



CITY OF HOUSTON

Public Works and Engineering
Department

Annise D. Parker

Mayor

Dale A. Rudick, P.E.,
Director
P.O. Box 1562
Houston, Texas 77251-1562
www.houstontx.gov

May 27, 2015

Kevin Patteson, Executive Administrator
Texas Water Development Board
Water Supply & Infrastructure – Regional Water Planning and Development
Stephen F. Austin Building
1700 N. Congress Avenue, 5th Floor
Austin, Texas 78711-3231

Dear Mr. Patteson:

Transmitted herewith is the Application for Assistance (SWIFT) pursuant to 31 T.A.C. Chapter 363, which relates to water system projects approved by the Texas Water Development Board under the Priority Rating System.

As instructed by the Texas Water Development Board (TWDB), this application is being submitted with the following information:

1. Letter requesting a loan commitment of SWIFT funds
2. Amortization of the new Debt (Schedule A)
3. Resolution (Schedule B)
4. Source and Use Statement (Schedule C)
5. Application Forms and Supporting Documents.



If you have any questions or require additional supporting information, please contact Dale A. Rudick, P.E., Director of Public Works and Engineering at (832)395-2500.


Sincerely,

A handwritten signature in blue ink that reads "Annise D. Parker".

Annise D. Parker
Mayor

AP:sl

cc:  Susan Bandy, City of Houston
 Sophia Chang, City of Houston
Jennifer Nguyen, City of Houston

 Jun Chang, City of Houston
Daniel Menendez, City of Houston



CITY OF HOUSTON

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Department

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Kevin Patteson, Executive Administrator
Texas Water Development Board
Water Supply & Infrastructure – Regional Water Planning and Development
Stephen F. Austin Building
1700 N. Congress Avenue, 5th Floor
Austin, Texas 78711-3231

Dear Mr. Patteson:

The City of Houston is requesting a loan commitment in the amount of \$112,490,000.00 under 31 T.A.C. Chapter 363 guidelines for projects that became eligible under SWIFT FY2015 priority rating system.

If you have any questions or need additional information, please contact me at (832)395-2468 or Sophia Chang at (832)395-2580.

Sincerely,

A handwritten signature in blue ink, appearing to read "Susan Bandy".

Susan Bandy
Deputy Director
Department of Public Works & Engineering

SB: sl

cc: Sophia Chang, City of Houston
Jennifer Nguyen, City of Houston
Jun Chang, City of Houston
Daniel Menendez, City of Houston

SCHEDULE "A"

**City of Houston, Texas
Combined Utility System
Amortization of New Debt**

BOND DEBT SERVICE

City of Houston, Texas
Distribution Line Extension

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Period Ending	Principal	Coupon	Dated Date		Annual Debt Service	Bond Balance	Total Bond Value
			Delivery Date	11/15/2015			
11/15/2015						25,915,000	25,915,000
05/15/2016			322,586.50	322,586.50	322,586.50	25,915,000	25,915,000
11/15/2016	640,000	0.240%	322,586.50	962,586.50		39,480,000	39,480,000
05/15/2017			563,303.50	563,303.50	1,525,890.00	39,480,000	39,480,000
11/15/2017	915,000	** %	563,303.50	1,478,303.50		59,460,000	59,460,000
05/15/2018			965,441.00	965,441.00	2,443,744.50	59,460,000	59,460,000
11/15/2018	1,305,000	** %	965,441.00	2,270,441.00		77,200,000	77,200,000
05/15/2019			1,370,370.75	1,370,370.75	3,640,811.75	77,200,000	77,200,000
11/15/2019	1,645,000	** %	1,370,370.75	3,015,370.75		90,875,000	90,875,000
05/15/2020			1,684,850.75	1,684,850.75	4,700,221.50	90,875,000	90,875,000
11/15/2020	1,940,000	** %	1,684,850.75	3,624,850.75		106,045,000	106,045,000
05/15/2021			2,031,641.00	2,031,641.00	5,656,491.75	106,045,000	106,045,000
11/15/2021	2,290,000	** %	2,031,641.00	4,321,641.00		103,755,000	103,755,000
05/15/2022			1,993,952.50	1,993,952.50	6,315,593.50	103,755,000	103,755,000
11/15/2022	2,365,000	** %	1,993,952.50	4,358,952.50		101,390,000	101,390,000
05/15/2023			1,954,211.25	1,954,211.25	6,313,163.75	101,390,000	101,390,000
11/15/2023	2,440,000	** %	1,954,211.25	4,394,211.25		98,950,000	98,950,000
05/15/2024			1,912,376.50	1,912,376.50	6,306,587.75	98,950,000	98,950,000
11/15/2024	2,535,000	** %	1,912,376.50	4,447,376.50		96,415,000	96,415,000
05/15/2025			1,868,119.00	1,868,119.00	6,315,495.50	96,415,000	96,415,000
11/15/2025	2,625,000	** %	1,868,119.00	4,493,119.00		93,790,000	93,790,000
05/15/2026			1,821,570.00	1,821,570.00	6,314,689.00	93,790,000	93,790,000
11/15/2026	2,715,000	** %	1,821,570.00	4,536,570.00		91,075,000	91,075,000
05/15/2027			1,772,947.00	1,772,947.00	6,309,517.00	91,075,000	91,075,000
11/15/2027	2,815,000	** %	1,772,947.00	4,587,947.00		88,260,000	88,260,000
05/15/2028			1,721,928.25	1,721,928.25	6,309,875.25	88,260,000	88,260,000
11/15/2028	2,925,000	** %	1,721,928.25	4,646,928.25		85,335,000	85,335,000
05/15/2029			1,668,296.50	1,668,296.50	6,315,224.75	85,335,000	85,335,000
11/15/2029	3,035,000	** %	1,668,296.50	4,703,296.50		82,300,000	82,300,000
05/15/2030			1,612,064.75	1,612,064.75	6,315,361.25	82,300,000	82,300,000
11/15/2030	3,145,000	** %	1,612,064.75	4,757,064.75		79,155,000	79,155,000
05/15/2031			1,553,407.50	1,553,407.50	6,310,472.25	79,155,000	79,155,000
11/15/2031	3,270,000	** %	1,553,407.50	4,823,407.50		75,885,000	75,885,000
05/15/2032			1,492,048.50	1,492,048.50	6,315,456.00	75,885,000	75,885,000
11/15/2032	3,390,000	** %	1,492,048.50	4,882,048.50		72,495,000	72,495,000
05/15/2033			1,428,096.00	1,428,096.00	6,310,144.50	72,495,000	72,495,000
11/15/2033	3,525,000	** %	1,428,096.00	4,953,096.00		68,970,000	68,970,000
05/15/2034			1,361,271.00	1,361,271.00	6,314,367.00	68,970,000	68,970,000
11/15/2034	3,660,000	** %	1,361,271.00	5,021,271.00		65,310,000	65,310,000
05/15/2035			1,291,636.00	1,291,636.00	6,312,907.00	65,310,000	65,310,000
11/15/2035	3,800,000	** %	1,291,636.00	5,091,636.00		61,510,000	61,510,000
05/15/2036			1,219,094.50	1,219,094.50	6,310,730.50	61,510,000	61,510,000
11/15/2036	3,955,000	** %	1,219,094.50	5,174,094.50		57,555,000	57,555,000
05/15/2037			1,143,307.00	1,143,307.00	6,317,401.50	57,555,000	57,555,000
11/15/2037	4,105,000	** %	1,143,307.00	5,248,307.00		53,450,000	53,450,000
05/15/2038			1,064,431.75	1,064,431.75	6,312,738.75	53,450,000	53,450,000
11/15/2038	4,265,000	** %	1,064,431.75	5,329,431.75		49,185,000	49,185,000
05/15/2039			982,264.75	982,264.75	6,311,696.50	49,185,000	49,185,000
11/15/2039	4,440,000	** %	982,264.75	5,422,264.75		44,745,000	44,745,000
05/15/2040			896,512.25	896,512.25	6,318,777.00	44,745,000	44,745,000
11/15/2040	4,605,000	** %	896,512.25	5,501,512.25		40,140,000	40,140,000
05/15/2041			807,393.25	807,393.25	6,308,905.50	40,140,000	40,140,000
11/15/2041	4,785,000	** %	807,393.25	5,592,393.25		35,355,000	35,355,000
05/15/2042			714,616.00	714,616.00	6,307,009.25	35,355,000	35,355,000
11/15/2042	4,980,000	** %	714,616.00	5,694,616.00		30,375,000	30,375,000
05/15/2043			617,938.50	617,938.50	6,312,554.50	30,375,000	30,375,000
11/15/2043	5,180,000	** %	617,938.50	5,797,938.50		25,195,000	25,195,000
05/15/2044			517,241.00	517,241.00	6,315,179.50	25,195,000	25,195,000
11/15/2044	5,380,000	** %	517,241.00	5,897,241.00		19,815,000	19,815,000
05/15/2045			412,526.00	412,526.00	6,309,767.00	19,815,000	19,815,000
11/15/2045	5,595,000	** %	412,526.00	6,007,526.00		14,220,000	14,220,000
05/15/2046			303,427.50	303,427.50	6,310,953.50	14,220,000	14,220,000
11/15/2046	4,520,000	** %	303,427.50	4,823,427.50		9,700,000	9,700,000
05/15/2047			210,500.00	210,500.00	5,033,927.50	9,700,000	9,700,000
11/15/2047	3,935,000	** %	210,500.00	4,145,500.00		5,765,000	5,765,000

BOND DEBT SERVICE

City of Houston, Texas
Distribution Line Extension

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value
05/15/2048			126,830.00	126,830.00	4,272,330.00	5,765,000	5,765,000
11/15/2048	2,900,000	4.400%	126,830.00	3,026,830.00		2,865,000	2,865,000
05/15/2049			63,030.00	63,030.00	3,089,860.00	2,865,000	2,865,000
11/15/2049	1,860,000	4.400%	63,030.00	1,923,030.00		1,005,000	1,005,000
05/15/2050			22,110.00	22,110.00	1,945,140.00	1,005,000	1,005,000
11/15/2050	1,005,000	4.400%	22,110.00	1,027,110.00	1,027,110.00		
	112,490,000		78,982,681.50	191,472,681.50	191,472,681.50		

Notes:

Assumes 0.5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).
Assumed \$5000 maturity denominations.

BOND DEBT SERVICE BREAKDOWN

City of Houston, Texas
Distribution Line Extension

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Period Ending	2015 TWDB - Distribution Lines	2016 TWDB - Distribution Lines	2017 TWDB - Distribution Lines	2018 TWDB - Distribution Lines	2019 TWDB - Distribution Lines	2020 TWDB - Distribution Lines	Total
06/30/2016	322,586.50						322,586.50
06/30/2017	1,284,405.00	241,485					1,525,890.00
06/30/2018	1,282,997.00	753,295	407,452.50				2,443,744.50
06/30/2019	1,285,454.25	753,775	1,182,592.50	418,990			3,640,811.75
06/30/2020	1,285,431.50	753,915	1,182,675.00	1,141,160	337,040		4,700,221.50
06/30/2021	1,283,414.25	753,715	1,182,172.50	1,142,190	918,580	376,420	5,656,491.75
06/30/2022	1,284,928.50	758,090	1,181,085.00	1,142,560	922,250	1,026,680	6,315,593.50
06/30/2023	1,285,041.25	757,040	1,179,412.50	1,142,270	920,370	1,029,030	6,313,163.75
06/30/2024	1,283,680.25	755,650	1,182,057.50	1,141,320	918,050	1,025,830	6,306,587.75
06/30/2025	1,285,793.00	753,920	1,183,922.50	1,144,600	920,180	1,027,080	6,315,495.50
06/30/2026	1,286,389.00	756,765	1,180,105.00	1,142,110	921,650	1,027,670	6,314,689.00
06/30/2027	1,285,707.00	754,185	1,180,605.00	1,143,850	917,570	1,027,600	6,309,517.00
06/30/2028	1,283,850.25	756,180	1,180,325.00	1,144,710	917,940	1,026,870	6,309,875.25
06/30/2029	1,285,572.25	757,665	1,184,167.50	1,144,690	917,650	1,025,480	6,315,224.75
06/30/2030	1,285,803.75	753,725	1,182,132.50	1,143,790	921,590	1,028,320	6,315,361.25
06/30/2031	1,284,732.25	754,360	1,184,220.00	1,142,010	919,760	1,025,390	6,310,472.25
06/30/2032	1,287,451.00	754,485	1,180,430.00	1,144,240	922,160	1,026,690	6,315,456.00
06/30/2033	1,284,012.00	754,100	1,180,762.50	1,145,370	918,790	1,027,110	6,310,144.50
06/30/2034	1,284,427.00	758,120	1,180,120.00	1,145,400	919,650	1,026,650	6,314,367.00
06/30/2035	1,283,687.00	756,545	1,183,405.00	1,144,330	919,630	1,025,310	6,312,907.00
06/30/2036	1,286,783.00	754,460	1,180,617.50	1,142,160	918,730	1,027,980	6,310,730.50
06/30/2037	1,283,694.00	756,780	1,181,757.50	1,143,780	921,840	1,029,550	6,317,401.50
06/30/2038	1,284,446.25	753,505	1,181,727.50	1,144,080	918,960	1,030,020	6,312,738.75
06/30/2039	1,283,994.00	754,635	1,180,527.50	1,143,060	920,090	1,029,390	6,311,696.50
06/30/2040	1,287,242.00	755,085	1,183,060.00	1,145,610	920,120	1,027,660	6,318,777.00
06/30/2041	1,284,225.50	754,855	1,179,325.00	1,141,730	919,050	1,029,720	6,308,905.50
06/30/2042	1,284,981.75	753,945	1,179,322.50	1,141,420	921,770	1,025,570	6,307,009.25
06/30/2043	1,284,477.00	757,270	1,182,857.50	1,144,460	918,280	1,025,210	6,312,554.50
06/30/2044	1,287,679.50	754,830	1,179,930.00	1,145,740	918,580	1,028,420	6,315,179.50
06/30/2045	1,284,582.00	756,625	1,180,540.00	1,145,260	917,560	1,025,200	6,309,767.00
06/30/2046	1,285,113.50	757,570	1,179,590.00	1,143,020	920,110	1,025,550	6,310,953.50
06/30/2047		757,665	1,181,982.50	1,143,910	921,120	1,029,250	5,033,927.50
06/30/2048			1,182,620.00	1,142,820	920,590	1,026,300	4,272,330.00
06/30/2049				1,144,640	918,520	1,026,700	3,089,860.00
06/30/2050					919,800	1,025,340	1,945,140.00
06/30/2051						1,027,110	1,027,110.00
	38,872,581.50	22,904,240	35,851,500.00	34,725,280	27,927,980	31,191,100	191,472,681.50

Notes:

Assumes 0.5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).
Assumed \$5000 maturity denominations.

SCHEDULE “B”

**City of Houston, Texas
Combined Utility System
City of Houston Council Resolution**

City of Houston Resolution No. 2015-21

A RESOLUTION AUTHORIZING LOAN APPLICATIONS TO THE TEXAS WATER DEVELOPMENT BOARD (STATE WATER IMPLEMENTATION FUND PROGRAM).

* * *

WHEREAS, the City of Houston, Texas, deems it appropriate to apply to the Texas Water Development Board for financial assistance by requesting loan commitments from the State Water Implementation Fund Program in connection with two projects for the City's NE Water Plant; and

WHEREAS, in accordance with the rules and regulations of the Texas Water Development Board, which govern the procedures of making such applications, the governing body of the City is required to adopt a resolution to accompany such applications;

NOW THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HOUSTON, TEXAS:

Section 1. That the Texas Water Development Board is hereby requested to grant financial assistance to the City of Houston by loan commitments from the State Water Implementation Fund Program, the first loan to be in the maximum amount of \$183,635,000 for the expansion of the City's NE Water Plant and the second loan to be in the maximum amount of \$112,490,000 for water transmission lines associated with such expansion, all as further described in the applications for such assistance, in substantially the form attached hereto as Exhibit "A" and incorporated herein for all purposes (the "Applications").

Section 2. That the Mayor, City Controller, City Attorney, Director of Public

Works and Engineering and/or their authorized representatives are hereby authorized to make any changes, revisions, deletions, or insertions or information (including attachments to the Applications) as may be necessary to complete the Applications or make any revisions thereto required by the Texas Water Development Board.

Section 3. That the Mayor of the City of Houston is hereby authorized to execute and submit the Applications to the Texas Water Development Board; and the Mayor, City Controller, City Attorney, Director of Public Works and Engineering, financial advisor, and consulting engineers named in such Applications, or other authorized representatives of the City are authorized to appear before the Texas Water Development Board in support of the Applications.

Section 4. That the Mayor, City Controller, City Attorney or Director of Public Works and Engineering are further specifically authorized to make the required assurances and representations to the Texas Water Development Board in accordance with the rules, regulations, and policies of the Texas Water Development Board.

Section 5. That a certified copy of this Resolution shall be attached to the Applications herein authorized to be prepared and submitted to the Texas Water Development Board.

Section 6. That this Resolution shall take effect immediately upon its passage and approval by the Mayor; however, in the event that the Mayor fails to sign this Resolution within five days after its passage and adoption, it shall take effect in accordance with Article VI, Section 6, Houston City Charter.

PASSED and ADOPTED this 27th day of May, 2015.

APPROVED this 27th day of May, 2015

Annie D. Parker
Mayor of the City of Houston

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Resolution is _____, 2015.

