

**OFFICIAL STATEMENT  
DATED MAY 15, 2019**

**NEW ISSUES - Book-Entry-Only**

**Ratings: Fitch: “AAA”; Moody’s: “Aaa”; S&P: “AAA”  
See “OTHER INFORMATION–Ratings”**

*In the opinion of Bond Counsel (hereinafter defined), assuming continuing compliance by the Board (hereinafter defined) after the date of initial delivery of the Bonds (hereinafter defined) with certain covenants contained in the Resolutions (hereinafter defined) authorizing the Bonds and subject to the matters set forth under “TAX MATTERS” herein, interest on the Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income of the owners thereof pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Bonds, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof. See “TAX MATTERS” herein.*



**\$200,800,000  
STATE OF TEXAS  
GENERAL OBLIGATION BONDS**

<b>\$50,135,000</b>	<b>\$21,320,000</b>	<b>\$121,990,000</b>	<b>\$7,355,000</b>
<b>Water Financial</b>	<b>Water Financial</b>	<b>Water Financial</b>	<b>Water Financial</b>
<b>Assistance Refunding Bonds,</b>	<b>Assistance Refunding Bonds,</b>	<b>Assistance Refunding Bonds,</b>	<b>Assistance Refunding Bonds,</b>
<b>Series 2019C</b>	<b>Series 2019D</b>	<b>Series 2019E</b>	<b>Series 2019F (Economically</b>
	<b>(State Participation Program)</b>	<b>(Water Infrastructure Fund)</b>	<b>Distressed Areas Program)</b>
<b>\$24,075,000</b>	<b>\$26,060,000</b>	<b>\$42,600,000</b>	<b>\$79,390,000</b>
<b>Subseries</b>	<b>Subseries</b>	<b>Subseries</b>	<b>Subseries</b>
<b>2019C-1</b>	<b>2019C-2</b>	<b>2019E-1</b>	<b>2019E-2</b>
	<b>(Variable Rate)</b>		<b>(Variable Rate)</b>

**Dated Date: Date of Delivery**

**Due: August 1, as shown on pages iii to viii herein**

The State of Texas (i) Water Financial Assistance Refunding Bonds, Series 2019C including the portion of the Series 2019C Bonds designated and issued as fixed rate bonds (the Subseries 2019C-1 Bonds) and the portion of the Series 2019C Bonds designated and issued as variable rate bonds (the Subseries 2019C-2 (Variable Rate) Bonds) (collectively, the Series 2019C Bonds), (ii) Water Financial Assistance Refunding Bonds, Series 2019D (State Participation Program) (the Series 2019D Bonds), (iii) Water Financial Assistance Refunding Bonds, Series 2019E (Water Infrastructure Fund) including the portion of the Series 2019E Bonds designated and issued as fixed rate bonds (the Subseries 2019E-1 Bonds) and the portion of the Series 2019E Bonds designated and issued as variable rate bonds (the Subseries 2019E-2 (Variable Rate) Bonds) (collectively, the Series 2019E Bonds), and (iv) Water Financial Assistance Refunding Bonds, Series 2019F (Economically Distressed Areas Program) (the Series 2019F Bonds), all being collectively referred to as the “Bonds,” are general obligations of the State of Texas (the State) and are issued by the Texas Water Development Board (TWDB or the Board) under the authority of the Texas Constitution (the Constitution) and laws of the State.

The Bonds are initially issued in fully-registered form only, without coupons, in denominations of \$5,000 (or any integral multiple thereof) (see THE FIXED RATE BONDS – General Provisions and THE VARIABLE RATE BONDS – General Provisions herein). No physical delivery of the Bonds will be made to the owners thereof. Principal of, premium, if any, and interest on the Bonds is payable by The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, as paying agent/registrars, to Cede & Co., which makes distribution of the amounts so paid to the beneficial owners of the Bonds (see APPENDIX E – Book-Entry-Only System herein).

**Fixed Rate Bonds.** Interest on the Subseries 2019C-1 Bonds, Series 2019D Bonds, Subseries 2019E-1 Bonds and Series 2019F Bonds (collectively, the Fixed Rate Bonds) will accrue from the Date of Delivery (as defined below) at the fixed rates of interest shown on pages iii, v, vi and viii hereof and will be calculated on the basis of a 360-day year composed of twelve 30-day months. Interest on the Fixed Rate Bonds will be payable on August 1, 2019, and on each February 1 and August 1 thereafter until maturity or prior redemption. The Fixed Rate Bonds are subject to redemption prior to stated maturity as provided herein. See “THE FIXED RATE BONDS – Redemption Provisions.”

**Variable Rate Bonds.** The Subseries 2019C-2 (Variable Rate) Bonds and the Subseries 2019E-2 (Variable Rate) Bonds (collectively, the Variable Rate Bonds) are variable rate bonds, each initially issued in an Initial Rate mode of specified duration (the Initial Rate Period), effective the Date of Delivery and ending July 31, 2022. Upon conclusion of the respective Initial Rate Period applicable thereto, each subseries of Variable Rate Bonds will be remarketed into a Term Rate (defined herein) mode interest period of a to-be-determined duration or to a Fixed Rate (defined herein) mode. During the applicable Initial Rate Period, interest on the Variable Rate Bonds will accrue from the Date of Delivery and will be calculated on the basis of a 360-day year of twelve 30-day months and will be payable on each August 1 and February 1, commencing August 1, 2019. See tables appearing on pages iv and vii, of this Official Statement for a description of the Initial Rate Period expiration, Conversion Date, initial rate, Stepped Rate (defined herein), and CUSIP Number applicable to each subseries of Variable Rate Bonds in its Initial Rate mode.

**Redemption and Repurchase of Variable Rate Bonds.** During their Initial Rate Period, the Variable Rate Bonds (i) are subject to redemption as provided herein and (ii) are not subject to optional or mandatory tender. See “THE VARIABLE RATE BONDS – Redemption Provisions” and “– Tender Provisions.” On the Conversion Date applicable to a subseries of Variable Rate Bonds, such Variable Rate Bonds are subject to mandatory tender, without right of retention, and redemption at the option of the Board. See “THE VARIABLE RATE BONDS – Conversion of Interest Modes,” “– Tender Provisions,” and “– Redemption Provisions” herein.

**No Initial Liquidity Support for Variable Rate Bonds.** During their Initial Rate Period, the Variable Rate Bonds are not supported by a liquidity facility provided by a third party. Accordingly, a failure by the Remarketing Agent (defined herein) to remarket the Variable Rate Bonds subject to mandatory tender on the applicable Conversion Date will result in such Variable Rate Bonds bearing interest at the applicable Stepped Rate until such time as the Board redeems or remarkets such Variable Rate Bonds. See “THE VARIABLE RATE BONDS – Tender Provisions” herein.

**Tender; Remarketing of Variable Rate Bonds.** All tenders of Variable Rate Bonds must be made to The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, as tender agent for the Variable Rate Bonds (the Tender Agent). In the Bond Resolutions (defined herein), the Board has covenanted to identify and enter into a contract with a remarketing agent (the Remarketing Agent) for each subseries of Variable Rate Bonds prior to the commencement of the remarketing period applicable to the particular subseries of Variable Rate Bonds. Variable Rate Bonds tendered for purchase will be bought from the proceeds derived from the remarketing of such Variable Rate Bonds, if any; provided, however, that should the date for tender of the Variable Rate Bonds occur on an interest payment date, the accrued interest portion of the Purchase Price will be paid by the Board.

**Conversion of Variable Rate Bonds.** Each applicable Bond Resolution provides that the Variable Rate Bonds, at the conclusion of the Initial Rate Period are subject to conversion to (i) a Term Rate mode of the same or differing duration or (ii) a Fixed Rate mode. If Variable Rate Bonds are converted, in whole or in part, to a Term Rate mode the Board may, at its option, enter into an agreement providing liquidity support for those Variable Rate Bonds at such time. No such agreement, however, has been entered into at this time, nor is one expected to be entered into in the future.

**Security. THE BONDS ARE GENERAL OBLIGATIONS OF THE STATE OF TEXAS, AND ARE SECURED BY THE FULL FAITH AND CREDIT OF THE STATE OF TEXAS.** See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS”.

**Authority.** The Bonds are issued pursuant to four separate resolutions adopted by the Board on April 23, 2019 (collectively, the Bond Resolutions), in which, among other matters, the Board delegated to certain designated officials the authority to establish and approve the final terms of the sale of the Bonds through the execution of one or more approval certificates (the Bond Resolutions and such approval certificates are collectively referred to herein as the Resolutions). The Bonds are being issued pursuant to the Resolutions, and the Constitution and laws of the State, including particularly Article III, Section 49-d-8, 49-d-9, 49-d-10 and 49-d-11, Texas Constitution, Subchapter L of Chapter 17 of the Texas Water Code, as amended (the Act), Chapter 1207, Texas Government Code, as amended (Chapter 1207) and Chapter 1371, Texas Government Code, as amended (Chapter 1371), for the purposes of conserving and developing the water resources of the State by (i) providing funds for the refunding of the Refunded Bonds (defined herein), and (ii) providing funds for the payment of expenses arising in connection with the issuance of the Bonds. Capitalized terms not otherwise defined herein have the meanings given to such terms in the Resolutions.

---

SEE INSIDE COVER PAGES HEREIN FOR STATED MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, STEPPED RATES (AS APPLICABLE), INITIAL YIELDS, CUSIP NUMBERS, CONVERSION DATES (AS APPLICABLE) AND REDEMPTION PROVISIONS FOR EACH SERIES OR SUBSERIES OF BONDS

---

*The Bonds are offered for delivery when, as and if issued and accepted by the underwriters listed below (the Underwriters), subject to prior sale, withdrawal or modification of the offer without notice and are subject to the approving legal opinion of the Attorney General of the State, and Norton Rose Fulbright US LLP, Dallas, Texas, Bond Counsel. Certain legal matters will be passed on for the Board by Bracewell LLP, Houston, Texas, Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas. See “LEGAL MATTERS.” It is expected that the Bonds will be available for delivery, through the facilities of DTC, on or about June 20, 2019 (the Date of Delivery).*

**WELLS FARGO SECURITIES**

**HUTCHINSON, SHOCKEY, ERLEY & Co.  
MESIROW FINANCIAL, INC.**

**J.P. MORGAN  
RAMIREZ & Co., INC.**

**Maturity Schedule**

**\$50,135,000**  
**STATE OF TEXAS**

**Water Financial Assistance Refunding Bonds,**  
**Series 2019C**

**\$24,075,000**  
**Subseries 2019C-1**

**CUSIP Prefix: 882724<sup>(2)</sup>**

<b>Maturity (August 1)<sup>(1)</sup></b>	<b>Principal Amount (\$)</b>	<b>Interest Rate (%)</b>	<b>Initial Yield (%)</b>	<b>CUSIP<sup>(2)</sup></b>
2020	\$8,530,000	5.000	1.500	LZ8
2021	7,230,000	5.000	1.510	MA2
2022	8,315,000	5.000	1.520	MB0

*(Interest to accrue from the Date of Delivery)*

---

<sup>(1)</sup> *Optional Redemption.* The Subseries 2019C-1 Bonds are not subject to redemption at the option of the Board prior to stated maturity. See "THE FIXED RATE BONDS – Redemption Provisions."

<sup>(2)</sup> CUSIP® is a registered trademark of the American Bankers Association, CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. Neither the State, the Board, the Financial Advisor (as defined herein), or the Underwriters are responsible for the selection or correctness of the CUSIP numbers set forth herein.

**Maturity Schedule**

**\$50,135,000**  
**STATE OF TEXAS**

**Water Financial Assistance Refunding Bonds,**  
**Series 2019C**

**\$26,060,000**  
**Subseries 2019C-2 (Variable Rate)**

**INITIAL RATE MODE INFORMATION**

**CUSIP Prefix: 882724<sup>(1)</sup>**

<b>Initial Rate Period Expiration</b>	<b>Conversion Date</b>	<b>Initial Interest Rate (%)</b>	<b>Initial Yield (%)</b>	<b>Stepped Rate (%)</b>	<b>CUSIP<sup>(1)</sup></b>
July 31, 2022	August 1, 2022	1.850	1.850	6.500	MC8

---

*Maturity.* The Subseries 2019C-2 (Variable Rate) Bonds have a stated maturity date of August 1, 2029.

*Optional Redemption and Mandatory Sinking Fund Redemption.* All or part of the Subseries 2019C-2 (Variable Rate) Bonds are subject to optional redemption prior to stated maturity and prior to the expiration of the Initial Rate Period on August 1, 2020, or on any date thereafter. The Subseries 2019C-2 (Variable Rate) Bonds are subject to optional redemption on any date during any time that the Subseries 2019C-2 (Variable Rate) Bonds bear interest at the Stepped Rate. In addition, the Subseries 2019C-2 (Variable Rate) Bonds are subject to mandatory sinking fund redemption in the amounts and at the times provided in the Series 2019C Bond Resolution and as described herein under the subcaption “THE VARIABLE RATE BONDS – Redemption Provisions,” but no such mandatory redemption to occur during the Initial Rate Period.

<sup>(1)</sup> CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor’s Financial Services LLC on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. Neither the State, the Board, the Financial Advisor, nor the Underwriters are responsible for the selection or correctness of the CUSIP numbers set forth herein.

**Maturity Schedule**

**\$21,320,000**  
**STATE OF TEXAS**

**Water Financial Assistance Refunding Bonds,  
Series 2019D  
(State Participation Program)**

**CUSIP Prefix: 882724<sup>(2)</sup>**

<b>Maturity (August 1)<sup>(1)</sup></b>	<b>Principal Amount (\$)</b>	<b>Interest Rate (%)</b>	<b>Initial Yield (%)</b>	<b>CUSIP<sup>(2)</sup></b>
2020	\$1,990,000	5.000	1.500	MD6
2021	1,995,000	5.000	1.510	ME4
2022	1,985,000	5.000	1.520	MF1
2023	1,970,000	5.000	1.560	MG9
2024	1,960,000	5.000	1.590	MH7
2025	1,945,000	5.000	1.640	MJ3
2026	1,930,000	5.000	1.670	MK0
2027	1,915,000	5.000	1.690 <sup>(3)</sup>	ML8
2028	1,895,000	5.000	1.700 <sup>(3)</sup>	MM6
2029	1,875,000	5.000	1.730 <sup>(3)</sup>	MN4
2030	1,860,000	5.000	1.760 <sup>(3)</sup>	MP9

*(Interest to accrue from the Date of Delivery)*

---

<sup>(1)</sup> *Optional Redemption.* The Series 2019D Bonds having stated maturities on and after August 1, 2027, are subject to redemption at the option of the Board, in whole or from time to time in part, on August 1, 2026 or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. See "THE FIXED RATE BONDS – Redemption Provisions."

<sup>(2)</sup> CUSIP® is a registered trademark of the American Bankers Association, CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. Neither the State, the Board, the Financial Advisor (as defined herein), or the Underwriters are responsible for the selection or correctness of the CUSIP numbers set forth herein.

<sup>(3)</sup> Yield calculated to the earlier of maturity or the first optional call date at par, August 1, 2026.

**Maturity Schedule**

**\$121,990,000**  
**STATE OF TEXAS**

**Water Financial Assistance Refunding Bonds,  
Series 2019E  
(Water Infrastructure Fund)**

**\$42,600,000**  
**Subseries 2019E-1**

**CUSIP Prefix: 882724<sup>(2)</sup>**

<b>Maturity (August 1)<sup>(1)</sup></b>	<b>Principal Amount (\$)</b>	<b>Interest Rate (%)</b>	<b>Initial Yield (%)</b>	<b>CUSIP<sup>(2)</sup></b>
2020	\$14,075,000	5.000	1.500	MQ7
2021	14,205,000	5.000	1.510	MR5
2022	14,320,000	5.000	1.520	MS3

*(Interest to accrue from the Date of Delivery)*

---

<sup>(1)</sup> *Optional Redemption.* The Subseries 2019E-1 Bonds are not subject to redemption at the option of the Board prior to stated maturity. See "THE FIXED RATE BONDS – Redemption Provisions."

<sup>(2)</sup> CUSIP® is a registered trademark of the American Bankers Association, CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. Neither the State, the Board, the Financial Advisor (as defined herein), or the Underwriters are responsible for the selection or correctness of the CUSIP numbers set forth herein.

**Maturity Schedule**

**\$121,990,000**  
**STATE OF TEXAS**

**Water Financial Assistance Refunding Bonds,  
Series 2019E  
(Water Infrastructure Fund)**

**\$79,390,000**  
**Subseries 2019E-2 (Variable Rate)**

**INITIAL RATE MODE INFORMATION**

**CUSIP Prefix: 882724<sup>(1)</sup>**

<b>Initial Rate Period Expiration</b>	<b>Conversion Date</b>	<b>Initial Interest Rate (%)</b>	<b>Initial Yield (%)</b>	<b>Stepped Rate (%)</b>	<b>CUSIP<sup>(1)</sup></b>
July 31, 2022	August 1, 2022	2.250	1.710 <sup>(2)</sup>	6.500	MT1

*Maturity.* The Subseries 2019E-2 (Variable Rate) Bonds have a stated maturity date of August 1, 2029.

*Optional Redemption and Mandatory Sinking Fund Redemption.* All or part of the Subseries 2019E-2 (Variable Rate) Bonds are subject to optional redemption prior to stated maturity and prior to the expiration of the Initial Rate Period on August 1, 2020, or on any date thereafter. The Subseries 2019E-2 (Variable Rate) Bonds are subject to optional redemption on any date during any time that the Subseries 2019E-2 (Variable Rate) Bonds bear interest at the Stepped Rate. In addition, the Subseries 2019E-2 (Variable Rate) Bonds are subject to mandatory sinking fund redemption in the amounts and at the times provided in the Series 2019E Bond Resolution and as described herein under the subcaption “THE VARIABLE RATE BONDS – Redemption Provisions,” but no such mandatory redemption to occur during the Initial Rate Period.

<sup>(1)</sup> CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor’s Financial Services LLC on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. Neither the State, the Board, the Financial Advisor, nor the Underwriters are responsible for the selection or correctness of the CUSIP numbers set forth herein.

<sup>(2)</sup> Yield calculated to the earlier of maturity or the first optional call date at par, August 1, 2020.

**Maturity Schedule**

**\$7,355,000**  
**STATE OF TEXAS**

**Water Financial Assistance Refunding Bonds,  
Series 2019F  
(Economically Distressed Areas Program)**

**CUSIP Prefix: 882724<sup>(2)</sup>**

<b>Maturity (August 1)<sup>(1)</sup></b>	<b>Principal Amount (\$)</b>	<b>Interest Rate (%)</b>	<b>Initial Yield (%)</b>	<b>CUSIP<sup>(2)</sup></b>
2020	\$1,235,000	5.000	1.500	MU8
2021	1,250,000	5.000	1.510	MV6
2022	1,250,000	5.000	1.520	MW4
2023	1,260,000	5.000	1.560	MX2
2024	1,265,000	5.000	1.590	MY0
2025	1,095,000	5.000	1.640	MZ7

*(Interest to accrue from the Date of Delivery)*

---

<sup>(1)</sup> *Optional Redemption.* The Series 2019F Bonds are not subject to redemption at the option of the Board prior to stated maturity. See "THE FIXED RATE BONDS – Redemption Provisions."

<sup>(2)</sup> CUSIP® is a registered trademark of the American Bankers Association, CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. Neither the State, the Board, the Financial Advisor (as defined herein), or the Underwriters are responsible for the selection or correctness of the CUSIP numbers set forth herein.

## SALE AND DISTRIBUTION OF THE BONDS

This Official Statement, which includes the cover page, maturity schedules and the Appendices attached hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale.

### Use of Official Statement

The Subseries 2019C-1 Bonds, Subseries 2019C-2 (Variable Rate) Bonds, Series 2019D Bonds, Subseries 2019E-1 Bonds, Subseries 2019E-2 (Variable Rate) Bonds, and Series 2019F Bonds are separate and distinct securities offered, issued and sold independently, except for use of this common Official Statement in connection with such offering and sale. While the Bonds share certain common attributes, each issue is separate from the other and each issue should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, and the rights of the holders. See "SECURITY AND SOURCES OF PAYMENT FOR THE BOND" herein.

No dealer, broker, salesman or other person has been authorized by the Board or the Underwriters to give any information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by the Board or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement, nor any sale made hereunder, shall, under any circumstances, create the implication that there has been no change in the affairs of the Board or the State since the date hereof. This Official Statement is submitted in connection with the sale of securities referred to herein and in no instance may this Official Statement be reproduced or used for any other purpose.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

THIS OFFICIAL STATEMENT IS INTENDED TO REFLECT FACTS AND CIRCUMSTANCES ON THE DATE OF THIS OFFICIAL STATEMENT OR ON SUCH OTHER DATE OR AT SUCH OTHER TIME AS IDENTIFIED HEREIN. NO ASSURANCE CAN BE GIVEN THAT SUCH INFORMATION MAY NOT BE MISLEADING AT A LATER DATE. CONSEQUENTLY, RELIANCE ON THIS OFFICIAL STATEMENT AT TIMES SUBSEQUENT TO THE ISSUANCE OF THE BONDS DESCRIBED HEREIN SHOULD NOT BE MADE ON THE ASSUMPTION THAT ANY SUCH FACTS OR CIRCUMSTANCES ARE UNCHANGED.

See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the undertakings of the Board and the Texas Comptroller of Public Accounts (Comptroller), respectively, to provide certain information on a continuing basis. No representation is made by the Board or the Underwriters regarding the use, presentation and interpretation of the financial information of the State or the Board made by third parties, including, without limitation, the Municipal Securities Rulemaking Board (the MSRB).

NONE OF THE STATE, THE BOARD, THE BOARD'S FINANCIAL ADVISOR NOR THE UNDERWRITERS MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY ("DTC") OR ITS BOOK-ENTRY-ONLY SYSTEM, AS SUCH INFORMATION HAS BEEN FURNISHED BY DTC.

### Marketability

THE BONDS ARE BEING OFFERED FOR SALE TO THE PUBLIC AT THE PRICES SHOWN ON PAGES iii, iv, v, vi, vii and viii HEREOF. THE UNDERWRITERS RESERVE THE RIGHT TO LOWER SUCH INITIAL OFFERING PRICES AS THEY DEEM NECESSARY IN CONNECTION WITH THE MARKETING OF THE BONDS. THE UNDERWRITERS RESERVE THE RIGHT TO JOIN WITH DEALERS AND OTHER UNDERWRITERS IN OFFERING THE BONDS TO THE PUBLIC. THE OBLIGATION OF THE UNDERWRITERS TO ACCEPT DELIVERY OF THE BONDS IS SUBJECT TO THE TERMS AND CONDITIONS SET FORTH IN THE BOND PURCHASE AGREEMENT, THE APPROVAL OF LEGAL MATTERS BY COUNSEL AND OTHER CONDITIONS. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. See "OTHER INFORMATION – Underwriting" herein.

## Securities Laws

No registration statement relating to the Bonds has been filed with the SEC under the Securities Act of 1933, as amended, in reliance upon an exemption provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein, nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The Board assumes no responsibility for registration or qualification for sale or other disposition of the Bonds under the securities laws of any jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions. See "LEGAL MATTERS – Registration and Qualification of Bonds for Sale" herein.

**NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SECURITIES DESCRIBED IN THIS OFFICIAL STATEMENT OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21e OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM THE FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS. See "OTHER INFORMATION – Forward-Looking Statements" herein.

*[Remainder of Page Intentionally Left Blank]*

TABLE OF CONTENTS

INTRODUCTION .....	1	Clean Water State Revolving Fund .....	20
PLAN OF FINANCE .....	2	Drinking Water State Revolving Fund .....	21
Background .....	2	State Water Implementation Fund for Texas and State	
Use of Bond Proceeds .....	2	Water Implementation Revenue Fund for Texas .....	21
Refunded Bonds .....	2	Rural Water Assistance Fund .....	22
Anticipated Issuance of Additional Bonds .....	2	Texas Water Resources Finance Authority .....	22
SOURCES AND USES OF FUNDS .....	3	TEXAS WATER DEVELOPMENT BOARD .....	23
Series 2019C Bonds .....	3	General .....	23
Series 2019D Bonds .....	3	State Water Plan .....	23
Series 2019E Bonds .....	4	Board Members .....	23
Series 2019F Bonds .....	4	Key Staff Members .....	24
THE FIXED RATE BONDS .....	5	Limitation of Liability of Officials of the Board .....	25
General Provisions .....	5	Bond Review Board Approval .....	25
Redemption Provisions .....	5	2019 Legislative Session .....	25
Selection of Bonds to be Redeemed .....	6	Sunset Review of the Board .....	25
Notice of Redemption .....	6	GENERAL INFORMATION REGARDING THE	
Paying Agent/Registrar .....	6	STATE .....	25
Transfer, Exchange and Registration .....	6	Available Information .....	25
Limitation on Transfer of Fixed Rate Bonds Called for		Constitutional Limitations on Debt .....	25
Redemption .....	7	LEGAL MATTERS .....	26
THE VARIABLE RATE BONDS .....	7	Legal Opinion .....	26
General Provisions .....	7	No-Litigation Certificate .....	26
Interest During the Initial Rate Period .....	8	Eligibility for Investment in Texas .....	26
Record Date During the Initial Rate Period .....	8	Registration and Qualification of Bonds for Sale .....	27
Conversion of Interest Rate Modes .....	8	TAX MATTERS .....	27
Remarketing Agent .....	8	Tax Exemption .....	27
Tender Provisions .....	8	Tax Accounting Treatment of Discount and Premium	
Redemption Provisions .....	10	on Certain Bonds .....	28
Paying Agent/Registrar .....	11	CONTINUING DISCLOSURE OF	
Transfer, Exchange and Registration .....	11	INFORMATION .....	28
Limitations on Transfer of Variable Rate Bonds		Continuing Disclosure Undertaking of the Board .....	28
Called for Redemption .....	11	Continuing Disclosure Undertaking of the	
SECURITY AND SOURCES OF PAYMENT FOR		Comptroller .....	29
THE BONDS .....	11	Availability of Information .....	30
General Obligation Pledge .....	11	Limitations and Amendments .....	30
Perfection of Security .....	12	Compliance with Prior Undertakings .....	31
Other Sources of Payment .....	12	OTHER INFORMATION .....	31
Enforcement of Payment .....	12	Ratings .....	31
Defeasance .....	12	Underwriting .....	31
Amendment of Resolutions With Consent of		Unaudited Financial Information .....	32
Registered Owners .....	13	Forward-Looking Statements .....	32
Amendment of Resolutions Without Consent of		Certification of Official Statement .....	32
Registered Owners .....	13	Verification of Arithmetical and Mathematical	
WATER ASSISTANCE BOND PROGRAM .....	14	Computations .....	33
Development Fund I .....	14	Financial Advisor .....	33
Development Fund II .....	14	Website Reference .....	33
Major Accounts within Development Fund II .....	15	Approval of Official Statement .....	33
Financial Assistance Bonds .....	15	SCHEDULE OF REFUNDED BONDS..... SCHEDULE I	
State Participation Bonds .....	16	THE STATE OF TEXAS .....	APPENDIX A
EDAP Bonds .....	17	SELECTED FINANCIAL DATA	
Water Infrastructure Fund .....	18	(UNAUDITED) .....	APPENDIX B
TABLE 1: WATER ASSISTANCE BONDS .....	19	PROPOSED FORM OF BOND COUNSEL	
OTHER FINANCIAL ASSISTANCE PROGRAMS		OPINIONS .....	APPENDIX C
OF THE BOARD .....	20	SCHEDULE OF DEBT SERVICE	
Texas Agricultural Water Conservation Bond		REQUIREMENTS .....	APPENDIX D
Program .....	20	BOOK-ENTRY-ONLY SYSTEM .....	APPENDIX E
TABLE 2: AGRICULTURE FUND GENERAL			
OBLIGATION BONDS .....	20		
Revenue Bonds .....	20		

## TEXAS WATER DEVELOPMENT BOARD

<b>Members</b>	<b>Term Expiration</b>
Peter M. Lake, Chairman	February 1, 2021
Kathleen Jackson, Member	February 1, 2023
Brooke T. Paup, Member	February 1, 2025

### KEY STAFF MEMBERS

Jeff Walker	Executive Administrator
Amanda Lavin	Assistant Executive Administrator
Jessica Zuba	Deputy Executive Administrator
Rebecca Trevino	Chief Financial Officer
Georgia Sanchez	Director, Debt and Portfolio Management and Development Fund Manager
Todd Chenoweth	General Counsel

**BOND COUNSEL**  
Norton Rose Fulbright US LLP  
Dallas, Texas

**FINANCIAL ADVISOR**  
Hilltop Securities Inc.  
Austin, Dallas and San Antonio, Texas

**DISCLOSURE COUNSEL**  
Bracewell LLP  
Houston, Texas

**PAYING AGENT/REGISTRAR**  
The Bank of New York Mellon Trust Company, N.A.  
Dallas, Texas

Questions regarding this Official Statement may be directed to Georgia Sanchez, Director, Debt and Portfolio Management and Development Fund Manager, Texas Water Development Board, 1700 North Congress Avenue, 6th Floor, Austin, Texas 78701; Telephone: (512) 475-4584; Electronic Mail: [georgia.sanchez@twddb.texas.gov](mailto:georgia.sanchez@twddb.texas.gov).

