION 6. The Bank, as paying agent for the Refunded Obligations, shall, without further direction from anyone, including the Issuer, cause to be paid with funds on deposit in the Payment Account the amount required to pay and redeem in full the Refunded Obligations on the Redemption Date when such obligations are presented for payment in accordance with their terms.

SECTION 7. The Bank shall have no lien whatsoever upon any of the moneys deposited to the credit of the Payment Account for payment of services rendered hereunder, services rendered

as Paying Agent for the Refunded Obligations, or for any costs or expenses incurred hereunder and reimbursable from the Issuer.

SECTION 8. Moneys on deposit in the Payment Account shall be held uninvested pending the disbursement of moneys. In consideration for the services rendered hereunder, the Issuer shall pay to the Bank the sum of \$\_\_\_\_\_. No investment of funds deposited to the credit of the Payment Account shall be made on or after the Redemption Date. Neither the Issuer nor the Bank shall invest any moneys deposited in the Payment Account.

SECTION 9. The Bank hereby agrees that the compensation noted in Section 8 is full and complete payment for the administration of this Agreement, and the Bank acknowledges and agrees that such amount is and represents the total amount of compensation due the Bank for services rendered as paying agent for the Refunded Obligations. The Bank hereby agrees to pay, assume and be fully responsible for any additional charges that it may incur in the performance of its duties and responsibilities as paying agent for the Refunded Obligations.

SECTION 10. The Bank shall not be responsible for any recital herein, except with respect to its organization, its powers and authority and to the safety and security of the deposit of funds to be made by the Issuer hereunder. As to the existence or nonexistence of any fact relating to the Issuer or as to the sufficiency or validity of any instrument, paper or proceedings relating to the Issuer, the Bank shall be entitled to rely upon a certificate signed on behalf of the Issuer by its Issuer Secretary as sufficient evidence of the facts therein contained. The Bank may accept a certificate of the Secretary of the Board under the Issuer's seal, to the effect that a resolution or other instrument in the form therein set forth has been adopted by the Board, as conclusive evidence that such resolution or other instrument has been duly adopted and is in full force and effect.

The duties and obligations of the Bank shall be determined solely by the express provisions of this Agreement, and the Bank shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Bank.

In the absence of bad faith on the part of the Bank, the Bank may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Bank, conforming to the requirements of this Agreement; but notwithstanding any provision of this Agreement to the contrary, in the case of any such certificate or opinion or any evidence which by any provision hereof is specifically required to be furnished to the Bank, the Bank shall be under a duty to examine the same to determine whether it conforms to the requirements of this Agreement.

The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Bank unless it shall be proved that the Bank was negligent in ascertaining or acting upon the pertinent facts. The Bank shall not be responsible or liable to any person in any manner whatever for the sufficiency, correctness, genuineness, effectiveness, or validity of the deposits made pursuant to this Agreement, or for the form or execution thereof, or for the identity or authority or any person making or executing such deposits.

The term "Responsible Officers" of the Bank, as used in this Agreement, shall mean and include the Chairman of the Board of Directors, the President, any Vice President and any Second Vice President, the Secretary and any Assistant Secretary, the Treasurer and any Assistant Treasurer, and ever other officer and assistant officer of the Bank customarily performing functions similar to those performed by the persons who at the time shall be officers, respectively, or to whom any corporate trust matter is referred, because of his knowledge of an familiarity with a particular subject; and the term "Responsible Officer" of the Bank, as used in this Agreement, shall mean and include any of said officers or persons.

SECTION 11. This Agreement is between the Issuer and the Bank only, and in connection herewith the Bank is authorized by the Issuer to rely upon the representations of the Issuer with respect to this Agreement and the deposits made pursuant hereto and as to the Issuer's right and power to execute and deliver this Agreement, and the Bank shall not be liable in any manner as a result of such reliance. The duties of the Bank hereunder shall only be to the Issuer and the holders of the Refunded Obligations. In the event conflicting demands or notices are made upon the Bank growing out of or relating to this Agreement or the Bank in good faith is in doubt as to what action should be taken hereunder, the Bank shall have the right at its election to:

(a) Withhold and stop all further proceedings in, and performance of, this Agreement with respect to the issue in question and of all instructions received hereunder in regard to such issue; and

(b) File a suit in interpleader and obtain an order from a court of appropriate jurisdiction requiring all persons involved to interplead and litigate in such court their several claims and rights among themselves.

In the event the Bank becomes involved in litigation in connection with this Section, the Issuer, to the extent permitted by law agrees to indemnify and save the Bank harmless from all loss, cost, damages, expenses and attorney fees suffered or incurred by the Bank as a result thereof. The obligations of the Bank under this Agreement shall be performable at the principal corporate office of the Bank in \_\_\_\_\_.

The Bank may consult with legal counsel in the event of any dispute or question regarding the construction of any of the provisions hereof or its duties hereunder, and in the absence of negligence or bad faith on the part of the Bank, no liability shall be incurred by the Bank for any action taken pursuant to this Section and the Bank shall be fully protected in acting in accordance with the opinion and instructions of legal counsel that is knowledgeable and has expertise in the field of law addressed in any such legal opinion with respect to the instructions given.

Nothing in this Agreement shall be construed to require the Bank to expend or risk its own funds in the performance of any of its duties or the exercise of any of its rights hereunder.

SECTION 12. Time shall be of the essence in the performance of obligations from time to time imposed upon the Bank by this Agreement.

SECTION 13. Following the final payment and redemption of the Refunded Obligations, the Bank shall forward by letter to the Issuer, to the attention of the President, or other designated official of the Issuer, a final accounting statement with respect to the payment and discharge of the Refunded Obligations, together with all canceled Refunded Obligations.

SECTION 14. Any notice, authorization, request or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid addressed as follows:

Tarrant Regional Water District, a Water Control and Improvement District  
800 East North Side Drive  
Fort Worth, Texas 76102-1097

Attention: Chief Financial Officer

U.S. Bank National Association  
100 Wall Street, Suite 1600  
New York, New York 10005

Attention: Corporate Trust Services

The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery.

Any party hereto may change the address to which notices are to be delivered by giving to the other parties not less than ten (10) days prior notice thereof.