City Secretary

Prepared by: Gary J Wood
Senior Assistant City Attorney

5/13/15 GLW:naj

(Requested by: Dale Rudick, P.E., Director of Public Works and Engineering

LD No. 0351500038001

CAPTION PUBLISHED IN DAILY COURT
REVIEW
DATE: JUN 02 2015

AYE	NO	
✓		MAYOR PARKER
....	COUNCIL MEMBERS
✓		STARDIG
✓		DAVIS
✓		COHEN
✓		BOYKINS
	ABSENT	MARTIN
✓		NGUYEN
✓		PENNINGTON
✓		GONZALEZ
✓		GALLEGO
✓		LASTER
✓		GREEN
✓		COSTELLO
	ABSENT	ROBINSON
	ABSENT	KUBOSH
✓		BRADFORD
	ABSENT	CHRISTIE
CAPTION	ADOPTED	

I, ANNA RUSSELL, City Secretary of the City of Houston, Texas, do hereby certify that the within and foregoing is a true and correct copy of Resolution 2015-21 passed and adopted by the City Council of said City on the 27th day of May, 2015, as the same appears in the records in my office

WITNESS my hand and the Seal of said City this 2nd day of June, 2015.



Anna Russell
City Secretary of the City of Houston

SCHEDULE “C”

**City of Houston, Texas
Combined Utility System
Sources and Uses of Funds for SWIFT Loan under Section 363**

SOURCES AND USES OF FUNDS

City of Houston, Texas
Distribution Line Extension

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

	Dated Date Delivery Date	11/15/2015 11/15/2015	11/15/2016 11/15/2016	11/15/2017 11/15/2017	11/15/2018 11/15/2018	11/15/2019 11/15/2019	11/15/2020 11/15/2020
Sources:		2015 TWDB - Distribution Lines	2016 TWDB - Distribution Lines	2017 TWDB - Distribution Lines	2018 TWDB - Distribution Lines	2019 TWDB - Distribution Lines	2020 TWDB - Distribution Lines
Bond Proceeds:							
Par Amount		25,915,000.00	14,205,000.00	20,895,000.00	19,045,000.00	15,320,000.00	17,110,000.00
		25,915,000.00	14,205,000.00	20,895,000.00	19,045,000.00	15,320,000.00	17,110,000.00
Uses:		2015 TWDB - Distribution Lines	2016 TWDB - Distribution Lines	2017 TWDB - Distribution Lines	2018 TWDB - Distribution Lines	2019 TWDB - Distribution Lines	2020 TWDB - Distribution Lines
Project Fund Deposits:							
Project Fund - Distribution Expansion		25,785,425.00	14,133,975.00	20,790,525.00	18,949,775.00	15,243,400.00	17,024,450.00
Delivery Date Expenses:							
Cost of Issuance		129,575.00	71,025.00	104,475.00	95,225.00	76,600.00	85,550.00
		25,915,000.00	14,205,000.00	20,895,000.00	19,045,000.00	15,320,000.00	17,110,000.00

Notes:

Assumes 0.5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).
Assumed \$5000 maturity denominations.

SOURCES AND USES OF FUNDS

City of Houston, Texas
Distribution Line Extension

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Dated Date
Delivery Date

Sources:	Total
<hr/>	
Bond Proceeds:	
Par Amount	112,490,000.00
	<hr/>
	112,490,000.00
<hr/>	
Uses:	Total
<hr/>	
Project Fund Deposits:	
Project Fund - Distribution Expansion	111,927,550.00
Delivery Date Expenses:	
Cost of Issuance	562,450.00
	<hr/>
	112,490,000.00
<hr/>	

Notes:

Assumes 0.5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).
Assumed \$5000 maturity denominations.

**City of Houston, Texas
Combined Utility System
Application Forms and Supporting Documents**

Texas Water Development Board

P.O. Box 13231, Austin, Texas 78711-3231

APPLICATION FOR FINANCIAL ASSISTANCE FOR WATER AND WASTEWATER INFRASTRUCTURE PROJECTS

NOTICE TO ALL APPLICANTS

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

Each applicant must submit **ONE** double-sided **ORIGINAL** and **ONE** indexed, electronic copy, via electronic storage media such as CD or flash drive using MS Word, Excel and/or Adobe Acrobat. The application must be submitted to:

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

Only **COMPLETE APPLICATIONS** for projects will be considered for funding. A **COMPLETE APPLICATION** consists of all of the applicable information and forms requested in this document.

IMPORTANT NOTICE

Applicants **MUST** use this form for application to ensure all requested information is included for review.

TWDB Use Only

Name of Applicant: _____

Date application received: _____

Date administratively complete: _____

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

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

Part A: General Information

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

2. Applicant Name and Contact Information:

Name:	City of Houston
County:	Harris, Fort Bend, & Montgomery County
Physical Address:	611 Walker, 25th Floor, Houston, Texas 77002
Mailing Address:	611 Walker, 25th Floor, Houston, Texas 77002
Phone:	(832) 395-2468
Fax:	(832) 395-2477
Website:	http://www.houstontx.gov/

3. Brief description of the project City of Houston Northeast Plant Water Transmission Lines.

4. Applicant's Officers and Members:

<u>Name</u>	<u>Office Held</u>
Annise D. Parker	Mayor
Ronald C. Green	City Controller
Brenda Stardig	Council Member - District A
Jerry Davis	Council Member - District B
Ellen R. Cohen	Council Member - District C
Dwight A. Boykins	Council Member - District D
Dave Martin	Council Member - District E
Richard Nguyen	Council Member - District F
Oliver Pennington	Council Member - District G
Edward Gonzalez	Council Member - District H
Robert Gallegos	Council Member - District I
Mike Laster	Council Member - District J
Larry V. Green	Council Member - District K
Stephen C. Costello	Council Member - At-Large Position 1
David W. Robinson	Council Member - At-Large Position 2
Michael Kubosh	Council Member - At-Large Position 3
C.O. "Brad" Bradford	Council Member - At-Large Position 4
Jack Christie	Council Member - At-Large Position 5

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

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

Name:	Arthur Morris
Title:	Managing Engineer
Address:	611 Walker, 15th Floor, Houston, TX 77002
Phone:	(832) 395-2317
Fax:	
Email:	Arthur.Morris@houstontx.gov

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

- a) Applicant Engineer N/A

Firm Name:	City of Houston Department of Public Works & Engineering
Contact:	Arthur Morris
Address:	611 Walker, 15th Floor, Houston, TX 77002
Phone:	(832) 395-2317
Fax:	
Email:	Arthur.Morris@houstontx.gov

- b) Bond Counsel N/A

Firm Name:	Norton Rose Fulbright US LLP
Contact:	Neil Thomas and Dimitri Millas
Address:	1301 McKinney, Suite 5100, Houston, TX 77010-3095
Phone:	(713) 651-3613
Fax:	(713) 651-5246
Email:	neil.thomas@nortonrosefulbright.com and dimitri.millas@nortonrosefulbright.com

- c) Financial Advisor N/A

Firm Name:	First Southwest Company
Contact:	Trey Cash
Address:	700 Milam Street, Suite 500, Houston, Texas 77002
Phone:	(713) 654-8651
Fax:	(832) 239-9015
Email:	Trey.Cash@firstsw.com

See attached Conflict of interest disclosure letter.

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

Firm Name:	McConnell & Jones LLP (M&J) & Banks, Finley, White & Co (BFW)
Contact:	
Address:	3040 Post Oak Blvd., Suite 1600, Houston, TX 77056
Phone:	(713) 968-1600
Fax:	
Email:	

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

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

Firm Name:	City of Houston Office of the City Attorney
Contact:	Gary L. Wood
Address:	900 Bagby, 4th Floor, Houston, TX 77002
Phone:	(832) 393-6440
Fax:	(832) 393-6259
Email:	Gary.Wood@houstontx.gov

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

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

7. List the counties within the Applicant's service area. Harris, Fort Bend, & Montgomery

8. Identify the Applicant's total service area population: 2,195,914

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

	PROGRAM	AMOUNT REQUESTED
a) <input type="checkbox"/>	Drinking Water State Revolving Fund (DWSRF)	\$ _____
b) <input type="checkbox"/>	Clean Water State Revolving Fund (CWSRF)	\$ _____
c) <input type="checkbox"/>	Texas Water Development Fund (DFund)	\$ _____
d) <input type="checkbox"/>	State Participation	\$ _____
e) <input type="checkbox"/>	Rural Water Assistance Fund (RWAf)	\$ _____
f) <input checked="" type="checkbox"/>	State Water Implementation Fund for Texas (SWIFT)	\$ <u>112,490,000</u>
g) <input type="checkbox"/>	Economically Distressed Areas Program (EDAP)	\$ _____
h) <input type="checkbox"/>	If other please explain: _____	\$ _____

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

Funding Source	Type of Funds (Loan/Grant)	Amount (\$)	Date Applied for Funding	Anticipated or Funding Secured Date
Local Contribution		\$34,087,355		
Total				

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

Funding from All Sources		\$34,087,355		
---	--	--------------	--	--

Comments: _____

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

- Planning
- Acquisition
- Design
- Construction

12. Is Applicant requesting funding to refinance existing debt?

- Yes If yes, attach a copy of the document securing the debt to be refinanced.
 Attached document
- No

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

Part B: Legal Information

13. Cite the legal authority under which the Applicant can issue the proposed debt including the authority to make a proposed pledge of revenues. For a proposed revenue issue secured by a subordinate lien or issued on parity: This debt will be subordinate to debt issued under the Previous Bond Ordinance and on parity with debt issued under the current Master Ordinance.
14. What type of pledge will be used to repay the proposed debt?
 Systems Revenue
 Taxes
 Combination of systems revenues and taxes
 Other (Contract Revenue, etc.)
15. Provide the full legal name of the security for the proposed debt issue(s). City of Houston, Texas, Combined Utility System Revenue Bonds, Series 2015?
16. Describe the pledge being offered and any existing rate covenants. City of Houston, Texas, Combined Utility System Revenue Bonds
17. Attach the resolution from the governing body requesting financial assistance.
TWDB-0201A (<http://www.twdb.texas.gov/financial/instructions/>)
 Attached Resolution
18. Attach the Application Affidavit
TWDB-0201 (<http://www.twdb.texas.gov/financial/instructions/>)
 Attached Applicant Affidavit
19. Attach the Certificate of Secretary
TWDB-201B (<http://www.twdb.texas.gov/financial/instructions/>)
 Attached Certificate of Secretary
20. Is the applicant a Water Supply Corporation (WSC)?
 Yes If yes, attach each of the following:
 Articles of Incorporation
 Certificate of Incorporation from the Texas Secretary of State evidencing that the current Articles of Incorporation are on file with the Secretary
 By-laws and any amendments
 Certificate of Status from the Texas Secretary of State (i.e. Certificate of Existence)
 Certificate of Account Status from the Texas Comptroller of Public Accounts (certifies that the WSC is exempt from the franchise tax and that the WSC is in good standing).
 No

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

21. Is the applicant proposing to issue revenue bonds?
 Yes If yes, attach copies of the most recent resolution/ordinance(s) authorizing any outstanding parity debt. This is essential to insure outstanding bond covenants are consistent with covenants that might be required for TWDB financing.
 Attached resolution/ordinance(s)
 No
22. Does the applicant possess a Certificate of Convenience and Necessity (CCN)?
 Yes If yes, attach a copy of the CCN and service area map showing the areas the applicant is allowed to provide water or wastewater services.
 Attached CCN and service area map
 No If no, indicate the status of the CCN. _____
 N/A
23. Has the applicant been the subject of any enforcement action by the Texas Commission on Environmental Quality (TCEQ), the Environmental Protection Agency (EPA), or any other entity within the past three years?
 Yes If yes, attach a brief description of every enforcement action within the past three years and action(s) to address requirements.
 Attached
 No
24. Are any facilities to be constructed or the area to be served within the service area of a municipality or other public utility?
 Yes If yes, has the applicant obtained an affidavit stating that the utility does not object to the construction and operation of the services and facilities in its service area?
 If yes, attach a copy of the affidavit.
 Attached affidavit
 If no, provide an explanation as to why not. Agreements with Water Authorities are being drafted. Final contracts will be completed around end of July 2015.
 No
25. If the assistance requested is more than \$500,000 a Water Conservation Plan (WCP) is required. The WCP cannot be more than **FIVE** years old and must have been adopted by the applicant. Has the applicant adopted a Board-approved WCP? (Check one and attach requested information, if any.)
 Yes Enter date of Applicant's WCP adoption: September 10, 2014
 No If no, attach a copy of a draft Water Conservation Plan and Drought Contingency Plan prepared in accordance with the TWDB WCP Checklist (<http://www.twdb.state.tx.us/financial/instructions/doc/TWDB-1968.pdf>)
 Attached Draft WCP and Drought Contingency Plan
 Attached Utility Profile TWDB-1965
<http://www.twdb.state.tx.us/financial/instructions/doc/TWDB-1965.pdf>
 N/A (Request is \$500,000 or less per Water Code §§ 15.106(c), 17.125(c), 17.277(c), and 17.857(c))

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

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

26. Does the applicant provide retail water services?
 Yes If yes, has the applicant already submitted to the TWDB the annual water use survey of groundwater and surface water for the last **THREE** years?
 Yes
 No If no, please download survey forms and attach a copy of the completed water use surveys to the application.
<http://www.twdb.texas.gov/waterplanning/waterusesurvey/index.asp>
 Attached Water Use Survey
 No
27. Is the applicant a retail public utility that provides potable water?
 Yes If yes, has the applicant already submitted the most recently required water loss audit to the TWDB?
 Yes
 No If no, and if applying for a water supply project, please complete the online TWDB Water Audit worksheet found at <http://www.twdb.texas.gov/conservation/resources/waterloss-resources.asp> and attach a copy to the application.
 Attached TWDB Water Audit worksheet
 No
28. Does the Applicant provide wastewater services?
 Yes
 No

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

Part C: Financial Information

Regional or wholesale providers, complete questions 29-31.

Retail providers, complete questions 32-34.

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

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

Comments: N/A

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

Customer Name	Annual Revenue(\$)	Percent of Revenue	Bankruptcy (Y/N)

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

31. Provide a summary of the wholesale contracts with customers

Contract Type	Minimum annual amount	Usage fee per 1,000 gallons	Annual Operations and Maintenance	Annual Capital Costs	Annual Debt Service	Other

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

a. **WATER**

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

Comments: See attachment

b. **WASTEWATER**

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

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

Comments: See attachment

33. Current Average Residential Usage and Rate Information

Service	Date of Last Rate Increase	Avg. Monthly Usage (gallons)	Avg. Monthly Bill (\$)	Avg. Monthly Increase Per Customer(\$)	Projected Monthly Increase Necessary (\$)
Water	04/01/2014	5.40	28.57	0.34	1.27
Wastewater	04/01/2014	5.40	34.63	0.41	1.54

34. Provide the number of customers for each of the past five years.

Year	Number of Customers
20	
20	
20	
20	
20	

Comments: See attachment

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

35. Disclose all issues that may affect the project or the applicant's ability to issue and/or repay debt (such as anticipated lawsuits, judgments, bankruptcies, major customer closings, etc.).

None

36. Has the applicant ever defaulted on any debt?

- Yes If yes, disclose all circumstances surrounding prior default(s). _____
 No

37. Does the applicant have taxing authority?

- Yes
 No

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

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

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

Comments: See attachment

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

- a) 2014 attached
- b) 2013 attached
- c) 2012 attached
- d) 2011 attached
- e) 2010 attached

40. Attach the direct and overlapping tax rate table:

- Attached tax rate table

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

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

Comments: See attachment

42. Provide the maximum tax rate permitted by law per \$100 of property value. \$0.63875

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

43. Does the applicant collect sales tax?

Yes Provide the sales tax collection history for the past five years.

Fiscal Year Ending	Total Collections
20	
20	
20	
20	
20	

No

Comments: See attachment

44. Indicate the tax status of the proposed loan?

Tax-Exempt

Taxable

45. Proforma (Select one of the four listed below) Please be sure the proforma reflects the schedule requested, including multi-phased funding options.

a. System revenues are anticipated to be used to repay the proposed debt. Attach a proforma indicating the following information for each year the debt is outstanding:

- projected gross revenues
- operating and maintenance expenditures
- outstanding and proposed debt service requirements
- net revenues available for debt service and coverage of current and proposed debt paid from revenues

b. Taxes are anticipated to be used to repay the proposed debt. Attach a pro forma indicating the following information for each year the debt is outstanding:

- outstanding and proposed debt service requirements
- the tax rate necessary to repay current and proposed debt paid from taxes
- list the assumed collection rate and tax base used to prepare the schedule

c. Combination of system revenues and taxes to be used to repay the proposed debt. Attach a pro forma indicating the following information for each year the debt is outstanding:

- projected gross revenues, operating and maintenance expenditures, net revenues available for debt service
- outstanding and proposed debt service requirements
- the tax rate necessary to pay the current and proposed debt
- list the assumed collection rate and tax base used to prepare the schedule

d. Another type of pledge will be used to repay the proposed debt. Attach a pro forma with information for each year the debt is outstanding, which includes projected revenues, annual expenditures, outstanding debt requirements, and revenues available for debt service.

Attached

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

46. Attach a **FIVE** year comparative system operating statement (not condensed) including audited prior years and an unaudited year-to-date statement. Unaudited year-to-date statement must reflect the financial status for a period not exceeding the latest six months.
- Attached Operating Statement.**
47. Attach **ONE** copy of an annual audit of financial statements, including the management letter, for the preceding fiscal year prepared by a certified public accountant or firm of accountants and, if the last annual audit was more than 6 months ago, then, provide interim financial information.
- Attached Annual Audit**
 Attached Management Letter
 If applicable, attached interim financial information
48. Does the applicant have any outstanding debt? (Check all that apply)
- Yes, General obligation debt
 Yes, Revenue debt
 Yes, Authorized but unissued debt
 No
49. Attach a listing of total outstanding debt and identify the debt holder. Segregate by type (General Obligation or Revenue) and present a consolidated schedule for each, showing total annual requirements. Note any authorized but unissued debt.
- a. General Obligation Debt:
- Yes
 Attached schedule. The schedule should also identify the debt holder.
- No
- b. Revenue:
- Yes
 Attached schedule. The schedule should also identify the debt holder.
- No
- c. Authorized by Unissued Debt:
- Yes
 Attached schedule. The schedule should also identify the debt holder.
- No

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

Part D: Project Information

53. Description of Project Need (for example, is the project needed to address a current compliance issue, avoid potential compliance issues, extend service, expand capacity, etc.):
The need for surface water treatment facility infrastructure improvements follows the passage of rules and regulations issued by the Harris-Galveston Subsidence District to decrease groundwater usage and consequently increase surface water usage in the district.