*[Remainder of Page Intentionally Left Blank]*

**OFFICIAL STATEMENT**

relating to

**\$200,800,000**  
**STATE OF TEXAS**

**GENERAL OBLIGATION BONDS**  
**Water Financial Assistance Refunding Bonds,**  
**Series 2019**

<b>\$50,135,000</b> <b>Water Financial</b> <b>Assistance Refunding Bonds,</b> <b>Series 2019C</b>	<b>\$21,320,000</b> <b>Water Financial</b> <b>Assistance Refunding Bonds,</b> <b>Series 2019D</b> <b>(State Participation Program)</b>	<b>\$121,990,000</b> <b>Water Financial</b> <b>Assistance Refunding Bonds,</b> <b>Series 2019E</b> <b>(Water Infrastructure Fund)</b>	<b>\$7,355,000</b> <b>Water Financial</b> <b>Assistance Refunding Bonds,</b> <b>Series 2019F (Economically</b> <b>Distressed Areas Program)</b>
<b>\$24,075,000</b> <b>Subseries</b> <b>2019C-1</b>	<b>\$26,060,000</b> <b>Subseries 2019C-2</b> <b>(Variable Rate)</b>	<b>\$42,600,000</b> <b>Subseries</b> <b>2019E-1</b>	<b>\$79,390,000</b> <b>Subseries 2019E-2</b> <b>(Variable Rate)</b>

**INTRODUCTION**

The general obligation bonds of the State of Texas (the State) offered by the Texas Water Development Board (the Board or TWDB) hereby, acting on behalf of the State, are the State of Texas (i) Water Financial Assistance Refunding Bonds, Series 2019C (the Series 2019C Bonds) including the portion of the Series 2019C Bonds designated and issued as fixed rate bonds (the Subseries 2019C-1 Bonds) and the portion of the Series 2019C Bonds designated and issued as variable rate bonds (the Subseries 2019C-2 (Variable Rate) Bonds), (ii) Water Financial Assistance Refunding Bonds, Series 2019D Bonds (State Participation Program) (the Series 2019D Bonds), (iii) Water Financial Assistance Refunding Bonds, Series 2019E (Water Infrastructure Fund) (the Series 2019E Bonds) including the portion of the Series 2019E Bonds designated and issued as fixed rate bonds (the Subseries 2019E-1 Bonds) and the portion of the Series 2019E Bonds designated and issued as variable rate bonds (the Subseries 2019E-2 (Variable Rate) Bonds), and (iv) Water Financial Assistance Refunding Bonds, Series 2019F Bonds (Economically Distressed Areas Program) (the Series 2019F Bonds) (the Series 2019C Bonds, the Series 2019D Bonds, the Series 2019E Bonds, and the Series 2019F Bonds being collectively referred to herein as the Bonds). The Bonds, together with other general obligation bonds heretofore issued or to be issued pursuant to Article III, Sections 49-d-8 (Section 49-d-8), 49-d-9 (Section 49-d-9), 49-d-10 (Section 49-d-10) and 49-d-11 (Section 49-d-11) of the Texas Constitution (the Constitution) to augment the funding of the Texas Water Development Fund II, a fund within the State Treasury (Development Fund II), are hereinafter referred to collectively sometimes as the "Water Assistance Bonds." The Series 2019C Bonds and the Series 2019E Bonds, together with other Water Assistance Bonds heretofore issued or to be issued in the future for the Financial Assistance Account of Development Fund II (the Financial Assistance Account), are hereinafter referred to sometimes as the "Financial Assistance Bonds." The Series 2019D Bonds, together with other Water Assistance Bonds heretofore issued or to be issued in the future for the State Participation Account of Development Fund II (the State Participation Account), are hereafter referred to sometimes as the "State Participation Bonds." The Series 2019F Bonds, together with other Water Assistance Bonds heretofore issued or to be issued in the future for the Economically Distressed Areas Program Account of Development Fund II (the EDAP Account), are hereafter referred to sometimes as the "EDAP Bonds." The debt service schedules for the EDAP Bonds, Financial Assistance Bonds and State Participation Bonds that will be outstanding upon the issuance of the Bonds is attached hereto as APPENDIX D.

The Bonds are being issued pursuant to four separate resolutions adopted by the Board on April 23, 2019 (collectively, the Bond Resolutions), the Constitution and laws of the State, including particularly Section 49-d-8, 49-d-9, 49-d-10 and 49-d-11, Subchapter L of Chapter 17 of the Texas Water Code, as amended (the Act), Chapter 1207, Texas Government Code, as amended (Chapter 1207) and Chapter 1371, Texas Government Code, as amended (Chapter 1371). The Bond Resolutions, among other matters, delegates to an authorized representative of the Board authority to complete the sale of the Bonds pursuant to the terms of one or more approval certificates (collectively, the Approval Certificate and together with the Bond Resolutions, the Resolutions), and a particular bond purchase agreement entered into with respect to the Bonds, (the Purchase Agreement) between the Board and the underwriters listed on the cover page hereto (the Underwriters). Capitalized terms not otherwise defined herein have the meanings given to said terms in the Resolutions.

**THE BONDS CONSTITUTE GENERAL OBLIGATIONS OF THE STATE AND THE FULL FAITH AND CREDIT OF THE STATE IS PLEDGED FOR THE FAITHFUL PERFORMANCE IN PROPER TIME AND MANNER OF EACH OFFICIAL OR OTHER ACT REQUIRED OR NECESSARY TO PROVIDE FOR PROMPT PAYMENT OF THE BONDS. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."**

## PLAN OF FINANCE

### ***Background***

Section 49-d-8 created the Development Fund II as a separate account within the State Treasury. Section 49-d-9 authorized the Board to issue general obligation bonds in an amount not to exceed \$2 billion to augment Development Fund II. On November 6, 2007, voters approved Proposition 16, which added Section 49-d-10, and authorizes the Board to issue additional general obligation bonds for the EDAP Account of Development Fund II in an amount not to exceed \$250 million. On November 8, 2011, voters approved Proposition 2, which added Section 49-d-11, and authorizes the Board to issue additional general obligation bonds for one or more accounts of Development Fund II in amounts such that the aggregate principal amount of bonds issued under Section 49-d-11 that are outstanding at any time does not exceed \$6 billion.

The Bonds are being issued as Financial Assistance Bonds pursuant to the constitutional authority provided by Sections 49-d-8, 49-d-9, 49-d-10 and 49-d-11. For a general discussion of Development Fund II and the Bonds authorized to be issued to augment such fund, see "WATER ASSISTANCE BOND PROGRAM – Development Fund II" and "TABLE 1: WATER ASSISTANCE BONDS" below.

### ***Use of Bond Proceeds***

The Bonds are being issued for the purpose of conserving and developing the water resources of the State by (i) providing funds for the refunding of the Refunded Bonds (defined herein); and (ii) providing funds for the payment of expenses arising in connection with the issuance of the Bonds. The Bond Resolutions authorized the issuance of the Bonds in a maximum aggregate principal amount of \$250,000,000. The authority to issue the Bonds under the terms of the Resolutions expires on April 22, 2020.

### ***Refunded Bonds***

The bonds described in Schedule I to this Official Statement (the Refunded Bonds), and interest due thereon, are anticipated to be paid on the date or dates described in Schedule I to this Official Statement (the Redemption Date) from funds to be deposited with The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, as escrow agent (the Escrow Agent). The principal and interest due on the Refunded Bonds are to be paid on the Redemption Date, from funds to be deposited pursuant to one or more Escrow Agreements (collectively, the Escrow Agreement) between the Board and the Escrow Agent. The Resolutions provide that from the proceeds of the sale of the Bonds, the Board will deposit with the Escrow Agent an amount which, together with the Escrowed Securities (defined below) purchased with a portion of the Bond proceeds and the interest to be earned on such Escrowed Securities, will be sufficient to accomplish the discharge and final payment of the Refunded Bonds on the Redemption Date. Such funds will be held by the Escrow Agent in one or more special escrow accounts (collectively, the "Escrow Fund") and used to purchase securities (the Escrowed Securities) authorized by State law and the resolutions authorizing the Refunded Bonds to defease the Refunded Bonds. Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the Refunded Bonds.

Public Finance Partners LLC will verify at the time of initial delivery of the Bonds to the Underwriters the mathematical accuracy of the schedules that demonstrate the Escrowed Securities will mature and pay interest in such amounts which, together with uninvested funds in the Escrow Fund, will be sufficient to pay, when due, the principal of and interest on the Refunded Bonds. Such maturing principal of and interest on the Escrowed Securities will not be available to pay the Bonds. See "OTHER INFORMATION - Verification of Arithmetical and Mathematical Computations." By the deposit of cash and Escrowed Securities with the Escrow Agent pursuant to the terms of the Escrow Agreement, the Board will have entered into firm banking and financing arrangements for the discharge and final payment of the Refunded Bonds in accordance with applicable law and the Refunded Bonds will be deemed to be fully paid and no longer outstanding except for the purposes of being paid from funds held by the Escrow Agent in the Escrow Fund.

### ***Anticipated Issuance of Additional Bonds***

Various State entities, including the Board, have issued and are authorized to issue general obligation bonds or other obligations of the State. In addition, by constitutional amendment, the voters of the State may authorize the issuance of additional general obligation bonds or other indebtedness for which the full faith, credit and taxing powers of the State are pledged. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and "APPENDIX A – THE STATE OF TEXAS."

*[Remainder of Page Intentionally Left Blank]*

## SOURCES AND USES OF FUNDS

### *Series 2019C Bonds*

The proceeds from the sale of the Series 2019C Bonds and available funds of the Board, if any, will be applied approximately as follows:

<b>Sources</b>	
Principal Amount	\$ 50,135,000.00
Premium	1,727,929.05
Debt Service Fund Transfer	1,011,951.78
Total	<u>\$ 52,874,880.83</u>

<b>Uses</b>	
Deposit for Redemption of Refunded Bonds	\$ 52,609,710.69
Costs of Issuance <sup>(1)</sup>	139,297.58
Underwriters' Discount	125,872.56
Total	<u>\$ 52,874,880.83</u>

<sup>(1)</sup> Includes legal fees of the Board, financial advisory fees, rating agency fees, fees of the Paying Agent/Registrar and other costs of issuance.

### *Series 2019D Bonds*

The proceeds from the sale of the Series 2019D Bonds and available funds of the Board, if any, will be applied approximately as follows:

<b>Sources</b>	
Principal Amount	\$ 21,320,000.00
Premium	3,484,549.50
Debt Service Fund Transfer	483,744.44
Total	<u>\$ 25,288,293.94</u>

<b>Uses</b>	
Deposit for Redemption of Refunded Bonds	\$ 25,165,935.22
Costs of Issuance <sup>(1)</sup>	58,655.91
Underwriters' Discount	63,702.81
Total	<u>\$ 25,288,293.94</u>

<sup>(1)</sup> Includes legal fees of the Board, financial advisory fees, rating agency fees, fees of the Paying Agent/Registrar and other costs of issuance.

**Series 2019E Bonds**

The proceeds from the sale of the Series 2019E Bonds and available funds of the Board, if any, will be applied approximately as follows:

<b>Sources</b>	
Principal Amount	\$ 121,990,000.00
Premium	3,548,939.50
Debt Service Fund Transfer	2,633,448.54
Total	<u>\$ 128,172,388.04</u>

<b>Uses</b>	
Deposit for Redemption of Refunded Bonds	\$ 127,514,096.80
Costs of Issuance <sup>(1)</sup>	338,724.80
Underwriters' Discount	319,566.44
Total	<u>\$ 128,172,388.04</u>

<sup>(1)</sup> Includes legal fees of the Board, financial advisory fees, rating agency fees, fees of the Paying Agent/Registrar and other costs of issuance.

**Series 2019F Bonds**

The proceeds from the sale of the Series 2019F Bonds and available funds of the Board, if any, will be applied approximately as follows:

<b>Sources</b>	
Principal Amount	\$ 7,355,000.00
Premium	865,977.30
Debt Service Fund Transfer	141,492.36
Issuer Contribution	506,041.00
Total	<u>\$ 8,868,510.66</u>

<b>Uses</b>	
Deposit for Redemption of Refunded Bonds	\$ 8,825,856.87
Costs of Issuance <sup>(1)</sup>	23,357.24
Underwriters' Discount	19,296.55
Total	<u>\$ 8,868,510.66</u>

<sup>(1)</sup> Includes legal fees of the Board, financial advisory fees, rating agency fees, fees of the Paying Agent/Registrar and other costs of issuance.

## THE FIXED RATE BONDS

### ***General Provisions***

The Fixed Rate Bonds (being the Subseries 2019C-1 Bonds, Series 2019D Bonds, Subseries 2019E-1 Bonds, and the Series 2019F Bonds) will be issued only as fully registered bonds, in any integral multiple of \$5,000 within a maturity. Interest on the Fixed Rate Bonds will accrue from the Date of Delivery at the respective per annum rates for each maturity of Bonds as shown on pages iii, v, vi and viii hereof and will be calculated on the basis of a 360-day year composed of twelve 30-day months. Interest on the Fixed Rate Bonds will be payable on August 1, 2019, and on each February 1 and August 1 thereafter until maturity or prior redemption. The Bonds mature on August 1 in the years and in the principal amounts set forth on the inside cover pages hereof.

The Board initially will issue the Fixed Rate Bonds registered only in the name of Cede & Co., the nominee of The Depository Trust Company, New York, New York (DTC), pursuant to the book-entry-only system described in APPENDIX E to this Official Statement. Beneficial ownership of the Fixed Rate Bonds may be acquired in denominations of \$5,000 principal amount or integral multiples thereof within a maturity. No physical delivery of the Fixed Rate Bonds will be made to the Beneficial Owners (as defined in APPENDIX E) thereof. Principal of and interest on the Fixed Rate Bonds will be payable to Cede & Co., which will make distributions of the payments to the participating members of DTC for subsequent remittance to the Beneficial Owners.

Payment of principal of the Fixed Rate Bonds will be made to the registered owner upon maturity or redemption prior to maturity only upon presentation and surrender of such Fixed Rate Bonds at the Designated Payment/Transfer Office of the Paying Agent/Registrar (hereinafter defined); provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Fixed Rate Bonds, all payments will be made as described in APPENDIX E to this Official Statement. See "THE FIXED RATE BONDS – Transfer, Exchange and Registration." When the Fixed Rate Bonds are not in the book-entry-only system, interest on the Fixed Rate Bonds will be paid to registered owners shown on the registration books kept by the Paying Agent/Registrar at the close of business on the fifteenth calendar day of the month next preceding such interest payment date (the "Record Date").

In the event that any date for payment of the principal of or interest on the Fixed Rate Bonds is a Saturday, Sunday, legal holiday or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment will be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which such banking institutions are authorized to close. Payment on such later date will not increase the amount of interest due and will have the same force and effect as if made on the original date payment was due. Notwithstanding the foregoing, during any period in which ownership of the Fixed Rate Bonds is determined only by a book-entry at a securities depository for the Fixed Rate Bonds, any payment to the securities depository, or its nominee or registered assigns, shall be made in accordance with existing arrangements between the Board and the securities depository.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a Special Record Date) will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Board. Notice of the Special Record Date and of the scheduled payment date of the past due interest (Special Payment Date, which must be 15 days after the Special Record Date) will be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of a Fixed Rate Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

### ***Redemption Provisions***

#### ***Subseries 2019C-1 Bonds***

Optional Redemption. The Subseries 2019C-1 Bonds are not subject to redemption, at the option of the Board, prior to stated maturity.

#### ***Series 2019D Bonds***

Optional Redemption. The Series 2019D Bonds having stated maturities on and after August 1, 2027, are subject to redemption at the option of the Board, in whole or from time to time in part, on August 1, 2026 or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

#### ***Subseries 2019E-1 Bonds***

Optional Redemption. The Subseries 2019E-1 Bonds are not subject to redemption, at the option of the Board, prior to stated maturity.

### ***Series 2019F Bonds***

Optional Redemption. The Series 2019F Bonds are not subject to redemption, at the option of the Board, prior to stated maturity.

### ***Selection of Bonds to be Redeemed***

If fewer than all of the Fixed Rate Bonds that are subject to redemption are called for redemption, the maturities (or mandatory sinking fund redemption amounts within a maturity) to be redeemed will be selected by the Board, and such Fixed Rate Bonds to be redeemed within any one maturity will be selected by the Paying Agent/Registrar by lot (or in such other random selection manner as the Paying Agent/Registrar may determine) in integral multiples of \$5,000; provided, however, that during any period in which ownership of such Fixed Rate Bonds to be redeemed is determined only by a book-entry-only system at DTC, or a successor securities depository, if fewer than all of such Fixed Rate Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Fixed Rate Bonds of such maturity and bearing such interest rate will be selected in accordance with the arrangement between the Board and DTC or successor securities depository.

### ***Notice of Redemption***

At least 30 days prior to the date fixed for any redemption, (a) a written notice of such redemption will be given to the registered owner of each Fixed Rate Bond, or portion thereof, that is being called for redemption by depositing such notice in the United States mail, first-class-postage prepaid, addressed to each such registered owner at such owner's address shown on the registration books of the Paying Agent/Registrar. The failure to send, mail, or receive such notice described in clause (a) above, or any defect therein or in the sending or mailing thereof, will not affect the validity or effectiveness of the proceedings for the redemption of any Fixed Rate Bond. By the date fixed for any such redemption, due provision will be made by the Board with the Paying Agent/Registrar for the payment of the required redemption price for Fixed Rate Bonds or the portion thereof which are to be so redeemed, plus accrued interest thereon to the date fixed for redemption.

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

SHOULD NOTICE TO CALL A PARTICULAR SERIES OR SUBSERIES OF FIXED RATE BONDS FOR REDEMPTION AT THE OPTION OF THE BOARD BE GIVEN IN THE MANNER PROVIDED ABOVE, BUT THE BOARD SHALL NOT BE ABLE TO PROVIDE THE PAYING AGENT/REGISTRAR WITH AMOUNTS SUFFICIENT TO AFFECT ON THE DATE FIXED FOR REDEMPTION THE PAYMENT OF THE ENTIRE REDEMPTION PRICE OF THE PARTICULAR SERIES OR SUBSERIES OF FIXED RATE BONDS SO CALLED FOR REDEMPTION, NO SUCH FIXED RATE BONDS SHALL BE REDEEMED ON THE DATE FIXED FOR REDEMPTION, AND THE NOTICE OF REDEMPTION FOR SUCH FIXED RATE BONDS SHALL BE NULL AND VOID.

### ***Paying Agent/Registrar***

The initial Paying Agent/Registrar for the Fixed Rate Bonds is The Bank of New York Mellon Trust Company, N.A. In each Resolution, the Board retains the right to replace the Paying Agent/Registrar. The Board covenants in the Resolutions to maintain and provide a Paying Agent/Registrar for the Fixed Rate Bonds at all times while the Fixed Rate Bonds are outstanding and any successor Paying Agent/Registrar is required to be a competent and legally qualified bank or trust company which shall be a corporation organized and doing business under the laws of the United States of America or any state, authorized under such laws to exercise trust powers and subject to supervision by federal or state authority. Upon any change in the Paying Agent/Registrar for the Fixed Rate Bonds, the Board agrees to promptly cause a written notice thereof to be sent by the new Paying Agent/Registrar for the Fixed Rate Bonds to each registered owner of the affected Fixed Rate Bonds by United States mail, first-class-postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

### ***Transfer, Exchange and Registration***

In the event the use of the Book-Entry-Only System should be discontinued, the Fixed Rate Bonds will be printed and delivered to the beneficial owners thereof and, thereafter, the Fixed Rate Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar for the Fixed Rate Bonds only upon presentation and surrender thereof to the Paying Agent/Registrar at its designated corporate trust office, currently the Paying Agent/Registrar's corporate trust office is in

Dallas, Texas (the Designated Payment/Transfer Office). Such transfer or exchange will be at the expense of the registered owner of any Fixed Rate Bond requesting any exchange, in addition to any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer; except, however, that in the case of the exchange of an assigned and transferred Fixed Rate Bond or any portion thereof in any authorized denominations, and in the case of the exchange of the unredeemed portion of a Fixed Rate Bond, which has been redeemed in part prior to maturity, such fees and charges will be paid by the Board. A Fixed Rate Bond may be assigned by the execution of an assignment form on the Fixed Rate Bond or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar for the Fixed Rate Bonds. A new Fixed Rate Bond or Fixed Rate Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Fixed Rate Bond or Fixed Rate Bonds being transferred or exchanged, at the designated corporate trust office of the Paying Agent/Registrar. New Fixed Rate Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount as the Fixed Rate Bond or Fixed Rate Bonds surrendered for exchange or transfer.

See "APPENDIX E – Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to the ownership and transferability of the Fixed Rate Bonds.

#### ***Limitation on Transfer of Fixed Rate Bonds Called for Redemption***

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

### **THE VARIABLE RATE BONDS**

#### ***General Provisions***

The Variable Rate Bonds (being the Subseries 2019C-2 (Variable Rate) Bonds and Subseries 2019E-2 (Variable Rate) Bonds) are dated the Date of Delivery and mature on August 1, 2029 in the principal amounts set forth on pages iv and vii hereof. The Variable Rate Bonds are variable rate bonds, initially issued in an Initial Rate mode, during which Variable Rate Bonds of a particular subseries bear interest at a fixed term rate, effective on the Date of Delivery and concluding on the date indicated in the table relating to the particular subseries of Variable Rate Bonds on pages iv and vii hereof (such initial period applicable to each particular subseries of Variable Rate Bonds, an "Initial Rate Period").

THE VARIABLE RATE BONDS ARE SUBJECT TO CONVERSION TO OTHER INTEREST MODES AT THE TIMES AND UPON THE CONDITIONS DESCRIBED IN THE VARIABLE RATE BOND RESOLUTIONS FOLLOWING A MANDATORY TENDER FOR PURCHASE OF SUCH VARIABLE RATE BONDS. THIS OFFICIAL STATEMENT IS NOT INTENDED TO PROVIDE INFORMATION WITH RESPECT TO THE VARIABLE RATE BONDS AFTER CONVERSION TO ANY NEW INTEREST MODE OR INTEREST RATE PERIOD. PURCHASERS OF THE VARIABLE RATE BONDS SHOULD NOT RELY ON THIS OFFICIAL STATEMENT FOR INFORMATION CONCERNING ANY OTHER INTEREST MODE OR INTEREST PERIOD FOR THE VARIABLE RATE BONDS OTHER THAN THE INITIAL RATE PERIOD.

The Board initially will issue the Variable Rate Bonds registered only in the name of Cede & Co., the nominee of DTC, pursuant to the book-entry-only system described in APPENDIX E to this Official Statement. Beneficial ownership of the Variable Rate Bonds may be acquired in denominations of \$5,000 principal amount or integral multiples thereof within a maturity. No physical delivery of the Variable Rate Bonds will be made to the Beneficial Owners (as defined in APPENDIX E) thereof. Principal of and interest on the Variable Rate Bonds will be payable to Cede & Co., which will make distributions of the payments to the participating members of DTC for subsequent remittance to the Beneficial Owners.

Payment of principal of the Variable Rate Bonds will be made to the registered owner upon maturity or redemption prior to maturity only upon presentation and surrender of such Variable Rate Bonds at the Designated Payment/Transfer Office of the Paying Agent/Registrar (hereinafter defined); *provided, however*, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Variable Rate Bonds, all payments will be made as described in APPENDIX E to this Official Statement. See "THE VARIABLE RATE BONDS – Transfer, Exchange and Registration." When the Variable Rate Bonds are not in the book-entry-only system, interest on the Variable Rate Bonds will be paid to registered owners shown on the registration books kept by the Paying Agent/Registrar at the close of business on the Record Date (defined below).

In the event that any date for payment of the principal of or interest on the Variable Rate Bonds is a Saturday, Sunday, legal holiday or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment will be the next

succeeding day which is not a Saturday, Sunday, legal holiday, or day on which such banking institutions are authorized to close. Payment on such later date will not increase the amount of interest due and will have the same force and effect as if made on the original date payment was due. Notwithstanding the foregoing, during any period in which ownership of the Variable Rate Bonds is determined only by a book-entry at a securities depository for the Variable Rate Bonds, any payment to the securities depository, or its nominee or registered assigns, shall be made in accordance with existing arrangements between the Board and the securities depository.

#### ***Interest During the Initial Rate Period***

During the Initial Rate Period, the Variable Rate Bonds of a particular subseries will bear interest at the per annum rate identified in the applicable table appearing on pages iv and vii, respectively, hereof; thereafter, the Variable Rate Bonds will bear interest at the rate or rates and in the manner and for the duration specified in the Series 2019C Bond Resolution and the Series 2019E Bond Resolution, respectively and as applicable, authorizing such interest mode conversions. See “THE VARIABLE RATE BONDS – Conversion of Interest Rate Modes” herein.

During the Initial Rate Period, interest on such Variable Rate Bonds will be computed on the basis of a 360-day year comprised of twelve 30-day months. Interest accruing on Variable Rate Bonds during the Initial Rate Period will be payable semi-annually on the dates August 1 and February 1 of each year, commencing August 1, 2019. Interest due on each interest payment date will include interest accrued through the preceding day.

#### ***Record Date During the Initial Rate Period***

During the Initial Rate Period and while the Variable Rate Bonds are in the Initial Rate mode, the record date for determining the party to whom interest on the Variable Rate Bonds is payable on any interest payment date (the Record Date) is the close of business on the fifteenth day of the preceding calendar month.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a Special Record Date) will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Board. Notice of the Special Record Date and of the scheduled payment date of the past due interest (Special Payment Date, which must be 15 days after the Special Record Date) will be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of a Variable Rate Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

#### ***Conversion of Interest Rate Modes***

Upon conclusion of the Initial Rate Period for a particular subseries of Variable Rate Bonds, the Board is permitted to convert the mode for all or any portion of such Variable Rate Bonds to a Fixed Rate mode or to a Term Rate mode (and, if the new interest rate mode is a Term Rate mode, to designate the duration of such interest rate period). A conversion of a Tax-Exempt Bond will be subject to receipt of an opinion of nationally recognized bond counsel to the effect that such conversion will not have an adverse effect on the exclusion from federal income tax of the interest on the Tax-Exempt Bond and is in compliance with State law.