SECTION 15. Whenever under the terms of this Agreement the performance date of any provision hereof, including the date of maturity of interest on or principal of the Refunded Obligations, shall be a Sunday or a legal holiday or a day on which the Bank is authorized by law to close, then the performance thereof, including the payment of principal of and interest on the Refunded Obligations, need not be made on such date but may performed or paid, as the case may be, on the next succeeding business day of the Bank with the same force and effect as if made on the date of performance or payment and with respect to a payment, no interest shall accrue for the period after such date.

SECTION 16. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Agreement, in any and every said Refunded Obligation as executed, authenticated and delivered and in all proceedings pertaining thereto as said Refunded Obligations shall have been modified as provided in this Agreement. The Issuer covenants that it is duly authorized under the Constitution and laws of the State of Texas to execute and deliver this Agreement, that all actions on its part for the payment of said Refunded Obligations as provided herein and the execution and delivery of this Agreement have been duly and effectively taken and that said Refunded Obligations and coupons in the hands of the holders and owners thereof are and will be valid and enforceable obligations of the Issuer according to the import thereof as provided in this Agreement.

SECTION 17. If any one or more of the covenants or agreements provided in this Agreement on the part of the parties to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 18. This Agreement shall terminate either (i) when the Refunded Obligations and coupons appertaining thereto have been paid and discharged in accordance with the provisions of this Agreement or (ii) at the expiration of four (4) years after the Redemption Date, whichever circumstance shall first occur. Subject to applicable unclaimed property laws of the State, moneys held in the Payment Account at the termination of this Agreement shall be remitted and transferred to the Issuer.

SECTION 19. Neither the Issuer nor the Bank shall assign or attempt to assign or transfer any interest hereunder or any portion of any such interest. Any such assignment or attempted assignment shall be in direct conflict with this Agreement and be without effect.

SECTION 20. This Agreement shall inure to the benefit of and be binding upon the Bank and the Issuer and their respective successors.

SECTION 21. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument. This Agreement shall be governed by the laws of the State of Texas.

SECTION 22. Section 2271.002, Texas Government Code. To the extent this Deposit Agreement constitutes a contract for goods or services for which a written verification is required pursuant to Section 2271.002, Texas Government Code, the value of the services provided by the Bank does not exceed \$100,000.

SECTION 23. The Bank represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website: <https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>, <https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or <https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>. The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Bank and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Bank understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Bank and exists to make a profit.

SECTION 24. Chapter 2274, Texas Government Code (No Discrimination Against Fossil-Fuel Companies). To the extent this Deposit Agreement constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 13 in the 87th Texas Legislature, Regular Session), Texas Government Code, as amended, the value of the services provided by the Bank does not exceed \$100,000.

SECTION 25. Chapter 2274, Texas Government Code (No Discrimination Against Firearm Entities and Firearm Trade Associations). To the extent this Deposit Agreement constitutes a contract for goods or services for which a written verification is required under Section 2274.002 (as added by Senate Bill 19 in the 87th Texas Legislature, Regular Session), Texas Government Code, the value of the services provided by the Bank does not exceed \$100,000.

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed by their duly authorized officers and attested as of the date first written above.

TARRANT REGIONAL WATER DISTRICT,  
A WATER CONTROL AND IMPROVEMENT DISTRICT

\_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Secretary

(Issuer Seal)

U.S. BANK NATIONAL ASSOCIATION

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

EXHIBIT "A"  
TO DEPOSIT AGREEMENT

Schedule of Refunded Obligations

EXHIBIT "B"  
TO DEPOSIT AGREEMENT

Sufficiency Certificate

## **EXHIBIT "B"**

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

A. Arbitrage. With respect to the investment and expenditure of the proceeds of the Bonds and any Additional Bonds (the "Obligations") the District's Bookkeeper and Financial Advisor (the "Responsible Persons") will :

For Obligations issued for newly acquired property or constructed property:

- instruct the appropriate person or persons that the construction, renovation or acquisition of the facilities must proceed with due diligence and that binding contracts for the expenditure of at least 5% of the proceeds of the Obligations will be entered into within 6 months of the date of delivery of the Obligations ("Issue Date");
- monitor that at least 85% of the proceeds of the Obligations to be used for the construction, renovation or acquisition of any facilities are expended within 3 years of the Issue Date;
- restrict the yield of the investments (other than those in the Reserve Fund) to the yield on the Obligations after 3 years of the Issue Date;
- monitor all amounts deposited into a sinking fund or funds, e.g., the Debt Service Fund, to assure that the maximum amount invested at a yield higher than the yield on the Obligations does not exceed an amount equal to the debt service on the Obligations in the succeeding 12 month period plus a carryover amount equal to one-twelfth of the principal and interest payable on the Obligations for the immediately preceding 12-month period;
- assure that no more than 50% of the proceeds of the Obligations are invested in an investment with a guaranteed yield for 4 years or more;

For Obligations issued for refunding purposes:

- monitor the actions of the escrow agent (to the extent an escrow is funded with proceeds) to assure compliance with the applicable provisions of the escrow agreement, including with respect to reinvestment of cash balances;

For all Obligations:

- maintain any official action of the District (such as a reimbursement resolution) stating its intent to reimburse itself with the proceeds of the Obligations any amount expended prior to the Issue Date for the acquisition, renovation or construction of the facilities;

- assure that the applicable information return (e.g., IRS Form 8038-G, 8038-GC, or any successor forms) is timely filed with the IRS;
- assure that, unless excepted from rebate and yield restriction under section 148(f) of the Code, excess investment earnings are computed and paid to the U.S. government at such time and in such manner as directed by the IRS (i) at least every 5 years after the Issue Date and (ii) within 30 days after the date the Obligations are retired.

B. Private Business Use. With respect to the use of the facilities financed or refinanced with the proceeds of the Obligations the Responsible Persons will:

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

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

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

**EXHIBIT "C"**

**PAYING AGENT/REGISTRAR AGREEMENT**

Located elsewhere in transcript

## **EXHIBIT "D"**

### **CONTINUING DISCLOSURE**

#### **1. Annual Financial Statements and Operating Data**

The financial information and operating data with respect to the District to be provided annually in accordance with such Section are of the general type included in the Offering Documents under the headings "PLAN OF FINANCING - Debt Service Requirements," "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)" except for "Estimated Overlapping Debt," "TAX DATA," and in APPENDIX A (Financial Statements of the District including supplemental schedules).