Groundwater subsidence in the greater Houston area coupled with increasing water demands requires that the City of Houston and the following regional partners expand the existing Northeast Water Purification Plant (NEWPP).

- North Harris County Regional Water Authority
- West Harris County Regional Water Authority
- Central Harris County Regional Water Authority
- North Fort Bend Water Authority

The expansion will provide the Project participants with an additional surface water supply to help achieve the regulatory requirements of the Harris-Galveston Subsidence District and the Fort Bend Subsidence District that restrict groundwater usage.

54. Description of Project, including a bulleted list of project elements/components, and alternatives considered (including existing facilities):
The water line starts at the City of Houston's Northeast Water Purification Plant and runs east past I-45. It then turns south to the City's Acres Homes Pump Station. Several interconnects and take points are planned for the City and Harris County agencies. The entire proposed water line is a total of approximately 121,100 LF and consists of the following segments:
- 2,900 LF of 120-inch water line
 - 75,400 LF of 108-inch water line
 - 3,400 LF of 54-inch water line
 - 37,600 LF of 66-inch water line
 - 1,800 LF of 24-inch WL

Three corridors were initially considered for the water line. The final alignment was selected based primarily on cost, availability of right-of-way and undeveloped land for easements, limitation of impact to the community, number of critical crossings, condition of roadways, and constructability.

Several hydraulic scenarios were also considered. Different operating pressures, water line diameters, and number of water lines were analyzed before selecting the final line size, configuration, and operating pressure. Operating pressures up to 150-psi, water line sizes up to 156-inches diameter, and single / dual pipeline configurations were analyzed based on material cost, pumping cost, right-of-way cost, and operational considerations. The final configuration chosen as listed above consists of a single pipeline operated at no greater than 100 psi.

A complete preliminary engineering feasibility data must include:

- a. A description and purpose of the project, including existing facilities.

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

- Note: CWSRF and DWSRF must address issues scored in Intended Use Plan submittal

Attached

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

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

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

Attached

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

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

Attached

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

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

a. New supply 358,447 (acre-feet/year) \$441M (\$) capital cost

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

b. New Conservation savings N/A (acre-feet/year) _____ (\$) capital cost

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

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

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

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

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

56. Project Location:
City of Houston and Harris County

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

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

Attached

57. Attach the Census tract numbers in which the applicant's service area is within. The Census tracts within your area may be found at:
<http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t>.

Please follow these steps:

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

Attached Census tracts

58. Project Schedule:

- a) Requested loan closing date.
November 2015, November 2016, November 2017, November 2018, November 2019, November 2020
- b) Estimated date to submit environmental planning documents.
May 2011 (ESA Phase I Submitted)
- c) Estimated date to submit engineering planning documents.
Phased submission beginning September 2015 to October 2018
- d) Estimated date for completion of design.
September 2025
- e) Estimated Construction start date for first contract.
February 2016
- f) Estimated Construction end date for last contract.
March 2028

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

Attached

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

Attached

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

61. Attach the appropriate Project Information Form:
- Wastewater:** Attached a completed Wastewater Project Information Form
WRD-253a <http://www.twdb.texas.gov/financial/instructions/index.asp>
 - Water:** Attached a completed Water Project Information Form
WRD-253d <http://www.twdb.texas.gov/financial/instructions/index.asp>
62. If the project is for Construction only, wastewater projects that involve the construction of a new plant or the expansion of an existing plant and/or associated facilities, attach evidence that an application for a new Texas Pollution Discharge Elimination System Permit or amendment to an existing permit related to the proposed project has been filed with the Texas Commission on Environmental Quality (TCEQ). Final permit authorization must be obtained from the TCEQ before funds can be released for construction activities.
- Attached**
 - No. Provide explanation: N/A
63. If this project will result in: (a) an increase by the applicant in the use of groundwater, (b) drilling a new water well, or (c) an increase by the applicant in use of surface water, then the applicant must demonstrate that it has acquired – by contract, ownership or lease – the necessary property rights, groundwater permits, and/or surface water rights sufficient for the project before funds can be released for construction.
- a) Does the applicant currently own all the property rights, groundwater permits and surface water rights needed for this project?
- Yes If yes, please attach the completed, appropriate form.
 1. WRD 208A (<http://www.twdb.texas.gov/financial/instructions/index.asp>) (Surface Water)
 - Attached**
 2. WRD 208B (<http://www.twdb.texas.gov/financial/instructions/index.asp>) (Groundwater)
 - Attached**
 - No
 - N/A
- b) If all property rights, groundwater permits, and surface water rights, needed for this project have not yet been acquired, identify the rights and/or permits that will need to be acquired and provide the anticipated date by which the applicant expects to have acquired such rights and/or permits.

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

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

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

Permit	Issuing Entity	Permit Acquired (Y/N)

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

Yes. If yes, attach the site certificate (ED-101 at <http://www.twdb.texas.gov/financial/instructions/index.asp>)
 Attached

No. If no, **fill out the table below** and describe the land or easements that will need to be acquired, provide the anticipated date by which the applicant expects to have the land or easements, and indicate if funding from TWDB is to be used for the acquisition.

Description of Land or Easement Permit	Entity from which the permit or right must be acquired	Acquired by lease or full ownership	Expected acquisition date	To Be Funded by TWDB (Yes/No)
SEE ATTACHED				

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

Yes
 Attach a copy of the finding.
 No

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

Yes
 No

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

Yes
 If yes, attach additional information

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

No

There are potential adverse impacts along the water line alignment related to potentially petroleum contaminated areas (PPCA), public hearings related to the easement condemnation process, and a tunnel crossing at Greens Bayou may require a U.S. Army Corps of Engineers permit.

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

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

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

- | | | |
|-------------------------------------|---------------------|---------------|
| <input type="checkbox"/> | Deferred | \$ |
| <input checked="" type="checkbox"/> | Low Interest Loan | \$112,490,000 |
| <input type="checkbox"/> | Board Participation | \$ |

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

Attached

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

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

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

71. Provide drafts of the following documents:

a. Proposed Bond Ordinance

Attached

b. Private Placement Memorandum

Attached

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

Part F: Economically Distressed Programs (EDAP) Applicants Only:

In accordance with TWDB Rules (31 TAC Chapter 363), an application for EDAP will **not** be considered until the County has adopted and is enforcing the Model Subdivision Rules (MSRs) Texas Water Code § 16.343. If the proposed project is within a municipality or its extraterritorial jurisdiction (ETJ), or if the applicant is a municipality, the municipality must also have adopted and be enforcing MSRs.

72. Describe procedures for collecting monthly customer bills (include procedures for collection of delinquent accounts)

73. Is financing being requested for a **wastewater** project?
 Yes If yes, does the applicant have the required resolution/ordinance establishing a mandatory hookup policy?
 Yes. If yes, attach a copy of the resolution/ordinance.
 Attached
 No. If no, explain _____
 No
74. Required documentation for the project area for Preliminary EDAP Eligibility (31 TAC Chapter 363)
 Attached documentation of inadequacy of water and/or wastewater services.
 Attached documentation regarding the financial resources of the residential users in the EDAP area. Census data or documentation regarding median household income should be provided.
 Attached documentation demonstrating existence of a residence in the project area prior to **June 1, 2005**. This could include tax records of residence, dated aerial maps, or, other documentation demonstrating existence of a residence.
75. Has the Department of State Health Services issued a determination stating a public health nuisance exists in the project area?
 Yes If yes, attach a copy of the determination.
 Attached
 No If no determination exists, attach documentation demonstrating a public health nuisance exists in the project area. (*Photographs may be submitted, but they **must** be labeled with location and date when taken. If the soil types are mentioned in the project area as an issue, include soil profile maps*) This documentation will be used by TWDB staff to request a determination from the Department of State Health Services
 Attached
76. Is this project providing new service?
 Yes If yes, attach plats of the affected subdivisions.
 Attached
 No
77. Attach an EDAP Facility Engineering Plan/Scope of Services report that complies with the requirements of WRD-023A. <http://www.twdb.texas.gov/financial/instructions/index.asp>
 Attached

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

Part G: CWSRF/DWSRF Applicants Only

Only applicants applying for funding from the CWSRF and DWSRF Programs must complete this section.

Pursuant to Federal Funding Accountability and Transparency Act (FFATA) the applicant is required to obtain a DUNS number that will represent a universal identifier for all federal funding assistance. DUNS numbers can be obtained from Dun and Bradstreet at <http://fedgov.dnb.com/webform/>

78. Applicant's Data Universal Number System (DUNS) Number:
DUNS _____

Pursuant to Federal Funding Accountability and Transparency Act (FFATA) the applicant is required to register with System for Award Management (SAM) and maintain current registration at all times during which the Board loan agreement is active or under consideration by the Board. Register at: <https://sam.gov>.

79. The applicant has registered and will maintain current SAM registration at all times during which a federal subaward is active or under consideration by the Board.
 Yes
 No

80. Federal Awards information:
 1. Did applicant receive over 80% of their revenue from Federal Awards last year?
 Yes
 No
 2. Did applicant receive over \$25 million in Federal Awards last year?
 Yes
 No
 3. Public does not have access to executive compensation information via SEC or IRS reports?
 Yes
 No

81. If applicant checked **YES** to **ALL** three boxes in 3 above, applicant is required to disclose the name and compensation of the five most highly compensated officers.

Officer's Name	Officer's Compensation (\$)

82. Complete form WRD 213 (<http://www.twdb.texas.gov/financial/instructions/index.asp>) - Certification Regarding Lobbying
Attached Yes
 No
 N/A

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

83. If applying for CWSRF Equivalency or DWSRF, **attach** the Certification Regarding Debarment, Suspension and Other Responsibility. SRF-404
(<http://www.twdb.texas.gov/financial/instructions/doc/SRF-404.pdf>)

Attached Yes
 No
 N/A

84. If applying for CWSRF Equivalency or DWSRF, **attach** the Assurances – Construction Programs. EPA-424D (<http://www.twdb.texas.gov/financial/doc/EPA-424D.pdf>)

Attached Yes
 No
 N/A

85. The applicant must comply with the Davis-Bacon Act regarding prevailing wage rates. The applicant acknowledges that they are aware of, and will abide by, the Davis-Bacon Act requirements.

Yes
 No

Further information on the Davis-Bacon requirement is available through the TWDB Guidance document, DB-0156 (<http://www.twdb.texas.gov/financial/instructions/index.asp>)

All project costs funded by the TWDB through CWSRF Equivalency or DWSRF must comply with the federal Disadvantaged Business Enterprise (DBE) program rules and requirements. The federal DBE program requires a good faith effort to contract with DBE's for all procurements including: professional and non-professional consulting services, equipment, supplies and construction to be funded by federal equivalency dollars. Guidance and forms are found at:

TWDB-0210 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0210.pdf>)

86. **At a minimum, you must complete and attach** the Applicant Affirmative Steps Certification and Goals. This form is required to obtain a financial assistance commitment.

TWDB-0215 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0215.pdf>)

Attached Yes
 No

87. If you have already solicited contractors, complete and attach the Affirmative Steps Solicitation Report. This form is required prior to loan closing and release of any funds; therefore, if this question is not applicable at this time, select N/A.

TWDB-216 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0216.pdf>)

Attached Yes
 No
 N/A

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

88. If you have awarded contracts to contractors, complete and attach the Loan/Grant Participation Summary. This form must be submitted for review prior to loan closing and release of funds. This form is required prior to loan closing and release of any funds; therefore, if this question is not applicable at this time, select N/A.

TWDB-0373 (<http://www.twdb.texas.gov/financial/doc/TWDB-0373.pdf>)

Attached Yes
 No
 N/A

89. All Contractors that have been awarded will need to complete and attach the Prime Contractor Affirmative Steps Certification and Goals This form is required prior to loan closing and release of any funds; therefore, if this question is not applicable at this time, select N/A.

TWDB-217 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0217.pdf>)

Attached Yes
 No
 N/A

90. **All CWSRF applicants** must be a Designated Management Agency (DMA) for wastewater collection and treatment. Please complete and attach DMA resolutions. WRD-210 (<http://www.twdb.texas.gov/financial/doc/WRD-210.pdf>) is an example of this type of resolution.

 Attached
 N/A

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

Part H: Documentation of "Green" Projects and Project Components CWSRF and DWSRF Applicants Only

All SRF applicants must complete this section if green benefits are all or part of the project (**more than an incidental benefit**). Project is defined as the entire project or a stand-alone component of the project. This section is required so that the TWDB may determine whether the project qualifies as "green" pursuant to Environmental Protection Agency (EPA) Guidance.

A project (or project component) is "green" if the primary purpose qualifies under EPA Guidance as one of the following:

- a. Green Infrastructure,
- b. Water Efficiency-related,
- c. Energy Efficiency-related, or
- d. Environmentally Innovative.

You must use the Green Project Reserve guidance to complete this section. Current guidance may be found at: **Green Project Reserve: Guidance for determining project eligibility**
TWDB-0161 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0161.pdf>)

91. Does your project or a component of your project qualify as Green, per EPA guidance?
 Yes
 No

If Yes, Please complete the remainder of Section G.

92. Type of Green Project
 Water Efficiency Energy Efficiency Green Infrastructure Environmentally Innovative

93. The correct worksheets must be completed.
Green Project Reserve: CWSRF Green Project Worksheets
TWDB-0162 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0162.pdf>)
Attached Yes
 No
 N/A

- Green Project Reserve: DWSRF Green Project Worksheets**
TWDB-0163 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0163.pdf>)
Attached Yes
 No
 N/A

TWDB will make the final determination whether your project (or project component) meets federal criteria as "green". You may be required to submit a **business case, utilizing the Green guidance**

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

Part I: Summary of attachments to application

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

Check list for your convenience

Part A

- No. 6c
- No. 6c
- No. 12

General Information

- Conflict of interest disclosure letter
- Draft or executed consulting contracts (engineering, financial advisor, bond counsel)
- Existing security document for refinancing

Part B

- No. 17
- No. 18
- No. 19
- No. 20

Legal

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

Part C

- No. 32a
- No. 32b
- No. 34
- No. 38
- No. 39
- No. 40
- No. 41
- No. 43
- No. 45
- No. 46
- No. 47
- No. 49
- No. 50
- No. 52

Financial

- Top ten customers of the water system.
- Top ten customers of the wastewater system.
- The number of water and wastewater customers for the past five years.
- Last five years of ad valorem tax levies and collections
- Assessed Values by Classifications
- Direct and Overlapping Tax Table
- Current top ten taxpayers
- Last five years of sales tax collection
- Proforma for each year of debt outstanding
- Five year comparative system operating statement.
- Annual audit and management letter
- Outstanding debt schedule
- Current ten largest employers
- Service provider contracts

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

- Part D Project Information**
- No. 54a Preliminary Engineering Feasibility Data (PEFD)
 - No. 54b Engineering Feasibility Report
 - Water (TWDB-0555)
 - Wastewater (TWDB-0556)
 - No. 54c Project Draw Schedule (TWDB-1202)
 - No. 56 Project Map
 - No. 57 Census Tract(s)
 - No. 59 Current and future populations and projected water use or wastewater flows
 - No. 60 Project Cost Estimate Budget (TWDB-1201)
 - No. 61 Wastewater Project Information Form (WRD-253a)
Water Project Information Form (WRD-253d)
 - No. 62 Texas Pollution Discharge Elimination System Permit
 - No. 63a If applicant has property rights and permits
 - a. WRD-208A (Surface Water)
 - b. WRD-208B (Groundwater)
 - No. 63c Additional Permits
 - No. 64 Site certificate, evidencing land ownership for the project. (ED-101)
 - No. 64 Table describe the land or easements that will need to be acquired
 - No. 65 Categorical Exclusion (CE), Finding of No Significant Impact (FONSI), Record of Decision or any other supporting document
 - No. 67 Social or environmental issues (See application form)
- Part E State Water Implementation Fund for Texas**
- No. 69 Multi-year/phased commitment schedule
 - No. 71a Draft Bond Ordinance
 - No. 71b Private Placement Memorandum
- Part F Economically Distressed Areas Program**
- No. 73 Resolution/ordinance establishing a mandatory hookup policy
 - No. 74 EDAP applicants
 - Inadequacy documentation
 - Financial resources documentation
 - Existence of residences prior to 06/01/2005
 - No. 75 Public health nuisance
 - No. 76 Plats
 - No. 77 EDAP Planning Phase – Facility Engineering Plan/Scope of Services (WRD-023A)
- Part G CWSRF/DWSRF Applicants Only**
- No. 82 Lobbying Activities (WRD-213)
 - No. 83 Certification Regarding Debarment, Suspension and Other Responsibility Requirements. (SRF-404)
 - No. 84 Assurances – Construction Programs (EPA-424D)
Disadvantaged Business Requirements Guidance (TWDB-0210)
 - No. 86 Affirmative Steps Certification and Goals (TWDB-0215)
 - No. 87 Affirmative Steps Solicitation Report (TWDB-216)
 - No. 88 Loan/ Grant Participation Summary (TWDB-0373)
 - No. 89 Prime Contractor Affirmative Steps Certification and Goals (TWDB-217)
 - No. 90 Designated Management Agency (WRD-210)
- Part H Green Projects**
- No. 93 Guidance (TWDB-0161)
CWSRF Green Project Worksheets (TWDB-0162)
DWSRF Green Project Worksheets (TWDB-0163)

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

Part J: Guidance and Forms

Part A

General Information

CWSRF – 31 TAC 375

DWSRF – 31 TAC 371

EDAP and SWIFT - 31 TAC 363

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

Part D

Project Information

State Programs - 31 TAC 363

Drinking Water State Revolving Fund - 31 TAC 371

Clean Water State Revolving Fund / Equivalency - 31 TAC 375

Clean Water State Revolving Fund / Non-Equivalency - 31 TAC 375

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

Clean Water EID Instructions (SRF-099)

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

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

Drinking Water EID Instructions (DW-001)

Part H

Green Projects and Project Components

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

Engineer and Legal Counsel Statement

The Engineer and Legal Counsel for Part A6a&e are City of Houston employees. There is no contract for consultant services.