#### ***Remarketing Agent***

No Remarketing Agent will be appointed for the Variable Rate Bonds during their respective Initial Rate Periods. The Board will identify the Remarketing Agent for a particular subseries of Variable Rate Bonds in the Resolutions for the Variable Rate Bonds (the “Variable Rate Bond Resolutions”) and as applicable, authorize the conversion from the Initial Rate mode and subsequent conversions. At such times, the Board will execute a Remarketing Agreement that relates to the particular subseries of Variable Rate Bonds evidencing the Remarketing Agent’s agreement to serve in such capacity. No resignation or removal of the Remarketing Agent (if required to be maintained) shall become effective until a successor has been appointed and accepted such appointment. Promptly upon each change in the entity serving as Remarketing Agent, the Board will cause notice of such change to be sent to each Owner by first-class mail.

#### ***Tender Provisions***

Tender Provisions Generally. The Variable Rate Bonds are not subject to optional or mandatory tender during the applicable Initial Rate Period. The Variable Rate Bonds are, however, subject to mandatory tender (without right of retention) on the Conversion Date (defined herein) after the conclusion of the applicable Initial Rate Period. See “THE VARIABLE RATE BONDS – Tender Provision – Mandatory Tender.”

**Mandatory Tender.** On the first Business Day after the conclusion of the applicable Initial Rate Period, as evidenced in the applicable table appearing on pages iv and vii, respectively, hereof (each such date, a Conversion Date, as further defined in the Variable Rate Bond Resolutions), the Variable Rate Bonds are subject to mandatory tender without right of retention. Each owner of Variable Rate Bonds will be required to tender, and in any event will be deemed to have tendered, such Variable Rate Bonds (or the applicable portion thereof described below) to the Tender Agent (defined herein) for purchase at a purchase price equal to 100% of the principal amount plus accrued interest, if any.

The Paying Agent/Registrar is required to give notice of mandatory tender to each registered owner of the Variable Rate Bonds affected thereby by mail, first class postage prepaid, not less than 30 days prior to the Conversion Date. While the Variable Rate Bonds are registered in the name of Cede & Co., only Cede & Co. will receive such notice from the Tender Agent. See APPENDIX E herein.

In the event that all Variable Rate Bonds of a particular subseries are not converted and remarketed to new purchasers on the Conversion Date occurring immediately after the conclusion of the applicable Initial Rate Period, the Board shall have no obligation to purchase the Variable Rate Bonds of such particular subseries tendered on such date, the failed conversion and remarketing shall not constitute an event of default under the applicable Variable Rate Bond Resolutions or such Variable Rate Bonds, the notice of mandatory tender will be deemed to have been rescinded for that date with respect to the entire subseries of those Variable Rate Bonds, and such subseries of Variable Rate Bonds (i) will continue to be Outstanding, (ii) will be purchased upon the availability of funds to be received from the subsequent remarketing of such Variable Rate Bonds, (iii) will be subject to redemption and mandatory tender for purchase on any date during the Stepped Rate Period during which interest accrues at the Stepped Rate (and which shall occur, at the Board's discretion and upon delivery of at least one day's notice of such redemption or requirement of mandatory tender to the holders of Variable Rate Bonds then bearing interest at the Stepped Rate), and (iv) will be deemed to continue in a Term Rate mode for all other purposes of the applicable Variable Rate Bond Resolutions, though bearing interest during such time at the Stepped Rate until remarketed or redeemed in accordance with the terms of the applicable Variable Rate Bond Resolutions. In the event of a failed conversion and remarketing as described above, the Board has covenanted in the Variable Rate Bond Resolutions to cause the applicable Variable Rate Bonds to be converted and remarketed on the earliest reasonably practicable date on which they can be sold at par, in such interest rate mode or modes as the Board directs, at a rate not exceeding the Highest Rate. For Variable Rate Bonds sold in their Initial Rate modes, the Stepped Rate and Highest Rate applicable to a particular subseries of Variable Rate Bonds is the same (though this is preliminary and subject to change).

**No Initial Liquidity Support for Variable Rate Bonds; Stepped Rate.** **The Variable Rate Bonds, during the Initial Rate Period, are not supported by a Liquidity Facility provided by a third party.** Accordingly, a failure by the Remarketing Agent to remarket all Variable Rate Bonds of a particular subseries subject to mandatory tender on the Conversion Date at the end of the applicable Initial Rate Period will result in the rescission of the notice of mandatory tender with respect thereto and the Board will not have any obligation to purchase such Variable Rate Bonds at that time. The occurrence of the foregoing will not result in an event of default under the applicable Variable Rate Bond Resolutions or the Variable Rate Bonds. Until such time as the Board redeems or remarkets such Variable Rate Bonds that have not been successfully remarketed as described above, such Variable Rate Bonds shall bear interest at the "Stepped Rate", being the per annum rate of interest then applicable to such unremarketed Variable Rate Bonds specified on pages iv and vii, respectively and as applicable hereof, calculated on the basis of a 360-day year and the number of days actually elapsed. The Board may, at its discretion, acquire a Liquidity Facility to provide liquidity support for the Variable Rate Bonds in the future but currently has no intention of doing so.

**Tender Agent.** The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, serves as the tender agent (the "Tender Agent"), for the Variable Rate Bonds, pursuant to a Tender Agent Agreement, dated as of May 15, 2019, between the Board and the Tender Agent for each particular subseries of Variable Rate Bonds.

**Tender Procedures.** While the Variable Rate Bonds are all registered in the name of Cede & Co., as nominee for DTC, bondholders may tender Variable Rate Bonds for purchase by giving DTC sufficient instructions to transfer beneficial ownership of such Variable Rate Bonds to the account of the Tender Agent against payment. In the event that the Book-Entry-Only System herein is discontinued and registered bonds are issued, all notices and Variable Rate Bonds are required to be delivered to the Tender Agent.

**Limitations on Payment of Purchase Price; Untendered Bonds.** The Tender Agent will be required to affect purchases of tendered Variable Rate Bonds solely from and to the extent of (1) proceeds of the remarketing of such Variable Rate Bonds pursuant to the Remarketing Agreement, and (2) payments, if any, elected to be made by the Board in its sole discretion. The Board will have no obligation and has no intent to purchase tendered Variable Rate Bonds. No purchase right will pertain to Variable Rate Bonds registered in the name or held for the benefit or account of the Board or certain affiliates. See discussion above under "Mandatory Tender" and "No Initial Liquidity Support for Variable Rate Bonds; Stepped Rate" for the effects of a failed remarketing of Variable Rate Bonds when there exists no Liquidity Facility providing liquidity support therefor.

ANY VARIABLE RATE BOND (OR PORTION THEREOF) WHICH IS REQUIRED TO BE TENDERED OR FOLLOWING NOTICE OF TENDER AND FOR WHICH PAYMENT OF THE PURCHASE PRICE IS DULY PROVIDED FOR ON THE RELEVANT PURCHASE DATE WILL BE DEEMED TO HAVE BEEN TENDERED AND SOLD ON SUCH PURCHASE DATE, AND THE HOLDER OF SUCH VARIABLE RATE BOND WILL NOT THEREAFTER BE ENTITLED TO ANY PAYMENT (INCLUDING ANY INTEREST ACCRUED SUBSEQUENT TO SUCH PURCHASE DATE) IN RESPECT THEREOF OTHER THAN THE PURCHASE PRICE FOR SUCH VARIABLE RATE BOND OR PORTION OR OTHERWISE BE SECURED BY OR ENTITLED TO ANY BENEFIT UNDER THE APPLICABLE RESOLUTIONS.

***Redemption Provisions***

Optional Redemption. The Subseries 2019C-2 (Variable Rate) Bonds are subject to redemption prior to their stated maturity and prior to the expiration of the Initial Rate Period at the option of the Board in whole or in part, at a redemption price equal to 100% of principal amount plus accrued interest, if any, on August 1, 2020 or any date thereafter and on any date the Subseries 2019C-2 (Variable Rate) Bonds bear interest at a Stepped Rate.

The Subseries 2019E-2 (Variable Rate) Bonds are subject to redemption prior to their stated maturity and prior to the expiration of the Initial Rate Period at the option of the Board in whole or in part, at a redemption price equal to 100% of principal amount plus accrued interest, if any, on August 1, 2020 or any date thereafter and on any date the Subseries 2019E-2 (Variable Rate) Bonds bear interest at a Stepped Rate.

Mandatory Sinking Fund Redemption. The Variable Rate Bonds are subject to mandatory sinking fund redemption by the Board prior to their scheduled maturity (but not during the Initial Rate Period) at a redemption price of par plus accrued interest to the date fixed for redemption, on August 1 in each of the years and in the principal amounts indicated below:

Subseries 2019C-2 (Variable Rate) Bonds

<u>Year (August 1)</u>	<u>Amount (\$)</u>	<u>Year (August 1)</u>	<u>Amount (\$)</u>
2023	6,885,000	2027	3,265,000
2024	2,810,000	2028	3,430,000
2025	2,970,000	2029	3,585,000
2026	3,115,000		

Subseries 2019E-2 (Variable Rate) Bonds

<u>Year (August 1)</u>	<u>Amount (\$)</u>	<u>Year (August 1)</u>	<u>Amount (\$)</u>
2023	13,055,000	2027	12,815,000
2024	12,985,000	2028	12,735,000
2025	12,960,000	2029	1,950,000
2026	12,890,000		

The principal amount of Variable Rate Bonds required to be redeemed pursuant to the operation of such mandatory redemption provisions shall be reduced, at the option of the Board, by the principal amount of any Variable Rate Bonds of the same subseries and stated maturity which, at least 50 days prior to the mandatory redemption date (1) shall have been defeased or acquired by the Board and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the Board with money in the applicable Bond Fund, or (3) shall have been redeemed pursuant to the optional redemption provisions set forth herein and not theretofore credited against a mandatory redemption requirement.

Redemption Procedures. Except with respect to Variable Rate Bonds bearing interest at a Stepped Rate (which may be redeemed on one day's notice to the holders thereof), notice of each redemption of Variable Rate Bonds during the Initial Rate Period is required to be mailed not less than 30 days prior to the redemption date to each registered owner of the Variable Rate Bonds to be redeemed. If notice of redemption of any Variable Rate Bond is so given, such Variable Rate Bond (or the principal amount thereof to be redeemed) will be due and payable on the redemption date and, if funds sufficient to pay the redemption price are deposited with the Paying Agent/Registrar on the redemption date, will cease to bear interest after such date. While the Variable Rate Bonds are registered in the name of DTC or its nominee, as nominee for the beneficial owners, the foregoing notice will be given to DTC or such nominee only, which shall alone be responsible for providing such notice to the beneficial owners. See APPENDIX E herein.

SHOULD NOTICE TO CALL A PARTICULAR SUBSERIES OF VARIABLE RATE BONDS FOR REDEMPTION AT THE OPTION OF THE BOARD BE GIVEN IN THE MANNER PROVIDED ABOVE, BUT THE BOARD SHALL NOT BE ABLE TO PROVIDE THE PAYING AGENT/REGISTRAR WITH AMOUNTS SUFFICIENT TO AFFECT ON THE DATE FIXED FOR REDEMPTION THE PAYMENT OF THE ENTIRE REDEMPTION PRICE OF THE PARTICULAR SUBSERIES OF VARIABLE RATE BONDS SO CALLED FOR REDEMPTION, NO SUCH VARIABLE RATE BONDS SHALL BE REDEEMED ON THE DATE FIXED FOR REDEMPTION, AND THE NOTICE OF REDEMPTION FOR SUCH VARIABLE RATE BONDS SHALL BE NULL AND VOID.

### ***Paying Agent/Registrar***

The initial Paying Agent/Registrar for the Variable Rate Bonds is The Bank of New York Mellon Trust Company, N.A. In each Resolution, the Board retains the right to replace the Paying Agent/Registrar. The Board covenants in the Resolutions to maintain and provide a Paying Agent/Registrar for the Variable Rate Bonds at all times while the Variable Rate Bonds are outstanding and any successor Paying Agent/Registrar is required to be a competent and legally qualified bank or trust company which shall be a corporation organized and doing business under the laws of the United States of America or any state, authorized under such laws to exercise trust powers and subject to supervision by federal or state authority. Upon any change in the Paying Agent/Registrar for the Variable Rate Bonds, the Board agrees to promptly cause a written notice thereof to be sent by the new Paying Agent/Registrar for the Variable Rate Bonds to each registered owner of the affected Variable Rate Bonds by United States mail, first-class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

### ***Transfer, Exchange and Registration***

In the event the use of the Book-Entry-Only System should be discontinued, the Variable Rate Bonds will be printed and delivered to the beneficial owners thereof and, thereafter, the Variable Rate Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar for the Variable Rate Bonds only upon presentation and surrender thereof to the Paying Agent/Registrar at its designated corporate trust office, currently the Paying Agent/Registrar's corporate trust office in Dallas, Texas (the Designated Payment/Transfer Office). Such transfer or exchange will be at the expense of the registered owner of any Variable Rate Bond requesting any exchange, in addition to any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer; except, however, that in the case of the exchange of an assigned and transferred Variable Rate Bond or any portion thereof in any authorized denominations, and in the case of the exchange of the unredeemed portion of a Variable Rate Bond which has been redeemed in part prior to maturity, such fees and charges will be paid by the Board. A Variable Rate Bond may be assigned by the execution of an assignment form on the Variable Rate Bond or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar for the Variable Rate Bonds. A new Variable Rate Bond or Variable Rate Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Variable Rate Bond or Variable Rate Bonds being transferred or exchanged, at the designated corporate trust office of the Paying Agent/Registrar. New Variable Rate Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount as the Variable Rate Bond or Variable Rate Bonds surrendered for exchange or transfer.

See APPENDIX E herein for a description of the system to be utilized initially in regard to the ownership and transferability of the Variable Rate Bonds.

### ***Limitation on Transfer of Variable Rate Bonds Called for Redemption***

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

## **SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**

### ***General Obligation Pledge***

**THE BONDS ARE GENERAL OBLIGATIONS OF THE STATE, AND AS PROVIDED IN SECTIONS 49-d-8, 49-d-9, 49-d-10 AND 49-d-11, AND THE ACT, THE FULL FAITH AND CREDIT OF THE STATE IS PLEDGED FOR THE FAITHFUL PERFORMANCE OF ALL COVENANTS, RECITALS AND STIPULATIONS IN THE RESOLUTIONS AND THE BONDS.**

Section 49-d-8 provides that if there is not enough money in the Financial Assistance Account, EDAP Account or State Participation Account, (together, the Water Assistance Accounts) available to pay the principal of, premium, if any, and interest on the Water Assistance Bonds payable from such account, including money to make payments by the Board under any Bond Enhancement Agreement (as defined below) with respect to principal of or interest on such Water Assistance Bonds, there is appropriated out of the first money coming into the State Treasury in each fiscal year, not otherwise appropriated by the Constitution, an amount that is sufficient to pay such obligations maturing or becoming due during that fiscal year. If there is not sufficient money in the applicable Water Assistance Account to pay such Water Assistance Bonds payable from such Water

Assistance Account, the Texas Water Code directs the Board to notify the Comptroller of such insufficiency and requires the Comptroller to transfer to the applicable Water Assistance Account the first money coming into the State Treasury not otherwise appropriated by the Constitution in amounts sufficient to pay such obligations. The Resolutions establish procedures by which the Board will seek transfers from the Comptroller. See "WATER ASSISTANCE BOND PROGRAM".

### ***Perfection of Security***

Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the security granted by the Board under the Bond Resolutions, and such pledge is therefore valid, effective and perfected. If State law is amended at any time while any Bonds are outstanding and unpaid such that the pledge of the security granted by the Board under the Bond Resolutions are to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve for the owners of Bonds the perfection of the security interest in said pledge, the Board has agreed to take such measures as it determines are reasonable and necessary under State law to comply with the provisions of Chapter 9, Texas Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

### ***Other Sources of Payment***

Section 49-d-8 and the Texas Water Code provide that the State Participation Account, the EDAP Account, and the Financial Assistance Account are separate and distinct from one another and that each such account is a source of payment for Water Assistance Bonds issued with respect to that account. The Board has also established (i) the State Participation Bond Payment Account (with respect to the State Participation Bonds) (the State Participation Bond Payment Account), (ii) the Economically Distressed Areas Program Financial Assistance Bond Payment Account (with respect to the EDAP Bonds) (the EDAP Bond Payment Account), and (iii) the Financial Assistance Account (with respect to the Financial Assistance Bonds) (the Financial Assistance Bond Payment Account).

Accordingly, (i) the State Participation Account and the State Participation Bond Payment Account constitute sources of payment only for the State Participation Bonds, including the Series 2019D Bonds, (ii) the EDAP Account and the EDAP Financial Assistance Bond Payment Account constitute a source of payment only for the EDAP Bonds, including the Series 2019F Bonds, and (iii) the Financial Assistance Account and the Financial Assistance Bond Payment Account constitute sources of payment only for the Financial Assistance Bonds, including the Series 2019C Bonds and the Series 2019E Bonds, as described in this Official Statement.

For purposes of the discussion below, the following capitalized term has the following meaning:

"Money and Assets Attributable to Bonds" means:

- (i) the Board's rights to receive repayment of financial assistance provided from the related account, together with any evidence of such rights;
- (ii) money received from the sale or other disposition of the Board's rights to receive repayment of such financial assistance;
- (iii) money received as repayment of such financial assistance;
- (iv) money and assets attributable to Bonds, including money and assets transferred to the related account from Development Fund I for the Series 2019C Bonds and the Series 2019E Bonds and Development Fund II for the Series 2019F Bonds pursuant to Section 49-d-8; and
- (v) money deposited in the related account pursuant to Section 49-d-8.

### ***Enforcement of Payment***

The right of mandamus in any court of competent jurisdiction is specifically provided in the Texas Water Code to enforce payment of the Bonds, and obligations incurred under Bond Enhancement Agreements with respect to the Bonds, and the performance of official duties prescribed by Section 49-d-8 to make the transfers of funds as required.

### ***Defeasance***

The Resolutions provide that any Bond issued thereunder will be deemed paid and no longer Outstanding (a Defeased Bond) when payment of the principal of and premium, if any, on such Bond, plus interest thereon to the due date thereof (by maturity or otherwise), shall have been provided by the Board irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other similar instrument for such payment (a) lawful money of the United States of America sufficient to make such payment or (b) Defeasance Securities (as defined below) that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Board with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. As used above and specified in the Approval Certificate, "Defeasance Securities" means (i) direct, noncallable obligations of the United States of America, including

obligations that are unconditionally guaranteed by the United States of America and (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality. The Defeasance Securities are to be rated by a nationally recognized investment rating firm not less than "AAA" or its equivalent, on the date the Board authorizes or approves proceedings authorizing the issuance of refunding bonds, or if such defeasance is not in connection with the issuance of refunding bonds, on the date the Board provides for the funding of an escrow to effect the defeasance of the Bonds. In addition, to the extent allowed by state law, the term Defeasance Securities shall include 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 are rated as to investment quality by a nationally recognized investment rating firm with a rating that is not less than the rating assigned by such firm to United States government securities.

Upon such deposit as described above, such Bonds shall no longer be regarded to be Outstanding or unpaid. The Board has reserved the option, however, to be exercised at the time of the defeasance of the Bonds, to call for redemption, at an earlier date, those Bonds which have been defeased to their maturity date, if the Board, in the proceedings providing for the firm banking and financial arrangements, (i) expressly reserves the right to call the Defeased Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Defeased Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

#### ***Amendment of Resolutions With Consent of Registered Owners***

The registered owners aggregating in principal amount 51% of the aggregate principal amount of the Bonds (not including any Bonds held by or for the account of the Board) at the time Outstanding shall have the right from time to time to approve any amendment of the Resolutions authorizing the issuance of the Bonds which may be deemed necessary or desirable by the Board; provided, however, that nothing therein shall permit or be construed to permit the amendment of the terms and conditions contained in the Resolutions or in the Bonds so as to:

- (i) make any change in the maturity of any of the Bonds;
- (ii) reduce the rate of interest borne by any of the Bonds;
- (iii) reduce the amount of the principal payable on any of the Bonds;
- (iv) modify the terms of payment of principal of or interest on any of the Bonds, or impose any conditions with respect to such payment;
- (v) change the minimum percentage of the principal amount of the Bonds necessary for consent to such amendment; or
- (vi) affect the rights of the registered owners of less than all of the Bonds then outstanding;

unless such amendment or amendments be approved by the registered owners of all of the Bonds at the time Outstanding.

#### ***Amendment of Resolutions Without Consent of Registered Owners***

The Board may, without prior notice to or the consent of the registered owners of the Bonds, pursuant to an amendatory resolution from time to time:

- (i) impose conditions or restrictions additional to, but not in diminution of, those contained in each Resolution respecting the issuance of the Bonds;
- (ii) undertake covenants additional to but not inconsistent with those contained in each Resolution;
- (iii) correct any ambiguity or correct or supplement any inconsistent or defective provision contained in any Resolution or any amendatory resolution;
- (iv) adopt amendments to any Resolution that provide for the payment of principal of and interest on the Bonds or the payment of administrative expenses of the Board from Bond proceeds; or
- (v) adopt amendments to any Resolution that, in the opinion of nationally-recognized bond counsel acceptable to the Board, do not adversely affect the registered owners.

In addition to the foregoing, the Board expressly reserves the right, without prior notice to or consent from the registered owners of the Bonds, to amend certain provisions of the Resolutions to reflect subsequent amendments to the Constitution and the Act, including, without limitation, amendments altering:

- (i) the administration of Development Fund II; or
- (ii) the accounts within Development Fund II; or
- (iii) the deposit or application of money received by the Board as repayments of loans to political subdivisions and interest on those loans, or proceeds from the sale, transfer or lease of facilities held for any account within Development Fund II; or
- (iv) the use of the proceeds of the Bonds; or
- (v) the rights, duties and obligations of the Comptroller as specified in the Resolutions; or
- (vi) the procedure for payment of the Bonds; or

- (vii) the payment of expenses of administering Development Fund II and other authorized expenses of the Board; or
- (viii) the administration of the Water Infrastructure Fund;

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

- (a) the Board receives an opinion of nationally-recognized bond counsel acceptable to the Board to the effect that such amendments comply with the Act, that the Bonds continue to be general obligations of the State and the Constitution provides for appropriation out of the first money coming into the State Treasury in each fiscal year, not otherwise appropriated by the Constitution, of an amount sufficient to pay the principal of or interest on the Bonds that mature or become payable during that Fiscal Year, to the extent the same are not otherwise paid from funds pledged to their payment; and
- (b) bond counsel acceptable to the Board renders an opinion substantially to the effect that any such amendment will not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes; and
- (c) each nationally-recognized securities rating agency providing a rating on the Bonds at the time the Bonds were initially delivered to the Underwriters and that has a then existing rating thereon confirms in writing that subsequent to any such amendment, the Bonds will continue to be rated as general obligation bonds of the State.

If the Board so amends any Resolution without the consent of registered owners as provided in this subsection, it shall cause notice of such amendment to be published one time in a financial newspaper or journal of general circulation in the City of New York, New York, or the City of Austin, Texas. Such notice shall contain a summary of the amendatory language, recite that the conditions set forth in items (a) through (c) above have been satisfied, and recite the effective date of such amendment. Such notice shall be published within thirty days of the effective date of such amendment. Such notice shall state that a copy thereof is on file at the principal office of the Board for inspection. Such publication is not required, however, if written notice is given to each registered owner of the affected Bonds.

## **WATER ASSISTANCE BOND PROGRAM**

### ***Development Fund I***

The Legislature and the voters of the State have approved constitutional amendments increasing the Board's bond issuance authority and authorized funding purposes, such that the Board had been authorized to issue up to \$2,480,000,000 in general obligation bonds for various water development purposes (Water Development Bonds) to augment the Texas Water Development Fund (Development Fund I). Pursuant to such authorization, the Board has issued \$1,467,190,000 of Water Development Bonds for Development Fund I. In an effort to aggregate the authority of various constitutional amendments, voters approved Section 49-d-8 in 1997 which provided that bonds otherwise authorized by Sections 49-c, 49-d, 49-d-1, 49-d-2, 49-d-5, 49-d-6 and 49-d-7 of Article III of the Constitution (the Development Fund I Constitutional Provisions) could be issued as Water Assistance Bonds to augment Development Fund II. Thereafter, all of the liabilities and assets formerly held in Development Fund I were transferred to Development Fund II.

### ***Development Fund II***

Development Fund II was established pursuant to Section 49-d-8 in 1997. Development Fund II is a fund in the State Treasury separate and legally distinct from Development Fund I. Section 49-d-8 provides that bonds otherwise authorized by the Development Fund I Constitutional Provisions can be issued to augment Development Fund II. Since Section 49-d-8 consolidated the separate bond issuance authorities contained in the Development Fund I Constitutional Provisions, and provides a more efficient cash flow for Development Fund II than exists for Development Fund I, the Board ceased issuing bonds to augment Development Fund I. In addition, the voters of the State approved Section 49-d-9 in 2001, which authorizes the Board to issue additional general obligation bonds for one or more accounts of Development Fund II in an amount not to exceed \$2 billion. Additional bonds have been issued under such authorizations and the additional bond authorization under Section 49-d-9 has been exhausted.

Section 49-d-8 limits the authorized amount of EDAP Bonds that may be issued by the Board under that section to \$250 million in the aggregate, and the Board has previously issued EDAP Bonds in such amount pursuant to that section (including Water Development Bonds previously issued pursuant to subsection (b) of Section 49-d-7 of the Constitution.) In November 2007, the Constitution was amended to add Section 49-d-10, which authorized the Board to issue up to \$250 million in additional general obligation bonds as EDAP Bonds to augment the EDAP Account.

Section 49-d-11 was approved by the voters of the State on November 8, 2011, authorizes the Board to issue additional general obligation bonds for one or more accounts of Development Fund II in amounts such that the aggregate principal amount of bonds issued under Section 49-d-11 that are outstanding at any time does not exceed \$6 billion. The effect of the provisions of Section 49-d-11 is that, unlike bonds issued under authority of the Development Fund I Constitutional Provisions, Section 49-d-9 and Section 49-d-10, (which provide that the authority to issue bonds is extinguished once bonds are issued), once bonds issued under authority of Section 49-d-11 are no longer outstanding by their terms, the authority under Section 49-d-11 to issue bonds in a like principal amount is made available to the Board.

## ***Major Accounts within Development Fund II***

Within Development Fund II, the Board has established the "Financial Assistance Bond Payment Account" the "State Participation Bond Payment Account," the "EDAP Bond Payment Account," and other accounts necessary for the proper administration of Development Fund II, as determined by the Board. In addition, the Board has the authority to create additional accounts as may be needed to administer its programs. Money on deposit in the Financial Assistance Account may be used for Water Assistance Projects; money on deposit in the State Participation Account may be used for State Participation Projects and money on deposit in the EDAP Account may be used for EDAP Projects. Money in each such account can be used to pay the expenses of the Board in connection with the issuance of bonds for such account and the administration of such account and for the payment of debt service on bonds issued for such account, including payments, if any, required under a Bond Enhancement Agreement with respect to principal of and interest on such bonds.

Section 49-d-8 and the Texas Water Code provide that the Financial Assistance Account, the State Participation Account, the Water Infrastructure Fund, and the EDAP Account are separate and distinct from one another and that each such account is a source of payment for Water Assistance Bonds issued with respect to that account. The Board has also established (i) the Financial Assistance Bond Payment Account (with respect to the Financial Assistance Bonds) (the Financial Assistance Bond Payment Account), (ii) the State Participation Bond Payment Account (with respect to the State Participation Bonds) (the State Participation Bond Payment Account) and (iii) the Economically Distressed Areas Program Bond Payment Account (with respect to the EDAP Bonds) (the EDAP Bond Payment Account). Accordingly, (i) the Financial Assistance Account and the Financial Assistance Bond Payment Account constitute sources of payment only for the Financial Assistance Bonds, (ii) the State Participation Account and the State Participation Bond Payment Account constitute sources of payment only for State Participation Bonds and (iii) the EDAP Account and the EDAP Bond Payment Account constitute sources of payment only for the EDAP Bonds.