#### **2. Accounting Principles**

The accounting principles to be applied to the financial statement of the District are described in the financial statement contained in Appendix A to the Offering Documents .

## TARRANT REGIONAL WATER DISTRICT

### AGENDA ITEM 6

**DATE:** October 19, 2021

**SUBJECT:** Consider Approval of Resolution Regarding the Tarrant Regional Water District's Authorized Bank Representatives

**FUNDING:** N/A

#### **RECOMMENDATION:**

Management recommends that Jim Oliver be removed as an authorized representative of the District, and the titles of the remaining representatives be updated as the following: Dan Buhman, General Manager; Robert Alan Thomas, Deputy General Manager; Sandra Newby, Chief Financial Officer; Carol Tackel, Chief Internal Auditor; Lisa Cabrera, Chief Human Resources Officer; and Jennifer Mitchell, Controller/Treasury Manager.

#### **DISCUSSION:**

The current authorized bank representatives are Jim Oliver, Dan Buhman, Robert Alan Thomas, Sandra Newby, Carol Tackel, Lisa Cabrera, and Jennifer Mitchell. Due to the recent change in the General Manager role, the resolution authorizing signers on the bank accounts needs to be updated. Staff recommends that Jim Oliver be removed from the authorized representatives, and the titles of the remaining representatives be updated to reflect the recent changes in staffing and roles.

This item was reviewed by the Finance and Audit Committee on October 11, 2021.

#### **Submitted By:**

Sandy Newby  
Chief Financial Officer

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF  
TARRANT REGIONAL WATER DISTRICT**

**WHEREAS**, TARRANT REGIONAL WATER DISTRICT (the District) is a conservation and reclamation district and political subdivision of the State of Texas created and existing by virtue of Article 16, Section 59 of the Texas Constitution and is a “public agency” and “public entity” as such terms are defined by the Texas Public Funds Collateral Act, Chapter 2257, Texas Government Code (the “Act”);

**WHEREAS**, the District entered into a Depository Services Agreement with JP Morgan Chase Bank, N.A. effective May 1, 2012, and the District may in the future enter into additional agreements for depository services (collectively, the “Agreements”);

**WHEREAS**, the Board can designate on one or more authorized representatives within the meaning of Texas Water Code Section 49.157 (the “Code Section”) for the purposes allowed under the Code Section; and

**WHEREAS**, the District wishes to update and designate the following persons as authorized representatives within the meaning of the Code Section for managing accounts and funds under the Agreements.

**NOW, THEREFORE, BE IT**

**RESOLVED**, that the following individuals whose names, titles, and specimen signatures appear below are hereby designated as authorized representatives within the meaning of Texas Water Code Section 49.157.

Signature: \_\_\_\_\_  
Printed Name: Dan Buhman  
Title: General Manager

Signature: \_\_\_\_\_  
Printed Name: Robert Alan Thomas  
Title: Deputy General Manager

Signature: \_\_\_\_\_  
Printed Name: Sandra Newby  
Title: Chief Financial Officer

Signature: \_\_\_\_\_  
Printed Name: Carol Tackel  
Title: Chief Internal Auditor

Signature: \_\_\_\_\_  
Printed Name: Lisa M. Cabrera  
Title: Chief Human Resources Officer

Signature: \_\_\_\_\_  
Printed Name: Jennifer Mitchell  
Title: Controller/Treasury Manager

**IN WITNESS WHEREOF**, the undersigned have set their hands hereunto effective the 19<sup>th</sup> day of October, 2021.

**ADOPTED:**

\_\_\_\_\_  
Leah King  
President  
Board of Directors

**ATTEST:**

\_\_\_\_\_  
Jim Lane  
Secretary

## TARRANT REGIONAL WATER DISTRICT

### AGENDA ITEM 7

**DATE:** October 19, 2021

**SUBJECT:** Consider Approval of Interlocal Agreement for Developing Future Water Supplies in the Sulphur River Basin

**FUNDING:** Fiscal Year 2022 Revenue Fund Budget - \$76,860

#### RECOMMENDATION:

Management recommends approval of an Interlocal Agreement **in an amount not-to-exceed \$76,860** between Tarrant Regional Water District and North Texas Municipal Water District, Sulphur River Basin Authority, Upper Trinity Regional Water District, City of Dallas and City of Irving for developing future water supplies in the Sulphur River Basin. The Interlocal Agreement will have an effective date of October 1, 2021, and will initially be used to fund a study with Freese and Nichols, Inc., to evaluate in detail the potential yields and estimated costs of proposed water supply projects in the Sulphur River Basin.

#### DISCUSSION:

Long-range planning for future water supplies is a continuous process within the District. Water demand trends are constantly being evaluated and compared with currently available and potential future water supplies. The District is very proactive in planning for future water supplies, and strives to consistently have sufficient water supplies online in advance of what is needed to meet demands. Although great strides have been made in water conservation, additional sources of supply will be necessary to continue to meet growing demands over the next several decades.

Water supply projects in the Sulphur River Basin have been identified in multiple Texas Water Development Board Region C Regional Water Plans as potential viable sources of future supply for the District and other regional agencies. The District has been evaluating the feasibility of partnering with other regional agencies to develop these supplies. The primary effort authorized by the Interlocal Agreement is a study completed by Freese and Nichols, Inc., that will update the yields of proposed water supply sources (i.e. how much water could be made available for use by the regional partners) based on the most current data and models available. Another outcome of this effort will be updated cost estimates for the projects and how those costs might be shared between the regional partners. The total cost of the initial study is \$244,000, of which the District would contribute \$76,860.

The District will be able to use the results of this study to determine if it is worth taking the next steps with regional partners to pursue potential water supply projects in the Sulphur River Basin. Depending on the outcome of the initial study and pending agreement from

all parties to the agreement, future efforts may be authorized through this Interlocal Agreement, which has an effective date of October 1, 2021.