Bond Counsel Contract Statement

City of Houston - Combined Utility System does not have a Bond Counsel Contract. City Legal assigns a law firm for each bond issue upon the closing date.

NORTON ROSE FULBRIGHT US LLP

1301 McKinney, Suite 5100
Houston, Texas 77010

BURNEY & FOREMAN

5445 Almeda, Suite 400
Houston, Texas 77004

_____, 2015

Mayor and City Council
City of Houston
City Hall Annex
901 Bagby
Houston, TX 77002

Re: Co-Bond Counsel Services for City of Houston, Texas, Combined Utility System First Lien Revenue Bonds, Series 2015 [] (the “*Bonds*”)

Dear Mayor and Council Members:

We are pleased to submit to you a proposed agreement for Norton Rose Fulbright US LLP and Burney & Foreman (together, “*Co-Bond Counsel*”) to serve as Co-Bond Counsel with respect to the captioned Bonds and a Loan Forgiveness Agreement. When approved by you (the “*City*”), this letter will become effective and will evidence an agreement between the City and Co-Bond Counsel, subject to all applicable provisions of the Charter and Code of Ordinances of the City.

As Co-Bond Counsel, we will prepare, or assist the City’s Legal Department in the preparation of, all required legal proceedings and will perform certain other necessary legal work in connection with the City’s authorization, issuance, and sale of the Bonds. Our services as Co-Bond Counsel will include the following, which we will carry out directly or in concert with officials and staff of the City, as directed by the City Attorney as follows:

- (1) Preparation of one or more ordinances authorizing issuance of the Bonds and all other instruments which comprise the transcript of legal proceedings pertaining to the authorization, issuance, and sale of the Bonds, as well as legal research, document preparation, and consultation with respect to related municipal finance legal issues;
- (2) Consultation with the Texas Water Development Board concerning terms and delivery;
- (3) Attendance at meetings called by the Mayor, City Controller, City Council, and various members of City staff, to the extent required or requested by the City Attorney, to discuss sale of the Bonds or other municipal finance related legal issues;
- (4) Preparation and submission of transcripts of legal proceedings pertaining to the issuance of the Bonds to the Attorney General of Texas to obtain an approving opinion;
- (5) Supervision of preparation of the initial Bonds and the delivery thereof to the purchasers;
- (6) At the closing of the sale of the Bonds, delivery of an approving opinion, based on facts and law existing as of its date, as to the due authorization of the issuance,

execution, and delivery of the Bonds, the validity of the Bonds, and the tax exempt status of the interest thereon;

- (7) Prior to and in connection with the closing of the Bonds, giving advice to the City to enable appropriate officials to comply with the arbitrage requirements of the Internal Revenue Code of 1986 as they affect the Bonds, including yield restrictions and arbitrage rebate requirements;
- (8) After the closing of the sale of the Bonds and upon specific request of the City Attorney, providing assistance to the City concerning questions and issues that may arise prior to the maturity of the Bonds.

For the services performed hereunder, Co-Bond Counsel will be paid a fee which shall be calculated on an hourly rate basis pursuant to the schedule of rates attached hereto. Each such fee shall be paid from the proceeds of the sale of the Bonds. Each invoice will include an itemization of the hours worked by each attorney and legal assistant, the rate for each individual and description of the work performed by the individual. The aggregate maximum fees paid to Co-Bond Counsel shall not exceed \$150,000. Payment of our fee shall be made after issuance and delivery of the Bonds, within 30 days after receipt by the City of an approved invoice therefor.

Co-Bond Counsel will be reimbursed for their reasonable and actual out-of-pocket expenses, such as the cost of reproduction of documents, long distance telephone, telegraph, telex and similar expenses, deliveries, filing fees, and all items paid for by Co-Bond Counsel on behalf of the City, incurred in connection with the performance of all services hereunder. All of such expenses will be reasonable and subject to approval of the City Attorney; provided, however, that aggregate maximum reimbursable expenses shall not exceed \$5,000.

Co-Bond Counsel understands further that the City's obligation to pay for our services is limited to the amount of the original allocation and any supplemental allocations that the City may make for payments for services performed under this Agreement, all as set forth in the provisions of "Limitation of the City's Duties" attached hereto. Nothing herein shall be construed as creating personal liability on the part of any officer of the City, and this Agreement may be terminated by the City by giving 30 days' written notice.

Co-Bond Counsel agrees to submit to the City Attorney at the beginning of each calendar year a schedule showing the ethnic and gender make-up of partners and associates of our respective firms. In addition, we agree that conflicts affecting the City will be resolved in the City's favor, whenever possible. In the event a conflict cannot, in our judgment, be resolved in the City's favor, we will immediately advise the City Attorney. Any such failure to resolve a conflict in the City's favor will constitute grounds for termination of this Agreement by the City Attorney with ten days' notice.

If this proposed Agreement for the services of Co-Bond Counsel is satisfactory, please evidence your acceptance and approval by signing in the space provided below.

Very truly yours,

NORTON ROSE FULBRIGHT US LLP

By _____
Neil Thomas

[BURNEY & FOREMAN]

By _____
[Peggy Foreman]

APPROVED:

Mayor, City of Houston

ATTEST:

City Secretary

(SEAL)

COUNTERSIGNED:

City Controller

Date: _____

APPROVED:

City Attorney

NORTON ROSE FULBRIGHT US LLP

Schedule of Standard Hourly Rates
for Attorneys and Legal Assistants

Norton Rose Fulbright US LLP maintains a schedule of standard hourly rates for its attorneys and legal assistants, which is subject to periodic revision. The schedule in effect as of January 1, 2015, is as follows:

	<u>Hourly Rate</u>
Associates:	\$400 - \$695
Partners:	\$800 - \$850
Paralegals:	\$205 - \$255

[BURNEY & FOREMAN]

Schedule of Standard Hourly Rates
for Attorneys and Legal Assistants

[Burney & Foreman] maintains a schedule of standard hourly rates for its attorneys and legal assistants, which is subject to periodic revision. The schedule in effect as of January 1, 2015, is as follows:

	<u>Hourly Rate</u>
Associates:	\$175 - 350
Partners	\$350 - 450
Paralegals:	\$ 85 - 125

Limitation of City's Duties

(a) The City's duties to pay money to Co-Bond Counsel for any purpose under this Agreement are limited in their entirety by the provisions of this Section.

(b) In order to comply with Article II, Sections 19 and 19A of the City's Charter and Article XI, Section 5 of the Texas Constitution, the City has appropriated and allocated the maximum sum of \$150,000 to be used to discharge its duties to pay money under this Agreement (the "Original Allocation"). The parties recognize that the executive and legislative officers of the City, in the exercise of their sound discretion, may allocate supplemental sums of money for the purpose of this Agreement. Because the City's officers are not obligated to make any such supplemental allocations, the parties have agreed to certain procedures and remedies to be followed with respect thereto.

(c) A supplemental allocation will only be deemed to be made when the City sends a notice to the firm (which notice must be signed by the City Attorney and signed by the City Controller, and for which no Council action will be required) in substantially the following form:

“NOTICE OF SUPPLEMENTAL FUNDS”

TO: [Name of Firm]

FROM: City of Houston, Texas

DATE: [Date of Notice]

SUBJECT: Supplemental allocation of funds for the purpose of that certain “[title of this Agreement]” by and between the City and [name of Firm] countersigned by the City Controller on [date of countersignature] (the “Agreement”)

I, [name of City Controller], do hereby certify that the supplemental sum of \$ _____ has been allocated for the purpose of this Agreement.

The aggregate of all sums for the purpose of such Agreement, including the Original Allocation, other supplemental allocations (if any) and the supplemental sum specified herein, as of the date of this notice, is \$ _____.

Signed:

[Signature of the City Controller]
City Controller

REQUESTED:

[Signature of the City Attorney]
City Attorney

(d) The aggregate of the Original Allocation and all supplemental allocations, if any, effective by notice from the City Controller to Firm in substantially the foregoing form shall be the Allocated Funds. The City shall never be obligated to pay any money by, through, or under this Agreement in an aggregate amount which exceeds the level of the Allocated Funds.

NORTON ROSE FULBRIGHT US LLP

1301 McKinney, Suite 5100
Houston, Texas 77010

[**Date**]

Re: City of Houston, Texas, Combined Utility System First Lien Revenue Bonds,
Series 2015[** __ **] (the “Bonds”)

WE HAVE ACTED as Co-Bond Counsel for the City of Houston, Texas, a Texas home-rule city (the “City”) in connection with issuance of its Combined Utility System First Lien Revenue Bonds, Series 2015[** __ **], in the respective original principal amount of \$55,005,000 with a dated date of January 1, 2015, under a master ordinance and supplemental ordinance authorizing their issuance (the “Ordinance”).

WE HAVE ACTED as Co-Bond Counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the status of the interest on the Bonds under Federal income tax law. In such capacity we have examined relevant provisions of the Constitution and laws of the state of Texas and federal income tax law; a transcript of certain certified proceedings of the City Council of the City pertaining to the issuance of the Bonds; certain certifications and representations concerning the use and investment of proceeds of the Bonds, the use of other funds of the City, and other material facts within the knowledge and control of the City, upon which we rely; and certain other customary documents and instruments authorizing and relating to the issuance of the Bonds, including an executed Bond. We have not been requested to examine, and have not investigated or verified, any original proceedings, records, data, or other material, but have relied upon the transcript of certified proceedings. We have not assumed any responsibility with respect to the financial condition or capabilities of the City or the disclosure thereof in connection with the sale of the Bonds.

BASED ON SUCH EXAMINATION, it is our opinion that the transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently in effect; the Bonds are valid and legally binding obligations of the City in accordance with the terms and conditions thereof, except to the extent that the enforcement of the rights and remedies of the owners thereof may be limited by laws relating to bankruptcy, insolvency, reorganization, or moratorium or other similar laws affecting the rights of creditors, or the exercise of judicial discretion in accordance with general principles of equity; the Bonds have been authorized in accordance with law; and the Bonds, the outstanding combined utility system first lien revenue bonds, and any additional combined utility system first lien revenue bonds hereafter issued on a parity therewith are payable from and are secured by a first lien on the “Net Revenues” received and collected by the City from the operation and ownership of the “System” after making all “Required Payments” pursuant to the “Previous Ordinance,” as defined and provided in the Ordinance.

IT IS FURTHER OUR OPINION, based upon the foregoing, that 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 with the provisions of the Ordinance, interest on the Bonds (1) will be excludable from the gross income, as defined on section 61 of the Code, of the owners thereof for federal income tax purposes, and (2) will not be included in computing the alternative minimum taxable income for federal income tax purposes of the owners thereof who are individuals or, except as described below, corporations. The Bonds are not private activity bonds.

WE CALL TO YOUR ATTENTION THAT, with respect to our opinion in clause (2) of the previous paragraph, interest on the Bonds owned by a corporation will be included in such corporation's adjusted current earnings for purposes of calculating the alternative minimum taxable income of such corporation, other than an S corporation, a qualified mutual fund, a real estate mortgage investment conduit (REMIC), a real estate investment trust (REIT), or a financial assets securitization investment trust (FASIT). A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by section 55 of the Code is computed.

WE EXPRESS NO OTHER 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 S corporations with subchapter C earnings and profits, certain foreign corporations doing business in the United States, owners of an interest in a FASIT, 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 hereof. We assume no duty to update or supplement our opinions to reflect any changes in any law 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.



700 Milam, 5th Floor
Houston, Texas 77002

713.654.8651 Direct
800.922.9850 Toll Free
832.239.9015 Fax

Warren P. Cash III
Sr. Vice President

trey.cash@firstsw.com

May 6, 2015

Texas Water Development Board
1700 N. Congress Avenue
Austin, Texas 78701

Re: City of Houston, Texas, Combined Utility System

I am responding to a request that we provide this letter to the Texas Water Development Board (the "Board") addressing the concern that a potential conflict of interest may exist regarding the representation of both the City of Houston Combined Utility System, (the "Houston CUS") and the Board by our firm as financial advisor. The Houston CUS is in the process of requesting financial assistance in the amount of approximately \$300 million (the aggregate amount of two loan applications under the Board's SWIFT Program (the "Program")).

In our capacity as financial advisor to the Houston CUS, our firm is assisting the Houston CUS in its loan application process to the Board for the Houston CUS's potential issuance of bonds to be purchased by the Board through the Program. If the Houston CUS's applications are chosen by the Board, the Board will directly provide the terms of the loans to the Houston CUS. Our firm has no involvement in the ranking of loan applications by the Board or the determination of interest rates or any other terms by the Board. Moreover, in our representation of the Board in its offering debt obligations we only review numbers and terms of loan applications in the aggregate and do not review individual loan applications. This enables our firm to retain its independence in fulfilling the duties of its role as financial advisor in a transaction as described above.

Our representation of the Board as financial advisor in the issuance of its debt obligations is not substantially related to the Board's subsequent process in approving applications and funding loans from borrowers. As a result, there is no reasonable possibility that the representation of the Board and the Houston CUS will adversely limit the representation of the other. If you wish, I will be happy to discuss this in greater detail at your convenience.

Sincerely yours,

A handwritten signature in cursive script that reads "Warren P. Cash III".

Warren P. Cash III
Sr. Vice President



CITY OF HOUSTON

Finance Department

Annise D. Parker

Mayor

Kelly Dowe
Chief Business Officer
P.O. Box 1562
Houston, Texas 77251-1562

T. 832/393-9051
F. 832/393-9117
www.houstontx.gov

April 13, 2015

First Southwest Company
700 Milam St., Suite 500
Houston, TX 77002
Attn: Michael Bartolotta

Re: Renewal of Current Contract

The City of Houston would like to renew the current agreement with First Southwest Company for a period of one year, May 1, 2015 – April 30, 2016. This letter will serve as formal notice within the thirty day renewal period for the same terms and conditions under the current contract.

If you have any questions, please feel free to contact me at 832/393-9051.

Sincerely,

A handwritten signature in black ink, appearing to read "Kelly Dowe".

Kelly Dowe
Chief Business Officer
City of Houston

Controller's Office

To the Honorable Mayor and City Council of the City of Houston, Texas:

I hereby certify, with respect to the money required for the contract, agreement, obligation or expenditure contemplated by the ordinance set out below that:

- Funds have been encumbered out of funds previously appropriated for such purpose.
- Funds have been certified and designated to be appropriated by separate ordinance to be approved prior to the approval of the ordinance set out below.
- Funds will be available out of current or general revenue prior to the maturity of any such obligation.
- No pecuniary obligation is to be incurred as a result of approving the ordinance set out below.
- The money required for the expenditure or expenditures specified below is in the treasury, in the fund or funds specified below, and is not appropriated for any other purposes.
- A certificate with respect to the money required for the expenditure or expenditures specified below is attached hereto and incorporated herein by this reference.
- Other - Grant Funds Available

Date: 12-17, 2013

Ronald C. Shaw
City Controller of the City of Houston, Texas

FUND REF: 1000-6400-520105 AMOUNT: \$600,000.00 SAO 4500191973
OR 46-12376 ENCUMB. NO.:

City of Houston, Texas Ordinance No. 2014-8

AN ORDINANCE APPROVING AND AUTHORIZING A CONTRACT BETWEEN THE CITY AND McCONNELL & JONES LLP / BANKS, FINLEY, WHITE & CO., A JOINT VENTURE PARTNERSHIP KNOWN AS M&J/BFW TEAM FOR PROFESSIONAL AUDITING SERVICES; PROVIDING A MAXIMUM CONTRACT AMOUNT; CONTAINING PROVISIONS RELATING TO THE SUBJECT; AND DECLARING AN EMERGENCY.

* * * *

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HOUSTON, TEXAS:

Section 1. The City Council hereby approves and authorizes the contract, agreement or other undertaking described in the title of this Ordinance, in substantially the form as shown in the document which is attached hereto and incorporated herein by this reference. The Mayor is hereby authorized to execute such document and all related documents on behalf of the City of

Houston. The City Secretary is hereby authorized to attest to all such signatures and to affix the seal of the City to all such documents.

Section 2. The Mayor is hereby authorized to take all actions necessary to effectuate the City's intent and objectives in approving such agreement, agreements or other undertaking described in the title of this ordinance, in the event of changed circumstances.

Section 3. The City Attorney is hereby authorized to take all action necessary to enforce all legal obligations under said contract without further authorization from Council.

Section 4. The total allocation for the contract, agreement or other undertaking approved and authorized hereby shall never exceed \$7,000,000.00, unless and until this sum is increased by ordinance of City Council.

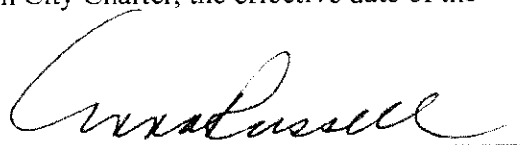
Section 5. There exists a public emergency requiring that this Ordinance be passed finally on the date of its introduction as requested in writing by the Mayor; therefore, this Ordinance shall be passed finally on such date and shall take effect immediately upon its passage and approval by the Mayor; however, in the event that the Mayor fails to sign this Ordinance within five days after its passage and adoption, it shall take effect in accordance with Article VI, Section 6, Houston City Charter.