### ***Financial Assistance Bonds***

As a practice, the Board's policy historically has been that debt service on Financial Assistance Bonds be self-supporting, and the Board has expected that program revenues flowing into the Financial Assistance Account will be sufficient to meet debt service requirements on outstanding Financial Assistance Bonds. The Board currently anticipates that the Board's policy will continue for the Series 2019C Bonds and the Series 2019E Bonds. No assurance, however, can be given that subsequent events, including, without limitation, changes in relevant constitutional or statutory provisions, will not cause the Board to change such policy.

The foregoing notwithstanding, the Board has issued Financial Assistance Bonds to augment the Water Infrastructure Fund. The Board currently anticipates that the Legislature will continue to appropriate general revenues of the State to support the payment of debt service on Water Infrastructure Bonds and Economically Distressed Areas Program Bonds until such time that program assets and revenues are sufficient to meet debt service requirements. See "WATER ASSISTANCE BOND PROGRAM – EDAP Bonds and - Water Infrastructure Fund." The State of Texas Water Financial Assistance Bonds, Series 2009E (Water Infrastructure Fund) and State of Texas Water Financial Assistance Bonds, Series 2010B (Water Infrastructure Fund), which are being refunded by the Series 2019E Bonds, were issued to provide funds for the Water Infrastructure Fund.

***Financial Assistance Account.*** Consistent with the Texas Water Code and Section 49-d-8, the Financial Assistance Account receives the following money, which will be used as further described below:

- (i) Money and Assets Attributable to Bonds designated by the Board as issued for Water Assistance Projects;
- (ii) payments received under a Bond Enhancement Agreement with respect to Financial Assistance Bonds;
- (iii) investment income earned on money on deposit in the Financial Assistance Account; and
- (iv) any other funds, regardless of their source, that the Board directs to be deposited to the credit of the Financial Assistance Account.

See APPENDIX B attached hereto for unaudited financial data relating to the Financial Assistance Account for various fiscal years, including the fiscal year ended August 31, 2018. See "OTHER INFORMATION–Unaudited Financial Information".

***Financial Assistance Bond Payment Account.*** The Board has established the Financial Assistance Bond Payment Account as a special account into which amounts will be deposited, as more fully described below, from the Financial Assistance Account, or otherwise from the State Treasury, and used to pay the principal of, premium, if any, and interest payable on the Financial Assistance Bonds, including, to the extent determined by the Board, amounts sufficient to make payments, if any, required under one or more Bond Enhancement Agreements with respect to principal or interest on such Financial Assistance Bonds. In the case of Water Infrastructure Bonds, appropriations from the State's General Revenue Fund and moneys received from repayments of loans made from the Water Infrastructure Fund shall be used to pay debt service on Water Infrastructure Bonds, such moneys will be deposited to the credit of an account within the Water Infrastructure Fund (the Water Infrastructure Fund Bond Payment Account) to pay debt service on Water Infrastructure Fund Bonds. See "WATER ASSISTANCE BOND PROGRAM – Water Infrastructure Fund."

***Financial Assistance Bonds Flow of Funds.*** On or before the date interest or interest and principal on the Financial Assistance Bonds is scheduled to become due and payable, the Board must cause to be transferred, from moneys available for such purpose in the Financial Assistance Account or, in the case of repayments of principal and interest from loans made to the Rural Political Subdivisions from proceeds of the refunded rural water assistance fund bonds available in the Rural Water Assistance Fund, to the Financial Assistance Bond Payment Account an amount which will be sufficient to pay the principal of and premium, if any, and interest on the Financial Assistance Bonds, including, to the extent determined by the Board, an amount which will be sufficient to make payments by the Board under one or more Bond Enhancement Agreements with respect to principal or interest on such Financial Assistance Bonds, when such interest or interest and principal, and premium, if any, or such payments, if any, become due and payable, with allowance being made for money currently on deposit in the Financial Assistance Bond Payment Account and available to make such payments.

If the Executive Administrator or the designee thereof determines within 15 days of an interest or principal payment date that the money available in the Financial Assistance Account or, in the case of the refunded rural water assistance fund bonds, the Rural Water Assistance Fund, for transfer to the Financial Assistance Bond Payment Account, as described above, is not sufficient to pay the principal of, premium, if any, and interest on the Financial Assistance Bonds, which then are outstanding and are scheduled to be due and payable on such interest or principal payment date, including, to the extent determined by the Board, an amount which will be sufficient to make payments by the Board under one or more Bond Enhancement Agreements with respect to principal or interest on such Financial Assistance Bonds, the Executive Administrator or the designee thereof is required to request the Comptroller to deposit no later than 3 days prior to such interest or principal payment date, or as soon thereafter as sufficient money has been received in the State Treasury, in the Financial Assistance Bond Payment Account out of the first money coming into the State Treasury, sufficient money so that the total amount in the Financial Assistance Bond Payment Account will be sufficient to pay the principal, premium, if any, and interest to mature and come due on the Financial Assistance Bonds on such interest or principal payment date, or to make any payments by the Board, to the extent determined by the Board, under any Bond Enhancement Agreement with respect to principal or interest on such Financial Assistance Bonds, and to pay all collection and exchange charges in connection therewith.

After making the transfers for the benefit of the Financial Assistance Bond Payment Account, other available money remaining in the Financial Assistance Account may, at the direction of the Board, be used for Water Assistance Projects and all of the purposes for which the Board may expend money in the Financial Assistance Account under Section 49-d-8. See “WATER ASSISTANCE BOND PROGRAM – Development Fund II.”

Notwithstanding the foregoing, money in the Financial Assistance Account representing proceeds from Financial Assistance Bonds, prepayments of financial assistance provided from the Financial Assistance Account or proceeds from the sale or other disposition of the Board’s rights to receive repayments of such financial assistance are not available for transfer to the Financial Assistance Bond Payment Account unless by resolution the Board specifically authorizes the transfer of any such proceeds or prepayments so identified in said resolution to the Financial Assistance Bond Payment Account.

### ***State Participation Bonds***

Bonds heretofore issued to provide financial assistance pursuant to the Board’s State Participation Program have resulted in draws on the State’s general revenue funds. The Board currently anticipates that the issuance of State Participation Bonds (including the Series 2019D Bonds) will not result in future draws on the State’s general revenue fund. See “PLAN OF FINANCE – Background.” Amounts specifically appropriated by the Legislature in support of debt service on State Participation Bonds are not limitations on general revenue draws, if additional funds are needed during the biennium, since the Constitution itself provides for an appropriation of money needed for the payment of such debt service. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – General Obligation Pledge”.

***State Participation Account.*** Consistent with the Texas Water Code and Section 49-d-8, the State Participation Account receives the following money, which will be used as further described below:

- (i) Money and Assets Attributable to Bonds designated by the Board as issued for State Participation Projects;
- (ii) money from the sale, transfer, or lease of a State Participation Project that was acquired, constructed, reconstructed, developed, or enlarged with money from the State Participation Account;
- (iii) payments received under a Bond Enhancement Agreement with respect to bonds designated by the Board as issued for State Participation Projects;
- (iv) investment income earned on money on deposit in the State Participation Account; and
- (v) any other funds, regardless of their source, that the Board directs be deposited to the credit of the State Participation Account.

See APPENDIX B attached hereto for unaudited financial data relating to the State Participation Account for various fiscal years, including the fiscal year ended August 31, 2018. See “OTHER INFORMATION – Unaudited Financial Information.”

**State Participation Bond Payment Account.** The Board has established the State Participation Bond Payment Account as a special account into which amounts will be deposited as more fully described below, from the State Participation Account, or otherwise from the State Treasury, and used to pay the principal of, premium, if any, and interest payable on the State Participation Bonds, including, to the extent determined by the Board, amounts sufficient to make payments, if any, required under one or more Bond Enhancement Agreements with respect to principal or interest on such State Participation Bonds.

**State Participation Bonds Flow of Funds.** On or before the date interest or interest and principal on the State Participation Bonds is scheduled to become due and payable, the Board must cause to be transferred, from moneys available for such purpose in the State Participation Account, to the State Participation Bond Payment Account an amount which will be sufficient to pay the principal of and premium, if any, and interest on the State Participation Bonds, including, to the extent determined by the Board, an amount which will be sufficient to make payments by the Board under one or more Bond Enhancement Agreements with respect to principal or interest on such State Participation Bonds, when such interest or interest and principal, and premium, if any, or such payments, if any, become due and payable, with allowance being made for money currently on deposit in the State Participation Bond Payment Account and available to make such payments.

If the Executive Administrator or the designee thereof determines within 15 days of an interest or principal payment date that the money available in the State Participation Bond Payment Account, as described above, is not sufficient to pay the principal of, premium, if any, and interest on the State Participation Bonds which then are outstanding and are scheduled to be due and payable on such interest or principal payment date, including, to the extent determined by the Board, an amount which will be sufficient to make payments by the Board under one or more Bond Enhancement Agreements with respect to principal or interest on such State Participation Bonds, the Executive Administrator or the designee thereof is required to request the Comptroller to deposit no later than three days prior to such interest or principal payment date, or as soon thereafter as sufficient money has been received in the State Treasury, in the State Participation Bond Payment Account out of the first money coming into the State Treasury, sufficient money so that the total amount in the State Participation Bond Payment Account will be sufficient to pay the principal, premium, if any, and interest to mature and come due on the State Participation Bonds on such interest or principal payment date, or to make any payments by the Board, to the extent determined by the Board, under any Bond Enhancement Agreement with respect to principal or interest on such State Participation Bonds, and to pay all collection and exchange charges in connection therewith.

After making the transfers for the benefit of the State Participation Bond Payment Account, other available money remaining in the State Participation Account may, at the direction of the Board, be used for State Participation Projects and all of the purposes for which the Board may expend money in the State Participation Account under Section 49-d-8. See “WATER ASSISTANCE BOND PROGRAM – Development Fund II”.

Notwithstanding the foregoing, money in the State Participation Account representing proceeds from State Participation Bonds, prepayments of financial assistance provided from the State Participation Account or proceeds from the sale or other disposition of the Board’s rights to receive repayments of such financial assistance are not available for transfer to the State Participation Bond Payment Account unless by resolution the Board specifically authorizes the transfer of any such proceeds or prepayments so identified in said resolution to the State Participation Bond Payment Account.

### **EDAP Bonds**

Bonds heretofore issued to provide financial assistance pursuant to the Board’s Economically Distressed Areas Program have resulted in draws on the State’s general revenue funds. The Board currently anticipates that the issuance of EDAP Bonds (including the Series 2019F Bonds) will result in future draws on the State’s general revenue funds. See “PLAN OF FINANCE – Background.” Amounts specifically appropriated by the Legislature in support of debt service on EDAP Bonds are not limitations on general revenue draws, if additional funds are needed during the biennium, since the Constitution itself provides for an appropriation of money needed for the payment of such debt service. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – General Obligation Pledge”.

**EDAP Account.** Consistent with the Texas Water Code and Section 49-d-8, the EDAP Account receives the following money, which will be used as further described below:

- (i) Money and Assets Attributable to Bonds designated by the Board as issued for EDAP Projects;
- (ii) money from the sale, transfer, or lease of an EDAP Project that was acquired, constructed, reconstructed, developed, or enlarged with money from the EDAP Account;
- (iii) payments received under a Bond Enhancement Agreement with respect to bonds designated by the Board as issued for EDAP Projects;
- (iv) investment income earned on money on deposit in the EDAP Account; and
- (v) any other funds, regardless of their source, that the Board directs be deposited to the credit of the EDAP Account.

See APPENDIX B attached hereto for unaudited financial data relating to the EDAP Account for various fiscal years, including the fiscal year ended August 31, 2018. See “OTHER INFORMATION – Unaudited Financial Information”.

***EDAP Bond Payment Account.*** The Board has established the EDAP Bond Payment Account as a special account into which amounts will be deposited as more fully described below, from the EDAP Account, or otherwise from the State Treasury, and used to pay the principal of, premium, if any, and interest payable on the EDAP Bonds, including, to the extent determined by the Board, amounts sufficient to make payments, if any, required under one or more Bond Enhancement Agreements with respect to principal or interest on such EDAP Bonds.

***EDAP Bonds Flow of Funds.*** On or before the date interest or interest and principal on the EDAP Bonds is scheduled to become due and payable, the Board must cause to be transferred, from moneys available for such purpose in the EDAP Account, to the EDAP Bond Payment Account an amount which will be sufficient to pay the principal of and premium, if any, and interest on the EDAP Bonds, including, to the extent determined by the Board, an amount which will be sufficient to make payments by the Board under one or more Bond Enhancement Agreements with respect to principal or interest on such EDAP Bonds, when such interest or interest and principal, and premium, if any, or such payments, if any, become due and payable, with allowance being made for money currently on deposit in the EDAP Bond Payment Account and available to make such payments.

If the Executive Administrator or the designee thereof determines within 15 days of an interest or principal payment date that the money available in the EDAP Bond Payment Account, as described above, is not sufficient to pay the principal of, premium, if any, and interest on the EDAP Bonds which then are outstanding and are scheduled to be due and payable on such interest or principal payment date, including, to the extent determined by the Board, an amount which will be sufficient to make payments by the Board under one or more Bond Enhancement Agreements with respect to principal or interest on such EDAP Bonds, the Executive Administrator or the designee thereof is required to request the Comptroller to deposit no later than three days prior to such interest or principal payment date, or as soon thereafter as sufficient money has been received in the State Treasury, in the EDAP Bond Payment Account out of the first money coming into the State Treasury, sufficient money so that the total amount in the EDAP Bond Payment Account will be sufficient to pay the principal, premium, if any, and interest to mature and come due on the EDAP Bonds on such interest or principal payment date, or to make any payments by the Board, to the extent determined by the Board, under any Bond Enhancement Agreement with respect to principal or interest on such EDAP Bonds, and to pay all collection and exchange charges in connection therewith.

After making the transfers for the benefit of the EDAP Bond Payment Account, other available money remaining in the EDAP Account may, at the direction of the Board, be used for EDAP Projects and all of the purposes for which the Board may expend money in the EDAP Account under Section 49-d-8. See “WATER ASSISTANCE BOND PROGRAM – Development Fund II”.

Notwithstanding the foregoing, money in the EDAP Account representing proceeds from EDAP Bonds, prepayments of financial assistance provided from the EDAP Account or proceeds from the sale or other disposition of the Board’s rights to receive repayments of such financial assistance are not available for transfer to the EDAP Bond Payment Account unless by resolution the Board specifically authorizes the transfer of any such proceeds or prepayments so identified in said resolution to the EDAP Bond Payment Account.

#### ***Water Infrastructure Fund***

Section 49-d-9 requires that \$50,000,000 of the bonds authorized to be issued under Section 49-d-9 be used for the Water Infrastructure Fund, a special fund in the State Treasury established under Subchapter Q of Chapter 15 of the Texas Water Code to provide financial assistance to eligible Texas political subdivisions (the Water Infrastructure Fund). The Board met this requirement in 2008. Since 2007, the Legislature has authorized appropriations of money from the State’s General Revenue Fund to support the payment of debt service on general obligation bonds issued for the Water Infrastructure Fund (Water Infrastructure Bonds). Appropriations of money from the State’s General Revenue Fund are expected to be used to defray a portion of the debt service payable on the Water Infrastructure Bonds heretofore and hereafter issued by the Board.

The Board may direct the Comptroller to transfer amounts from the Financial Assistance Account to the Water Infrastructure Fund to provide financial assistance under the Texas Water Code for the purposes provided in Subchapter Q, as listed in Section 15.974, Texas Water Code, as amended. Subchapter Q further provides that the Water Infrastructure Fund may be used as a source of revenue for the repayment of debt service on Financial Assistance Bonds, the proceeds of which have been deposited into the Water Infrastructure Fund.

See Footnote (5) to "TABLE 1: WATER ASSISTANCE BONDS" for the amount of Financial Assistance Bonds previously issued to provide funds for the Water Infrastructure Fund.

**TABLE 1: WATER ASSISTANCE BONDS**

Constitutional Provision <sup>(1)</sup>	Purpose	As of March 31, 2019			
		Constitutionally Authorized Amount	Authorization Used	Amount Being Issued	Authorized But Unissued
Development Fund I					
Constitutional Provision	DFUND I	\$ 2,480,000,000 <sup>(2)</sup>	\$ 1,467,190,000	\$0	\$0
Section 49-d-8 <sup>(2)</sup>	DFUND II	1,012,810,000 <sup>(2)</sup>	1,012,810,000 <sup>(3)</sup>	0	0
Section 49-d-9	DFUND II	2,000,000,000 <sup>(4)</sup>	2,000,000,000 <sup>(5)</sup>	0	0
Section 49-d-10	DFUND II (EDAP)	250,000,000	250,000,000	0	0
Section 49-d-11 <sup>(6)</sup>	DFUND II	6,000,000,000	62,955,571	0	5,937,044,429
Totals			<u>\$ 4,792,955,571</u>	<u>\$ -</u>	<u>\$ 5,937,044,429</u>

<sup>(1)</sup> All section references are to Article III of the Texas Constitution.

<sup>(2)</sup> In an effort to aggregate the voted authority of various constitutional amendments, Section 49-d-8 provided that bonds otherwise authorized by the Development Fund I Constitutional Provisions could be issued as Water Assistance Bonds to augment Development Fund II. The remaining authorization under the Development Fund I Constitutional Provisions was used for bonds issued to augment Development Fund II.

<sup>(3)</sup> Section 49-d-8 limits the authorized amount of EDAP Bonds that may be issued by the Board under that section to \$250,000,000 in the aggregate, and the Board has previously issued EDAP Bonds in such amount under such authorization (including Water Development Bonds issued pursuant to subsection (b) of Section 49-d-7 of the Constitution).

<sup>(4)</sup> Section 49-d-9 requires that \$50,000,000 of the bonds authorized to be issued under Section 49-d-9 be used for the Water Infrastructure Fund to provide financial assistance to eligible Texas political subdivisions, a requirement that the Board met in 2008. See "WATER ASSISTANCE BOND PROGRAM – Water Infrastructure Fund."

<sup>(5)</sup> Included in this amount are Financial Assistance Bonds issued by the Board in the aggregate principal amount of \$871,720,000 to provide funds for the Water Infrastructure Fund, of which \$514,085,000 in principal is still outstanding. See "WATER ASSISTANCE BOND PROGRAM – Water Infrastructure Fund."

<sup>(6)</sup> Section 49-d-11 authorizes the Board to issue additional general obligation bonds for one or more accounts of Development Fund II in amounts such that the aggregate principal amount of bonds issued under Section 49-d-11 that are outstanding at any time does not exceed \$6 billion.

*[Remainder of Page Intentionally Left Blank]*

**OTHER FINANCIAL ASSISTANCE PROGRAMS OF THE BOARD**

In addition to the financial assistance programs described under the "WATER ASSISTANCE BOND PROGRAM" section of this Official Statement, the Board administers other assistance programs which are funded with special revenues, general revenues or the proceeds of general obligation bonds of the State. The following is a brief summary of such programs. **None of the following programs are being funded with proceeds from the Bonds.**

***Texas Agricultural Water Conservation Bond Program***

Article III, Section 50-d of the Constitution (adopted in 1985) authorizes the Board to issue \$200,000,000 in general obligation Texas Agricultural Water Conservation Bonds. Subchapter J was added to Chapter 17 of the Texas Water Code, implementing the Agricultural Water Conservation Bond Program and creating the Agricultural Water Conservation Fund (the Agriculture Fund).

Money in the Agriculture Fund may be used to provide grants to State agencies to fund conservation programs or conservation projects, provide grants or loans to certain political subdivisions for conservation programs or conservation projects, provide linked deposits to certain financial institutions for loans to certain entities and individuals for conservation projects, pay for the Board's conservation programs, pay costs of issuance for and debt service due on Texas Agricultural Water Conservation Bonds, and to pay the Board's related administrative expenses. Conservation programs, certain costs of which may be financed from the Agriculture Fund, include: (1) agricultural water conservation technical assistance programs; (2) research, demonstration, technology transfer, or educational programs relating to agricultural water use and conservation; (3) precipitation enhancement programs; and (4) any other agricultural water conservation program defined by Board rule. Conservation projects, certain costs of which may be financed from the Agriculture Fund, include projects that: (1) improve water use efficiency; (2) prepare irrigated land for conversion to dry land conditions; (3) prepare dry land for more efficient use of precipitation; (4) purchase and fund the acquisition and installation of devices on public or private property to indicate the amount of water withdrawn for irrigation; (5) prepare and maintain land to be used for brush control activities; and (6) implement any other agricultural water conservation project defined by Board rule.

**TABLE 2: AGRICULTURE FUND GENERAL OBLIGATION BONDS**

**As of August 31, 2018**

Constitutional Provision <sup>(1)</sup>	Purpose	Amount Authorized	Previously Issued	Authorized But Unissued
Section 50-d	Agriculture Fund	<u>\$200,000,000</u>	<u>\$35,160,000</u>	<u>\$164,840,000</u>

<sup>(1)</sup> All section references are to Article III of the Texas Constitution.

***Revenue Bonds***

The Board is authorized to issue an unlimited amount of revenue bonds to fund certain eligible projects. The Board has the authority to sell revenue bonds for the following purposes: (1) to finance the construction of water and wastewater projects of political subdivisions and nonprofit water supply corporations; (2) to provide interim financing to political subdivisions which are also receiving long term financing from the Board; (3) to provide the state matching funds for federal funds provided to the Clean Water State Revolving Fund (CWSRF), and the Drinking Water State Revolving Fund (DWSRF); (4) to provide funds for the State Water Implementation Revenue Fund of Texas (SWIRFT); and (5) to provide matching funds for any additional State revolving funds hereafter established by the Board to provide financial assistance to political subdivisions for public works in accordance with a federal capitalization grant program. The Board's revenue bonds do not constitute a debt of the State, and neither the full faith and credit nor the taxing authority of the State is in any manner pledged, given or loaned to the payment of the Board's revenue bonds. Further, the Board's revenue bonds are not secured by or payable from money in either Development Fund I or Development Fund II.

***Clean Water State Revolving Fund***

The State Revolving Fund Act, Title VI of the Federal Water Pollution Control Act of 1972, as amended by the Water Quality Act of 1987, as amended (the Federal Act), established a joint federal and state loan program (the Federal Loan Program). Under the Federal Loan Program, the United States Environmental Protection Agency (USEPA) is authorized to make grants (the SRF Capitalization Grants) to states to aid in providing financial assistance to municipalities; intermunicipal, interstate or state agencies; or other entities eligible for assistance under the Federal Act for eligible projects including the construction of publicly owned treatment works, managing stormwater, measures to reduce the demand for publicly owned treatment works capacity through water conservation, efficiency, or reuse, nonpoint source pollution control projects and other authorized purposes pursuant

to the Federal Act. As a condition to receipt of an SRF Capitalization Grant, a state is required to establish a perpetual state revolving fund into which the SRF Capitalization Grant must be deposited, and to provide state matching funds at least equal to 20% of the SRF Capitalization Grant. Historically, proceeds of Water Development Bonds and Financial Assistance Bonds have been used to provide such matching funds. The Board does not expect to issue such bonds to provide matching funds in the future.

Funds in a state revolving fund are permitted to be applied to provide financial assistance to eligible borrowers in a number of ways, including making direct loans, purchasing or refinancing political subdivision bonds (PSBs), and providing loan guarantees.

Pursuant to Chapter 15, Subchapter J of the Texas Water Code (Subchapter J), which became effective June 17, 1987, the State created the State Water Pollution Control Revolving Fund (commonly referred to as the Clean Water State Revolving Fund) for the purpose of providing financial assistance to eligible entities for authorized activities and uses. The Board currently provides financial assistance by purchasing PSBs or making loans to eligible entities, which may take the form of loans, principal forgiveness, or bonds.

The Board purchases PSBs and makes loans under the CWSRF program with terms up to 30 years, but in no event longer than the projected useful life of the project financed or refinanced.

### ***Drinking Water State Revolving Fund***

The Safe Drinking Water Act, 42 U.S.C. § 300 et seq., as reauthorized in 1986 and amended in 1996 (the SDWA), established national primary drinking water regulations to protect the safety of the public's drinking water. Under the SDWA, the USEPA is authorized to make grants (DWSRF Capitalization Grants) to states to assist communities in meeting established drinking water standards. As a condition to receipt of a DWSRF Capitalization Grant, a state is required to establish a drinking water state revolving fund into which the DWSRF Capitalization Grant must be deposited, provide state matching funds at least equal to 20% of the DWSRF Capitalization Grant for deposit in the DWSRF and comply with certain other requirements of the SDWA. Historically, proceeds of Water Development Bonds and Financial Assistance Bonds have been used to provide all or a portion of such matching funds. The Board does not expect to issue such bonds to provide matching funds in the future. DWSRF funds are permitted to be applied to provide financial assistance to community water systems and non-profit community water systems in a number of ways, including making loans, purchasing or retiring existing debt, and providing loan guarantees for expenditures that facilitate compliance with the primary national drinking water regulations. Each obligation to an Eligible Borrower made with the proceeds of bonds issued by the Board is in the form of either a loan or the purchase of the obligations issued by the Eligible Borrower. Each Eligible Borrower delivers its own general obligation or revenue bond to the Board, in order to secure its PSB repayment obligations.

Pursuant to Subchapter J of Chapter 15 of the Texas Water Code, the State created the DWSRF for the purpose of providing financial assistance to political subdivisions and water supply corporations. The Board currently provides financial assistance by purchasing political subdivision bonds and making loans to eligible entities, which may take the form of loans, principal forgiveness, or bonds. The Board purchases PSBs under the DWSRF program with terms up to 30 years from project completion, but in no event longer than the expected design life of the project financed or refinanced.

### ***State Water Implementation Fund for Texas and State Water Implementation Revenue Fund for Texas***

At an election held on November 5, 2013, the voters of Texas approved a constitutional amendment which added two new sections to Article III of the Constitution. Section 49-d-12 provided for the appropriation of \$2 billion from the State's economic stabilization fund to create the State Water Implementation Fund for Texas (SWIFT) as a special fund in the state treasury outside the general revenue fund and Section 49-d-13 created the State Water Implementation Revenue Fund for Texas (SWIRFT) as a special fund in the state treasury outside the general revenue fund.

Section 49-d-12 provides that money in the SWIFT must be administered, without further appropriation, by the Board for the purpose of implementing the State Water Plan. In addition, Section 49-d-12 authorizes the Legislature to authorize the Board to enter into Bond Enhancement Agreements, payable solely from the SWIFT, to provide additional security for general obligation bonds or revenue bonds issued by the Board, the proceeds of which are used to finance State Water Plan projects, provided that the Bond Enhancement Agreements do not exceed the capacity of the SWIFT to fully support such agreements. Section 49-d-12 provides that the Legislature may authorize the Board to use the SWIFT to finance, including by direct loan, water projects included in the State Water Plan. Section 49-d-13, authorizes the Legislature to authorize the Board to issue bonds and enter into related credit agreements that are payable from revenues available to the SWIRFT. Obligations issued or incurred pursuant to Section 49-d-13 will be special obligations payable solely from amounts in the SWIRFT. Chapter 15, Subchapter G of the Texas Water Code ("Subchapter G") provides that the Board has legal title to the money and investments of the SWIFT to be used without further appropriation for the purpose of implementing the State Water Plan. Responsibility for the management and investment of the SWIFT is conferred on the Texas Treasury Safekeeping Trust Company (the Trust Company), which holds and invests the SWIFT for and in the name of the Board.