This item was reviewed by the Construction and Operations Committee on October 15, 2021.

**Submitted By:**

Rachel Ickert, P.E.  
Chief Water Resources Officer

**INTERLOCAL AGREEMENT BETWEEN NORTH TEXAS MUNICIPAL WATER DISTRICT, SULPHUR RIVER BASIN AUTHORITY, TARRANT REGIONAL WATER DISTRICT, UPPER TRINITY REGIONAL WATER DISTRICT, CITY OF DALLAS, AND CITY OF IRVING FOR DEVELOPING FUTURE WATER SUPPLIES IN THE SULPHUR RIVER BASIN**

THIS INTERLOCAL AGREEMENT FOR DEVELOPING FUTURE WATER SUPPLIES IN THE SULPHUR RIVER BASIN (the “Agreement”) is made and entered into as of this the **1st day of October, 2021** (the “Effective Date”), by and between the North Texas Municipal Water District, a conservation and reclamation district created and operating pursuant to Article XVI, Sec. 59 of the Texas Constitution (“NTMWD”), the Sulphur River Basin Authority, a conservation and reclamation district created and operating pursuant to Article XVI, Sec. 59 of the Texas Constitution (“SRBA”), the Tarrant Regional Water District, a conservation and reclamation district created and operating pursuant to Article XVI, Sec. 59 of the Texas Constitution (“TRWD”), the Upper Trinity Regional Water District, a conservation and reclamation district created and operating pursuant to Article XVI, Sec. 59 of the Texas Constitution (“UTRWD”), the City of Dallas, Texas, a home rule city organized and operating pursuant to the Texas Constitution and the laws of the State of Texas, (“Dallas”), and the City of Irving, Texas, a home rule city organized and operating pursuant to the Texas Constitution and the laws of the State of Texas, (“Irving”), also each referred to as a “Party,” or collectively, the “Parties.”

W I T N E S S E T H :

WHEREAS, the Parties are authorized to enter into this Agreement pursuant to Chapter 62, Acts of the 52<sup>nd</sup> Legislature, 1951 (Article 8280-141, Vernon’s Texas Civil Statutes), Chapter 268, Acts of the 55<sup>th</sup> Legislature, 1957 (Article 8280-207, Vernon’s Texas Civil Statutes), Chapter 3, Acts of the 69<sup>th</sup> Legislature, 1985 (Chapter 8505 of the Texas Special District Local Laws Code), Chapter 1053, Acts of the 71<sup>st</sup> Legislature, 1989, the Dallas City Charter, the Irving City Charter, Chapter 791 of the Texas Government Code, and other applicable laws;

WHEREAS, the Sulphur River Basin is an existing and/or future source of water supply for NTMWD, SRBA, UTRWD, TRWD, Dallas, and Irving; and,

WHEREAS, SRBA was created to provide for the conservation and development of the state’s natural resources inside the Sulphur River Basin; and,

WHEREAS, NTMWD, UTRWD, TRWD, Dallas, and Irving are in the Region C Water Planning area and projects in the Sulphur River Basin are included as water management strategies or alternate strategies for these entities in the 2021 Region C Water Plan; and,

WHEREAS, the purpose of this Agreement is to identify future water supply resources that will result in the development of one or more water supply projects in the Sulphur River Basin for the Parties; and,

WHEREAS, the Parties desire to evaluate yields of projects in the Sulphur River Basin consistent with the Region C Plan for the purpose of water rights permitting; and,

WHEREAS, the Parties have an interest in further examining yields of projects in the Sulphur River Basin and comparing such yields to the findings of the United States Army Corps of Engineers' Sulphur River Basin Feasibility Study; and,

WHEREAS, the Parties intend to share in the costs of the further examination of the yields of projects in the Sulphur River Basin; and,

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the sufficiency of which are hereby conclusively acknowledged, and subject to the terms and conditions hereinafter set forth, NTMWD, SRBA, TRWD, UTRWD, Dallas, and Irving, mutually undertake, promise, and agree as follows:

## **AGREEMENT**

Section 1. **PROJECT PURPOSE.** The Parties agree to study and analyze the development of future water supply projects in the Sulphur River Basin, including the yields of such projects (the "Project") consistent with requirements of water rights permitting.

Section 2. **PROJECT CONTRACTOR.** Freese and Nichols, Inc. is the contractor ("Contractor") for the Project. Attached as **Exhibit A** is Contractor's scope of work for the Project (the "Project Scope"). NTMWD shall manage the Project contract with Contractor and advise the Parties of any contractual disputes that may arise between NTMWD and Contractor. The Project Scope may be amended or modified, but only upon the prior written agreement of the Parties.

Section 3. **TERM OF AGREEMENT.** The initial term of this Agreement shall be for four (4) years, commencing on the Effective Date, after which the Agreement shall automatically renew and extend for successive one-year terms. Following the initial four (4) year term, any Party may withdraw from this Agreement by providing written notice at least thirty (30) days prior to (i) the first renewal date of the Agreement; or (ii) the date of any subsequent one-year renewal. The withdrawing party shall be required to pay its cost shares of the Project Scope fee as provided in Section 4, including any excess amount of cost shares agreed to as provided in Section 5, no later than thirty (30) days from the date of such Party's written notice to the other Parties of its withdrawal from the Agreement.

Section 4. **COST SHARING.** The Parties agree to share in the cost of the total estimated fee for the Project Scope of \$244,000.00, as provided in **Exhibit A**. The cost shares of the Project Scope fee for which each Party is responsible is as follows:

NTMWD: \$ 76,860.00 (31.5 %)  
TRWD: \$ 76,860.00 (31.5%)  
Dallas: \$ 56,120.00 (23%)  
UTRWD: \$ 17,080.00 (7%)

SRBA: \$ 4,880.00 (2%)  
Irving: \$ 12,2000.00 (5%)

Section 5. FEES IN EXCESS OF COST ESTIMATE. If the total cost of the Project exceeds the fee estimate of \$244,000.00, upon written approval of the Parties, the Parties agree that the excess amount will be divided among the Parties and paid in the proportional amounts described in Section 4.