PASSED AND ADOPTED this 8th day of January, 2014.

APPROVED this _____ day of _____, 20____.

Mayor of the City of Houston, Texas

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Ordinance is JAN 14 2014.



City Secretary

(Prepared by Legal Dept. San P. Nguyen)
(LPN:ln 10/30/1313) Senior Assistant City Attorney
(Requested by Kelly Dowe, Director, Finance Department)
(L.D. File No. 03413000139-001)

G:\CONTRACT\LPN\Ordinances\McConnell JV Team_Auditing Serv.doc

AYE	NO	
✓		MAYOR PARKER
••••	••••	COUNCIL MEMBERS
✓		STARDIG
✓		DAVIS
✓		COHEN
✓		BOYKINS
✓		MARTIN
✓		NGUYEN
✓		PENNINGTON
✓		GONZALEZ
✓		GALLEGOS
✓		LASTER
✓		GREEN
✓		COSTELLO
✓		ROBINSON
✓		KUBOSH
✓		BRADFORD
✓		CHRISTIE
CAPTION	ADOPTED	

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EXHIBITS

- A. Scope of Services
- B. Fee Schedule
- C. Equal Employment Opportunity
- D. Drug Policy Compliance Agreement
- E. Auditor's Certification of No Safety Impact Positions
- F. Drug Policy Compliance Declaration
- G. Form of Engagement Letter for Basic Services
- H. Project Team Staffing

C. Parts Incorporated

The above-described sections and exhibits are incorporated into this Agreement.

D. Controlling Parts

If a conflict among the Sections and Exhibits arises, the Sections control over the Exhibits.

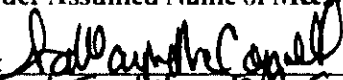
E. Signatures

The Parties have executed this Agreement in multiple copies, each of which is an original.

WITNESS:

Name: _____
Title: _____

Auditor:
MCCONNELL & JONES LLP (M&J)
& BANKS, FINLEY, WHITE & CO. (BFW)
Under Assumed Name of M&J/BFW Team

By: 
Name: Paul Wayne McConnell
Title: Managing Partner
TAX ID NO. 46-2499329

ATTEST/SEAL:


CITY OF HOUSTON, TEXAS
Signed by:

City Secretary

Mayor

APPROVED:

COUNTERSIGNED BY:



Director, Finance Department

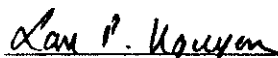
City Controller

APPROVED:

Calvin D. Wells, Deputy Director
City Purchasing Agent

APPROVED AS TO FORM:

DATE COUNTERSIGNED:



Sr. Assistant City Attorney
L.D. File No. 0341300139001

II. DEFINITIONS

As used in this Agreement, the following terms have the meanings set out below:

“Allocated Funds” is defined in Section IV(D).

“Auditor” is defined in the preamble of this Agreement, which definition includes its successors and assigns.

“Audit Committee” means the Finance Director and the City Controller or an audit committee as established by the Houston City Council.

“Basic Services” is defined in Exhibit “A”

“City” is defined in the preamble of this Agreement and includes its successors and assigns.

“City Controller” shall mean the City Controller of the City of Houston.

“City Purchasing Agent” shall mean the City Purchasing Agent of the City of Houston.

“Countersignature Date” means the date shown as the date countersigned on the signature page of this Agreement.

“Director” means the Director of Finance, or the person he or she designates.

“Document” means reports, charts, analyses, maps, letters, tabulations, exhibits, computer databases and diskettes, software, notes and other work products obtained by Auditor from the City or prepared by the Auditor as a task under this Agreement. “Document” does not include, however, the Auditor’s working papers, proprietary methodologies, software or databases.

“Fiscal Year” means the City’s Fiscal Year which runs from July 1 through June 30.

“Generally Accepted Accounting Principles” means accounting principles generally accepted in the United States of America.

' .
' .

. .

“Generally Accepted Auditing Standards” means auditing standards generally accepted in the United States of America.

“Mayor” means the Mayor of the City or his designated representative.

“Notice to Proceed” means the communication from the Director in an Engagement Letter to Auditor instructing Auditor to begin performance.

“Parties” mean all the entities set out in the Preamble who are bound by this Agreement.

“Special Services” is defined in Exhibit “A”.

III. DUTIES OF AUDITOR

A. Scope of Services

Auditor’s performance under this Agreement is divided into 2 categories of services: 1) Basic Services and 2) Special Services, as described in the attached Exhibit “A”. The Scope of Services also includes the matters set out in this section. In consideration of the payment specified in this Agreement, Auditor shall provide all labor, materials, and supervision necessary to perform the Basic Services and, if requested and agreed to by Auditor, the Special Services in each case, as set forth in a separate engagement letter in the form similar to the attached Exhibit “G” (each, an “Engagement Letter”), entered into by the City and the Auditor with respect to such services, in accordance with generally accepted auditing standards, for the fiscal years ending 2014, 2015, 2016 and for each additional year thereafter that the Auditor is engaged by the City. Engagement Letters providing for Auditor to perform Basic Services shall be substantially in the form set forth in the attached Exhibit “G”.

The Director will be responsible for requesting the specific services to be provided by the Auditor and that Auditor shall assume responsibility for performing such services and preparing the resulting report(s).

B. Coordinate Performance

Auditor shall coordinate the performance of its services with the Director. Auditor understands and agrees that the Director will be monitoring the day-to-day activities of Auditor through daily contact, meetings and formal progress reports. Auditor shall promptly report to the Director any conditions, transactions, situations or circumstances it encounters in the performance of its services, that would impede or impair the proper conduct of the services hereunder or which would seem to warrant a special investigation or report in more detail than which is necessary to perform the services under this Agreement.

C. Notice to Proceed

Auditor shall begin performance of its services under this Agreement on the date specified in a Notice to Proceed from the Director as stated in an Engagement Letter.

D. Reports

Auditor shall prepare and submit reports and provide progress updates as requested by the Director.

E. Schedule of Performance – General**1. Time of Performance**

Auditor shall commence services under this Agreement on the date specified by the Director. Such services shall be diligently performed thereafter, and shall be completed within the following specified times, as specified below under section D.2, unless an extension of time is agreed to by the Director, as specified below.

2. Due Dates

Except as specifically set forth in an Engagement Letter, due dates for subtasks and Deliverables are given in the table below. Dates are the same for each Fiscal Year that the Auditor provides Basic Services and assumes that the City's personnel provide the underlying reporting documents based on an

agreed upon timetable that allows ample time for the auditors to complete their work.

- a. Task 1 - Audit of Comprehensive Annual Financial Report (CAFR) for preceding Fiscal Year:
 - i. CAFR (Including Schedules of Federal and State Financial Assistance)
 - Draft Report: October 27
 - Issue Final Report: On or before November 15 of each year
 - ii. Houston Airport System CAFR
 - Draft Report: October 27
 - Issue Final Report: On or before November 15 of each year
 - iii. Auditor Proposed Adjusting Journal Entries
 - Submit to City Controller and Finance Director for review and approval prior to Draft CAFR
 - iv. Management Recommendation Letters
 - Draft Final Letter: On or before November 30
 - Issue Final Letter: On or before November 30 of each year
- b. Task 2 and Task 3 (Single Audit):
 - i. Evaluate the Overall Presentation of the Schedules of Federal/State Financial Assistance.
 - Completion: Same as CAFR dates
 - ii. Accountant's Reports - OMB Circular A-133
 - Draft Reports: Prepare and hold exit conference with Departments by November 15 of each year
 - Draft Reports: Prepare and hold exit conference with Director of Finance and City Controller by November 15 of each year.
 - iii. If requested by the City, **Follow-up** 90 days after issuance of the Single Audit
 - Issue Letter: **February 28 of each year**
- c. Task 4 – Agreed-upon Procedures for the Texas Commission of Environmental Quality (TCEQ)

- Draft Report: Within 60 days of the City providing the requisite information

3. Time Extensions

Upon request of the Auditor, the Director shall grant time extensions, as provided under Section V.C of this Agreement:

- to the extent of any delays caused by the City or other agencies with whom the work must be coordinated and over whom the Auditor has no control (but only to the extent that the exercise of due diligence and care on the part of the Auditor within the scope of its work under this Agreement could not have avoided such delays), and
- to the extent of any delays caused by Force Majeure as that term is defined herein.

The extension must be in writing but does not require amendment to this Agreement. Auditor is not entitled to damages for delay(s) regardless of the cause of the delay(s).

F. Subcontractors

Auditor shall be responsible for negotiating subcontracts with its subcontractors. Such agreements shall require the subcontracting parties to substantially comply with all the terms expressed herein. Also, Auditor shall notify the Director any time it utilizes a subcontractor, provide the Director with the subcontractor's professional qualifications and responsibilities, and must obtain the Director's approval prior to entering into an agreement with the subcontractor.

G. Payment of Subcontractors

Auditor's Duty to Pay

Auditor shall make timely payments to all of its subcontractors supplying labor, materials or equipment for the performance of this Agreement, in accordance with the provisions of Chapter 2251 of the Texas Government Code. AUDITOR SHALL DEFEND, INDEMNIFY AND HOLD

HARMLESS THE CITY FROM ANY CLAIMS OR LIABILITY ARISING OUT OF AUDITOR'S FAILURE TO MAKE THESE PAYMENTS.

H. RELEASE

AUDITOR AGREES TO AND SHALL RELEASE THE CITY, ITS AGENTS, EMPLOYEES, OFFICERS, AND LEGAL REPRESENTATIVES (COLLECTIVELY THE "CITY") FROM ALL LIABILITY FOR INJURY, DEATH, DAMAGE, OR LOSS TO PERSONS OR PROPERTY SUSTAINED IN CONNECTION WITH OR INCIDENTAL TO PERFORMANCE BY THE AUDITOR UNDER THIS AGREEMENT, EVEN IF THE INJURY, DEATH, DAMAGE, OR LOSS IS CAUSED BY THE CITY'S CONCURRENT NEGLIGENCE AND/OR THE CITY'S STRICT PRODUCTS LIABILITY OR STRICT STATUTORY LIABILITY.

I. INDEMNIFICATION

AUDITOR AGREES TO AND SHALL DEFEND, INDEMNIFY, AND HOLD THE CITY, ITS AGENTS, EMPLOYEES, OFFICERS, AND LEGAL REPRESENTATIVES (COLLECTIVELY THE "CITY") HARMLESS FOR ALL CLAIMS, CAUSES OF ACTION, LIABILITIES, FINES, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES, COURT COSTS, AND ALL OTHER DEFENSE COSTS AND INTEREST) FOR INJURY, DEATH, DAMAGE, OR LOSS TO PERSONS OR PROPERTY SUSTAINED IN CONNECTION WITH OR INCIDENTAL TO PERFORMANCE UNDER THIS AGREEMENT INCLUDING, WITHOUT LIMITATION, THOSE CAUSED BY:

- (I) AUDITOR'S AND/OR ITS AGENTS', EMPLOYEES', OFFICERS', DIRECTORS', CONTRACTORS', OR SUBCONTRACTORS' (COLLECTIVELY IN NUMBERED PARAGRAPHS 1-3, "AUDITOR")

ACTUAL OR ALLEGED NEGLIGENCE OR INTENTIONAL ACTS OR OMISSIONS;

(2) THE CITY'S AND AUDITOR'S ACTUAL OR ALLEGED CONCURRENT NEGLIGENCE, WHETHER AUDITOR IS IMMUNE FROM LIABILITY OR NOT; AND

(3) THE CITY'S AND AUDITOR'S ACTUAL OR ALLEGED STRICT PRODUCTS LIABILITY OR STRICT STATUTORY LIABILITY, WHETHER AUDITOR IS IMMUNE FROM LIABILITY OR NOT.

AUDITOR SHALL DEFEND, INDEMNIFY, AND HOLD THE CITY HARMLESS DURING THE TERM OF THIS AGREEMENT AND FOR FOUR YEARS AFTER THE AGREEMENT TERMINATES. AUDITOR'S INDEMNIFICATION IS LIMITED TO \$1,000,000 PER OCCURRENCE. AUDITOR SHALL NOT INDEMNIFY THE CITY FOR THE CITY'S SOLE NEGLIGENCE.

J. Insurance

Auditor shall maintain in effect certain insurance coverage and shall furnish certificates of insurance, in duplicate form, before beginning its performance under this Agreement. All policies except Professional Liability and Workers' Compensation must include the City as an additional insured. The issuer of any policy (1) shall have a Certificate of Authority to transact insurance business in Texas or (2) shall be an eligible non-admitted insurer in the State of Texas and have a Best's rating of at least B+ and a Best's Financial Size Category of Class VI or better, according to the most current edition Best's Key Rating Guide. Auditor shall maintain the following insurance coverages in the following amounts:

<u>(Coverage)</u>	<u>(Limit of Liability)</u>
Workers' Compensation	Statutory for Workers' Compensation
Employer's Liability	Bodily Injury by accident \$500,000 (each accident) Bodily Injury by Disease \$500,000 (policy limit) Bodily Injury by Disease \$500,000 (each employee)
Commercial General Liability: Including Broad Form Coverage, Contractual Liability, Bodily and Personal Injury, and Completed Operations	Bodily Injury and Property Damage, Combined Limits of \$500,000 each Occurrence and \$1,000,000 aggregate
Automobile Liability Insurance (for vehicles Auditor uses in performing under this Agreement, including Owned, Non-Owned and Hired Auto Coverage)	\$1,000,000 combined single limit per occurrence
Professional Liability Coverage	\$1,000,000 combined single limit

Defense costs are excluded from the face amount of the policy.
Aggregate Limits are per 12-month policy period,
unless otherwise indicated.

All insurance policies (except for Professional Liability) must require by endorsement that the insurance carrier waives any rights of subrogation against the City, and that Auditor shall give 30 days advance written notice to the City before any of its policies are canceled. In addition, Auditor shall give the City 30 days advance written notice of any cancellation, material changes or nonrenewal of any of its policies that would result in Auditor not maintaining insurance coverages in the amounts set forth in sub-sections (1)-(5) of this Section III.(I) during the term of this Agreement.

Within the 30 day period, Auditor shall secure other suitable policies in lieu of those about to be canceled, materially changed, or nonrenewed so as to maintain in effect the required coverage. For the avoidance of doubt, notwithstanding the cancellation, material changes or nonrenewal of any insurance policy that Auditor may have in effect as of the date hereof, Auditor shall maintain

insurance coverages in the amounts set forth in sub-sections (1)-(5) of this Section III.(I) during the term of this Agreement. If Auditor does not comply with this requirement, the Director, at his or her sole discretion, after the expiration of the 30 day period set forth in the preceding sentence, may

- (1) immediately suspend Auditor from any further performance under this Agreement and begin procedures to terminate for default, or
- (2) purchase the required insurance with City funds and deduct the cost of the premiums from amounts due to Auditor under this Agreement.

K. Warranties

Auditor's performance shall conform to the generally accepted auditing standards, applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments and Non-profit Organizations*. Auditor's performance shall also conform to the professional standards prevailing in Harris County, Texas with respect to the scope, quality, due diligence, and care of the services and products Auditor provides under this Agreement. Auditor shall perform all work using trained and skilled persons having experience performing the work required under this Agreement.

L. Confidentiality - Protection Of City's Interest

(1) Auditor, its employees, contractors, and subcontractors shall hold all City information, data, and documents (collectively, "the Information") that they receive, or to which they have access, in strictest confidence in perpetuity. Except in the performance of services hereunder or in accordance with the terms of this Agreement, Auditor, its employees, contractors, and subcontractors shall not disclose, disseminate, or use the Information unless the Director authorizes it in writing. This obligation of confidentiality shall not apply to information that (i) is or becomes

publicly available by other than a breach hereof (including, without limitation, any information filed with any governmental agency and available to the public); (ii) is required to be disclosed by order of a court of competent jurisdiction, administrative agency or governmental body, or by subpoena, summons or other legal process, or by law, rule or regulation, or by applicable regulatory or professional standards, provided that prior to such disclosure by the Auditor (to the extent permitted by applicable law, rule or regulation), that City is given reasonable advance notice of such order and an opportunity to object to such disclosure; or (iii) is disclosed by the Auditor in connection with any judicial or other proceeding involving the City and Auditor (or any partners, principals, directors, or employees of Auditor) (whether or not such proceeding involved any third party) relating to Auditor's services for the City of this Agreement.

Auditor shall obtain written agreements from its agents, employees, contractors, and subcontractors which bind them to the terms in this Section.

M. Use Of Work Products

(1) The City may use all notes, plans, computations, databases, tabulations, exhibits, photographs, reports, underlying data and other work products (collectively, the "Documents") that Auditor prepares or obtains under this Agreement. However, the City understands that the audit documentation under this Agreement is the property of the Auditor and constitutes confidential information, subject to the Texas Public Information Act. However, pursuant to authority given by law or regulation, the Auditor may be requested to make certain audit documentation available to regulators or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. Auditor will notify the Director of any such request. If requested, access to such audit documentation will be provided under the supervision of

the Auditor's personnel. Furthermore, upon request, Auditor may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by a regulator. If Auditor is aware that a federal awarding agency or auditee is contesting an audit finding, Auditor will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

In addition, upon the City's request, the Auditor shall provide the City Controller with detailed supporting schedules, flow charts or other analysis reasonably necessary to understand the reported findings and recommendations. Generally, this information is attached as exhibits to the final report, however the use of work products or Documents does not apply to the Auditor's working papers, which are considered the proprietary information of the Auditor.

(2) Auditor warrants that it owns the copyright to the Documents.