The Board may direct the Trust Company to enter into Bond Enhancement Agreements to provide a source of revenue or security for the payment of the principal of and interest on general obligation bonds or revenue bonds issued by the Board to finance or refinance projects included in the State Water Plan if the proceeds of the sale of the bonds have been or will be deposited to the credit of: (1) the SWIFT; (2) the SWIRFT; (3) the Rural Water Assistance Fund; (4) the State Participation Account; or (5) the Agriculture Fund. If the Trust Company enters into a Bond Enhancement Agreement, the Board may direct the Trust Company to make disbursements from the SWIFT to another fund or account for the support of bonds the proceeds of which are used to provide financial assistance in the forms described by Subchapter G, including loans bearing an interest rate of not less than 50% of the then-current market rate of interest available to the Board, a deferral of loan repayment, and incremental repurchase terms for an acquired facility. At the direction of the Board, the Trust Company must make disbursements from the SWIFT to another fund or account pursuant to a Bond Enhancement Agreement in the amounts the Board determines are needed for debt service payments on or security provisions of the Board's general obligation bonds or revenue bonds, after considering all other sources available for those purposes.

The Board may use money in the SWIRFT (i) as a source of revenue or security for the payment of the principal of and interest on revenue bonds issued by the Board under Chapter 15, Subchapter H, of the Texas Water Code (Subchapter H), other bonds issued by the Board if the proceeds of the bonds will be deposited in the SWIRFT, or a Bond Enhancement Agreement, (ii) to acquire loans or other assets from another fund or account administered by the Board or (iii) to pay necessary and reasonable costs incurred by the Board in administering the fund. Money deposited to the credit of the SWIRFT must be invested as determined by the Board. Subchapter H also authorizes the Board to issue revenue bonds for the purpose of providing money for the SWIRFT. Revenue bonds issued under Subchapter H are special obligations of the Board payable only from and secured by designated income and receipts of the SWIRFT, and such bonds do not constitute indebtedness of the State.

#### ***Rural Water Assistance Fund***

Chapter 15, Subchapter R, of the Texas Water Code authorizes and governs the Rural Water Assistance Fund, which is a special fund in the State Treasury. The Rural Water Assistance Fund may be used, among other purposes, to (i) provide low interest loans to Rural Political Subdivisions for water or water related projects and for water quality enhancement projects, including the construction of infrastructure facilities for wholesale or retail water and sewer service, desalination projects, the purchase or lease of well water fields; the purchase or lease of rights to produce groundwater; onsite or wetland wastewater treatment facilities; and interim financing of construction projects, (ii) water projects in the State Water Plan (as defined below) or regional water plan or (iii) enable a Rural Political Subdivision to obtain water or wastewater service supplied by larger political subdivisions or to finance the consolidation or regionalization of neighboring political subdivisions, or both. The Rural Water Assistance Fund may also be used to (i) contract for outreach, financial, planning, and technical assistance to assist Rural Political Subdivisions in obtaining financial assistance through any source for a purpose described by section 15.994 of the Texas Water Code and (ii) buy down interest rates on loans or provide grants to Rural Political Subdivisions. A "Rural Political Subdivision" is a nonprofit water supply or sewer service corporation, district, or municipality with a service area of 10,000 or less in population or that otherwise qualifies for financing from a federal agency; or a county in which no urban area exceeds 50,000 in population. The intent of the program is to provide tax-exempt equivalent financing to non-profit water supply corporations which are considered by the Internal Revenue Service to be taxable entities.

The Board may direct the Comptroller to transfer amounts from the Financial Assistance Account to the Rural Water Assistance Fund to provide financial assistance under the Texas Water Code for the purposes provided in Subchapter R, specifically for the uses described above, as listed in Section 15.994, Texas Water Code, as amended. Subchapter R further provides that the Rural Water Assistance Fund may be used as a source of revenue for the repayment of debt service on Financial Assistance Bonds, the proceeds of which have been deposited into the Rural Water Assistance Fund.

#### ***Texas Water Resources Finance Authority***

The Texas Water Resources Finance Authority (the Authority), created in 1987 by the Legislature as a governmental entity and a body politic and corporate, is governed by a board of directors composed of the three TWDB members. Because the Authority is a separate legal entity from the Board, it may issue revenue bonds, the proceeds of which may be used for the purpose of purchasing political subdivision bonds from the Board's existing loan portfolio or directly from political subdivisions. The Authority's revenue bonds do not constitute a debt of the State, and neither the full faith or credit nor the taxing authority of the State is in any manner pledged, given or loaned to the payment of the Authority's revenue bonds.

*[Remainder of Page Intentionally Left Blank]*

## TEXAS WATER DEVELOPMENT BOARD

### *General*

The Board is an agency of the State and was created by constitutional amendment in 1957. Its mission is to provide leadership, information, education, and support for planning, financial assistance, and outreach for the conservation and responsible development of water for Texas. The Board is responsible for long-range water planning in the State. The Board is primarily responsible for the State's financial programs associated with the water industry, including the establishment of policy for the financial programs.

The Board initially was given authorization to issue as general obligations of the State, \$200,000,000 in Water Development Bonds for the "construction of dams, reservoirs and other water storage projects." Subsequent amendments to the Constitution and enabling legislation expanded the types of water-related facilities eligible for Board financial assistance to include all components of water supply, wastewater (sewage) conveyance and treatment, flood control, municipal solid waste management and agricultural water conservation projects. The Board may also execute contracts with any agency of the United States for the acquisition and development of storage facilities in the State and reservoirs constructed by the federal government, which contracts constitute general obligations of the State.

The primary focus of the Board prior to 1985 was to provide loans to assist communities that found it a hardship to obtain funding from other sources. Constitutional amendments and legislative changes implemented in 1985 broadened the eligibility criteria to include all eligible applicants and regional water, wastewater, municipal solid waste management, flood control projects, and water projects that involved the conversion from a ground water supply source to a surface supply. In 1987, with the creation of the CWSRF, all political subdivisions (no hardship or regional criteria required) became eligible to apply for financial assistance for wastewater treatment projects. In 1989, a constitutional amendment and legislation authorized the Board to provide loan and grant assistance to construct potable water supply and sanitary sewer systems in impoverished areas through the Economically Distressed Areas Program. In 1998, the State established the DWSRF to receive proceeds of certain federal grants, provide matching funds and make loans to political subdivisions and water supply corporations that facilitate compliance with the federal government's primary national drinking water regulations. In 2013, the voters of the State also approved a constitutional amendment which created the SWIFT and the SWIRFT, such funds to be administered by the Board for the purpose of implementing the State Water Plan. See "OTHER FINANCIAL ASSISTANCE PROGRAMS OF THE BOARD – State Water Implementation Fund for Texas and State Water Implementation Revenue Fund for Texas."

### *State Water Plan*

Pursuant to Subchapter C of Chapter 16 of the Texas Water Code, the Legislature first directed the Board to prepare, develop, formulate, and adopt a comprehensive state water plan (the State Water Plan) prior to January 2002. Thereafter, the Board has been responsible for preparing, developing, formulating and adopting a State Water Plan before the end of each successive five-year period after that date. The State Water Plan provides for and identifies projects in furtherance of the orderly development, management, and conservation of water resources and preparation for and response to drought conditions, in order that sufficient water will be available at a reasonable cost to ensure public health, safety and welfare, further economic development and protect the agricultural and natural resources of the entire State.

For purposes of developing the State Water Plan, the State is divided into 16 regional water planning areas. Each regional water planning group for each regional water planning area must prepare a regional water plan and submit the plan to the Board for approval by the Board, and for inclusion in the State Water Plan. The regional water planning groups shall submit their adopted regional water plans to the Board no later than January 5 of the year that is one year prior to the date the Board is to adopt the State Water Plan for the ensuing five-year period.

On adoption of the State Water Plan, the Board is required to deliver the State Water Plan to the Governor, the Lieutenant Governor and the Speaker of the Texas House of Representatives, and present the adopted State Water Plan for review to the appropriate legislative committees in the Legislature.

The Board unanimously approved the 2017 State Water Plan and it is available on the website of the Board at: <http://www.twdb.texas.gov/waterplanning/swp/2017/index.asp>.

### *Board Members*

The members of the Board currently are:

**Peter M. Lake, Chairman.** Appointed to the Board by Governor Greg Abbott effective December 15, 2015 and appointed as Chairman on February 22, 2018, Mr. Lake has held a variety of financial roles in a number of industries. He served as director of research and head of automated trading at Gambit Trading, a member firm of the Chicago Board of Trade and the Chicago Mercantile Exchange, leading the firm's market research initiatives and directing the development of its first automated trading programs. He also traded interest rate derivatives, primarily focusing on U.S. Treasury bond futures. Additionally, Mr. Lake served as director of business development for Lake Ronel Oil Company, where he focused on financial analysis of

upstream oil and gas opportunities. Mr. Lake was director of special operations for VantageCap Partners and played a key role in the due diligence, valuation and transactional aspects of the successful divestment of the firm's primary investment. Mr. Lake was born and raised in Tyler, Texas. He graduated with a bachelor of arts in public policy with a specialization in economics from the University of Chicago, and he earned a Master's of Business Administration from Stanford University's Graduate School of Business. Mr. Lake's term expires February 1, 2021.

**Kathleen Jackson, Member.** Appointed to the Board by Governor Rick Perry effective March 18, 2014, and reappointed to a new term by Governor Greg Abbott on March 9, 2017. Ms. Jackson has a diverse background representing agricultural, environmental, industrial and wholesale-supply interests, which includes developing and implementing water management strategies for Southeast Texas. As a registered professional engineer, Ms. Jackson served as public affairs manager for one of the world's largest petroleum and petrochemical producers. Additionally, she was involved in production agriculture with her late husband, who ran a cattle operation and farmed rice. She served as a past member of the Lower Neches Valley Authority Board of Directors, the Texas Water Conservation Association, and participated on the Sabine and Neches Rivers Bay and Estuary Environmental Flows Assessment Program Stakeholders Committee. She is also a board member and past president of the Lamar Institute of Technology Foundation, a sustaining member of the Junior League of Beaumont, a member of the Texas Farm Bureau, past president of the American Cancer Society of North Jefferson County, and a past board member of Junior Achievement of the Golden Triangle. Ms. Jackson received a bachelor's degree in chemical engineering from North Carolina State University. Ms. Jackson's term expires on February 1, 2023.

**Brooke T. Paup, Member.** Appointed to the Board by Governor Greg Abbott, effective February 22, 2018, and reappointed to a new term by Governor Greg Abbott on February 6, 2019. Ms. Paup most recently served as the Director of Legislative Affairs for the Texas Comptroller of Public Accounts and is formerly the Deputy Division Chief of Intergovernmental Relations for the Office of the Attorney General. While with the Office of the Attorney General, Ms. Paup was a Special Assistant for Policy and Research on public finance and legislative and special litigation issues, including the SWIFT and SWIRFT. Ms. Paup is a member of the Texas State Bar and holds a Juris Doctorate from Texas Tech School of Law and is an alumna of Texas A&M University with a Bachelor's of Arts degree. Ms. Paup's term expires on February 1, 2025.

#### **Key Staff Members**

**Jeff Walker, Executive Administrator.** Mr. Walker was named Executive Administrator of the TWDB on May 19, 2016. He has served in various positions at the TWDB for more than 25 years, including as an Agricultural Conservation Specialist, a Financial Analyst, a Non-point Source Coordinator, and Director of Project Development. In his most recent role as Deputy Executive Administrator of Water Supply and Infrastructure, his areas of responsibility included state water planning, project development, financial assistance, project funds disbursement, financial program administration, water use and population projections, facility needs assessment, project inspection, and reporting. Mr. Walker holds a Master of Business Administration from Texas State University and a Bachelor of Science in Agricultural Economics from Texas A&M University.

**Amanda Lavin, Assistant Executive Administrator.** Ms. Lavin has more than 25 years of experience in public financing of infrastructure projects in Texas. She previously served as Assistant Deputy for the Office of Water Supply and Infrastructure and helped supervise the implementation of the SWIFT program. Prior to joining the TWDB, Ms. Lavin was a financial advisor to various political subdivisions in the Austin and Houston areas.

**Jessica Peña Zuba, Deputy Executive Administrator.** Ms. Zuba joined the TWDB in July 2001. She was named the Deputy Executive Administrator of Water Supply and Infrastructure in May 2016. Prior to this role, she served as the Director of Regional Water Planning and Development, which entailed managing six multi-disciplined regional teams that implement water and wastewater projects across the state. Her past positions at the TWDB also include Team Manager for the Northeast Region of the state and Financial Analyst. Ms. Zuba received a bachelor's degree in Business Administration with the distinction of magna cum laude from St. Edward's University.

**Rebecca Trevino, Chief Financial Officer.** Ms. Trevino joined the Board as its Chief Financial Officer in August 2016. Prior to this appointment, she served as the Deputy Chief Financial Officer for the Texas Health & Human Services Commission. Ms. Trevino has more than 26 years of financial experience, serving in various financial leadership roles during her career, including that of Chief Financial Officer for the Texas Department of Assistive and Rehabilitative Services and the Texas Water Development Board. She holds a Bachelor of Business Administration degree in Accounting from The University of Texas at Austin and is a Certified Public Accountant.

**Georgia Sanchez, Director, Debt and Portfolio Management and Development Fund Manager.** Ms. Sanchez joined the TWDB in March 2017. She previously served more than 23 years with the City of Austin, Texas in roles including Assistant Treasurer and Investment Officer, where she managed cash, investments, and debt programs, and Corporate Budget Manager overseeing the implementation of the city's Capital Improvements Plan. She holds a Bachelor of Business Administration degree in International Business from The University of Texas at Austin.

**Todd Chenoweth, General Counsel.** Mr. Chenoweth was appointed to serve as General Counsel effective February 1, 2017. Prior to that he served as Senior Advisor to the Executive Administrator on a range of water issues. Mr. Chenoweth has been a member of the State Bar of Texas since 1976. He has served as an Assistant City Attorney, and an Assistant County Attorney. Since 1997, he has served in a variety of management and policy positions with the Texas Commission on Environmental Quality and the Texas Water Development Board. Mr. Chenoweth holds a bachelor's degree from Texas A&M University, a Masters of Public Administration degree from the John F. Kennedy School of Government at Harvard University, and a law degree from The University of Texas at Austin School of Law.

#### ***Limitation of Liability of Officials of the Board***

No present or future member of the Board or agent or employee of the Board, in his or her individual capacity, and neither the members of the Board nor any official executing the Bonds will be liable personally for payment on the Bonds or be subject to any personal liability or accountability by reason of the issuance of Bonds.

#### ***Bond Review Board Approval***

With certain exceptions, bonds issued by State agencies and institutions, including bonds issued by the Board, must be approved by the Texas Bond Review Board (the Bond Review Board) prior to their issuance. The Bond Review Board is composed of the Governor, the Lieutenant Governor, the Speaker of the House of Representatives, and the Comptroller (as defined herein). The Governor is the Chairman of the Bond Review Board. Each member of the Bond Review Board may, and frequently does, act through a designee.

On May 1, 2019, the Bond Review Board approved the Bonds.

#### ***2019 Legislative Session***

In odd-numbered years, the State Legislature meets in a regular session lasting 140 days. On January 8, 2019, the State Legislature convened in its 86th Regular Session and will be in session until May 27, 2019. During this time, the State Legislature may enact laws that impact the operations of the Board. When the State Legislature is not in regular session, the Governor of the State may call one or more special sessions, at his discretion, each lasting no longer than 30 days. The Board can make no representation or prediction regarding any actions the State Legislature may take.

#### ***Sunset Review of the Board***

The Board is subject to review, but not abolishment, under the Texas Sunset Act, Chapter 325, Texas Government Code (the Sunset Act ), by the Sunset Advisory Commission (the Commission). The Board was most recently reviewed in 2011 and is subject to review every 12th year thereafter. The Legislature, however, is not prohibited from considering legislation addressing the programs performed by the Board prior to such date. Pursuant to the Sunset Act, the Commission is required to make recommendations to the Legislature regarding the reorganization, consolidation or transfer of programs administered by the Board. The Sunset Act further prohibits the Legislature from enacting legislation which would in any way affect the Board's continuing obligations, including those to the Holder of the Bonds pursuant to the Resolutions.

### **GENERAL INFORMATION REGARDING THE STATE**

#### ***Available Information***

The Texas Comptroller of Public Accounts (the Comptroller) prepares (a) a quarterly appendix (the Bond Appendix), which sets forth certain information regarding the State (including its government, finances, economic profile, and other matters) for use by State entities when issuing debt, (b) an annual Comprehensive Annual Financial Report (CAFR), which includes financial statements audited by the State Auditor, and (c) from time to time notices of certain events as described under "CONTINUING DISCLOSURE OF INFORMATION - Continuing Disclosure Undertaking of the Comptroller—Event Notices." All such documents are provided to the Municipal Securities Rulemaking Board (the MSRB) and publicly accessible as described in "APPENDIX A – The State of Texas." The most current such documents are described in "APPENDIX A – The State of Texas" and incorporated herein by reference. No representation is made that such documents contain all facts material to an evaluation of the ability of the State to make timely payment of debt service on the Bonds, or the value of the Bonds, or that any specific information should be accorded any particular significance.

#### ***Constitutional Limitation on Debt***

Article III, Section 49-j of the Texas Constitution prohibits the State Legislature from authorizing additional State debt payable from the general revenue fund, including authorized but unissued bonds and lease purchase contracts in excess of \$250,000 but excluding debt reasonably expected to be paid from other sources, if the resulting maximum annual debt service in any State fiscal year on such State debt payable from the general revenue fund exceeds 5% of the average amount of general revenue fund revenues for the three immediately preceding fiscal years, excluding revenues constitutionally dedicated for purposes other than payment of state debt.

## LEGAL MATTERS

### *Legal Opinion*

The Board will furnish to the Underwriters a complete transcript of proceedings incident to the authorization and issuance of the Bonds, including the legal opinion of the Attorney General of the State to the effect that the Bonds are valid and legally binding obligations of the Board and, based upon examination of such transcript of proceedings, the legal opinion to like effect of Norton Rose Fulbright US LLP, Bond Counsel. In its capacity as Bond Counsel, Bond Counsel has reviewed the information under the captions PLAN OF FINANCE (except the subcaption Anticipated Issuance of Additional Bonds, as to which no opinion will be expressed), THE FIXED RATE BONDS, THE VARIABLE RATE BONDS, SECURITY AND SOURCES OF PAYMENT FOR THE BONDS, LEGAL MATTERS (except the last two sentences of the first paragraph appearing under the subcaption Legal Opinion and the entirety of the information under the subcaption No-Litigation Certificate to which no opinion will be expressed), TAX MATTERS, CONTINUING DISCLOSURE OF INFORMATION (excluding any information describing or otherwise pertaining to the continuing disclosure undertaking of the Comptroller and any statements with respect to Board's compliance with prior undertakings as to which no opinion will be expressed), and APPENDIX C to this Official Statement, and such firm is of the opinion that the information relating to the Bonds and the Resolutions and such firm's legal conclusions contained under such captions and in APPENDIX C is a fair and accurate summary of the information purported to be shown therein. In connection with the transactions described herein, Bond Counsel represents only the Board. The legal opinion of Bond Counsel in the forms set forth in APPENDIX C to this Official Statement will accompany the Bonds deposited with DTC. Certain legal matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas, whose legal fee is contingent on the issuance and sale of the Bonds. Certain legal matters will be passed on for the Board by Bracewell LLP, Houston, Texas, Disclosure Counsel.

Norton Rose Fulbright US LLP and Bracewell LLP represent one or more of the Underwriters from time to time on matters not related to the Bonds.

The legal opinion to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinion as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

### *No-Litigation Certificate*

No litigation or other governmental proceedings are pending or, to the knowledge of the Board, threatened which seek to prohibit, restrain or enjoin the issuance, execution and delivery of the Bonds or question the validity or enforceability of the Bonds or any of the proceedings taken in connection with the issuance thereof.

The State is party to various legal proceedings relating to its operations and governmental functions but such proceedings are unrelated to the Bonds or the security for the Bonds. For a discussion of litigation filed against the State please see the Bond Appendix litigation section in APPENDIX A hereto.

At the time of payment for and delivery of the Bonds, the Chairman of the Board, or his designee, and the Executive Administrator will execute and deliver a certification to the effect that no litigation of any nature has been filed or is then pending which would restrain the issuance and delivery of the Bonds or affect the provision made for their payment or security or in any manner question the validity of the Bonds.

### *Eligibility for Investment in Texas*

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code, as amended) provides that the Bonds are negotiable instruments, investment securities governed by Chapter 8, Texas Business & Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at least \$1 million of capital, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies and political subdivisions, and are legal security for those deposits to the extent of their market value. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Chapter 2256, Texas Government Code, as amended), the Bonds may have to be assigned a rating of at least "A" or its equivalent as to the investment quality by a national rating agency before the Bonds are eligible investments for sinking funds or other public funds of such political subdivisions.

No representation is made that the Bonds will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes. The Board has made no investigation of other laws, rules, regulations or investment criteria which might apply to any such persons or entities or which might otherwise limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such persons or entities to purchase or invest in the Bonds for such purposes. The Board has not made any review of laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

### ***Registration and Qualification of Bonds for Sale***

No registration statement relating to the Bonds has been filed with the SEC under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein, nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The Board assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be offered, sold, or otherwise transferred. It is the obligation of the purchaser to register or qualify sale of the Bonds under the securities laws of any jurisdiction which so requires. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

## **TAX MATTERS**

### ***Tax Exemption***

The delivery of the Bonds is subject to the opinions of Bond Counsel to the effect that interest on the Bonds for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the Code), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof. Forms of Bond Counsel's opinions are reproduced as Appendix C. The statutes, regulations, rulings, and court decisions on which such opinions are based are subject to change.

In rendering the foregoing opinions, Bond Counsel will rely on the representations and certifications of the Board made in a certificate dated the date of delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance by the Board with the provisions of the Resolutions subsequent to the issuance of the Bonds. The Resolutions contain covenants by the Board with respect to, among other matters, the use of the proceeds of the Bonds and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Bonds to be includable in the gross income of the owners thereof from date of the issuance of the Bonds.

Bond Counsel's opinions are not a guarantee of a result, but represent its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Board described above. No ruling has been sought from the Internal Revenue Service (the IRS) with respect to the matters addressed in the opinions of Bond Counsel, and Bond Counsel's opinions are not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Bonds is commenced, under current procedures the IRS is likely to treat the Board as the "taxpayer," and the owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the Board may have different or conflicting interests from the owners of the Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust (FASIT), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

### ***Tax Accounting Treatment of Discount and Premium on Certain Bonds***

The initial public offering price of certain Bonds (the Discount Bonds) may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Bonds described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Bonds (the Premium Bonds) may be greater than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity.

Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

### **CONTINUING DISCLOSURE OF INFORMATION**

Each of the Board and the Comptroller has entered into a separate undertaking for the benefit of bondholders to provide certain updated information and notices to the Municipal Securities Rulemaking Board (the MSRB) through its Electronic Municipal Market Access (EMMA) system, as described below.

#### ***Continuing Disclosure Undertaking of the Board***

***General.*** In the Resolutions, the Board has made the following agreement for the benefit of the holders and Beneficial Owners of the related Bonds. The Board is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the Board will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the MSRB through EMMA.

***Annual Reports.*** The Board will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes financial information and operating data of the general type included in TABLES 1 and 2 and APPENDIX B of this Official Statement. The Board will update and provide this information within 195 days after the end of each fiscal year ending in or after 2019.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's website or filed with the SEC, as permitted by SEC Rule 15c2-12 (the Rule). The updated information will include audited financial statements, if the Board or the State, as appropriate, commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Board will provide unaudited financial statements within the required time and audited financial statements when and if the audit report becomes available. Any such financial statements will be prepared in accordance with generally accepted accounting principles for governmental entities or such other accounting principles as the Board may be required to employ from time to time pursuant to State law or regulation.

The Board's current fiscal year end is August 31. Accordingly, it must provide updated information within 195 days thereof unless the Board changes its fiscal year. If the Board changes its fiscal year, it will notify the MSRB of the change prior to the next date by which the Board otherwise would be required to provide financial information and operating data as described above.

**Event Notices.** The Board will notify the MSRB in a timely manner, not in excess of ten (10) Business Days (as defined in the Resolutions) after the occurrence of any of the events listed below. The Board will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinion, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the Board; (13) the consummation of a merger, consolidation, or acquisition involving the Board or the sale of all or substantially all of the assets of the Board, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) the appointment of a successor or additional Paying Agent/Registrar or the change of name of a Paying Agent/Registrar, if material. In addition, the Board will provide timely notice of any failure by the Board to provide information, data, or financial statements in accordance with its agreement described above under "Continuing Disclosure Undertaking of the Board – *Annual Reports.*"

For the purposes of the event numbered 12 above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Board in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Board, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Board.

#### ***Continuing Disclosure Undertaking of the Comptroller***

**General.** The Comptroller has entered into an Amended and Restated Continuing Disclosure Agreement with the Bond Review Board dated March 12, 2019. The Board and the legal and beneficial owners of the Bonds are third-party beneficiaries of the Comptroller's agreement. The Comptroller is required to observe this agreement in respect of any issue of Securities, as defined in the agreement (which include the Bonds), for so long as the State remains an "obligated person," as defined in the Rule. Under the agreement, the Comptroller will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the MSRB as described below.

**Annual Reports.** The Comptroller will provide certain updated financial information and operating data to the MSRB annually. Under its disclosure agreement, the Comptroller is not obligated to provide such financial and operating data more frequently than on an annual basis. The information to be updated includes all quantitative financial information and operating data with respect to the State of the general type included in the Bond Appendix. The Comptroller will update and provide this information within 195 days after the end of each fiscal year of the State.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's EMMA website or filed with the SEC, as permitted by the Rule. The updated information provided by the Comptroller will be provided on a cash basis and will not be audited, but the Comptroller will provide audited financial statements of the State prepared in accordance with generally accepted accounting principles for governmental entities when the State Auditor completes its statutorily required audit of such financial statements. The accounting principles pursuant to which such financial statements must be prepared may be changed from time to time to comply with State law.

The State's current fiscal year end is August 31. Accordingly, the Comptroller must provide updated information for each fiscal year within 195 days after that date unless the State changes its fiscal year. If the State changes its fiscal year, the Comptroller will notify the MSRB of the change prior to the next date by which the Comptroller otherwise would be required to provide financial information and operating data as described above.

**Quarterly Reports.** Although it is not contractually committed to do so, the Comptroller currently prepares and files with the MSRB a quarterly Bond Appendix which provides a general description of the State and sets forth certain information regarding the State, including its government, finances, economic profile, and other matters, for use by State entities when issuing debt. Certain tables within the Bond Appendix are updated on a quarterly basis while other tables within the Bond Appendix are updated on a semiannual or annual basis. The Bond Appendix is not audited and provides financial data on a cash basis. The Comptroller generally files an updated Bond Appendix with the MSRB within two weeks after each January 31, April 30, July 31, and October 31, and it may file voluntary notices of significant events with the MSRB between Bond Appendices, although there is no assurance that it will continue such voluntary filings at such times or at all in the future.

**Event Notices.** The Comptroller will also provide notice to the MSRB of any of the following events with respect to the Bonds on a timely basis no later than 10 business days after the event: (a) the incurrence of a financial obligation (as defined in the Rule, including certain debt, debt-like, and debt-related obligations) of the State, if material, or an agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation, any of which affect security holders, if material; or (b) a default, event of acceleration, termination event, modification of terms, or other similar event under the terms of any such financial obligation of the State, any of which reflect financial difficulties.

The Comptroller will also provide timely notice to the MSRB of any failure to provide updated financial information, operating data, or financial statements in accordance with its agreement.

#### ***Availability of Information***

The Board and the Comptroller have agreed to provide the foregoing financial and operating information and notices only as described above. The Board and the Comptroller will be required to file their respective continuing disclosure information using the MSRB's EMMA system. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at [www.emma.msrb.org](http://www.emma.msrb.org).