Section 6. PAYMENT OF INVOICES. Contractor shall invoice NTMWD as work on the Project progresses. Each Party shall remit its share of payment reflected in Section 4 to NTMWD within thirty (30) calendar days of receipt of written request from NTMWD and a copy of the invoice from Contractor. The obligations of the Parties to make payments to NTMWD shall be absolute and unconditional and shall not be subject to diminution by set-off, counterclaim, abatement or otherwise.

Section 7. PAYMENT FROM CURRENT REVENUES. The Parties agree that the payments required by this Agreement for the performance of governmental functions or services shall be made from current revenues available to each paying Party.

Section 8. MODIFICATION. This Agreement may be changed or modified only by written agreement of the Parties and only after having obtained approval from the governing bodies of all the Parties.

Section 9. FORCE MAJEURE. If by reason of force majeure any Party hereto shall be rendered unable wholly or in part to carry out its obligations under this Agreement, then if such Party shall give notice and full particulars of such force majeure in writing to the other Party within a reasonable time after occurrence of the event or cause relied on, the obligation of the Party giving such notice, so far as it is affected by such force majeure, shall be suspended during the continuance of the inability then claimed, but for no longer period, and any such Party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "force majeure" as employed herein shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of public enemy, orders of any kind of the Government of the United States or the State of Texas, or any civil or military authority, insurrection, riots, epidemics (including pandemics), landslides, lightning, earthquake, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, partial or entire failure of water supply, or on account of any other causes not reasonably within the control of the Party claiming such inability.

Section 10. REGULATORY BODIES AND LAWS. This Agreement is subject to all applicable Federal and State Laws and any applicable permits, ordinances, rules, orders, and regulations of any local, state or federal governmental authority having or asserting jurisdiction, but nothing contained herein shall be construed as a waiver of any right to question or contest any such law, ordinance, order, rule, or regulation in any forum, having jurisdiction.

Section 11. NOTICES. Unless otherwise provided herein, any notice, communication, request, reply, or advice (herein severally and collectively, for convenience, called "Notice")

herein provided or permitted to be given, made, or accepted by any Party to any other Party must be in writing and may be given or be served by depositing the same in the United States mail, addressed to the Party to be notified and sent via first-class mail and by certified mail/return-receipt requested, or by delivering the same to an officer of such Party. Notice deposited in the mail in the manners hereinabove described shall be deemed to be effective, unless otherwise stated herein, from and after the expiration of three (3) days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the Party to be notified. For the purposes of Notice, the addresses of the Parties shall, until changed as hereinafter provided, be as follows:

If to NTMWD, to:

North Texas Municipal Water District  
Attn: Executive Director  
P.O. Box 2408  
Wylie, Texas 75098

If to SRBA, to:

Sulphur River Basin Authority  
Attn: Executive Director  
911 N Bishop St, #C104  
Wake Village, TX 75501

If to TRWD, to:

Tarrant Regional Water District  
Attn: General Manager  
800 E Northside Drive  
Fort Worth, TX 76102

If to UTRWD, to:

Upper Trinity Regional Water District  
Attn: Executive Director  
900 N Kealy Ave  
PO Box 305  
Lewisville, TX 75067

If to Dallas, to:

Dallas Water Utilities  
Attn: Water Utilities Director  
1500 Marilla Street  
Dallas, TX 75201

With a copy to:

Dallas Water Utilities  
Attn: Planning Division Manager  
1500 Marilla Street  
Dallas, TX 75201

If to Irving, to:

City of Irving  
Attn: City Manager  
P.O. Box 152288  
Irving, Texas 75015-2288

The Parties hereto shall have the right from time to time and at any time to change their respective addresses and each shall have the right to specify as its address any other address by at least fifteen (15) days written notice to the other Parties hereto.

Section 12. SEVERABILITY. The Parties hereto specifically agree that in case any one or more of the sections, subsections, provisions, clauses, or words of this Agreement or the application of such sections, subsections, provisions, clauses, or words to any situation or circumstance should be, or should be held to be, for any reason, invalid or unconstitutional, under the laws or constitutions of the State of Texas or the United States of America, or in contravention of any such laws or constitutions, such invalidity, unconstitutionality, or contravention shall not affect any other sections, subsections, provisions, clauses, or words of this Agreement or the application of such sections, subsections, provisions, clauses, or words to any other situation or circumstance, and it is intended that this Agreement shall be severable and shall be construed and applied as if any such invalid or unconstitutional section, subsection, provision, clause, or word had not been included herein, and the rights and obligations of the Parties hereto shall be construed and remain in force accordingly.

Section 13. GOVERNING LAW; VENUE. All Parties agree that this Agreement shall be construed under the laws of the State of Texas, and obligations under the Agreement shall be performed in Collin County, Texas. In the event that any legal proceeding is brought to enforce this Agreement or any provision hereof, the same shall be brought in the State District Court of Collin County, Texas. The Parties agree to submit to the jurisdiction of said court.

Section 14. SOLE AGREEMENT. This Agreement constitutes the sole and only agreement of NTMWD, SRBA, TRWD, UTRWD, Dallas, and Irving, and supersedes any prior understanding or oral or written agreements between NTMWD, SRBA, TRWD, UTRWD, Dallas, and Irving with respect to the subject matter of this Agreement.

Section 15. NO THIRD-PARTY BENEFICIARIES. This Agreement shall inure only to the benefit of the Parties hereto and third persons not privy hereto shall not, in any form or manner, be considered a third-party beneficiary of this Agreement.

Section 16. WAIVER. Any waiver at any time by any Party of its rights with respect to default under this Agreement shall not be deemed a waiver of such rights with respect to any subsequent default or matter.

Section 17. REMEDIES. Nothing in this Agreement shall be construed as, in any manner, to abridge, limit or deprive any Party hereunto of any means which it could otherwise have of enforcing any right or remedy either in law or in equity for breach of any of the provisions hereof.

Section 18. RELATIONSHIP OF THE PARTIES. This Agreement shall not be interpreted or construed to create an association, joint venture, or partnership between the Parties or to impose any partnership obligation or liability upon any of the Parties. None of the Parties shall have any right, power, or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, any of the other Parties.