(3) Auditor shall deliver the original Documents to the Director on request. Within five working days after this Agreement terminates, Auditor shall deliver to the Director the original Documents, and all other files and materials Auditor gathers during its performance under this Agreement.

N. Licenses And Permits

Auditor shall obtain, maintain, and pay for all licenses, permits, and certificates including all professional licenses required by any statute, ordinance, rule, or regulation for the performance under this Agreement. Auditor shall immediately notify the Director of any suspension, revocation, or other detrimental action against his or her license.

O. Compliance With Laws

Auditor shall comply with all applicable state and federal laws and governmental regulations and the City Charter and Code of Ordinances in its performance under this Agreement.

P. Compliance With Equal Opportunity Ordinance

In the performance under this Agreement, Auditor shall comply with City's Equal Employment Opportunity Ordinance as set out in Exhibit "C".

Q. MWBE Compliance

In the performance under this Agreement, Auditor shall comply with the City's Minority and Women Business Enterprise ("MWBE") programs as set out in Chapter 15, Article V of the City of Houston Code of Ordinances. Auditor shall make good faith efforts to award subcontracts or supply agreements in at least 54% of the value of this Agreement to MWBEs. Auditor acknowledges that it has reviewed the requirements for good faith efforts on file with the City's Office of Business Opportunity ("OBO") and will comply with them.

R. Drug Abuse Detection And Deterrence

(1) It is the policy of the City to achieve a drug-free workforce and workplace. The manufacture, distribution, dispensation, possession, sale, or use of illegal drugs or alcohol by contractors while on City Premises is prohibited. Auditor shall comply with all the requirements and procedures set forth in the Mayor's Drug Abuse Detection and Deterrence Procedures for Contractors, Executive Order No. 1-31 ("Executive Order"), which is incorporated into this Agreement and is on file in the City Secretary's Office.

(2) Before the City signs this Agreement, Auditor shall file with the Contract Compliance Officer for Drug Testing ("CCODT"):

(a) a copy of its drug-free workplace policy,

- (b) the Drug Policy Compliance Agreement substantially in the form set forth in Exhibit "D," together with a written designation of all safety impact positions and,
- (c) if applicable (e.g. no safety impact positions), the Certification of No Safety Impact Positions, substantially in the form set forth in Exhibit "E."

If Auditor files a written designation of safety impact positions with its Drug Policy Compliance Agreement, it also shall file every 6 months during the performance of this Agreement or on completion of this Agreement if performance is less than 6 months, a Drug Policy Compliance Declaration in a form substantially similar to Exhibit "F." If applicable, Auditor shall submit the Drug Policy Compliance Declaration to the CCODT within 30 days of the expiration of each 6-month period of performance and within 30 days of completion of this Agreement. The first 6-month period begins to run on the date the City issues its Notice to Proceed or if no Notice to Proceed is issued, on the first day Auditor begins work under this Agreement.

(3) Auditor also shall file updated designations of safety impact positions with the CCODT if additional safety impact positions are added to Auditor's employee work force.

(4) Auditor shall require that its subcontractors comply with the Executive Order, and Auditor shall secure and maintain the required documents for City inspection.

S. Conflicts Of Interest

The Auditor's personnel performing services hereunder shall not represent any other client in any matter that would constitute a conflict of interest under the conflict of interest rules of the American Institute of Certified Public Accountants.

T. Pay or Play

The requirements and terms of the City of Houston Pay or Play program as set out in Executive Order 1-7, as revised from time to time, are incorporated into this Agreement for all purposes. Auditor has reviewed Executive Order No. 1-7-Revised and shall comply with its terms and conditions.

U. Staffing and Personnel of Auditor

Auditor shall commit the named individuals shown in Exhibit "H" – Project Team to oversee or perform the services under this Agreement, namely the Client Service Partner, the Engagement Partner and the Technical Partners, as detailed in the Organization Chart of Audit Team illustrated therein. In the event any of the above named individuals are no longer in the employ of Auditor, Auditor must replace them with someone at the same job classification with similar experience, job qualifications and skills, with the approval of the Director. Auditor shall replace any of its personnel or subcontractors whose work product is deemed unsatisfactory by the Director.

IV. DUTIES OF CITY**A. Payment Terms**

The City shall pay Auditor for its services at the hourly rate for each category of services performed by each applicable classification personnel as set forth in the Fee Schedule attached hereto as Exhibit "B". The hourly rates for various job classifications for the Basic Services and for Special Services listed in Exhibit "B" shall remain in effect through the Initial Term of this Agreement. For each renewal year thereafter, if any, Auditor shall be entitled to increase its hourly rates by a percentage not to exceed the increase to the United States Department of Labor Consumer Price Index – All Urban Consumers for the Houston-Galveston-Brazoria, Texas database for the first

month of the renewal year as compared to the same month of the preceding contract year, with a maximum percentage not to exceed 4% thereof.

Auditor further acknowledges that the fees set forth in Exhibit "B" represent the maximum compensation to be received by Auditor for performing the Services for each Fiscal Year, unless the Director agrees, in writing, to expand the scope of the Services and simultaneously provide additional funding for the expanded scope. All fees and expenses may only be paid from Allocated Funds, as provided in Section D. below.

B. Method Of Payment

1) Basic Services Fee.

City shall pay Auditor monthly for Basic Services rendered by Auditor pursuant to this Agreement, on the basis of valid invoices submitted by the Auditor and approved by the Director, showing the tasks performed, the hours worked in the preceding month and the corresponding hourly rate. To be effective, each invoice must include: (1) a summary progress report of hours worked by level of professional for the period covered by the invoice ("the Billing Period") expressed as a percentage of the total estimated Basic Services, with the applicable hourly rate and (2) the amount Auditor requests for payment. Payment to Auditor shall be made by the City within 30 days from receipt and approval of such an invoice by the Director.

2) Special Services Fee

(a) If the City requests any Special Services, the Auditor shall provide the Director with a written estimate of the fees it will charge to provide such services. Upon written approval of the Director and allocation of City funds therefor, Auditor shall proceed with the Special Services. Auditor shall bill

the City at the job classification rates for Special Services in accordance with the Fee Schedule in Exhibit B.

(b) Auditor shall request payment for Special Services by submitting an invoice to the City in the month following the performance of corresponding services. Invoices shall include an itemization justifying the fees charged for each task. The Special Services Fees shall be paid by the City on or about 30 days after receipt of a valid invoice submitted by the Auditor and approved by the Director and City Controller. The City agrees that it shall not unreasonably delay or withhold payment or approval for any invoice.

3) Disputed payments

If the City disputes any items in an invoice Auditor submits for any reason, including lack of supporting documentation, the Director shall temporarily delete the disputed item and pay the remaining amount of the invoice. The Director shall promptly notify the Auditor of the dispute and request clarification and/or remedial action. After the dispute is settled, the Auditor shall include the disputed amount on a subsequent regularly scheduled invoice or on a special invoice for the disputed item only.

C. Taxes

The City is exempt from payment of Federal Excise and Transportation Tax and Texas Limited Sales and Use Tax. Auditor's invoices to the City must not contain assessments of any of these taxes. The Director shall furnish the City's exemption certification and federal tax identification number to Auditor if requested.

D. Limit Of Appropriation

(1) The City's duty to pay money to Auditor under this Agreement is limited in its entirety by the provisions of this Section.

(2) In order to comply with Article II, Sections 19 and 19a of the City's Charter and Article XI, Section 5 of the Texas Constitution, the City has appropriated and allocated the sum of \$600,000 to pay money due under this Agreement (the "Original Allocation"). The executive and legislative officers of the City, in their discretion, may allocate supplemental funds for this Agreement, but they are not obligated to do so. Therefore, the parties have agreed to the following procedures and remedies:

(3) The City makes a Supplemental Allocation by issuing to Auditor a Service Release Order, or similar form approved by the City Controller, containing the language set out below. When necessary, the Supplemental Allocation shall be approved by motion or ordinance of City Council.

NOTICE OF SUPPLEMENTAL ALLOCATION OF FUNDS

By the signature below, the City Controller certifies that, upon the request of the responsible director, the supplemental sum set out below has been allocated for the purposes of the Agreement out of funds appropriated for this purpose by the City Council of the City of Houston. This supplemental allocation has been charged to such appropriation.

\$ _____

(4) The Original Allocation plus all supplemental allocations are the Allocated Funds. The City shall never be obligated to pay any money under this Agreement in excess of the Allocated Funds. Auditor must assure itself that sufficient allocations have been made

to pay for services it provides. If Allocated Funds are exhausted, Auditor's only remedy is suspension or termination of its performance under this Agreement, and it has no other remedy in law or in equity against the City and no right to damages of any kind.

E. Suspension Of Performance

The Director may suspend Auditor's performance under this Agreement, with or without cause, by notifying Auditor in writing. For a period of fifteen days from suspension of the Auditor's performance under this Agreement and upon mutual agreement by the parties, Auditor shall resume work when directed to do so by the Director, at no additional cost to the City that is directly attributable to (i) the Director's suspension of the Auditor's performance under this Agreement or (ii) the period of suspension set forth above. The City shall not grant any compensation or extension of time under this Section if the suspension results from material non-compliance of Auditor or its subcontractors with any material requirement of this Agreement.

F. City Assistance

The City Department personnel shall be available to render all reasonable assistance and shall, to the extent permitted by law, provide all necessary books and records, supporting schedules, account reconciliations, and account analyses in the City's possession that are necessary for Auditor to perform services under this Agreement. The Director reserves the right to assign a member of the Department's staff to assist the Auditor in the performance of Services under this Agreement, as mutually agreed upon.

In addition, the City Controller's Central Financial Reporting and Accounting staff shall be available to render all possible assistance and shall respond promptly to verbal or written requests for information, provide all necessary books and records, detailed trial balances, supporting schedules, account reconciliations, and account analyses and shall provide the necessary coordination with the

Information Services Division of Finance to obtain computer support and selective access to computer files. The City Controller's Internal Audit Division shall assist the Auditor to the degree negotiated by both parties. Workpapers and reports on completed internal control evaluations shall be made available to the Auditor upon a written request to the City Controller.

G. Reproduction Services And Workspace

The City shall provide reasonable on-site reproduction services and clerical support. Costs of special or extensive reproduction shall be the responsibility of the Auditor.

The City shall provide reasonable working space to the Auditor in locations maintained by the Finance Department or Controller's Office or other City facilities.

V. TERM AND TERMINATION

A. Contract Term

This Agreement is effective on the Countersignature Date and remains in effect for three (3) years therefrom ("Initial Term"), unless sooner terminated under this Agreement.

B. Renewals

Upon expiration of the Initial Term, this Agreement may be renewed for two successive one-year terms each upon the same terms and conditions, if Director, at his or her sole discretion, makes a written request for renewal to Auditor at least thirty (30) days before expiration of the then-current term and if sufficient funds are allocated to pay for such renewal term.

C. Time Extension

If Auditor requests an extension of time to complete its performance, then the Director, may, in his or her sole discretion, extend the term so long as the extension does not exceed 180 days. The extension must be in writing but does not require amendment of this Agreement. Auditor is not entitled to damages for delay(s) regardless of the cause of the delay(s).

D. Termination for Convenience by City

The Director may terminate this Agreement at any time by giving 30 days written notice to Auditor. The City's right to terminate this Agreement for convenience is cumulative of all rights and remedies, which exist now or in the future.

On receiving the notice, Auditor shall, unless the notice directs otherwise, immediately discontinue all services under this Agreement and cancel all existing orders and subcontracts that are chargeable to this Agreement. As soon as practicable after receiving the termination notice, Auditor shall submit an invoice showing in detail the services performed under this Agreement up to the termination date. The City shall then pay the fees to Auditor for services actually performed, but not already paid for, in the same manner as prescribed in Section IV.B., unless the fees exceed the allocated funds remaining under this Agreement.

TERMINATION OF THIS AGREEMENT AND RECEIPT OF PAYMENT FOR SERVICES RENDERED ARE AUDITOR'S ONLY REMEDIES FOR THE CITY'S TERMINATION FOR CONVENIENCE, WHICH DOES NOT CONSTITUTE A DEFAULT OR BREACH OF THIS AGREEMENT. AUDITOR WAIVES ANY CLAIM (OTHER THAN ITS CLAIM FOR PAYMENT AS SPECIFIED IN THIS SECTION) IT MAY HAVE NOW OR IN THE FUTURE FOR FINANCIAL LOSSES OR OTHER DAMAGES RESULTING FROM THE CITY'S TERMINATION FOR CONVENIENCE.

E. Termination for Cause by City

If Auditor defaults under this Agreement, the Director may terminate this Agreement after providing Auditor written notice and an opportunity to cure the default as provided below. The City's right to terminate this Agreement for Auditor's default is cumulative of all rights and remedies, which exist now or in the future. Default by Auditor occurs if:

- (1) Auditor fails to perform any of its material duties under this Agreement;
- (2) Auditor becomes insolvent;
- (3) all or a substantial part of Auditor's assets are assigned for the benefit of its creditors;
- or
- (4) a receiver or trustee is appointed for Auditor.

If a default occurs, the Director shall deliver a written notice to Auditor describing the default and the termination date. The Director, at his sole option, may, but is not obligated to, allow Auditor a time to cure the default, or extend the termination date to a later date by a written notice to Auditor.

If the Director allows the Auditor to cure the default and Auditor does so to the Director's satisfaction before the termination date, then the termination is ineffective. If Auditor does not cure the default before the termination date, then the Director may terminate this Agreement on the termination date, at no further obligation of the City.

To effect final termination, the Director must notify Auditor in writing. After receiving the notice, Auditor shall, unless the notice directs otherwise, immediately discontinue all services under this Agreement, and promptly cancel all orders or subcontracts chargeable to this Agreement.

F. Termination for Cause by Auditor

Auditor may terminate its performance under this Agreement only if the City defaults and fails to cure the default after receiving written notice of it. Default by the City occurs if the City fails to perform one or more of its material duties under this Agreement. If a default occurs and Auditor wishes to terminate the Agreement, then Auditor must deliver a written notice to the Director describing the default and the proposed termination date. The date must be at least 30 days after the Director receives the notice. Auditor, at its sole option, may extend the proposed termination date to a later date. If the City cures the default before the proposed termination date,

then the proposed termination is ineffective. If the City does not cure the default before the proposed termination date, then Auditor may terminate its performance under this Agreement on the termination date.

G. Effects of Termination

Upon termination, Auditor shall immediately turn over all work in progress and final Deliverables to the Director.

VI. MISCELLANEOUS

A. Independent Contractor

Auditor is an independent contractor and shall perform the services provided for in this Agreement in that capacity. The City has no control or supervisory powers over the manner or method of Auditor's performance under this Agreement. All personnel Auditor uses or provides are its personnel, employees or subcontractors and not the City's employees, agents, or subcontractors for any purpose whatsoever. Auditor is solely responsible for the compensation of its personnel, including but not limited to: the withholding of income, social security, and other payroll taxes and all worker's compensation benefits coverage.

B. Force Majeure

1. Neither party is liable for delays or other failures to perform its obligations under this Agreement to the extent the delay or failure is caused by Force Majeure. Force Majeure means fires, floods, explosions, and other acts of God, war, terrorist acts, riots, court orders, and the acts of superior governmental or military authority.

2. This relief is not applicable unless the affected party does the following:

(a) uses due diligence to remove the Force Majeure as quickly as possible;

- (b) provides the other party with prompt written notice of the cause and its anticipated effect (unless the Force Majeure prevents such party from providing such notice); and
- (c) provides the other party with written notice describing the actual delay or non-performance incurred within 7 days after the Force Majeure ceases.

3. If the Force Majeure continues for more than ten days, the Director may terminate this Agreement by giving 7 days written notice to Auditor. This termination is not a default or breach of this Agreement. AUDITOR WAIVES ANY CLAIM IT MAY HAVE FOR FINANCIAL LOSSES OR OTHER DAMAGES RESULTING DIRECTLY FROM TERMINATION IN ACCORDANCE WITH THIS SECTION VI (B), EXCEPT FOR AMOUNTS DUE UNDER THE AGREEMENT AT THE TIME OF THE TERMINATION.

4. Auditor is not relieved from performing its obligations under this Agreement due to a strike or work slowdown of its employees. Auditor shall employ only competent and qualified personnel during a strike.

C. Severability

If any part of this Agreement is for any reason found to be unenforceable, all other parts remain enforceable unless the result materially prejudices either party.

D. Entire Agreement

This Agreement merges the prior negotiations and understandings of the Parties and embodies the entire agreement of the Parties. No other agreements, assurances, conditions, covenants (express or implied), or other terms of any kind, exist between the Parties regarding this Agreement.

E. Written Amendment

Unless otherwise specified elsewhere in this Agreement, this Agreement may be amended only by written instrument executed on behalf of the City (by authority of an ordinance adopted by the City Council) and Auditor. The Director is only authorized to perform the functions specifically delegated to him or her in this Agreement.

F. Applicable Laws

This Agreement is subject to the laws of the State of Texas, the City Charter and Ordinances, the laws of the federal government of the United States, and all rules and regulations of any regulatory body or officer having jurisdiction.

Venue for any litigation relating to this Agreement is Harris County, Texas.

G. Notices

All notices to either party to the Agreement must be in writing and must be delivered by hand, facsimile, United States registered or certified mail, return receipt requested, United States Express Mail, Federal Express, Airborne Express, UPS or any other national overnight express delivery service. The notice must be addressed to the party to whom the notice is given at its address set out in Section I of this Agreement or other address the receiving party has designated previously by proper notice to the sending party. Postage or delivery charges must be paid by the party giving the notice.

H. Captions

Captions contained in this Agreement are for reference only, and, therefore, have no effect in construing this Agreement. The captions are not restrictive of the subject matter of any section in this Agreement.