The quarterly Bond Appendix, if and when filed, the State's CAFR, and annual financial and operating information, and event notices, if any, may be obtained by using the EMMA Quick Search function and entering the term "State of Texas Comptroller." The most recently prepared Bond Appendix, CAFR, and notices may also be accessed on the Comptroller's website at: <https://comptroller.texas.gov/programs/systems/treasury-ops/index.php>.

#### ***Limitations and Amendments***

The Board and the Comptroller have agreed to update information and to provide notices of events only as described above. Neither is responsible for performance of the other's agreement, and neither has agreed to provide other information that may be relevant or material to a complete presentation of the Board's or the State's financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. Neither makes any representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the Bonds at any future date. Each disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of the Bonds may seek a writ of mandamus to compel the Board and the Comptroller to comply with their respective agreements.

The Board and the Comptroller may amend their respective continuing disclosure agreements from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Board or the State, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) a person unaffiliated with the State, the Comptroller, the Bond Review Board and the Board (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of such Bonds. The Board may also amend or repeal the provisions of its continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the Board or the Comptroller so amends its disclosure agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

### ***Compliance with Prior Undertakings of the Board***

With respect to its 2015 Continuing Disclosure Annual Report (the "2015 Report"), the Board inadvertently omitted listing the State of Texas Water Financial Assistance Bonds, Series 2015D (the "Series 2015D Bonds"), as an issue covered by the 2015 Report. The Board has associated the 2015 Report with the CUSIPs for the Series 2015D Bonds and will include the Series 2015D Bonds in future filings.

### **OTHER INFORMATION**

#### ***Ratings***

Fitch Ratings, Moody's Investors Service, Inc. and S&P Global Ratings, a division of S&P Global Inc., have assigned ratings of "AAA", "Aaa" and "AAA" respectively, to the Bonds. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such rating companies and the Board and the Underwriters make no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by any or all of such rating companies if, in the judgment of any or all companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or any of them, may have an adverse effect on the market price of the Bonds.

#### ***Underwriting***

The Underwriters have agreed, subject to certain conditions, to purchase: the Series 2019C Bonds at a purchase price of \$51,737,056.49 (consisting of a principal amount of \$50,135,000, plus an original issue premium of \$1,727,929.05, and less an underwriting discount of \$125,872.56); the Series 2019D Bonds at a purchase price of \$24,740,846.69 (consisting of a principal amount of \$21,320,000, plus an original issue premium of \$3,484,549.50, and less an underwriting discount of \$63,702.81); the Series 2019E Bonds at a purchase price of \$125,219,373.06 (consisting of a principal amount of \$121,990,000, plus an original issue premium of \$3,548,939.50, and less an underwriting discount of \$319,566.44); and the Series 2019F Bonds at a purchase price of \$8,201,680.75 (consisting of a principal amount of \$7,355,000, plus an original issue premium of \$865,977.30, and less an underwriting discount of \$19,296.55).

The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of the Bonds and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have furnished for inclusion in this Official Statement the following paragraphs of this subcaption. The Board makes no representation as to the accuracy or completeness of the information contained in the following paragraphs.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the State, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Board or the State.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

The Board intends to use a portion of the proceeds from the Bonds to redeem the Refunded Bonds. To the extent an Underwriter or an affiliate thereof is an owner of Refunded Bonds, such Underwriter or its affiliate, as applicable, would receive, as an owner of a Refunded Bond, a portion of the proceeds from the issuance of the Bonds contemplated herein in connection with such Refunded Bonds being redeemed by the Board.

J.P. Morgan Securities LLC (JPMS), one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a JPMS Dealer Agreement) with each of Charles Schwab & Co., Inc. (CS&Co.) and LPL Financial LLC (LPL) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each JPMS Dealer Agreement, each of CS&Co. and LPL may purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Products Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Products Group (WFBNA), the senior underwriter of the Bonds, has entered into an agreement (the WFA Distribution Agreement) with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name Wells Fargo Advisors) (WFA), for the distribution of certain municipal securities offerings, including the Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Bonds with WFA. WFBNA has also entered into an agreement (the WFSLLC Distribution Agreement) with its affiliate Wells Fargo Securities, LLC (WFSLLC), for the distribution of municipal securities offerings, including the Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

### ***Unaudited Financial Information***

The Board provides financial information and operating data regarding the Development Fund II, the State Participation Program, the Water Infrastructure Fund and the Economically Distressed Areas Program in APPENDIX B to this Official Statement. The information presented in APPENDIX B is unaudited, and is prepared in accordance with State requirements for State agencies.

### ***Forward-Looking Statements***

The statements contained or incorporated by reference into this Official Statement that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding the Board's and the Comptroller's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Board and the Comptroller on the date of this Official Statement or the date of the Bond Appendix, CAFR, or event notice, respectively, and the Board and the Comptroller assume no obligation to update any such forward-looking statements. It is important to note that the Board's and the State's actual results could differ materially from those in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Board and the Comptroller. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

### ***Certification of Official Statement***

The financial and other information contained herein have been obtained from the Board's records and other sources which are deemed reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and the Resolutions contained in this Official Statement are made subject to all of the provisions of such statutes and documents and the Resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

At the time of payment for and delivery of the Bonds, the Board will be furnished a letter from the State, signed on behalf of the State by the Comptroller, upon which the Underwriters will be authorized to rely, to the effect that (a) to the best of the Comptroller's knowledge and belief, the documents identified in APPENDIX A hereto are true and correct as of their respective dates and do not contain an untrue statement of a material fact or omit to state a material fact that would make the statements made therein, in light of the circumstances under which they are made, misleading; (b) the information therein has been obtained from sources which the Comptroller's office believes to be reliable; and (c) the Comptroller has entered into a continuing disclosure agreement with the Texas Bond Review Board, for the benefit of the Board and the legal and beneficial owners of the Bonds, to provide, with respect to the State, updated financial information and operating data, timely notice of certain financial obligation events, and other specified events.

### ***Verification of Arithmetical and Mathematical Computations***

Public Finance Partners LLC will deliver to the Board, on or before the settlement date of the Bonds, its verification report indicating that it has verified the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Escrowed Securities, to pay, when due, the maturing principal of, interest on and related call premium requirements, if any, of the Refunded Bonds and (b) the mathematical computations of yield. Public Finance Partners LLC relied on the accuracy, completeness and reliability of all information provided to it by, and on all decisions and approvals of, the Board. In addition, Public Finance Partners LLC has relied on any information provided to it by the Board's retained advisors, consultants and legal counsel.

### ***Financial Advisor***

Hilltop Securities Inc. is employed as Financial Advisor to the Board in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Hilltop Securities Inc., in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the Board has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Board and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

### ***Website References***

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein (or in any other document expressly incorporated herein) are not incorporated into, and are not part of, this Official Statement, including for purposes of, and as that term is defined in, the Rule.

### ***Approval of Official Statement***

The Resolutions approve the form and content of this Official Statement, and authorizes its further use in the reoffering of the Bonds by the Underwriters. Questions regarding this Official Statement may be directed to Georgia Sanchez Director, Debt and Portfolio Management and Development Fund Manager, Texas Water Development Board, 1700 North Congress Avenue, 6th Floor, Austin, Texas 78701; Telephone: (512) 475-4584; Electronic Mail: [georgia.sanchez@twdb.texas.gov](mailto:georgia.sanchez@twdb.texas.gov).

[THIS PAGE INTENTIONALLY LEFT BLANK]

## SCHEDULE I - SCHEDULE OF REFUNDED BONDS

All of the Refunded Bonds shown will be redeemed on August 1, 2019, at the price of par plus accrued interest to the redemption date.

### Bonds Refunded by Series 2019C Bonds

#### Water Financial Assistance Bonds, Series 2009C-1

<u>Original Dated Date</u>	<u>Maturity (August 1)</u>	<u>Interest Rate</u>	<u>Amount</u>
June 30, 2009	2020	5.000%	\$ 2,345,000
	2021	4.000%	2,515,000
	2022	5.000%	2,665,000
	2023	5.000%	2,845,000
	2024	5.000%	3,035,000
	2025	5.000%	3,230,000
	2026	5.000%	3,420,000
	2027	5.000%	3,615,000
	2028	5.000%	3,830,000
	2029	5.000%	4,040,000
			<u>\$ 31,540,000</u>

#### Water Financial Assistance Refunding Bonds, Series 2009C-2

<u>Original Dated Date</u>	<u>Maturity (August 1)</u>	<u>Interest Rate</u>	<u>Amount</u>
June 30, 2009	2020	3.500%	\$ 950,000
	2020	5.000%	5,020,000
	2021	4.000%	4,480,000
	2022	4.100%	5,330,000
	2023	4.125%	4,220,000
			<u>\$ 20,000,000</u>

All of the Refunded Bonds shown will be redeemed on August 1, 2019, at the price of par plus accrued interest to the redemption date.

**Bonds Refunded by Series 2019D Bonds**

**Water Financial Assistance Bonds, Series 2010C  
(State Participation Program)**

<u>Original Dated Date</u>	<u>Maturity (August 1)</u>	<u>Interest Rate</u>	<u>Amount</u>
May 11, 2010	2020	4.000%	\$ 1,150,000
	2020	4.500%	1,090,000
	2021	5.000%	2,140,000
	2021	4.000%	100,000
	2022	5.000%	1,940,000
	2022	4.000%	300,000
	2023	5.000%	2,240,000
	2024	5.000%	2,240,000
	2025	5.000%	2,240,000
	2026	5.000%	2,240,000
	2027	5.000%	2,240,000
	2028	5.000%	2,235,000
	2029	5.000%	2,235,000
	2030	5.000%	2,235,000
			<u>\$ 24,625,000</u>

All of the Refunded Bonds shown will be redeemed on August 1, 2019, at the price of par plus accrued interest to the redemption date.

**Bonds Refunded by Series 2019E Bonds**

**Water Financial Assistance Bonds, Series 2009E  
(Water Infrastructure Fund)**

<u>Original Dated Date</u>	<u>Maturity (August 1)</u>	<u>Interest Rate</u>	<u>Amount</u>
December 15, 2009	2020	5.000%	\$ 4,675,000
	2021	5.000%	4,670,000
	2022	5.000%	4,670,000
	2023	5.000%	4,670,000
	2024	4.000%	4,670,000
	2025	5.000%	4,670,000
	2026	5.000%	4,670,000
	2027	5.000%	4,670,000
	2028	5.000%	4,670,000
	2029	5.000%	3,965,000

**Water Financial Assistance Bonds, Series 2010B  
(Water Infrastructure Fund)**

<u>Original Dated Date</u>	<u>Maturity (August 1)</u>	<u>Interest Rate</u>	<u>Amount</u>
May 11, 2010	2020	5.000%	\$ 3,050,000
	2020	4.500%	4,110,000
	2021	5.000%	7,160,000
	2022	5.000%	7,160,000
	2023	5.000%	7,160,000
	2024	5.000%	7,160,000
	2025	5.000%	7,160,000
	2026	5.000%	7,160,000
	2027	5.000%	7,160,000
	2028	5.000%	7,160,000
	2029	5.000%	7,160,000
	2030	5.000%	5,810,000
	2030	4.125%	1,350,000

All of the Refunded Bonds shown will be redeemed on August 1, 2019, at the price of par plus accrued interest to the redemption date.

**Bonds Refunded by Series 2019F Bonds**

**Water Financial Assistance Bonds, Series 2009F  
(Economically Distressed Areas Program)**

<u>Original Dated Date</u>	<u>Maturity (August 1)</u>	<u>Interest Rate</u>	<u>Amount</u>
December 15, 2009	2020	4.000%	\$ 1,240,000
	2021	5.000%	1,240,000
	2022	4.250%	1,240,000
	2023	4.375%	1,240,000
	2024	4.000%	1,235,000
	2025	4.000%	1,235,000
	2026	4.000%	1,235,000
			<u>\$ 8,665,000</u>

## **APPENDIX A**

### **THE STATE OF TEXAS**

As described in the Official Statement under “CONTINUING DISCLOSURE OF INFORMATION - Continuing Disclosure Undertaking of the Comptroller,” the Texas Comptroller of Public Accounts (Comptroller) is required to file updated annual financial and operating data, audited financial statements of the State when received, and timely notice of certain events with the Municipal Securities Rulemaking Board (MSRB), and the Comptroller voluntarily files quarterly Bond Appendices and occasional notices of significant events.

The Official Statement hereby incorporates by reference the previously filed documents listed below, except for any information superseded by information that is included directly in the Official Statement or incorporated by reference in a subsequent document, as well as any future filings that the Comptroller makes with the MSRB through EMMA prior to the termination of the offering of the Bonds under the Official Statement:

- State of Texas Comprehensive Annual Financial Report (CAFR) for the fiscal year ended August 31, 2018
- Appendix A: The State of Texas (February 2019) as updated and superseded by May 2019 and the First Supplement to May 2019
- Each notice, if any, filed with the MSRB by the Comptroller since the end of the fiscal year of the State addressed in the foregoing CAFR.

These documents and any subsequently filed documents, if any, may be obtained by accessing EMMA at <https://emma.msrb.org/>, using the MSRB Quick Search function and entering the term “State of Texas Comptroller.” The documents may also be accessed on the Comptroller’s website at: <https://comptroller.texas.gov/programs/systems/treasury-ops/index.php>. For further information see “CONTINUING DISCLOSURE OF INFORMATION - Continuing Disclosure Undertaking of the Comptroller” in the Official Statement.

Information in the Bond Appendix, CAFR, and any notice incorporated herein by reference is provided as of the date specified in the documents. No representation is made that such documents contain all facts material to an evaluation of the ability of the State to pay principal of and interest on the Bonds when due, or the value of the Bonds, or that any specific information should be accorded any particular significance.

[THIS PAGE INTENTIONALLY LEFT BLANK]

**APPENDIX B**  
**SELECTED FINANCIAL DATA (UNAUDITED)**

**Unaudited<sup>(1)</sup>**

**Texas Water Development Board**  
**Statement of Net Position - Water Development Fund II (DFund II)**

For the Fiscal Year Ended August 31,

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents:					
Cash in State Treasury	86,441,332	56,045,096.96	92,426,423.82	81,390,753	91,528,940
Receivables from:					
Interest and Dividends	12,485,259	40,719,692.72	50,027,981.61	50,112,663	49,100,085
Accounts Receivable					
Interfund Receivables	15,621,931	31,890,448.40	25,317,840.08	25,022,215	26,038,798
Due From Other Funds	53,632,348	80,414,334.28	67,780,915.10	67,308,673	74,523,221
Loans and Contracts	28,546,690	24,801,731.48	26,530,284.49	25,032,785	31,263,815
<b>Total Current Assets</b>	<b>196,727,558</b>	<b>233,871,304</b>	<b>262,083,445</b>	<b>248,867,089</b>	<b>272,454,858</b>
Non-Current Assets:					
Loans and Contracts	918,572,727	867,220,593.80	1,090,183,619.48	1,100,395,834	1,081,217,864
Interfund Receivables	319,964,622	345,392,103.83	340,756,562.18	311,599,347	302,001,377
<b>Total Non-Current Assets</b>	<b>1,238,537,348</b>	<b>1,212,612,698</b>	<b>1,430,940,182</b>	<b>1,411,995,182</b>	<b>1,383,219,242</b>
<b>Total Assets</b>	<b>1,435,264,907</b>	<b>1,446,484,001</b>	<b>1,693,023,627</b>	<b>1,660,862,271</b>	<b>1,655,674,100</b>
<b>LIABILITIES</b>					
Current Liabilities:					
Payables from:					
Accounts Payable	24,596		36,065.36	-	-
Interest Payable	4,872,862	4,032,514.83	6,962,659.27	6,838,535	6,713,351
Due to Other Funds	50,955,652	80,414,334.28	67,780,915.10	67,308,673	74,523,221
G. O. Bonds Payable	46,086,849	54,529,132.96	60,818,599.25	60,504,777	67,848,620
<b>Total Current Liabilities</b>	<b>101,939,960</b>	<b>138,975,982</b>	<b>135,598,239</b>	<b>134,651,985</b>	<b>149,085,191</b>
Non-Current Liabilities:					
G. O. Bonds Payable (net)	1,135,606,767	1,092,289,072.85	1,329,585,027.74	1,283,578,237	1,248,166,576
<b>Total Non-Current Liabilities</b>	<b>1,135,606,767</b>	<b>1,092,289,073</b>	<b>1,329,585,028</b>	<b>1,283,578,237</b>	<b>1,248,166,576</b>
<b>Total Liabilities</b>	<b>1,237,546,726</b>	<b>1,231,265,055</b>	<b>1,465,183,267</b>	<b>1,418,230,222</b>	<b>1,397,251,767</b>
<b>NET POSITION</b>					
Unrestricted	197,718,180	215,218,947	227,840,360	242,632,049	258,422,332
<b>Total Net Position</b>	<b>197,718,180</b>	<b>215,218,947</b>	<b>227,840,360</b>	<b>242,632,049</b>	<b>258,422,332</b>

(1) The financial data presented here is a recapitulation of the Board's financial statements presented in their Annual Financial Reports. The Board's financial statements become a part of the Comprehensive Annual Financial Report for the State of Texas, which is audited by the State Auditor's Office; however, the scope of the reviews at the agency level do not constitute an audit of the individual agency's financial statements. Consequently, these statements are considered unaudited at the agency level. Any adjustments related to the agency's financial data as a result of the CAFR Audit are not reflected in the amounts reported here.

**Unaudited<sup>(1)</sup>**

**Texas Water Development Board**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position - Water Development Fund II (DFund II)**  
For the Fiscal Year Ended August 31,

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>OPERATING REVENUES:</b>					
Licenses Fees & Permits		417,352	-	-	-
Interest and Investment Income	61,465,749	80,368,323	77,651,475	67,348,014	66,098,215
<b>Total Operating Revenues</b>	<u>61,465,749</u>	<u>80,785,674</u>	<u>77,651,475</u>	<u>67,348,014</u>	<u>66,098,215</u>
<b>OPERATING EXPENSES:</b>					
Professional Fees and Services	226,013	552,663	1,680,613	474,971	523,179
Travel			6,888	1,255	-
Printing and Reproduction		1,816	1,214	2,951	1,284
Interest	53,352,986	48,003,879	58,901,716	52,120,852	49,773,969
Other Operating Expenses	749,894	(300,321)	476,889	19,000	9,500
<b>Total Operating Expenses</b>	<u>54,328,893</u>	<u>48,258,037</u>	<u>61,067,320</u>	<u>52,619,029</u>	<u>50,307,931</u>
<b>Operating Income (Loss)</b>	<u>7,136,856</u>	<u>32,527,637</u>	<u>16,584,155</u>	<u>14,728,985</u>	<u>15,790,284</u>
<b>Income/(Loss) before Other Revenues, Expenses, Gains/Losses and Transfers</b>	<u>7,136,856</u>	<u>32,527,637</u>	<u>16,584,155</u>	<u>14,728,985</u>	<u>15,790,284</u>
<b>OTHER REVENUES, EXPENSES, GAINS/LOSSES AND TRANSFERS:</b>					
Transfers-In	53,342,515	146,116,608	40,266,006	61,650,456	63,143,501
Transfers-Out	(53,342,515)	(146,114,608)	(44,228,747)	(61,587,753)	(63,143,501)
<b>Total Other Revenue, Expenses, Gain/Losses and Transfers</b>	<u>-</u>	<u>2,000</u>	<u>(3,962,741)</u>	<u>62,704</u>	<u>-</u>
<b>Change in Net Position</b>	<u>7,136,856</u>	<u>32,529,637</u>	<u>12,621,413</u>	<u>14,791,689</u>	<u>15,790,284</u>
Total Net Position, September 1, Restatements	<u>190,581,324</u>	<u>182,689,309</u>	<u>215,218,947</u>	<u>227,840,360</u>	<u>242,632,049</u>
Total Net Assets, September 1, as Restated	<u>190,581,324</u>	<u>182,689,309</u>	<u>215,218,947</u>	<u>227,840,360</u>	<u>242,632,049</u>
<b>Total Net Position, August 31, Ending</b>	<u>197,718,180</u>	<u>215,218,947</u>	<u>227,840,360</u>	<u>242,632,049</u>	<u>258,422,332</u>

(1) The financial data presented here is a recapitulation of the Board's financial statements presented in their Annual Financial Reports. The Board's financial statements become a part of the Comprehensive Annual Financial Report for the State of Texas, which is audited by the State Auditor's Office; however, the scope of the reviews at the agency level do not constitute an audit of the individual agency's financial statements. Consequently, these statements are considered unaudited at the agency level. Any adjustments related to the agency's financial data as a result of the CAFR Audit are not reflected in the amounts reported here.

**Unaudited<sup>(1)</sup>**

**Texas Water Development Board**  
**Statement of Net Position – State Participation Program Funds**

For the Fiscal Year Ended August 31,

	Statement of Net Assets (2) 2014 (3)	Statement of Net Assets 2015	Statement of Net Assets 2016	Statement of Net Assets 2017	Statement of Net Assets 2018
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents:					
Cash in State Treasury	\$ 37,416,432	\$ 35,105,015	\$ 31,996,565	23,934,296	23,229,034
Interest and Dividends	1,659,427	4,405,096	5,501,178	5,949,760	6,857,424
Accounts Receivable					
Due From Other Funds	1,939,743	1,647,230	4,010,312	2,982,148	2,971,483
<b>Total Current Assets</b>	<b>41,015,603</b>	<b>41,157,340.82</b>	<b>41,508,054</b>	<b>32,866,205</b>	<b>33,057,942</b>
Non-Current Assets:					
Loans & Contracts	122,033,000	122,033,000	122,033,000	122,033,000	122,033,000
<b>Total Noncurrent Assets</b>	<b>122,033,000</b>	<b>122,033,000.00</b>	<b>122,033,000</b>	<b>122,033,000</b>	<b>122,033,000</b>
<b>Total Assets</b>	<b>163,048,603</b>	<b>163,190,340.82</b>	<b>163,541,054</b>	<b>154,899,205</b>	<b>155,090,942</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Current Liabilities:					
Payables From:					
Accounts Payable			3,861	-	-
Interest Payable	455,613	450,700	430,327	392,399	384,819
Due To Other Funds	1,939,743	1,647,230	4,010,312	2,982,148	2,971,483
General Obligation Bonds Payable	1,642,316	3,192,316	3,858,756	2,593,756	2,588,756
<b>Total Current Liabilities</b>	<b>4,037,673</b>	<b>5,290,245.65</b>	<b>8,303,256</b>	<b>5,968,303</b>	<b>5,945,058</b>
Non-Current Liabilities:					
General Obligation Bonds Payable	120,699,743	117,507,427	113,731,029	105,987,273	103,398,516
<b>Total Non-Current Liabilities</b>	<b>120,699,743</b>	<b>117,507,426.84</b>	<b>113,731,029</b>	<b>105,987,273</b>	<b>103,398,516</b>
<b>Total Liabilities</b>	<b>124,737,416</b>	<b>122,797,672.49</b>	<b>122,034,285</b>	<b>111,955,575</b>	<b>109,343,574</b>
<b>Government-wide Statement - Net Position</b>					
Net Position:					
Restricted for:					
Other	38,311,187	40,392,668	41,506,769	42,943,629	45,747,368
<b>Total Net Position</b>	<b>38,311,187</b>	<b>40,392,668.33</b>	<b>41,506,769</b>	<b>42,943,629</b>	<b>45,747,368</b>

- (1) The financial data presented here is a recapitulation of the Board's financial statements presented in their Annual Financial Reports. The Board's financial statements become a part of the Comprehensive Annual Financial Report for the State of Texas, which is audited by the State Auditor's Office; however, the scope of the reviews at the agency level do not constitute an audit of the individual agency's financial statements. Consequently, these statements are considered unaudited at the agency level. Any adjustments related to the agency's financial data as a result of the CAFR Audit are not reflected in the amounts reported here.
- (2) The term Net Assets was changed to Net Position to comply with FY13 Annual Financial Reporting requirements and Government Accounting Standards Board Statement No. 54.
- (3) In fiscal year 2014, the balances associated with the state participation program were restated to the proprietary enterprise fund type. The activity of the state participation program is now fully supported by the loan repayments and thus meets one of the required enterprise fund reporting criteria.

**Unaudited<sup>(1)</sup>**

**Texas Water Development Board  
Statement of Revenues, Expenses, and Changes in Fund Net Position -  
State Participation Program Funds**

For the Fiscal Year Ended August 31,

	Statement of Activities 2014 (2)	Statement of Activities 2015	Statement of Activities 2016	Statement of Activities 2017	Statement of Activities 2018
<b>REVENUES</b>					
Licenses, Fees & Permits					
Interest and Other Investment Income	\$ 3,905,354	7,393,903	6,731,182	6,269,321	7,235,603
<b>Total Revenues</b>	<b>3,905,354</b>	<b>7,393,903</b>	<b>6,731,182</b>	<b>6,269,321</b>	<b>7,235,603</b>
<b>EXPENDITURES</b>					
Professional Fees and Services	13,310	7,292	61,827	12,340	9,417
Travel			412	60	-
Printing and Reproduction				90	-
Other Expenditures	129,338	-	9,500	-	-
Debt service:					
Principal					
Interest (FFS)					
Interest on Long-Term Debt (GWFS)	5,494,427	5,305,129	5,545,342	4,819,971	4,422,448
<b>Total Expenditures/Expenses</b>	<b>5,637,075</b>	<b>5,312,422</b>	<b>5,617,081</b>	<b>4,832,461</b>	<b>4,431,865</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(1,731,721)</b>	<b>2,081,482</b>	<b>1,114,101</b>	<b>1,436,860</b>	<b>2,803,738</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond and Note Proceeds					
Transfers In	10,581,700	7,039,962	3,897,284	8,379,114	4,419,761
Transfers Out	(10,582,373)	(7,039,962)	(3,897,284)	(8,379,114)	(4,419,761)
<b>Total Other Financing Sources and Uses</b>	<b>(673)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances/Net Assets</b>	<b>(1,732,394)</b>	<b>2,081,482</b>	<b>1,114,101</b>	<b>1,436,860</b>	<b>2,803,738</b>
<b>Fund Financial Statement-Fund Balances</b>					
Fund Balances--Beginning	164,780,997	38,311,187	40,392,668	41,506,769	42,943,629
Restatements	(124,737,416)				
Fund Balances, September 1, as Restated	40,043,581	38,311,187	40,392,668	41,506,769	42,943,629
<b>Fund Balances--August 31, Ending</b>	<b>38,311,187</b>	<b>40,392,668</b>	<b>41,506,769</b>	<b>42,943,629</b>	<b>45,747,368</b>
<b>Government-wide Statement - Net Position</b>					
Net Position--Beginning					
<b>Net Position--August 31, Ending</b>					

(1) The financial data presented here is a recapitulation of the Board's financial statements presented in their Annual Financial Reports. The Board's financial statements become a part of the Comprehensive Annual Financial Report for the State of Texas, which is audited by the State Auditor's Office; however, the scope of the reviews at the agency level do not constitute an audit of the individual agency's financial statements. Consequently, these statements are considered unaudited at the agency level. Any adjustments related to the agency as a result of the CAFR Audit are not reflected in the amounts reported here.

(2) In fiscal year 2014, the balances associated with the state participation program were restated to the proprietary enterprise fund type. The activity of the state participation program is now fully supported by the loan repayments and thus meets one of the required enterprise fund reporting criteria.