Section 19. SUCCESSION AND ASSIGNMENT. This Agreement is binding upon and shall inure to the benefit of the Parties, their heirs, successors and assigns. This Agreement may not be assigned by any Party hereto without the prior written notice to, and prior written approval by, the other Parties, which consent may be withheld without cause.

Section 20. RECITALS AND EXHIBITS INCORPORATED. The recitals contained in the preamble hereof and the exhibits hereto are hereby found to be true, and such recitals and exhibits are hereby made a part of this Agreement for all purposes.

Section 21. AUTHORITY TO EXECUTE. Each person signing on behalf of the Parties hereby confirms that they have the authority to execute this Agreement on behalf of the Party indicated by their signature.

IN WITNESS WHEREOF, the Parties hereto acting under authority of their respective governing bodies have caused this Agreement to be duly executed in several counterparts, each of which shall constitute an original, all as of the day and year first above written, which is the Effective Date of this Agreement.

**NORTH TEXAS MUNICIPAL WATER DISTRICT**

By: \_\_\_\_\_ Date \_\_\_\_\_  
Jenna Covington, P.E.  
Executive Director

**SULPHUR RIVER BASIN AUTHORITY**

By: \_\_\_\_\_ Date \_\_\_\_\_  
Chris Hartung,  
Executive Director

**TARRANT REGIONAL WATER DISTRICT**

By: \_\_\_\_\_ Date \_\_\_\_\_  
Dan Buhman,  
General Manager

**UPPER TRINITY REGIONAL WATER DISTRICT**

By: \_\_\_\_\_ Date \_\_\_\_\_  
Larry N. Patterson, P.E.  
Executive Director

**CITY OF DALLAS**

By: \_\_\_\_\_ Date \_\_\_\_\_  
T.C. Broadnax  
City Manager  
Approved as to Form:

By: \_\_\_\_\_ Date \_\_\_\_\_  
Christopher J. Caso, City Attorney

**CITY OF IRVING**

By: \_\_\_\_\_ Date \_\_\_\_\_  
Richard H. Stopfer  
Mayor

# TARRANT REGIONAL WATER DISTRICT

## AGENDA ITEM 8

**DATE:** October 19, 2021

**SUBJECT:** Consider Approval of Contract Amendment with CH2M Hill Engineers, Inc. for Final Design, Bid and Construction Phase Services of Lake Palestine Pump Station of the Integrated Pipeline Project

**FUNDING:** Dallas Bond Fund

### RECOMMENDATION:

Management recommends approval of a contract amendment **in an amount not-to-exceed \$5,194,000** with CH2M Hill Engineers, Inc. for final design, bid and construction phase services of the Lake Palestine Pump Station. The total not-to-exceed contract value, including this proposed amendment will be **\$35,302,675** as follows:

<u>Integrated Pipeline Project Pump Stations</u>	<u>Capacity</u>	<u>Engineering</u>
Cedar Creek Lake Pump Station	TRWD	\$17,153,372
Richland Chambers Lake Pump Station	TRWD	\$5,561,025
Palestine Lake Pump Station	Dallas	\$11,906,278
Invasive Species Study	Joint	\$682,000
		<u><b>\$35,302,675</b></u>

### DISCUSSION:

On January 18, 2011, the District executed a contract with CH2M Hill Engineers, Inc. for preliminary siting and design of the Cedar Creek (TRWD), Richland Chambers (TRWD) and Palestine (Dallas) Lake Pump Stations at a price not-to-exceed \$6,513,600. The contract has been amended March 01, 2012, September 21, 2012, and June 21, 2016 for fees not-to-exceed \$23,368,472. Total current contract amount is \$30,108,675.

This scope of work includes four (4) tasks consisting of Lake Palestine intake and pump station final design including owner furnished equipment, bid and construction phase services for the intake channel and pump station wet well (Package 1), plus a contingency for Optional Supplemental Services to be released at the Project Director's discretion. One more amendment is anticipated for Palestine Pump Station Package 2 to be scheduled and included in the next Dallas bond issue.

CH2M Hill's team includes two MWBE/HUB certified sub-consultant firms - JQI for structural engineering and Gupta Associates for electrical/instrumentation engineering. DBE participation with these two firms is in the 29% range of the total contract value including this amendment. Included for reference are the Fair Opportunity in Purchasing and Contracting and task fee summaries.

Management is also requesting that the General Manager or his designee be granted authority to execute all documents associated with the contract described herein.

This item was reviewed by the Construction and Operations Committee on October 15, 2021.

**Submitted By:**

Ed Weaver  
IPL Program Manager



<b>FEE SUMMARY</b>		
<b>Integrated Pipeline Project</b>		
<b>IPL Lake Palestine Pump Station Final Design, and LP1IN Bid and Construction Phase Engineering Services</b>		
<b>CH2M Hill Engineers, Inc.</b>		
<b>Task</b>	<b>Description</b>	<b>Estimated Fee</b>
	Basic Services	
1	LP1 IN (Package 1) Final Design	\$749,878.00
2	LP1 IN (Package 1) Bid and Construction Phase Services	\$922,538.00
3	LP1 PS (Package 2) Final Design	\$2,444,909.00
4	LP1 OFE Final Design, Bid and Construction Phase Services	\$603,865.00
	<b>Subtotal Basic Services</b>	<b>\$4,721,190.00</b>
	Optional Supplemental Services	\$472,810.00
	<b>Subtotal Optional Supplemental Services</b>	<b>\$472,810.00</b>
	<b>Total</b>	<b>\$5,194,000.00</b>

# Memo



**TO:** Ed Weaver  
**FROM:** Matt Gaughan  
**DATE:** October 8, 2021

**SUBJECT:** Recommendation for approval of a contract amendment with CH2M Hill Engineers, Inc. (CH2M) for the Final Design, Bid and Construction Phase Services of Lake Palestine Pump Station of the Integrated Pipeline (IPL).

In January of 2011, the District entered into a contract with CH2M Hill Engineers, Inc. (CH2M) to provide Engineering Services for the design of the IPL Lake Pump Stations including Lake Palestine Pump Station (LP1). Subsequent amendments to contract resulted in a price not to exceed \$30,108,675.00.