I. Non-Waiver

If either party fails to require the other to perform a term of this Agreement, that failure does not prevent the party from later enforcing that term and all other terms. If either party waives the other's breach of a term, that waiver does not waive a later breach of this Agreement.

An approval by the Director, or by any other employee or agent of the City, of any part of Auditor's performance does not waive compliance with this Agreement or establish a standard of performance other than that required by this Agreement and by law. The Director is not authorized to vary the terms of this Agreement.

J. Inspections and Audits

City representatives may perform, or have performed, (1) audits of Auditor's books and records relating to Auditor's performance under this Agreement, and (2) inspections of all places where work is undertaken in connection with this Agreement. Auditor shall keep its books and records available for this purpose for at least 5 years after this Agreement terminates. This provision does not affect the applicable statute of limitations.

K. Enforcement

The City Attorney or his or her designee may enforce all legal rights and obligations of the City under this Agreement without further authorization from the City Council. Auditor shall provide the City Attorney all documents and records that the City Attorney requests to assist in determining Auditor's compliance with this Agreement, with the exception of those documents made confidential by federal or State law or regulation.

L. Ambiguities

If any term of this Agreement is ambiguous, it shall not be construed for or against any party on the basis that the party did or did not write it.

M. Survival

Auditor shall remain obligated to the City under all clauses of this Agreement that expressly or by their nature extend beyond the expiration or termination of this Agreement, including but not limited to, the indemnity provisions.

N. Publicity

Auditor shall make no announcement or release of information concerning this Agreement unless the release has been submitted to and approved, in writing, by the Director.

O. Parties In Interest

This Agreement does not bestow any rights upon any third party, but binds and benefits the City and Auditor only.

P. Successors and Assigns

This Agreement binds and benefits the Parties and their legal successors and permitted assigns; however, this provision does not alter the restrictions on assignment and disposal of assets set out in the following paragraph. This Agreement does not create any personal liability on the part of any officer or agent of the City.

Q. Business Structure and Assignments

Auditor shall not assign this Agreement at law or otherwise or dispose of all or substantially all of its assets without the Director's prior written consent. Nothing in this clause, however, prevents the assignment of accounts receivable or the creation of a security interest as described in §9.406 of the Texas Business & Commerce Code. In the case of such an assignment, Auditor shall immediately furnish the City with proof of the assignment and the name, telephone number, and address of the Assignee and a clear identification of the fees to be paid to the Assignee.

Auditor shall not delegate any portion of its performance under this Agreement without the Director's prior written consent.

R. Remedies Cumulative

Unless otherwise specified elsewhere in this Agreement, the rights and remedies contained in this Agreement are not exclusive, but are cumulative of all rights and remedies which exist now or in the future. Neither party may terminate its duties under this Agreement except in accordance with its provisions.

S. AUDITOR DEBT

IF AUDITOR, AT ANY TIME DURING THE TERM OF THIS AGREEMENT, INCURS A DEBT, AS THE WORD IS DEFINED IN SECTION 15-122 OF THE HOUSTON CITY CODE OF ORDINANCES, IT SHALL IMMEDIATELY NOTIFY THE CITY CONTROLLER IN WRITING UPON THE AUDITOR'S ENGAGEMENT LEADER BECOMES AWARE OF SUCH DEBT. IF THE CITY CONTROLLER BECOMES AWARE THAT AUDITOR HAS INCURRED A DEBT, HE/SHE SHALL IMMEDIATELY NOTIFY AUDITOR IN WRITING. IF AUDITOR DOES NOT PAY THE DEBT WITHIN 30 DAYS OF EITHER SUCH NOTIFICATION, THE CITY CONTROLLER MAY DEDUCT FUNDS IN AN AMOUNT EQUAL TO THE DEBT FROM ANY PAYMENTS OWED TO AUDITOR UNDER THIS AGREEMENT, AND AUDITOR WAIVES ANY RECOURSE THEREFOR.

AUDITOR SHALL FILE A NEW AFFIDAVIT OF OWNERSHIP USING THE FORM DESIGNATED BY CITY, BETWEEN FEBRUARY 1 AND MARCH 1 OF EVERY YEAR DURING THE TERM OF THIS AGREEMENT.

EXHIBIT "A"**SCOPE OF SERVICES**

- I. **BASIC SERVICES** The Basic Services to be performed under any Engagement Letter shall be set forth in such Engagement Letter. Such Basic Services may include, but are not necessarily limited to:

Task 1: Audit of Comprehensive Annual Financial Report (CAFR) commencing with fiscal year beginning July 1, 2013.

1.1 Auditor shall conduct annual financial audits of the COH's basic financial statements for the fiscal years ending June 30, 2014, 2015 and 2016. These audits shall be performed in accordance with generally accepted auditing standards; standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments and Non-profit Organizations, as amended*.

1.2 The Auditor shall plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements, whether caused by error or fraud, and shall perform tests of the COH's compliance with certain provisions of laws, regulations, contract, and grants. However, because of the characteristics of fraud, particularly those involving concealment and falsified documentation (including forgery), a properly planned and performed audit may not detect a material misstatement. Therefore, an audit conducted in accordance with generally accepted auditing standards is designed to obtain reasonable, rather than absolute, assurance that the financial statements are free of material misstatements. An audit is not designed to detect error or fraud that is immaterial to the financial statements or to detect immaterial instances of noncompliance.

1.3 In conjunction with its annual financial audit, the Auditor shall perform a compliance audit of management controls on investments, adherence to the City's established investment policies and the quarterly reports prepared by the investment manager. The results of the review shall be reported to the Audit Committee.

1.4 As part of the audit, the Auditor shall consider the COH internal control process and assess control risk, as required by generally accepted auditing standards and standards applicable to financial audits contained in *Government Auditing Standards*, for the purpose of establishing a basis for determining the

nature, timing, and extent of auditing procedures necessary for expressing an opinion on the financial statements, and not as a means for providing assurance on the COH's internal control process or to identify reportable conditions.

1.5 The auditing procedures shall include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. The Auditor shall make audit inquiries and request written responses from the COH's attorneys as part of the engagement.

1.6 As part of the audit of compliance with the requirements of major federal programs, the Auditor shall obtain an understanding of the COH internal control process related to administering major federal programs and the Auditor shall assess risk as required by OMB Circular A-133 for the purpose of establishing the nature, timing, and extent of auditing procedures necessary for expressing an opinion concerning compliance with laws and regulations related to major federal award programs.

1.7 As required by OMB Circular A-133, the compliance audit shall also include tests of transactions related to federal award programs for compliance with applicable laws and regulations. However, because of the concept of reasonable assurance and because the Auditor shall not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or illegal acts may exist and not be detected by the Auditor. The Auditor shall advise the City however, of any related matters that come to the Auditor's attention, and shall include such matters in the reports required for an audit in accordance with OMB Circular A-133. The Auditor's responsibility as Auditor is limited to the periods for which the Auditor has been engaged as auditor or for which the Auditor has performed substantive auditing procedures.

1.8 The report on the Auditor's understanding of the City's internal control process and the assessment of control risk made as part of the City financial statement audit shall include: (1) the scope of our work in obtaining an understanding of the City's internal control and in assessing the control risk; and (2) the deficiencies in internal control, including the identification of significant deficiencies and material weaknesses identified as a result of the Auditor's work in understanding and assessing the control risk.

1.9 The Auditor shall complete and sign one copy of the Auditor's information section of the Data Collection form. COH management must prepare all other

sections of the form and sign the form prior to its submission to the Federal Audit Clearinghouse.

1.10 The Auditor's ability to express an opinion and render those reports and the wording of the Auditor's opinion and reports, will be dependent on the facts and circumstances at the date of such reports. If, for any reason, the Auditor is unable to complete the audit or is unable to form or has not formed an opinion, the Auditor may decline to express an opinion or decline to issue a report as a result of this engagement. If the Auditor is unable to complete the audit or if the auditor's reports require modification, the Auditor shall discuss the reasons with the Director.

1.11 The Auditor understands that the Auditor's reports on the City's internal control (as part of the financial statement audit and in compliance with laws and regulations) are intended for the information of the management and others within the City and applicable federal and statute granting organizations.

1.12 The Auditor shall advise the City Controller as the City Controller prepares and compiles the Comprehensive Annual Financial Report (CAFR) in accordance with Governmental Accounting and Financial Reporting Standards which is published and issued by the Governmental Accounting Standards Board (GASB) and all eligibility requirements of the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program.

1.13 The Auditor shall determine and issue reports including opinions on:

1.13.1 The entity-wide financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, which collectively comprise the City's basic financial statements as of the year end, and the respective changes in financial position and cash flows, where applicable, for the year then ended.

1.13.2 The financial statements of the Houston Airport System at year end, and the changes in financial position and cash flows thereof for the year then ended.

1.13.3 Whether the COH meets the financial assurance requirements of the Texas Commission on Environmental Quality (TCEQ).

1.13.4 Auditor shall prepare a management recommendation letter. The letter may communicate opportunities for the City to improve the economy and efficiencies of the City financial management practices that come to the Auditors attention during the audit process. The letter shall contain the responses from the responsible City Department Directors. Prior to issuance, the Auditor shall review the proposed draft letter with the Director of Finance and the City Controller. Subsequent to issuance, the Auditor shall review the final letter with the Mayor and City Council, if requested to do so. At the request of the City and, within 90 days after the issuance of the management recommendation letter, the Auditor shall evaluate the quality of the implementation of all agreed-to recommendations and submit a report on the status and condition of implementation to the Director of Finance and the City Controller.

Task 2: Single Audit Report including the Schedule of Expenditures of Federal Awards (SEFA)

2.1 In conjunction with the CAFR financial audit, the Auditor shall perform an audit of federal awards under the Single Audit Act, 1996, as amended, Office of Management and Budget (OMB) Circular A-133, and any amendments or supplements thereto. Successor publications will also apply in addition to the auditor requirements of OMB Circular A-133; the Auditor shall perform the following tasks:

2.2 The Auditor shall assist the City, up to a maximum of 20 hours, in its efforts to obtain acceptance of the Plan for Corrective Action by the Federal Cognizant Agency.

2.3 At the request of the Director, the Auditor shall conduct follow-up on corrective actions taken by the City ninety (90) days after issuance of the final audit report, evaluate the City's progress in correcting the problems, and separately report the findings to the Director of Finance and to the City Controller.

2.4 At the request of the Director, the Auditor shall follow-up on single-audit findings and recommendations to ascertain that resolution has been achieved. The Auditor shall, by the end of each month, submit a report to the Director and City Controller on the quality and timeliness of individual resolution decisions.

Task 3: State of Texas Single Audit Circular (Uniform Grant Management Standard)

3.1 In conjunction with the CAFR audit, the Auditor shall also perform auditing procedures on the City state programs in accordance with the provisions

of the State of Texas Single Audit Circular (Uniform Grant Management Standard)

3.2 Prior to the City publication of the State Single Audit Report, the Auditor shall review and evaluate the proposed Plan for Corrective Action.

3.3 The Auditor shall assist the City, up to a maximum of 20 hours, in its efforts to obtain acceptance of the Plan for Corrective Action by the State Cognizant Agency.

3.4 At the request of the Director, the Auditor shall conduct follow-up on corrective actions taken by the City ninety (90) days after issuance of the final audit report, evaluate the City's progress in correcting the problems and report separate findings to the Director of Finance and the City Controller.

3.5 At the request of the Director, the Auditor shall be responsible for follow-up on State single audit findings and recommendations to ascertain that resolution has been achieved. The Auditor shall, by the end of each month, submit a report to the Director and City Controller on the quality and timeliness of individual resolution decisions.

Task 4: Reports to be issued: Following the completion of the audit of each fiscal year's financial statements, the Auditor shall issue:

4.1 A report on the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America.

4.2 A report on internal control over financial reporting and on compliance and other matters based on an audit of the financial statements performed in accordance with Government Auditing Standards.

4.3 A report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with OMB Circular A-133.

Task 5: Special Services

Special Services shall be requested in a written notice signed by the Mayor or designee only if City Council has allocated sufficient funds to pay for these Services.

5.1 Determine whether the COH is in substantial compliance with the significant financial and accounting requirements of ordinances pertaining to the revenue bonds associated with the various enterprise funds. The documents requiring opinions are:

5.1.1 Convention & Entertainment Facilities Department -Schedule of Pledged Revenues and Debt Service Requirements;

5.1.2 Airport - Schedule of Overhead and Direct Charges; Schedule of Gross Revenues, Net Revenues, and Debt Service Requirements;

5.1.3 Water and Sewer - Schedule of Gross Revenues, Net Revenues and Debt Service Requirements;

5.2 Selected Audits/Reviews/Corrective Action Plans. The Auditor may be requested to conduct various financial audits, and/or corrective action plans and reviews of City activities and funds.

5.3 Other Audits. The Auditor shall furnish all services and materials necessary for the performance of financial and compliance audits of any fund, department, or division operations of the City not included in the Scope of Services for Basic Services.

5.4 Travel. The Auditor shall journey to places outside Harris County, Texas in connection with any Special Services, if needed.

5.5 Expert Witness. The Auditor may be requested to assist the City as an expert witness in litigation with third parties or administrative proceedings.

5.6 Special Investigations or Studies. The Auditor shall conduct special investigations or studies within the Auditor's expertise, but not specified as a Basic Service.

5.7 Bond and Note Offerings. The Auditor shall furnish all services and materials necessary to render consents, to date reviews or other requested services for use in connection with the sale of bonds, notes, etc.; prepare and submit written reports with respect to such funds; advise and assist the COH in connection with such work and in connection with the preparation of various official statements relating thereto. In a typical year, the City will have four to six offerings, including, but not limited to:

5.7.1 A tax and revenue anticipation note for General Fund cash flow;

5.7.2 A public improvement bond issue;

5.7.3 Two utility system issues; and

5.7.4 An airport system and/or convention and entertainment system issue.

5.8 Conferences. The Auditor shall attend periodic conferences with City officials and regulatory officials.

5.9 Quality Control Review (QCR). The Auditor shall review and evaluate the work of other CPA firms engaged by the City. Such QCR will be provided for within the other CPA firm's contract with the City and may be performed in conjunction with members of the City Auditor's or federal cognizant audit agency staffs.

5.10 Governmental Accounting Standards Board. The Auditor shall furnish services and materials necessary or proper for the performance of reviewing the City's planning, preparation and implementation of GASB pronouncements.

5.11 Training for Finance Department and Other City Staff. Each year of the contract, the Auditor shall provide training as outlined below:

5.11.1 Accounting and Auditing Updates Provide a one-day seminar (equivalent to 8 CPE credits, including 2 credits of ethics) discussing accounting principles generally accepted in the United States of America, issues related to the City, recently issued, recently adopted and/or proposed GASB pronouncements of significance to the City, and ethics. This seminar will be provided to the Finance Department personnel and other City personnel designated by the Finance Director.

5.12 Any other services requested.

EXHIBT "B"
BASIC SERVICES

YEAR 1

Position	Rate	Estimated No. of Hours	Total
Partner	\$ 300	800	\$ 240,000
Manager	\$ 225	1,200	\$ 270,000
Senior	\$ 150	5,000	\$ 750,000
Staff	\$ 125	3,000	\$ 375,000
Total			\$ 1,635,000
Discount			\$ (435,000)
Base Year (FY2014) Fee			\$ 1,200,000

YEAR 2

Position	Rate	Estimated No. of Hours	Total
Partner	\$ 309	800	\$ 247,200
Manager	\$ 232	1,200	\$ 278,400
Senior	\$ 155	5,000	\$ 775,000
Staff	\$ 129	3,000	\$ 387,000
Total			\$ 1,687,600
Discount			\$ (451,600)
Base Year (FY2015) Fee			\$ 1,236,000

YEAR 3

Position	Rate	Estimated No. of Hours	Total
Partner	\$ 318	800	\$ 254,400
Manager	\$ 239	1,200	\$ 286,800
Senior	\$ 159	5,000	\$ 795,000
Staff	\$ 133	3,000	\$ 399,000
Total			\$ 1,735,200
Discount			\$ (461,200)
Base Year (FY2016) Fee			\$ 1,274,000

*Fees for Option Renewal Years with a 4% increase: FY2017 (\$1,325,000) and FY2018 (\$1,378,000)

SPECIAL SERVICES
HOURLY RATES
DURING AGREEMENT INITIAL TERM

<u>POSITION</u>	<u>RATE</u>
PARTNER	\$300/hour
SENIOR MANAGER/MANAGER	\$225/hour
SENIOR AUDITOR	\$150/hour
STAFF AUDITOR	\$125/hour

*Rates for Special Services for Option Renewal Years (FY2017 and FY2018) may have a 4% increase, as mutually agreed to between the Parties.

EXHIBIT "C"**EQUAL EMPLOYMENT OPPORTUNITY**

1. The contractor, subcontractor, vendor, supplier, or lessee will not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, or age. The contractor, subcontractor, vendor, supplier, or lessee will take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, religion, color, sex, national origin, or age. Such action will include, but not be limited to, the following: employment; upgrading; demotion or transfer; recruitment advertising; layoff or termination; rates of pay or other forms of compensation and selection for training, including apprenticeship. The contractor, subcontractor, vendor, supplier or lessee agrees to post in conspicuous places available to employees, and applicants for employment, notices to be provided by the City setting forth the provisions of this Equal Employment Opportunity Clause.

2. The contractor, subcontractor, vendor, supplier, or lessee states that all qualified applicants will receive consideration for employment without regard to race, religion, color, sex, national origin or age.