**Unaudited<sup>(1)</sup>**

**Texas Water Development Board  
Balance Sheet – Water Infrastructure Fund**

For the Fiscal Year Ended August 31,

	<b>Governmental Funds Total 2014</b>	<b>Long-Term Liabilities Adjustments 2014</b>	<b>Statement of Net Assets (2) 2014</b>	<b>Governmental Funds Total 2015</b>	<b>Long-Term Liabilities Adjustments 2015</b>	<b>Statement of Net Assets 2015</b>
<b>ASSETS</b>						
Current Assets:						
Cash and Cash Equivalents:						
Cash in State Treasury	4,165,512		4,165,512	4,494,165		4,494,165
Receivables From:						
Interest and Dividends	2,879,127		2,879,127	11,594,674		11,594,674
Accounts Receivable			-			-
Due From Other Funds						
Loans and Contracts	37,912,000		37,912,000	40,213,000		40,213,000
<b>Total Current Assets</b>	<b>44,956,639</b>	<b>-</b>	<b>44,956,639</b>	<b>56,301,839</b>	<b>-</b>	<b>56,301,839</b>
Non-Current Assets:						
Loans & Contracts	790,541,000		790,541,000	750,478,717		750,478,717
<b>Total Noncurrent Assets</b>	<b>790,541,000</b>	<b>-</b>	<b>790,541,000</b>	<b>750,478,717</b>	<b>-</b>	<b>750,478,717</b>
<b>Total Assets</b>	<b>835,497,639</b>	<b>-</b>	<b>835,497,639</b>	<b>806,780,556</b>	<b>-</b>	<b>806,780,556</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Current Liabilities:						
Payables From:						
Accounts Payable		2,835,234	2,835,234		2,703,901	2,703,901
Interest Payable			140,000	285,000		285,000
Interfund Payable	140,000		140,000			-
Due To Other Funds	17,459		17,459			-
General Obligation Bonds Payable		41,708,335	41,708,335		42,498,335	42,498,335
<b>Total Current Liabilities</b>	<b>157,459</b>	<b>44,543,570</b>	<b>44,701,029</b>	<b>285,000</b>	<b>45,202,236</b>	<b>45,487,236</b>
Non-Current Liabilities:						
Interfund Payables	2,435,000		2,435,000	2,290,000		2,290,000
General Obligation Bonds Payable		722,799,349	722,799,349		680,301,014	680,301,014
<b>Total Non-Current Liabilities</b>	<b>2,435,000</b>	<b>722,799,349</b>	<b>725,234,349</b>	<b>2,290,000</b>	<b>680,301,014</b>	<b>682,591,014</b>
<b>Total Liabilities</b>	<b>2,592,459</b>	<b>767,342,919</b>	<b>769,935,378</b>	<b>2,575,000</b>	<b>725,503,250</b>	<b>728,078,250</b>
<b>Fund Financial Statement - Fund Balances</b>						
Fund Balances (Deficits):						
Restricted	832,905,180			804,205,556		
<b>Total Fund Balances</b>	<b>832,905,180</b>			<b>804,205,556</b>		
<b>Total Liabilities and Fund Balances</b>	<b>835,497,639</b>			<b>806,780,556</b>		
<b>Government-wide Statement - Net Position</b>						
Net Position:						
Restricted for:						
Debt Retirement			-		-	-
Other		(767,342,919)	65,562,262		(725,503,250)	78,702,306
<b>Total Net Position</b>		<b>(767,342,919)</b>	<b>65,562,262</b>		<b>(725,503,250)</b>	<b>78,702,306</b>

(1) The financial data presented here is a recapitulation of the Board's financial statements presented in their Annual Financial Reports. The Board's financial statements become a part of the Comprehensive Annual Financial Report for the State of Texas, which is audited by the State Auditor's Office; however, the scope of the reviews at the agency level do not constitute an audit of the individual agency's financial statements. Consequently, these statements are considered unaudited at the agency level. Any adjustments related to the agency's financial data as a result of the CAFR Audit are not reflected in the amounts reported here.

(2) The term Net Assets was changed to Net Position to comply with FY13 Annual Financial Reporting requirements and Government Accounting Standards Board Statement No. 54.

**Unaudited<sup>(1)</sup>**

Governmental Funds Total 2016	Long-Term Liabilities Adjustments 2016	Statement of Net Assets 2016	Governmental Funds Total 2017	Long-Term Liabilities Adjustments 2017	Statement of Net Assets 2017	Governmental Funds Total 2018	Long-Term Liabilities Adjustments 2018	Statement of Net Assets 2018
4,781,324		4,781,324	5,409,572		5,409,572	5,851,135		5,851,135
2,276,315		2,276,315	2,116,271		2,116,271	2,274,453		2,274,453
40,945,000		40,945,000	46,018,000		46,018,000	45,919,000		45,919,000
<b>48,002,639</b>	<b>-</b>	<b>48,002,639</b>	<b>53,543,843</b>	<b>-</b>	<b>53,543,843</b>	<b>54,044,587</b>	<b>-</b>	<b>54,044,587</b>
709,383,000		709,383,000	654,008,000		654,008,000	608,089,000		608,089,000
<b>709,383,000</b>	<b>-</b>	<b>709,383,000</b>	<b>654,008,000</b>	<b>-</b>	<b>654,008,000</b>	<b>608,089,000</b>	<b>-</b>	<b>608,089,000</b>
<b>757,385,639</b>	<b>-</b>	<b>757,385,639</b>	<b>707,551,843</b>	<b>-</b>	<b>707,551,843</b>	<b>662,133,587</b>	<b>-</b>	<b>662,133,587</b>
						292,000		292,000
150,000	2,555,914	2,555,914	160,000	2,360,193	2,360,193	165,000	2,089,355	2,089,355
		150,000			160,000			165,000
		-			-			-
	43,233,335	43,233,335		44,258,335	44,258,335		49,502,327	49,502,327
<b>150,000</b>	<b>45,789,249</b>	<b>45,939,249</b>	<b>160,000</b>	<b>46,618,528</b>	<b>46,778,528</b>	<b>457,000</b>	<b>51,591,681</b>	<b>52,048,681</b>
2,140,000		2,140,000	1,980,000		1,980,000	1,815,000		1,815,000
	637,067,679	637,067,679		583,454,343	583,454,343		523,070,283	523,070,283
<b>2,140,000</b>	<b>637,067,679</b>	<b>639,207,679</b>	<b>1,980,000</b>	<b>583,454,343</b>	<b>585,434,343</b>	<b>1,815,000</b>	<b>523,070,283</b>	<b>524,885,283</b>
<b>2,290,000</b>	<b>682,856,927</b>	<b>685,146,927</b>	<b>2,140,000</b>	<b>630,072,871</b>	<b>632,212,871</b>	<b>2,272,000</b>	<b>574,661,964</b>	<b>576,933,964</b>
755,095,639			705,411,843			659,861,587		
<b>755,095,639</b>			<b>705,411,843</b>			<b>659,861,587</b>		
<b>757,385,639</b>			<b>707,551,843</b>			<b>662,133,587</b>		
	(682,856,927)	-		(630,072,871)	-		(574,661,964)	-
	<b>(682,856,927)</b>	<b>72,238,711</b>		<b>(630,072,871)</b>	<b>75,338,972</b>		<b>(574,661,964)</b>	<b>85,199,623</b>

**Unaudited<sup>(1)</sup>**

**Texas Water Development Board**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance -**  
**Water Infrastructure Fund**

For the Fiscal Year Ended August 31,

	Governmental Funds Total 2014	Long-Term Liabilities Adjustments 2014	Statement of Activities 2014	Governmental Funds Total 2015	Long-Term Liabilities Adjustments 2015	Statement of Activities 2015
<b>REVENUES</b>						
Interest and Other Investment Income	12,186,687		12,186,687	20,118,049		20,118,049
<b>Total Revenues</b>	<b>12,186,687</b>	<b>-</b>	<b>12,186,687</b>	<b>20,118,049</b>	<b>-</b>	<b>20,118,049</b>
<b>EXPENDITURES</b>						
Professional Fees and Services	15,250		15,250	19,000		19,000
Travel			-			-
Printing and Reproduction			-			-
Other Expenditures			-			-
Debt service:						
Principal	37,450,000	(37,450,000)	-	37,995,000	(37,995,000)	-
Interest (FFS)	35,547,259	(35,547,259)	-	34,075,190	(34,075,190)	-
Interest on Long-Term Debt (GWFS)		31,719,011	31,719,011		30,230,521	30,230,521
<b>Total Expenditures/Expenses</b>	<b>73,012,509</b>	<b>(41,278,247)</b>	<b>31,734,261</b>	<b>72,089,190</b>	<b>(41,839,669)</b>	<b>30,249,521</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(60,825,822)</b>	<b>41,278,247</b>	<b>(19,547,574)</b>	<b>(51,971,141)</b>	<b>41,839,669</b>	<b>(10,131,472)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Bond and Note Proceeds			-			-
Transfers In	72,840,808		72,840,808	72,040,666		72,040,666
Transfers Out	(48,589,043)		(48,589,043)	(48,769,150)		(48,769,150)
<b>Total Other Financing Sources and Uses</b>	<b>24,251,765</b>	<b>-</b>	<b>24,251,765</b>	<b>23,271,516</b>	<b>-</b>	<b>23,271,516</b>
<b>Net Change in Fund Balances/Net Position</b>	<b>(36,574,057)</b>	<b>41,278,247</b>	<b>4,704,191</b>	<b>(28,699,625)</b>	<b>41,839,669</b>	<b>13,140,044</b>
<b>Fund Financial Statement - Fund Balances</b>						
Fund Balances--Beginning	869,479,237			832,905,180		
<b>Fund Balances--August 31,</b>	<b>832,905,180</b>			<b>804,205,556</b>		
<b>Government-wide Statement - Net Position</b>						
Net Position--Beginning		(808,621,166)	60,858,071		(767,342,919)	65,562,262
<b>Net Position--August 31,</b>		<b>(767,342,919)</b>	<b>65,562,262</b>		<b>(725,503,250)</b>	<b>78,702,305</b>

(1) The financial data presented here is a recapitulation of the Board's financial statements presented in their Annual Financial Reports. The Board's financial statements become a part of the Comprehensive Annual Financial Report for the State of Texas, which is audited by the State Auditor's Office; however, the scope of the reviews at the agency level do not constitute an audit of the individual agency's financial statements. Consequently, these statements are considered unaudited at the agency level. Any adjustments related to the agency's financial data as a result of the CAFR Audit are not reflected in the amounts reported here.

Governmental Funds Total 2016	Long-Term Liabilities Adjustments 2016	Statement of Activities 2016	Governmental Funds Total 2017	Long-Term Liabilities Adjustments 2017	Statement of Activities 2017	Governmental Funds Total 2018	Long-Term Liabilities Adjustments 2018	Statement of Activities 2018
2,492,619		2,492,619	11,960,629		11,960,629	12,108,747		12,108,747
<b>2,492,619</b>	-	<b>2,492,619</b>	<b>11,960,629</b>	-	<b>11,960,629</b>	<b>12,108,747</b>	-	<b>12,108,747</b>
5,000		5,000	7,850		7,850	352,290		352,290
		-			-	2,629		2,629
		-			-		1,363,286	1,363,286
		-			-			-
38,785,000	(38,785,000)	-	48,875,000	(48,875,000)	-	40,545,000	(40,545,000)	-
32,579,513	(32,579,513)	-	31,112,662	(31,112,662)	-	28,440,025	(28,440,025)	-
	28,718,190	28,718,190		27,203,606	27,203,606		12,210,832	12,210,832
<b>71,369,513</b>	<b>(42,646,323)</b>	<b>28,723,190</b>	<b>79,995,512</b>	<b>(52,784,056)</b>	<b>27,211,456</b>	<b>69,339,943</b>	<b>(55,410,907)</b>	<b>13,929,037</b>
<b>(68,876,894)</b>	<b>42,646,323</b>	<b>(26,230,571)</b>	<b>(68,034,883)</b>	<b>52,784,056</b>	<b>(15,250,827)</b>	<b>(57,231,197)</b>	<b>55,410,907</b>	<b>(1,820,290)</b>
		-			-	534,430		534,430
71,231,813		71,231,813	79,922,443		79,922,443	68,903,214		68,903,214
(51,464,836)		(51,464,836)	(61,571,356)		(61,571,356)	(57,756,702)		(57,756,702)
<b>19,766,976</b>	-	<b>19,766,976</b>	<b>18,351,088</b>	-	<b>18,351,088</b>	<b>11,680,941</b>	-	<b>11,680,941</b>
(49,109,918)	42,646,323	(6,463,595)	(49,683,796)	52,784,056	3,100,261	(45,550,256)	55,410,907	9,860,651
804,205,556			755,095,639			705,411,843		
<b>755,095,638</b>			<b>705,411,843</b>			<b>659,861,587</b>		
	(725,503,250)	78,702,305		(682,856,927)	72,238,711		(630,072,871)	75,338,972
	<b>(682,856,927)</b>	<b>72,238,711</b>		<b>(630,072,871)</b>	<b>75,338,972</b>		<b>(574,661,964)</b>	<b>85,199,623</b>

**Unaudited<sup>(1)</sup>**

**Texas Water Development Board  
Balance Sheet – Economically Distressed Area Program (EDAP) Funds**

For the Fiscal Year Ended August 31,

	Governmental Funds Total 2014	Long-Term Liabilities Adjustments 2014	Statement of Net Assets 2014	Governmental Funds Total 2015	Long-Term Liabilities Adjustments 2015	Statement of Net Assets 2015
<b>ASSETS</b>						
Current Assets:						
Cash and Cash Equivalents:						
Cash in State Treasury	3,738,953		3,738,953	1,524,232		1,524,232
Receivables From:						
Interest and Dividends	206,939		206,939	600,679		600,679
Accounts Receivable			-			-
Loans and Contracts	1,633,815		1,633,815	1,518,937		1,518,937
<b>Total Current Assets</b>	<b>5,579,707</b>	-	<b>5,579,707</b>	<b>3,643,848</b>	-	<b>3,643,848</b>
Non-Current Assets:						
Loans & Contracts	19,873,863	-	19,873,863	21,051,457	-	21,051,457
<b>Total Noncurrent Assets</b>	<b>19,873,863</b>	-	<b>19,873,863</b>	<b>21,051,457</b>	-	<b>21,051,457</b>
<b>Total Assets</b>	<b>25,453,570</b>	-	<b>25,453,570</b>	<b>24,695,304</b>	-	<b>24,695,304</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Current Liabilities:						
Payables From:						
Accounts Payable			-			-
Interest Payable		673,071	673,071		627,790	627,790
General Obligation Bonds Payable		16,815,017	16,815,017		19,548,949	19,548,949
<b>Total Current Liabilities</b>	-	<b>17,488,089</b>	<b>17,488,089</b>	-	<b>20,176,739</b>	<b>20,176,739</b>
Non-Current Liabilities:						
General Obligation Bonds Payable		186,161,736	186,161,736		210,717,098	210,717,098
<b>Total Non-Current Liabilities</b>	-	<b>186,161,736</b>	<b>186,161,736</b>	-	<b>210,717,098</b>	<b>210,717,098</b>
<b>Total Liabilities</b>	-	<b>203,649,825</b>	<b>203,649,825</b>	-	<b>230,893,838</b>	<b>230,893,838</b>
<b>Fund Financial Statement - Fund Balances</b>						
Fund Balances (Deficits):						
Restricted	25,453,570			24,695,304		
<b>Total Fund Balances</b>	<b>25,453,570</b>			<b>24,695,304</b>		
<b>Total Liabilities and Fund Balances</b>	<b>25,453,570</b>			<b>24,695,304</b>		
<b>Government-wide Statement - Net Position</b>						
Net Position:						
Restricted for:						
Debt Retirement			-		(230,893,838)	(206,198,534)
Unrestricted		(203,649,825)	(178,196,255)			
<b>Total Net Position</b>		<b>(203,649,825)</b>	<b>(178,196,255)</b>		<b>(230,893,838)</b>	<b>(206,198,534)</b>

(1) The financial data presented here is a recapitulation of the Board's financial statements presented in their Annual Financial Reports. The Board's financial statements become a part of the Comprehensive Annual Financial Report for the State of Texas, which is audited by the State Auditor's Office; however, the scope of the reviews at the agency level do not constitute an audit of the individual agency's financial statements. Consequently, these statements are considered unaudited at the agency level. Any adjustments related to the agency's financial data as a result of the CAFR Audit are not reflected in the amounts reported here.

**Unaudited<sup>(1)</sup>**

Governmental Funds Total 2016	Long-Term Liabilities Adjustments 2016	Statement of Net Assets 2016	Governmental Funds Total 2017	Long-Term Liabilities Adjustments 2017	Statement of Net Assets 2017	Governmental Funds Total 2018	Long-Term Liabilities Adjustments 2018	Statement of Net Assets 2018
1,531,106		1,531,106	1,853,410		1,853,410	2,237,468		2,237,468
190,116		190,116	170,640		170,640	153,210		153,210
1,725,094		1,725,094	1,816,314		1,816,314	1,832,701		1,832,701
<b>3,446,316</b>	<b>-</b>	<b>3,446,316</b>	<b>3,840,364</b>	<b>-</b>	<b>3,840,364</b>	<b>4,223,379</b>	<b>-</b>	<b>4,223,379</b>
25,754,541		25,754,541	23,596,925	-	23,596,925	21,348,838	-	21,348,838
<b>25,754,541</b>	<b>-</b>	<b>25,754,541</b>	<b>23,596,925</b>	<b>-</b>	<b>23,596,925</b>	<b>21,348,838</b>	<b>-</b>	<b>21,348,838</b>
<b>29,200,857</b>	<b>-</b>	<b>29,200,857</b>	<b>27,437,289</b>	<b>-</b>	<b>27,437,289</b>	<b>25,572,217</b>	<b>-</b>	<b>25,572,217</b>
81,384		81,384	-		-	-		-
	815,102	815,102		754,898	754,898		672,578	672,578
	22,629,612	22,629,612		22,873,140	22,873,140		22,874,134	22,874,134
<b>81,384</b>	<b>23,444,714</b>	<b>23,526,098</b>	<b>-</b>	<b>23,628,038</b>	<b>23,628,038</b>	<b>-</b>	<b>23,546,712</b>	<b>23,546,712</b>
	236,539,316	236,539,316		213,764,093	213,764,093		190,889,959	190,889,959
<b>-</b>	<b>236,539,316</b>	<b>236,539,316</b>	<b>-</b>	<b>213,764,093</b>	<b>213,764,093</b>	<b>-</b>	<b>190,889,959</b>	<b>190,889,959</b>
<b>81,384</b>	<b>259,984,030</b>	<b>260,065,414</b>	<b>-</b>	<b>237,392,131</b>	<b>237,392,131</b>	<b>-</b>	<b>214,436,671</b>	<b>214,436,671</b>
<u>29,119,473</u>			<u>27,437,289</u>			<u>25,572,217</u>		
<b>29,119,473</b>			<b>27,437,289</b>			<b>25,572,217</b>		
<b>29,200,857</b>			<b>27,437,289</b>			<b>25,572,217</b>		
	(259,984,030)	(230,864,557)		(237,392,131)	(209,954,842)		(214,436,671)	(188,864,454)
	<b>(259,984,030)</b>	<b>(230,864,557)</b>		<b>(237,392,131)</b>	<b>(209,954,842)</b>		<b>(214,436,671)</b>	<b>(188,864,454)</b>

**Unaudited<sup>(1)</sup>**

**Texas Water Development Board  
Statement of Revenues, Expenses, and Changes in Fund Balance -  
Economically Distressed Area Program (EDAP) Funds**

For the Fiscal Year Ended August 31,

	Governmental Funds Total 2014	Long-Term Liabilities Adjustments 2014	Statement of Activities 2014	Governmental Funds Total 2015	Long-Term Liabilities Adjustments 2015	Statement of Activities 2015
<b>REVENUES</b>						
Interest and Other Investment Income	711,588		711,588	1,002,879		1,002,879
<b>Total Revenues</b>	<b>711,588</b>	-	<b>711,588</b>	<b>1,002,879</b>	-	<b>1,002,879</b>
<b>EXPENDITURES</b>						
Professional Fees and Services	21,143		21,143	121,490		121,490
Travel			-			-
Printing and Reproduction			-	908		908
Intergovernmental Payments	2,596,200		2,596,200	2,962,110		2,962,110
Public Assistance Payments	1,485,232		1,485,232	46,048,916		46,048,916
Other Expenditures	86,621		86,621	91,003		91,003
Debt service:						
Principal	15,980,000	(15,980,000)	-	21,930,000	(21,930,000)	-
Interest (FFS)	8,820,246	(8,820,246)	-	8,112,762	(8,112,762)	-
Interest on Long-Term Debt (GWFS)		8,100,868	8,100,868		7,377,655	7,377,655
<b>Total Expenditures/Expenses</b>	<b>28,989,443</b>	<b>(16,699,378)</b>	<b>12,290,065</b>	<b>79,267,188</b>	<b>(22,665,107)</b>	<b>56,602,081</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(28,277,855)</b>	<b>16,699,378</b>	<b>(11,578,477)</b>	<b>(78,264,309)</b>	<b>22,665,107</b>	<b>(55,599,202)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Bond and Note Proceeds			-	49,909,119	(49,909,119)	-
Transfers In	25,122,228		25,122,228	32,000,436		32,000,436
Transfers Out	(2,620,921)		(2,620,921)	(4,403,513)		(4,403,513)
<b>Total Other Financing Sources and Uses</b>	<b>22,501,306</b>	-	<b>22,501,306</b>	<b>77,506,043</b>	<b>(49,909,119)</b>	<b>27,596,924</b>
<b>Net Change in Fund Balances/Net Position</b>	<b>(5,776,549)</b>	<b>16,699,378</b>	<b>10,922,829</b>	<b>(758,266)</b>	<b>(27,244,013)</b>	<b>(28,002,279)</b>
<b>Fund Financial Statement - Fund Balances</b>						
Fund Balances—Beginning	31,230,119			25,453,570		
<b>Fund Balances—August 31, Ending</b>	<b>25,453,570</b>			<b>24,695,304</b>		
<b>Government-Wide Statement of Net Position</b>						
Net Position—Beginning		(220,349,203)	(189,119,084)		(203,649,825)	(178,196,255)
<b>Net Position—August 31, Ending</b>		<b>(203,649,825)</b>	<b>(178,196,255)</b>		<b>(230,893,838)</b>	<b>(206,198,534)</b>

(1) The financial data presented here is a recapitulation of the Board's financial statements presented in their Annual Financial Reports. The Board's financial statements become a part of the Comprehensive Annual Financial Report for the State of Texas, which is audited by the State Auditor's Office; however, the scope of the reviews at the agency level do not constitute an audit of the individual agency's financial statements. Consequently, these statements are considered unaudited at the agency level. Any adjustments related to the agency's financial data as a result of the CAFR Audit are not reflected in the amounts reported here.

**Unaudited<sup>(1)</sup>**

<b>Governmental Funds Total 2016</b>	<b>Long-Term Liabilities Adjustments 2016</b>	<b>Statement of Activities 2016</b>	<b>Governmental Funds Total 2017</b>	<b>Long-Term Liabilities Adjustments 2017</b>	<b>Statement of Activities 2017</b>	<b>Governmental Funds Total 2018</b>	<b>Long-Term Liabilities Adjustments 2018</b>	<b>Statement of Activities 2018</b>
310,482		310,482	766,675		766,675	724,763		724,763
<b>310,482</b>	<b>-</b>	<b>310,482</b>	<b>766,675</b>	<b>-</b>	<b>766,675</b>	<b>724,763</b>	<b>-</b>	<b>724,763</b>
265,063	252,783	517,847	69,581	52,416	121,997	10,747	-	10,747
3,085		3,085	434		434	-		-
-		-	617		617	-		-
26,819,949		26,819,949	-		-	(6,000)		(6,000)
16,547,000		16,547,000	-		-	-		-
9,500		9,500	9,500		9,500	-		-
20,030,000	(20,030,000)	-	20,825,000	(20,825,000)	-	20,890,000	(20,890,000)	-
9,533,398	(9,533,398)	-	9,781,225	(9,781,225)	-	8,982,432	(8,982,432)	-
	8,498,675	8,498,675		7,900,722	7,900,722		6,916,972	6,916,972
<b>73,207,995</b>	<b>(20,811,940)</b>	<b>52,396,055</b>	<b>30,686,357</b>	<b>(22,653,087)</b>	<b>8,033,270</b>	<b>29,877,178</b>	<b>(22,955,460)</b>	<b>6,921,718</b>
<b>(72,897,513)</b>	<b>20,811,940</b>	<b>(52,085,573)</b>	<b>(29,919,683)</b>	<b>22,653,087</b>	<b>(7,266,596)</b>	<b>(29,152,415)</b>	<b>22,955,460</b>	<b>(6,196,955)</b>
49,902,132	(49,902,132)	-	61,188	(61,188)	-	-	-	-
29,880,411		29,880,411	30,674,769		30,674,769	29,886,794		29,886,794
(2,465,548)		(2,465,548)	(2,493,687)		(2,493,687)	(2,599,451)		(2,599,451)
<b>77,316,995</b>	<b>(49,902,132)</b>	<b>27,414,863</b>	<b>28,242,269</b>	<b>(61,188)</b>	<b>28,181,082</b>	<b>27,287,343</b>	<b>-</b>	<b>27,287,343</b>
<b>4,419,482</b>	<b>(29,090,192)</b>	<b>(24,670,710)</b>	<b>(1,677,413)</b>	<b>22,591,899</b>	<b>20,914,486</b>	<b>(1,865,072)</b>	<b>22,955,460</b>	<b>21,090,388</b>
24,699,991			29,114,703			27,437,290		
<b>29,119,473</b>			<b>27,437,290</b>			<b>25,572,218</b>		
	(230,893,838)	(206,198,534)		(259,984,030)	(230,869,328)		(237,392,131)	(209,954,842)
	<b>(259,984,030)</b>	<b>(230,869,244)</b>		<b>(237,392,131)</b>	<b>(209,954,842)</b>		<b>(214,436,671)</b>	<b>(188,864,454)</b>

[THIS PAGE INTENTIONALLY LEFT BLANK]

**APPENDIX C**

**PROPOSED FORM OF BOND COUNSEL OPINIONS**

*Opinions in substantially the following forms will be delivered by Norton Rose Fulbright US LLP, Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.*

[THIS PAGE INTENTIONALLY LEFT BLANK]

[CLOSING DATE]

Norton Rose Fulbright US LLP  
2200 Ross Avenue, Suite 2800  
Dallas, Texas 75201-2784  
United States

Tel +1 214 855 8000  
Fax +1 214 855 8200  
nortonrosefulbright.com

IN REGARD to the authorization and issuance of the “State of Texas Water Financial Assistance Refunding Bonds, Series 2019C”, dated June 20, 2019, in the principal amount of \$50,135,000 (the “Bonds”), we have examined into their issuance by the Texas Water Development Board (the “Board”), solely to express legal opinions as to the validity of the Bonds, the defeasance and discharge of the Board’s outstanding obligations being refunded by the Bonds, the exclusion of the interest on the Bonds from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the Board, the disclosure of any financial or statistical information or data pertaining to the Board and used in the sale of the Bonds, or the sufficiency of the security for or the value or marketability of the Bonds.

THE BONDS are designated as Subseries 2019C-1 (the “Subseries C-1 Bonds”) and Subseries 2019C-2 (the “Subseries C-2 Bonds”), are issued in fully registered form only, and are in denominations of \$5,000 or any integral multiple thereof (within a maturity). The Bonds mature on August 1 in each of the years specified in the approval certificate (the “Approval Certificate”) executed pursuant to a resolution adopted by the Board authorizing the issuance of the Bonds (the “Bond Resolution” and, jointly with the Approval Certificate, the “Resolution”), unless redeemed prior to maturity in accordance with the terms stated on the Bonds. The Bonds accrue interest from the date, at the rates, and in the manner and interest is payable on the dates, all as provided in the Resolution. Terms used herein and not otherwise defined shall have the meaning given in the Resolution.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings of the Board in connection with the issuance of the Bonds, including (a) the Resolution, (b) the Escrow Agreement (the “Escrow Agreement”) between the Board and The Bank of New York Mellon Trust Company, N.A. (the “Escrow Agent”), and (c) a special report of Public Finance Partners LLC (the “Verification Report”), verifying the sufficiency of the cash and investments deposited with the Escrow Agent, (ii) certifications and opinions of officers of the Board relating to the expected use and investment of proceeds of the sale of the Bonds and certain other funds of the Board and to certain other facts within the knowledge and control of the Board, and (iii) such other documentation, including an examination of the Bond executed and delivered initially by the Board (which we found to be in due form and properly executed), and such matters of law as we deem relevant to the matters discussed below. In such examinations, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies and the accuracy of the statements and information contained in such certificates.