The proposed amendment amount of \$5,194,000.00 is for the final design of the Lake Palestine Pump Station (LP1) and the bid and construction phase engineering services for the LP1 Intake and Wetwell, Package 1 of the Lake Palestine Pump Station (LP1). The total not to exceed contract value, including this proposed amendment will be \$35,302,675.00.

The proposed contract amendment includes four tasks and a special services contingency. The tasks include LP1 IN (Package 1) Final Design, LP1 IN (Package 1) Bid and Construction Phase Services, LP1 PS (Package 2) Final Design, and LP1 OFE Design, Bid and Construction Phase Services

There are requirements for CH2M to meet DBE/HUB participation goals under the Fair Opportunities in Purchasing and Contracting Program for IPL Contracts. CH2M does not qualify as a DBE/HUB firm under the Fair Opportunities in Purchasing and Contracting Program. CH2M's team includes two sub-consultant firms that are MWBE/HUB certified consultants. These firms will provide services amounting to 25% of the total contract amendment.

Included for reference are the Fee Summary and Fair Opportunity in Purchasing and Contracting summaries.

## Fair Opportunity Purchasing

Project: Consider approval of contract amendment to contract with CH2M Hill Engineers, Inc. Final Design, Bid and Construction Phase Services of Lake Palestine Pump Station of the Integrated Pipeline (IPL).

Not to Exceed \$5,194,000.00

CH2M Hill Engineers, Inc., an Engineering and Consulting company with local offices in Dallas, Texas and Fort Worth, Texas, has signed the IPL Project Fair Opportunity Purchasing documentation, and proposes to use the following sub-consultants:

**Project Category:** Engineering, Bid and Construction Services

---

### LOCAL/NON-LOCAL CONTRACT SUMMARY

	<u>Amount</u>	<u>Percent</u>
Local Contracts	\$4,721,190.00	100.0%
Non-Local Contracts	-	0.00%
Optional Supplemental Services	\$472,810.00	
<b>Total This Agenda</b>	<b>\$5,194,000.00</b>	

---

---

### LOCAL/NON-LOCAL MWBE/HUB PARTICIPATION THIS ACTION

<u>Local</u>	<u>Certification</u>
JQI	DBE
Gupta Associates	DBE

---

## TARRANT REGIONAL WATER DISTRICT

### AGENDA ITEM 9

**DATE:** October 19, 2022

**SUBJECT:** Consider Approval of Contract with Retzlaff Construction LLC for Lower West Fork Trail Resurfacing

**FUNDING:** Fiscal Year 2022 General Fund Budget - \$175,000

#### **RECOMMENDATION:**

Management recommends approval of a contract **in the amount of \$157,097** with Retzlaff Construction LLC for Lower West Fork Concrete Trail Resurfacing.

#### **DISCUSSION:**

Two asphalt segments of Trinity Trail within the Lower West Fork have reached the end of useful life and suffer from cracks and deterioration. One segment is between SH121 and SH377. The second extends from Riverside Drive downstream to Sycamore Creek. In total, the two segments are 2,020 feet long. The existing asphalt trail was constructed over 15 years ago.

The project consists of removing dilapidated asphalt and replacing with 11' wide concrete. District crews will install soft bypass trail, remove the asphalt, and rough grade site for new concrete trail. The contractor will provide all materials and labor to construct the new 11' wide concrete trail and backfill.

Bids were advertised as per statute, and bid packets were distributed to various vendors.

Retzlaff Construction is the lowest conforming bidder.

The project will begin in November 2021 and take approximately 60 days to complete.

This item was reviewed by the Construction and Operations Committee on October 15, 2021.

#### **Submitted By:**

Darrell Beason  
Chief Operations Officer



## Bid Tabulation

**ITB No.** 22-009  
**Description** Lower West Fork Concrete Trail Resurfacing Phase 3  
**Due Date and Time** October 6, 2021 at 2:00PM

Company Name	Bid Amount	No. of Days
Retzlaff Construction	\$157,097.00	60
Ken-Do Contracting	\$162,875.00	60
2L Construction	\$177,600.00	60
RLM Earthco	\$179,915.92	34
Protere Construction	\$187,452.00	90
North Rock Construction LLC	\$208,608.08	60
Keystone Metal Buildings	\$223,540.00	15
HD Cooks Rock Solid Inc, dba Rock Solid Inc.	\$240,094.92	50
The Fain Group, INC	\$257,548.00	65
HQS Construction	\$262,400.00	90
Green Dream International LLC	\$323,935.00	30

\*Don Smith Company LLC Non-Compliant. Did not submit a bid bond.

**TARRANT REGIONAL WATER DISTRICT**

**AGENDA ITEM 10**

**DATE:** October 19, 2021

**SUBJECT:** Consider Approval of Operations Maintenance Expenditures

**FUNDING:** Fiscal Year 2022 General/Revenue Fund

**RECOMMENDATION:**

Management recommends approval of operations maintenance expenditures as outlined on the attached spreadsheet.

**DISCUSSION:**

All statutory bidding requirements have been satisfied.

This item was reviewed by the Construction and Operations Committee on October 15, 2021.

**Submitted By:**

Darrell Beason  
Chief Operations Officer

**Tarrant Regional Water District  
Board of Directors Meeting  
October 2021  
Operations Maintenance**

<b>Project</b>	<b>Vendor</b>	<b>Amount</b>	<b>Purpose</b>	<b>Budget Line</b>	<b>Budget</b>
ITB 22-016 Eastern Facilities Grounds Maintenance	H&H Services of Paris, TX	not to exceed \$110,460	Grounds maintenance for eastern administrative and operational facilities. This contract is for one initial eleven month period with the option to renew for four additional one-year periods.	9587, 9588, 9723, 9728, 11453	Revenue \$ 181,000.00
ITB 22-008 Hauling Service for Operations Construction	DCT Trucking	Not to exceed \$309,800 at a rate of \$60/hr	Vendor to provide Tandem Dump Trucks and Operators to haul soil, gravel, rock, etc. on an hourly basis. The contract supplements District Staff and Equipment during peak needs. This contract is for one initial nine month period with the option to renew for four additional one-year periods.	9926, 9931, 9934, 10445	General \$ 309,800.00
New On-Line Vibration Monitoring Equipment at the Benbrook Booster Pump Station	Emerson Automation Solutions	\$82,784.00	The vibration monitoring unit at Benbrook Booster Pump station will be upgraded to the new Emerson 6500 unit. In earlier years, the District standardized with Emerson 4500 units, a model that Emerson no longer supports with replacement components. Multiple pump stations have already been upgraded to the current Emerson 6500 vibration monitoring model.	10925	Revenue \$ 85,000.00