Norton Rose Fulbright US LLP is a limited liability partnership registered under the laws of Texas.

Norton Rose Fulbright US LLP, Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright Canada LLP and Norton Rose Fulbright South Africa Inc are separate legal entities and all of them are members of Norton Rose Fulbright Verein, a Swiss verein. Norton Rose Fulbright Verein helps coordinate the activities of the members but does not itself provide legal services to clients. Details of each entity, with certain regulatory information, are available at [nortonrosefulbright.com](http://nortonrosefulbright.com)

BASED ON OUR EXAMINATIONS, IT IS OUR OPINION that, under the applicable laws of the United States of America and the State of Texas, in force and effect on the date hereof:

1. The Bonds have been duly authorized by the Board and, are valid, legally binding and enforceable general obligations of the State which made a continuing appropriation without the necessity of subsequent legislative appropriation of the first moneys coming into the Treasury in each fiscal year, not otherwise appropriated by the State Constitution, in an amount sufficient to pay the principal of and interest on the Bonds scheduled to mature during such fiscal years; and that all official actions have been taken to render fully effective for the Bonds such source of payment and other sources prescribed in the State Constitution and in the enabling act; and that the full faith and credit of the State in the manner provided in the Resolution are pledged to the payment of principal of and interest on the Bonds.
2. The Escrow Agreement has been duly authorized, executed and delivered and is a binding and enforceable agreement in accordance with its terms and the outstanding obligations refunded, discharged, paid and retired with the proceeds of the Bonds have been defeased and are regarded as being outstanding only for the purpose of receiving payment from the funds held in a fund with the Escrow Agent, pursuant to the Escrow Agreement and in accordance with the provisions of Texas Government Code, Chapter 1207, as amended. In rendering this opinion, we have relied upon the Verification Report as to the sufficiency of cash and investments deposited with the Escrow Agent pursuant to the Escrow Agreement for the purposes of paying the outstanding obligations refunded and to be retired with the proceeds of the Bonds and the interest thereon.
3. Pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance after the date hereof by the Board with the provisions of the Resolution relating to sections 141 through 150 of the Code, interest on the Bonds for federal income tax purposes (a) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (b) will not be included in computing the alternative minimum taxable income of the owners thereof.

WE EXPRESS NO OPINION herein on the effect on the excludability of interest on the Subseries C-2 Bonds from gross income for federal income tax purposes of any subsequent action which, under the terms of the Resolution, may be taken only upon receipt of an opinion of nationally recognized bond counsel that such action will not adversely affect such excludability. The Resolution provides that prior to taking certain actions, including but not limited to converting the interest rate on the Subseries C-2 Bonds from one rate mode to another rate mode, the Board must have received such an opinion.

THE RIGHTS OF THE OWNERS of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

WE EXPRESS NO OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

[CLOSING DATE]

Norton Rose Fulbright US LLP  
2200 Ross Avenue, Suite 3600  
Dallas, Texas 75201-7932  
United States

Tel +1 214 855 8000  
Fax +1 214 855 8200  
nortonrosefulbright.com

IN REGARD to the authorization and issuance of the “State of Texas Water Financial Assistance Refunding Bonds, Series 2019D (State Participation Program)”, dated June 20, 2019 in the principal amount of \$21,320,000 (the “Bonds”), we have examined into their issuance by the Texas Water Development Board (the “Board”), solely to express legal opinions as to the validity of the Bonds, the defeasance and discharge of the Board’s outstanding obligations being refunded by the Bonds, the exclusion of the interest on the Bonds from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the Board, the disclosure of any financial or statistical information or data pertaining to the Board and used in the sale of the Bonds, or the sufficiency of the security for or the value or marketability of the Bonds.

THE BONDS are issued in fully registered form only, and are in denominations of \$5,000 or any integral multiple thereof (within a maturity). The Bonds mature on August 1 in each of the years specified in the approval certificate (the “Approval Certificate”) executed pursuant to a resolution adopted by the Board authorizing the issuance of the Bonds (the “Bond Resolution” and, jointly with the Approval Certificate, the “Resolution”), unless redeemed prior to maturity in accordance with the terms stated on the Bonds. The Bonds accrue interest from the date, at the rates, and in the manner and interest is payable on the dates, all as provided in the Resolution. Terms used herein and not otherwise defined shall have the meaning given in the Resolution.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings of the Board in connection with the issuance of the Bonds, including (a) the Resolution, (b) the Escrow Agreement (the “Escrow Agreement”) between the Board and The Bank of New York Mellon Trust Company, N.A. (the “Escrow Agent”), and (c) a special report of Public Finance Partners LLC (the “Verification Report”), verifying the sufficiency of the cash and investments deposited with the Escrow Agent, (ii) certifications and opinions of officers of the Board relating to the expected use and investment of proceeds of the sale of the Bonds and certain other funds of the Board and to certain other facts within the knowledge and control of the Board, and (iii) such other documentation, including an examination of the Bond executed and delivered initially by the Board (which we found to be in due form and properly executed), and such matters of law as we deem relevant to the matters discussed below. In such examinations, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies and the accuracy of the statements and information contained in such certificates.

BASED ON OUR EXAMINATIONS, IT IS OUR OPINION that, under the applicable laws of the United States of America and the State of Texas, in force and effect on the date hereof:

Norton Rose Fulbright US LLP is a limited liability partnership registered under the laws of Texas.

Norton Rose Fulbright US LLP, Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright Canada LLP and Norton Rose Fulbright South Africa Inc are separate legal entities and all of them are members of Norton Rose Fulbright Verein, a Swiss verein. Norton Rose Fulbright Verein helps coordinate the activities of the members but does not itself provide legal services to clients. Details of each entity, with certain regulatory information, are available at [nortonrosefulbright.com](http://nortonrosefulbright.com)

1. The Bonds have been duly authorized by the Board and, are valid, legally binding and enforceable general obligations of the State which made a continuing appropriation without the necessity of subsequent legislative appropriation of the first moneys coming into the Treasury in each fiscal year, not otherwise appropriated by the State Constitution, in an amount sufficient to pay the principal of and interest on the Bonds scheduled to mature during such fiscal years; and that all official actions have been taken to render fully effective for the Bonds such source of payment and other sources prescribed in the State Constitution and in the enabling act; and that the full faith and credit of the State in the manner provided in the Resolution are pledged to the payment of principal of and interest on the Bonds.
  
2. The Escrow Agreement has been duly authorized, executed and delivered and is a binding and enforceable agreement in accordance with its terms and the outstanding obligations refunded, discharged, paid and retired with the proceeds of the Bonds have been defeased and are regarded as being outstanding only for the purpose of receiving payment from the funds held in a fund with the Escrow Agent, pursuant to the Escrow Agreement and in accordance with the provisions of Texas Government Code, Chapter 1207, as amended. In rendering this opinion, we have relied upon the Verification Report as to the sufficiency of cash and investments deposited with the Escrow Agent pursuant to the Escrow Agreement for the purposes of paying the outstanding obligations refunded and to be retired with the proceeds of the Bonds and the interest thereon.
  
3. Pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance after the date hereof by the Board with the provisions of the Resolution relating to sections 141 through 150 of the Code, interest on the Bonds for federal income tax purposes (a) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (b) will not be included in computing the alternative minimum taxable income of the owners thereof.

THE RIGHTS OF THE OWNERS of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

WE EXPRESS NO OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual

Page 3 of Legal Opinion of Norton Rose Fulbright US LLP  
Re: State of Texas Water Financial Assistance Refunding Bonds, Series 2019D (State Participation Program)

recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

[CLOSING DATE]

Norton Rose Fulbright US LLP  
2200 Ross Avenue, Suite 3600  
Dallas, Texas 75201-7932  
United States

Tel +1 214 855 8000  
Fax +1 214 855 8200  
nortonrosefulbright.com

IN REGARD to the authorization and issuance of the “State of Texas Water Financial Assistance Refunding Bonds, Series 2019E (Water Infrastructure Fund)”, dated June 20, 2019 in the principal amount of \$121,990,000 (the “Bonds”), we have examined into their issuance by the Texas Water Development Board (the “Board”), solely to express legal opinions as to the validity of the Bonds, the defeasance and discharge of the Board’s outstanding obligations being refunded by the Bonds, the exclusion of the interest on the Bonds from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the Board, the disclosure of any financial or statistical information or data pertaining to the Board and used in the sale of the Bonds, or the sufficiency of the security for or the value or marketability of the Bonds.

THE BONDS are designated as Subseries 2019E-1 (the "Subseries E-1 Bonds") and Subseries 2019E-2 (the "Subseries E-2 Bonds"), are issued in fully registered form only, and are in denominations of \$5,000 or any integral multiple thereof (within a maturity). The Bonds mature on August 1 in each of the years specified in the approval certificate (the “Approval Certificate”) executed pursuant to a resolution adopted by the Board authorizing the issuance of the Bonds (the “Bond Resolution” and, jointly with the Approval Certificate, the “Resolution”), unless redeemed prior to maturity in accordance with the terms stated on the Bonds. The Bonds accrue interest from the date, at the rates, and in the manner and interest is payable on the dates, all as provided in the Resolution. Terms used herein and not otherwise defined shall have the meaning given in the Resolution.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings of the Board in connection with the issuance of the Bonds, including (a) the Resolution, (b) the Escrow Agreement (the “Escrow Agreement”) between the Board and The Bank of New York Mellon Trust Company, N.A. (the “Escrow Agent”), and (c) a special report of Public Finance Partners LLC (the “Verification Report”), verifying the sufficiency of the cash and investments deposited with the Escrow Agent, (ii) certifications and opinions of officers of the Board relating to the expected use and investment of proceeds of the sale of the Bonds and certain other funds of the Board and to certain other facts within the knowledge and control of the Board, and (iii) such other documentation, including an examination of the Bond executed and delivered initially by the Board (which we found to be in due form and properly executed), and such matters of law as we deem relevant to the matters discussed below. In such examinations, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies and the accuracy of the statements and information contained in such certificates.

Norton Rose Fulbright US LLP is a limited liability partnership registered under the laws of Texas.

Norton Rose Fulbright US LLP, Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright Canada LLP and Norton Rose Fulbright South Africa Inc are separate legal entities and all of them are members of Norton Rose Fulbright Verein, a Swiss verein. Norton Rose Fulbright Verein helps coordinate the activities of the members but does not itself provide legal services to clients. Details of each entity, with certain regulatory information, are available at [nortonrosefulbright.com](http://nortonrosefulbright.com)

BASED ON OUR EXAMINATIONS, IT IS OUR OPINION that, under the applicable laws of the United States of America and the State of Texas, in force and effect on the date hereof:

1. The Bonds have been duly authorized by the Board and, are valid, legally binding and enforceable general obligations of the State which made a continuing appropriation without the necessity of subsequent legislative appropriation of the first moneys coming into the Treasury in each fiscal year, not otherwise appropriated by the State Constitution, in an amount sufficient to pay the principal of and interest on the Bonds scheduled to mature during such fiscal years; and that all official actions have been taken to render fully effective for the Bonds such source of payment and other sources prescribed in the State Constitution and in the enabling act; and that the full faith and credit of the State in the manner provided in the Resolution are pledged to the payment of principal of and interest on the Bonds.
2. The Escrow Agreement has been duly authorized, executed and delivered and is a binding and enforceable agreement in accordance with its terms and the outstanding obligations refunded, discharged, paid and retired with the proceeds of the Bonds have been defeased and are regarded as being outstanding only for the purpose of receiving payment from the funds held in a fund with the Escrow Agent, pursuant to the Escrow Agreement and in accordance with the provisions of Texas Government Code, Chapter 1207, as amended. In rendering this opinion, we have relied upon the Verification Report as to the sufficiency of cash and investments deposited with the Escrow Agent pursuant to the Escrow Agreement for the purposes of paying the outstanding obligations refunded and to be retired with the proceeds of the Bonds and the interest thereon.
3. Pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance after the date hereof by the Board with the provisions of the Resolution relating to sections 141 through 150 of the Code, interest on the Bonds for federal income tax purposes (a) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (b) will not be included in computing the alternative minimum taxable income of the owners thereof.

WE EXPRESS NO OPINION herein on the effect on the excludability of interest on the Subseries E-2 Bonds from gross income for federal income tax purposes of any subsequent action which, under the terms of the Resolution, may be taken only upon receipt of an opinion of nationally recognized bond counsel that such action will not adversely affect such excludability. The Resolution provides that prior to taking certain actions, including but not limited to converting the interest rate on the Subseries E-2 Bonds from one rate mode to another rate mode, the Board must have received such an opinion.

Page 3 of Legal Opinion of Norton Rose Fulbright US LLP  
Re: State of Texas Water Financial Assistance Refunding Bonds, Series 2019E (Water Infrastructure Fund)

THE RIGHTS OF THE OWNERS of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

WE EXPRESS NO OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

[CLOSING DATE]

Norton Rose Fulbright US LLP  
2200 Ross Avenue, Suite 3600  
Dallas, Texas 75201-7932  
United States

Tel +1 214 855 8000  
Fax +1 214 855 8200  
nortonrosefulbright.com

IN REGARD to the authorization and issuance of the “State of Texas Water Financial Assistance Refunding Bonds, Series 2019F (Economically Distressed Areas Program)”, dated June 20, 2019 in the principal amount of \$7,355,000 (the “Bonds”), we have examined into their issuance by the Texas Water Development Board (the “Board”), solely to express legal opinions as to the validity of the Bonds, the defeasance and discharge of the Board’s outstanding obligations being refunded by the Bonds, the exclusion of the interest on the Bonds from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the Board, the disclosure of any financial or statistical information or data pertaining to the Board and used in the sale of the Bonds, or the sufficiency of the security for or the value or marketability of the Bonds.

THE BONDS are issued in fully registered form only, and are in denominations of \$5,000 or any integral multiple thereof (within a maturity). The Bonds mature on August 1 in each of the years specified in the approval certificate (the “Approval Certificate”) executed pursuant to a resolution adopted by the Board authorizing the issuance of the Bonds (the “Bond Resolution” and, jointly with the Approval Certificate, the “Resolution”), unless redeemed prior to maturity in accordance with the terms stated on the Bonds. The Bonds accrue interest from the date, at the rates, and in the manner and interest is payable on the dates, all as provided in the Resolution. Terms used herein and not otherwise defined shall have the meaning given in the Resolution.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings of the Board in connection with the issuance of the Bonds, including (a) the Resolution, (b) the Escrow Agreement (the “Escrow Agreement”) between the Board and The Bank of New York Mellon Trust Company, N.A. (the “Escrow Agent”), and (c) a special report of Public Finance Partners LLC (the “Verification Report”), verifying the sufficiency of the cash and investments deposited with the Escrow Agent, (ii) certifications and opinions of officers of the Board relating to the expected use and investment of proceeds of the sale of the Bonds and certain other funds of the Board and to certain other facts within the knowledge and control of the Board, and (iii) such other documentation, including an examination of the Bond executed and delivered initially by the Board (which we found to be in due form and properly executed), and such matters of law as we deem relevant to the matters discussed below. In such examinations, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies and the accuracy of the statements and information contained in such certificates.

**BASED ON OUR EXAMINATIONS, IT IS OUR OPINION** that, under the applicable laws of the United States of America and the State of Texas, in force and effect on the date hereof:

Norton Rose Fulbright US LLP is a limited liability partnership registered under the laws of Texas.

Norton Rose Fulbright US LLP, Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright Canada LLP and Norton Rose Fulbright South Africa Inc are separate legal entities and all of them are members of Norton Rose Fulbright Verein, a Swiss verein. Norton Rose Fulbright Verein helps coordinate the activities of the members but does not itself provide legal services to clients. Details of each entity, with certain regulatory information, are available at [nortonrosefulbright.com](http://nortonrosefulbright.com)

1. The Bonds have been duly authorized by the Board and, are valid, legally binding and enforceable general obligations of the State which made a continuing appropriation without the necessity of subsequent legislative appropriation of the first moneys coming into the Treasury in each fiscal year, not otherwise appropriated by the State Constitution, in an amount sufficient to pay the principal of and interest on the Bonds scheduled to mature during such fiscal years; and that all official actions have been taken to render fully effective for the Bonds such source of payment and other sources prescribed in the State Constitution and in the enabling act; and that the full faith and credit of the State in the manner provided in the Resolution are pledged to the payment of principal of and interest on the Bonds.
  
2. The Escrow Agreement has been duly authorized, executed and delivered and is a binding and enforceable agreement in accordance with its terms and the outstanding obligations refunded, discharged, paid and retired with the proceeds of the Bonds have been defeased and are regarded as being outstanding only for the purpose of receiving payment from the funds held in a fund with the Escrow Agent, pursuant to the Escrow Agreement and in accordance with the provisions of Texas Government Code, Chapter 1207, as amended. In rendering this opinion, we have relied upon the Verification Report as to the sufficiency of cash and investments deposited with the Escrow Agent pursuant to the Escrow Agreement for the purposes of paying the outstanding obligations refunded and to be retired with the proceeds of the Bonds and the interest thereon.
  
3. Pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance after the date hereof by the Board with the provisions of the Resolution relating to sections 141 through 150 of the Code, interest on the Bonds for federal income tax purposes (a) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (b) will not be included in computing the alternative minimum taxable income of the owners thereof.

THE RIGHTS OF THE OWNERS of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

WE EXPRESS NO OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual

recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

**APPENDIX D**

**SCHEDULE OF DEBT SERVICE REQUIREMENTS**

[THIS PAGE INTENTIONALLY LEFT BLANK]

SCHEDULE OF DEBT SERVICE REQUIREMENTS

\$50,135,000  
 State of Texas  
 General Obligation Bonds  
 Water Financial Assistance Refunding Bonds,  
 Series 2019C

Fiscal Year	Total Existing Debt Service <sup>(1)</sup>	Less:		2019C Bonds Debt Service			Projected Total Debt Service
		Refunded Debt Service	Principal	Interest	Total		
2019	\$ 116,879,710	\$ 1,203,953		\$ 192,001	\$ 192,001	\$ 115,867,758	
2020	108,209,571	10,722,905	\$ 8,530,000	1,685,860	10,215,860	107,702,526	
2021	109,421,284	9,001,405	7,230,000	1,259,360	8,489,360	108,909,239	
2022	101,759,171	9,721,605	8,315,000	897,860	9,212,860	101,250,426	
2023	93,877,893	8,439,825	6,885,000	1,042,400	7,927,400	93,365,468	
2024	93,707,411	4,093,500	2,810,000	767,000	3,577,000	93,190,911	
2025	88,966,769	4,136,750	2,970,000	654,600	3,624,600	88,454,619	
2026	85,420,284	4,165,250	3,115,000	535,800	3,650,800	84,905,834	
2027	83,787,034	4,189,250	3,265,000	411,200	3,676,200	83,273,984	
2028	79,420,663	4,223,500	3,430,000	280,600	3,710,600	78,907,763	
2029	80,667,936	4,242,000	3,585,000	143,400	3,728,400	80,154,336	
2030	72,589,061					72,589,061	
2031	71,719,824					71,719,824	
2032	62,051,675					62,051,675	
2033	62,167,956					62,167,956	
2034	57,388,601					57,388,601	
2035	57,446,010					57,446,010	
2036	56,369,882					56,369,882	
2037	61,966,045					61,966,045	
2038	61,990,935					61,990,935	
2039	69,385,862					69,385,862	
2040	56,702,541					56,702,541	
2041	56,885,997					56,885,997	
2042	25,321,295					25,321,295	
2043	25,515,395					25,515,395	
2044	25,306,000					25,306,000	
2045	25,501,350					25,501,350	
	<u>\$ 1,890,426,157</u>	<u>\$ 64,139,943</u>	<u>\$50,135,000</u>	<u>\$ 7,870,081</u>	<u>\$ 58,005,081</u>	<u>\$ 1,884,291,295</u>	

<sup>(1)</sup> Total existing debt service is as of April 30, 2019 and is modified to include the impact of the redemption of \$13,895,000 of Water Financial Assistance and Refunding Bonds, Subseries 2016B-2 (Variable Rate) on September 25, 2018 and the impact of the redemption of \$11,580,000 of Water Financial Assistance and Refunding Bonds, Subseries 2016B-2 (Variable Rate) on March 25, 2019.

SCHEDULE OF DEBT SERVICE REQUIREMENTS

\$21,320,000  
 State of Texas  
 General Obligation Bonds  
 Water Financial Assistance Refunding Bonds,  
 Series 2019D  
 (State Participation Program)

Fiscal Year	Total Existing Debt Service	Less:		2019D Bonds Debt Service			Projected Total Debt Service
		Refunded Debt Service		Principal	Interest	Total	
2019	\$ 6,927,822	\$ 605,150			\$ 121,406	\$ 121,406	\$ 6,444,078
2020	7,566,613	3,450,300	\$ 1,990,000		1,066,000	3,056,000	7,172,313
2021	7,043,353	3,355,250	1,995,000		966,500	2,961,500	6,649,603
2022	9,606,163	3,244,250	1,985,000		866,750	2,851,750	9,213,663
2023	9,392,393	3,135,250	1,970,000		767,500	2,737,500	8,994,643
2024	9,288,479	3,023,250	1,960,000		669,000	2,629,000	8,894,229
2025	9,175,593	2,911,250	1,945,000		571,000	2,516,000	8,780,343
2026	9,060,108	2,799,250	1,930,000		473,750	2,403,750	8,664,608
2027	8,941,436	2,687,250	1,915,000		377,250	2,292,250	8,546,436
2028	8,834,431	2,570,250	1,895,000		281,500	2,176,500	8,440,681
2029	11,209,948	2,458,500	1,875,000		186,750	2,061,750	10,813,198
2030	11,102,255	2,346,750	1,860,000		93,000	1,953,000	10,708,505
2031	8,760,061						8,760,061
2032	8,744,234						8,744,234
2033	8,753,642						8,753,642
2034	8,749,755						8,749,755
2035	8,048,689						8,048,689
	<u>\$ 151,204,975</u>	<u>\$ 32,586,700</u>	<u>\$21,320,000</u>		<u>\$ 6,440,406</u>	<u>\$ 27,760,406</u>	<u>\$ 146,378,681</u>

SCHEDULE OF DEBT SERVICE REQUIREMENTS

\$121,990,000  
 State of Texas  
 General Obligation Bonds  
 Water Financial Assistance Refunding Bonds,  
 Series 2019E  
 (Water Infrastructure Fund)

Fiscal Year	Total Existing Debt Service	Less:		2019E Bonds Debt Service			Projected Total Debt Service	
		Refunded Debt Service	Principal			Interest		Total
			Principal	Interest	Total			
2019	\$ 69,442,233	\$ 3,079,469		\$ 446,020	\$ 446,020	\$ 66,808,784		
2020	67,024,638	17,993,938	\$ 14,075,000	3,916,275	17,991,275	67,021,975		
2021	67,061,238	17,417,738	14,205,000	3,212,525	17,417,525	67,061,025		
2022	65,936,238	16,826,238	14,320,000	2,502,275	16,822,275	65,932,275		
2023	64,758,238	16,234,738	13,055,000	3,175,600	16,230,600	64,754,100		
2024	63,616,988	15,643,238	12,985,000	2,653,400	15,638,400	63,612,150		
2025	62,523,938	15,098,438	12,960,000	2,134,000	15,094,000	62,519,500		
2026	61,387,438	14,506,938	12,890,000	1,615,600	14,505,600	61,386,100		
2027	59,205,687	13,915,438	12,815,000	1,100,000	13,915,000	59,205,250		
2028	37,117,438	13,323,938	12,735,000	587,400	13,322,400	37,115,900		
2029	24,412,688	12,027,438	1,950,000	78,000	2,028,000	14,413,250		
2030	19,330,938	7,506,188				11,824,750		
2031	4,523,250					4,523,250		
2032	2,266,000					2,266,000		
	<u>\$ 668,606,945</u>	<u>\$ 163,573,731</u>	<u>\$ 121,990,000</u>	<u>\$ 21,421,095</u>	<u>\$ 143,411,095</u>	<u>\$ 648,444,309</u>		

SCHEDULE OF DEBT SERVICE REQUIREMENTS

\$7,355,000  
 State of Texas  
 General Obligation Bonds  
 Water Financial Assistance Refunding Bonds,  
 Series 2019F  
 (Economically Distressed Areas Program)

Fiscal Year	Total Existing Debt Service <sup>(1)</sup>	Less:		2019F Bonds Debt Service			Projected Total Debt Service
		Refunded Debt Service	Principal	Interest	Total		
2019	\$ 32,544,670	\$ 183,375		\$ 41,883	\$ 41,883	\$ 32,403,178	
2020	30,358,189	1,606,750	\$ 1,235,000	367,750	1,602,750	30,354,189	
2021	28,381,317	1,557,150	1,250,000	306,000	1,556,000	28,380,167	
2022	27,497,384	1,495,150	1,250,000	243,500	1,493,500	27,495,734	
2023	25,604,821	1,442,450	1,260,000	181,000	1,441,000	25,603,371	
2024	24,282,268	1,383,200	1,265,000	118,000	1,383,000	24,282,068	
2025	20,551,978	1,333,800	1,095,000	54,750	1,149,750	20,367,928	
2026	18,651,359	1,284,400				17,366,959	
2027	14,858,471					14,858,471	
2028	14,424,890					14,424,890	
2029	13,965,890					13,965,890	
2030	12,371,590					12,371,590	
2031	11,921,340					11,921,340	
2032	10,787,740					10,787,740	
2033	7,729,425					7,729,425	
2034	7,483,775					7,483,775	
2035	7,235,144					7,235,144	
2036	2,758,631					2,758,631	
2037	2,677,219					2,677,219	
2038	2,592,675					2,592,675	
	<u>\$ 316,678,775</u>	<u>\$ 10,286,275</u>	<u>\$ 7,355,000</u>	<u>\$ 1,312,883</u>	<u>\$ 8,667,883</u>	<u>\$ 315,060,383</u>	

<sup>(1)</sup> Total existing debt service is as of April 30, 2019 and includes the issuance of the \$41,325,000 Water Financial Assistance Bonds, Series 2019A and the issuance of the \$8,821,000 Water Financial Assistance Bonds, Taxable Series 2019B, both for the Economically Distressed Areas Program, which closed on February 20, 2019.

## APPENDIX E

### BOOK-ENTRY-ONLY SYSTEM

*This appendix describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York (DTC) while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as the Official Statement. The Board, the Financial Advisor and the Underwriters believe the source of such information to be reliable, but none of the Board, the Financial Advisor nor the Underwriters take any responsibility for the accuracy or completeness thereof.*

*The Board and the Underwriters cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis or (3) DTC will serve and act in the manner described in the Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC. Termination of the DTC Book-Entry-Only System by the Board may require consent of the Participants under DTC Operational Arrangements.*

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond will be issued for each maturity of the Bonds, as set forth on the inside of the cover pages hereof, in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (Direct Participants) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (Indirect Participants and, together with the Direct Participants, the "Participants"). The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (Beneficial Owner) is in turn to be recorded on the Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of the Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Board or the Paying Agent/Registrar on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the Board or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Board or the Paying Agent/Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The Board may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Board believes to be reliable, but the Board takes no responsibility for the accuracy thereof and the information is not to be construed as a representation by the Board, the Financial Advisor or the Underwriters.

Use of certain terms in other sections of the Official Statement. In reading the Official Statement it should be understood while the Bonds are in the book-entry-only system, references in other sections of the Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Resolutions will be given only to DTC.

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]





Printed by: ImageMaster, LLC  
[www.imagemaster.com](http://www.imagemaster.com)