# **Emerson Automation Solutions**

Confidential Proposal submission to

**Tarrant Regional Water District  
Fort Worth, TX**

**CSI 4500 replacement of BB2 System  
Machinery Monitoring System**

**Technical and Commercial Proposal**

**Proposal Number: AOUS2020388, Revision 0**

---

## 1.1 Basis of Proposal

Emerson is proposing an **AMS 6500 6U Prediction** system based on End User's requirement to provide a replacement for existing CSI 4500 used for Vibration Monitoring System to monitor the BB2-A and BB2-B systems at its facility in Fort Worth, TX.

The following I/O count has been considered:

Equipment	Accel	Tach
BB2-A	18	2
BB2-B	18	2
Total	40	

## 1.2 Summary of Scope

Emerson's proposed system includes the following as part of the proposal:

### 1.2.1 Base Offer

Emerson's proposed system includes the following as part of the base offer:

- AMS 6500 Advanced Prediction System
- Standard Wall-Mount System Enclosures
- In-office Engineering Services
- Onsite Engineering Services

### 1.2.2 Optional Offers

Emerson's proposed system includes the following as part of the base offer:

- 1-Year Guardian Support
- Standard Spare Parts

### 1.2.3 Technical Solution Description

Emerson will provide two (2) 24 – channels AMS 6500 6U Prediction only rack for the replacement of existing two (2) units of CSI 4500 racks. This rack will be installed in the Emerson provided wall mount enclosures.

### 3 BILL OF MATERIAL (BOM)

This section will list and describe the BOM required to complete the delivery of the proposed system.

#### 3.1 Base Offer – AMS 6500 6U Prediction Only Rack

This section will list and describe the BOM required to complete the delivery of the Machinery Health Monitoring System utilizing **AMS 6500 6U Prediction Only Rack**. The table below shows all line items and quantities of all hardware that will be included in this proposal.

ITEM NO.	QTY.	PART NO.	DESCRIPTION
1	2	A6500PRE-SS-WM-24-IC	AMS 6500 24ch,NEMA4X SS Wallmount Predict Cabinet, Fully Wired
2	2	MHM-93121	19in Rack, 1U Fan, 24VDC
3	2	A6500MR-24	AMS 6500 Prediction Only, 24ch, Rear Termination, 19in Rack
4	1	ACERT-ONLINETRNR	Formal Classroom Training @ Emerson corporate location, 4 days, 1 person (Included with Purchase)

#### 3.2 Optional Offer

The table below shows all line items and quantities of products offered for optional consideration and are not part of the base price. Should the customer choose to purchase these items, corresponding pricing will be added to the base price.

##### 3.2.1 Standard Spare Parts

The following spares are considered in the hardware requirement:

ITEM NO.	QTY.	PART NO.	DESCRIPTION
1	1	MHM-VE5138-PBF	Power Supply,100-240 VAC to 24VDC,5A
2	1	MHM-85877	8 Port Din Rail Mounted Network Switch with Fiber Uplink
3	1	A6510	AMS 6500 12-2-2 Signal Input Module
4	1	A6560R	AMS 6500 Machinery Health Processor Module for up to 24 Channels

## 9 PRICING AND PAYMENT MILESTONE

Emerson Automation Solutions' proposed system is offered per the pricing below:

### 9.1 Pricing

Emerson Automation Solutions submits the following **firm project pricing** summary in USD.

OFFER	DESCRIPTION	END USER PRICE
<b>Base</b>	AMS 6500 6U Prediction Only Rack	\$ 82,784.00
<b>Option 1</b>	Standard Spare Parts	\$ 8,113.00
<b>Option 2</b>	1-Year Guardian Support for 2 x AMS 6500 6U Prediction Rack	\$ 2,170.00

### 9.2 Milestone and Payment Schedule

Emerson Automation Solutions will invoice the End User as milestones are completed per the schedule below:

PAYMENT	MILESTONE	PAYMENT DUE
1	10% due upon Receipt of Order	10%
2	Milestone 1: System Staging and FAT	20%
3	Milestone 2: Equipment Delivery	60%
4	Milestone 3: System Commissioning	10%

Emerson Automation Solutions' standard payment terms are net 30 days from date of invoice with approved credit. **Please reference Proposal Number AOUS2020388 when placing the purchase order.**

## 10 ORDERING INFORMATION

Emerson Automation Solutions requires a copy of all purchase orders prior to processing an order.

**All purchase orders must be made out to:**  
**Emerson Process Management LLLP**  
C/o Vinson Process Controls  
(AOUS2020388)

The purchase order can be mailed, faxed or e-mailed using the contact information below:



**TARRANT REGIONAL WATER DISTRICT**

**AGENDA ITEM 12**

**DATE:** October 19, 2021

**SUBJECT:** Executive Session

**FUNDING:** N/A

**RECOMMENDATION:**

Section 551.071 to Consult with Legal Counsel on a Matter in Which the Duty of Counsel Under the Texas Disciplinary Rules of Professional Conduct Clearly Conflicts with Chapter 551, Texas Government Code and to Conduct a Private Consultation with Attorneys Regarding Pending or Contemplated Litigation and Ongoing Investigation; and

Section 551.072 to Deliberate the Purchase, Exchange, Lease or Value of Real Property; and

Section 551.074 to Deliberate Regarding Personnel Matters; and

Section 551.076 to Deliberate Regarding Security Personnel, Devices, or Audits

**DISCUSSION:**

- Conflict of duty of counsel
- Pending litigation
- Real property issues

**Submitted By:**

Alan Thomas  
Deputy General Manager

Next Scheduled Board Meeting

November 16, 2021