3. The contractor, subcontractor, vendor, supplier, or lessee will send to each labor union or representatives of workers with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided by the agency contracting officer advising the said labor union or worker's representative of the contractor's and subcontractor's commitments under Section 202 of Executive Order No. 11246, as amended and superseded, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

4. The contractor, subcontractor, vendor, supplier, or lessee will comply with all provisions of Executive Order No. 11246, as amended and superseded, and the rules, regulations, and relevant orders of the Secretary of Labor or other Federal Agency responsible for enforcement of the equal employment opportunity and affirmative action provisions applicable and will likewise furnish all information and reports required by the Mayor and/or Contractor Compliance Officer(s) for purposes of investigation to ascertain and effect compliance with this program.

5. The contractor, subcontractor, vendor, supplier, or lessee will furnish all information and reports required by Executive Order No. 11246, as amended and superseded, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to all books, records, and accounts by the appropriate City and Federal Officials for purposes of investigations to ascertain compliance with such rules, regulations, and orders. Compliance reports filed at such times as directed shall contain information as to the employment practice policies, program, and work force statistics of the contractor, subcontractor, vendor, supplier, or lessee.

6. In the event of the contractor's, subcontractor's, vendor's, supplier's, or lessee's non-compliance with the non-discrimination clause of this contract or with any of such rules, regulations, or orders, this contract may be canceled, terminated, or suspended in whole or in part, and the contractor, subcontractor, vendor, supplier, or lessee may be declared ineligible for further City contracts in accordance with procedures provided in Executive Order No. 11246, as amended and superseded, and such other sanctions may be imposed and remedies invoked as provided in the said Executive Order, or by rule, regulation, or order of the Secretary of Labor, or as may otherwise be provided by law.

7. The contractor shall include the provisions of paragraphs 1-8 of this Equal Employment Opportunity Clause in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, as amended and superseded, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontractor or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event the contractor becomes involved in, or is threatened with litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

8. The contractor shall file and shall cause his or her subcontractors, if any, to file compliance reports with the City in the form and to the extent as may be prescribed by the Mayor. Compliance reports filed at such times as directed shall contain information as to the practices, policies, programs, and employment policies and employment statistics of the contractor and each subcontractor.

EXHIBIT "D"

DRUG POLICY COMPLIANCE AGREEMENT

I, _____ as an owner or officer of
(Name) (Print/Type) (Title)
_____ (Contractor)
(Name of Company)

have authority to bind Contractor with respect to its bid, offer or performance of any and all contracts it may enter into with the City of Houston; and that by making this Agreement, I affirm that Contractor be bound by and agree to designate appropriate safety impact positions for company employee positions and to comply with the following requirements before the City issues a notice to proceed:

1. Develop and implement a written Drug Free Workplace Policy and related drug testing procedures for the Contractor that meet the criteria and requirements established by the Mayor's Amended Policy on Drug Detection and Deterrence (Mayor's Drug Policy) and the Mayor's Drug Detection and Deterrence Procedures for Contractors (Executive Order No. 1-31).]
 4. Obtain a facility to collect urine samples consistent with Health and Human Services (HHS) guidelines and a HHS certified drug testing laboratory to perform the drug tests.
 5. Monitor and keep records of drug tests given and the results; and upon request from the City of Houston, provide confirmation of such testing and results.
 6. Submit semi-annual Drug Policy Compliance Declarations.

I affirm on behalf of the Contractor that full compliance with the Mayor's Drug Policy and Executive Order No. 1-31 is a material condition of the contract with the City of Houston.

I further acknowledge that falsification, failure to comply with or failure to timely submit declarations and/or documentation in compliance with the Mayor's Drug Policy and/or Executive Order No. 1-31 will be considered a breach of the contract with the City and may result in non-award or termination of the contract by the City of Houston.

Date

Contractor Name

Signature

Title

EXHIBIT "E"

**CONTRACTOR'S CERTIFICATION
OF NO SAFETY IMPACT POSITIONS
IN PERFORMANCE OF A CITY CONTRACT**

I, _____,
(Name) (Title)

as an owner or officer of _____ (Contractor)
(Name of Company)

have authority to bind the Contractor with respect to its bid, and hereby certify that Contractor has no employee safety impact positions, as defined in §5.18 of Executive Order No. 1-31, that will be involved

in performing _____
(Project)

Contractor agrees and covenants that it shall immediately notify the City of Houston Director of Human Resources if any safety impact positions are established to provide services in performing this City Contract.

(Date)

(Typed or Printed Name)

(Signature)

(Title)

EXHIBIT "F"

DRUG POLICY COMPLIANCE DECLARATION

I, _____ as an owner or officer of
 _____ (Name) (Print/Type) (Title)
 _____ (Contractor)
 _____ (Name of Company)

have personal knowledge and full authority to make the following declarations:
 This reporting period covers the preceding 6 months from _____ to _____, 20____.

_____ A written Drug Free Workplace Policy has been implemented and employees notified.
 Initials The policy meets the criteria established by the Mayor's Amended Policy on Drug Detection and Deterrence (Mayor's Policy).

_____ Written drug testing procedures have been implemented in conformity with the Mayor's
 Initials Drug Detection and Deterrence Procedures for Contractors, Executive Order No. 1-31. Employees have been notified of such procedures.

_____ Collection/testing has been conducted in compliance with federal Health and Human
 Initials Services (HHS) guidelines.

_____ Appropriate safety impact positions have been designated for employee positions
 Initials performing on the City of Houston contract. The number of employees in safety impact positions during this reporting period is _____.

_____ From _____ to _____ the following test has occurred
 Initials (Start date) (End date)

	<u>Random</u>	<u>Reasonable Suspicion</u>	<u>Post Accident</u>	<u>Total</u>
Number Employees Tested	_____	_____	_____	_____
Number Employees Positive	_____	_____	_____	_____
Percent Employees Positive	_____	_____	_____	_____

_____ Any employee who tested positive was immediately removed from the City worksite
 Initials consistent with the Mayor's Policy and executive Order No.1.-31.

_____ I affirm that falsification or failure to submit this declaration timely in accordance
 Initials with established guidelines will be considered a breach of contract.

_____ Date _____ (Typed or Printed Name)
 _____ (Signature)
 _____ (Title)

EXHIBIT "G"

Form of Engagement Letter for Basic Services

Date
Mayor
City of Houston, Texas
P.O. Box 1562
Houston, TX 77251

Director of Finance
City of Houston, Texas
611 Walker, 10th Floor
Houston, Texas 77002

Dear Mayor,

McConnell & Jones LLP (M&J) & Banks, Finley, White and Company (BFW), a Joint Venture Partnership doing business in Texas under the assumed name of J&J/BFW Team ("M&J/BFW Team" or "Auditor" or "we" or "us") are pleased to confirm our understanding of the services we are to provide the City of Houston, Texas (the "City") for the year ended June 30, _____. M&J/BFW Team will be responsible for the services that we perform for the City hereunder.

The services to be performed by M&J/BFW Team pursuant to this engagement are subject to the terms and conditions of the Agreement for Professional Auditing Services (Contract No. _____), dated effective _____ between the City and M&J/BFW Team ("the Agreement") and the terms and conditions set forth herein and in the accompanying appendices hereto. The terms and conditions hereof shall be effective as of the date of the commencement of services described herein.

We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements, of the City as of and for the year ended June 30, _____. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the City's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the City's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) General Operating Fund – Budget to Actual
- 3) Pension System Supplementary Information
- 4) Other Post Employment Retirement Benefits Supplementary Information

We have also been engaged to report on supplementary information other than RSI that accompanies the City's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole:

- 1) Schedule of Expenditures of Federal Awards (Federal and State of Texas)
- 2) Combining and Individual Fund financial statements in preparation of Comprehensive Annual Financial Report (CAFR)

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

- 1) Introductory Section of CAFR
- 2) Statistical Section of CAFR

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on:

- Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single

Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.*

The reports on internal control and compliance will each include a paragraph that states that the purpose of the report is solely to describe (1) the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, (2) the scope of testing internal control over compliance for major programs and major program compliance and the result of that testing and to provide an opinion on compliance but not to provide an opinion on the effectiveness of internal control over compliance, and (3) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance and OMB Circular A-133 in considering internal control over compliance and major program compliance. The paragraph will also state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; the State of Texas Single Audit Act (Uniform Grant Management Standards); and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133, and other procedures we consider necessary to enable us to express such opinions and to render the required reports. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements or the Single Audit compliance opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

Management Responsibilities

Management is responsible for the basic financial statements, schedule of expenditures of federal and state awards, and all accompanying information as well as all representations contained therein. Management is also responsible for identifying government award programs and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal and state awards in accordance with the requirements of OMB Circular A-133 and the State of Texas Uniform Grant Management Standards. As part of the audit, we will assist with preparation of your financial statements, schedule of expenditures of federal and state awards, and related notes. You will be required to acknowledge in the written representation letter our assistance with preparation of the financial statements and schedule of expenditures of federal and state awards and that you have reviewed and approved the financial statements, schedule of expenditures of federal and state awards, and related notes prior to their issuance and have accepted responsibility for them. You agree to assume all management responsibilities for any nonaudit services we provide; oversee the services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met and that there is reasonable assurance that government programs are administered in compliance with compliance requirements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for ensuring that management is reliable and financial information is reliable and properly recorded. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government, (4) access to information of components and/or component auditors relative to facilitating group audit requirements under GAAS.

Management responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants.

Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for our review during the preliminary phase of the audit.

Management is responsible for preparation of the schedule of expenditures of federal awards in conformity with OMB Circular A-133. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to [include the audited financial statements with any presentation of the schedule of expenditures of federal and state awards that includes our report thereon OR make the audited financial statements readily available to intended

users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon]. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with OMB Circular A-133; (2) that you believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with OMB Circular A-133; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

Management is also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies.

You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to using the auditor's report, you understand that you must obtain our prior written consent to reproduce or use our report in bond offering official statements or other documents.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial

statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors are limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions.

In connection with the audit of the City, we will serve as the *group auditor* in connection with *components* of the City, both terms as defined by generally accepted auditing standards. During the planning phase of the City's audit, we will make a decision whether to make reference to component auditor's work in our auditor's report on the City's financial statements or perform additional audit procedures on the respective components in order to opine on the group financial statements. Under the capacity as group auditor and with the assistance of City management, we will request the following from component auditors:

- A copy of the financial statements of the respective components for the most recent audit period in relation to the City's fiscal year end.
- To advise us of other related parties not included on the list of City related parties as provided them and any related party transactions as they become known to the component auditors and of transactions with related parties that differ from any we may describe to them.
- To update their subsequent events procedures from the date of their report on the financial statements of respective components to the expected date of our report on the City's financial statements, and advise us of any subsequent events they identify that may require adjustment to, or disclosure in, the City's financial statements

We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by OMB Circular A-133, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and OMB Circular A-133.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OMB Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Circular A-133 Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the City's major programs. The purpose of these procedures will be to express an opinion on

the City's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Circular A-133.

Engagement Administration, Fees, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash, accounts receivable, or other confirmations and schedules we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

The audit documentation for this engagement is the property of the M&J/BFW Team and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to the Cognizant or Oversight Agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of the M&J/BFW Team personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the federal cognizant agency for the City. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit

finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit upon signing of this engagement letter and to issue our reports no later than December 1, _____. Gregory Ellison is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be \$_____ consistent with the fee set forth in Exhibit B of the Agreement with the City. Our invoices for these fees will be rendered each month in accordance with Section IV.B of the Agreement. The above fee is based on anticipated cooperation from City personnel and the assumption that unexpected circumstances will not be encountered during the audit.

We appreciate the opportunity to be of service to the City of Houston, Texas and believe this letter accurately summarizes the significant terms of our engagement under generally accepted auditing standards in addition to other provisions set forth in the Agreement.

If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

You have requested that we provide you with a copy of our most recent external peer review reports and any subsequent reports received during the contract period. Accordingly, our _____ peer review report accompanies this letter.

Very truly yours,

McConnell & Jones LLP (M&J)
& Banks, Finley, White and Company (BFW)
Under Assumed Name of M&J/BFW Team

Wayne McConnell, CPA
Partner

RESPONSE:

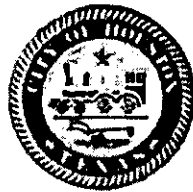
This letter correctly sets forth the understanding of the City of Houston, Texas.

Acknowledged and approved on behalf of
The Mayor of the City of Houston, Texas:

Signature: _____
Title: Finance Director
Date: _____

EXHIBIT "H"
PROJECT TEAM
(See attached)

Organization Chart of Audit Team



Wayne McConnell, CPA
Client Service Partner

Gregory Ellison, CPA
Engagement Partner

Technical Partners

Jim White, CPA
Gov't Funds/
Financial Reporting

Jeff White, CPA
Utility Systems

L. Michael Forsythe,
CPA, CFE
Airport Systems

Enterprise Funds	Governmental Funds	Other Funds/ Component Units	Single Audit
Wandalyn Wright, CPA	Shintasha Brock, CPA	Godwin Okoye, CPA	Imran Khimani, CPA

City of Houston Resolution No. 2015-21

A RESOLUTION AUTHORIZING LOAN APPLICATIONS TO THE TEXAS WATER DEVELOPMENT BOARD (STATE WATER IMPLEMENTATION FUND PROGRAM).

* * *

WHEREAS, the City of Houston, Texas, deems it appropriate to apply to the Texas Water Development Board for financial assistance by requesting loan commitments from the State Water Implementation Fund Program in connection with two projects for the City's NE Water Plant; and

WHEREAS, in accordance with the rules and regulations of the Texas Water Development Board, which govern the procedures of making such applications, the governing body of the City is required to adopt a resolution to accompany such applications;

NOW THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HOUSTON, TEXAS:

Section 1. That the Texas Water Development Board is hereby requested to grant financial assistance to the City of Houston by loan commitments from the State Water Implementation Fund Program, the first loan to be in the maximum amount of \$183,635,000 for the expansion of the City's NE Water Plant and the second loan to be in the maximum amount of \$112,490,000 for water transmission lines associated with such expansion, all as further described in the applications for such assistance, in substantially the form attached hereto as Exhibit "A" and incorporated herein for all purposes (the "Applications").

Section 2. That the Mayor, City Controller, City Attorney, Director of Public

Works and Engineering and/or their authorized representatives are hereby authorized to make any changes, revisions, deletions, or insertions or information (including attachments to the Applications) as may be necessary to complete the Applications or make any revisions thereto required by the Texas Water Development Board.

Section 3. That the Mayor of the City of Houston is hereby authorized to execute and submit the Applications to the Texas Water Development Board; and the Mayor, City Controller, City Attorney, Director of Public Works and Engineering, financial advisor, and consulting engineers named in such Applications, or other authorized representatives of the City are authorized to appear before the Texas Water Development Board in support of the Applications.

Section 4. That the Mayor, City Controller, City Attorney or Director of Public Works and Engineering are further specifically authorized to make the required assurances and representations to the Texas Water Development Board in accordance with the rules, regulations, and policies of the Texas Water Development Board.

Section 5. That a certified copy of this Resolution shall be attached to the Applications herein authorized to be prepared and submitted to the Texas Water Development Board.

Section 6. That this Resolution shall take effect immediately upon its passage and approval by the Mayor; however, in the event that the Mayor fails to sign this Resolution within five days after its passage and adoption, it shall take effect in accordance with Article VI, Section 6, Houston City Charter.

PASSED and ADOPTED this 27th day of May, 2015.

APPROVED this 27th day of May, 2015

Annise D. Parker
Mayor of the City of Houston

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Resolution is _____, 2015.

City Secretary

Prepared by: Gary J Wood
Senior Assistant City Attorney

5/13/15 GLW:naj
(Requested by: Dale Rudick, P.E., Director of Public Works and Engineering
LD No. 0351500038001)

CAPTION PUBLISHED IN DAILY COURT
REVIEW
DATE: JUN 02 2015

AYE	NO	
✓		MAYOR PARKER
••••	••••	COUNCIL MEMBERS
✓		STARDIG
/		DAVIS
✓		COHEN
/		BOYKINS
	ABSENT	MARTIN
/		NGUYEN
/		PENNINGTON
/		GONZALEZ
/		GALLEGO
/		LASTER
/		GREEN
✓		COSTELLO
	ABSENT	ROBINSON
	ABSENT	KUBOSH
✓		BRADFORD
	ABSENT	CHRISTIE
CAPTION	ADOPTED	

APPLICATION AFFIDAVIT

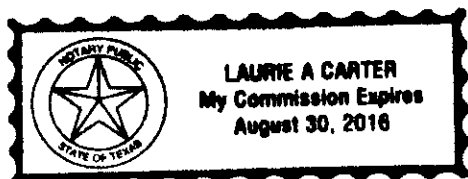
THE STATE OF TEXAS §
COUNTY OF HARRIS §
CITY OF HOUSTON, TEXAS §

BEFORE ME, the undersigned, a Notary Public in and for the State of Texas, on this day personally appeared Dale A. Rudick, P.E., Director of Public Works and Engineering, as the Authorized Representative of the City of Houston, Texas, who being by me duly sworn, upon oath says that:

- 1. the decision by the City to request financial assistance from the Texas Water Development Board ("Board") was made in a public meeting held in accordance with the Open Meetings Act (Government Code, §551.001, et. seq.) and after providing all such notice as required by such Act as is applicable to the City;
2. the information submitted in the application is true and correct according to my best knowledge and belief;
3. the City has no pending, or outstanding judgments, orders, fines, penalties, taxes, assessment or other enforcement or compliance issue of any kind or nature by the Environmental Protection Agency, Texas Commission on Environmental Quality, Texas Comptroller, Texas Secretary of State, or any other federal, state or local government, with the exception under an agreed order with the TCEQ since 2004, which requires the City to make certain repairs and replacements to the City's sanitary sewer facilities over a 10 year period. The repairs and replacements are included in the CUS Capital Improvement Program;
4. the City warrants compliance with the representations made in the application in the event that the Board provides the financial assistance; and
5. the City will comply with all applicable federal laws, rules, and regulations as well as the laws of this state and the rules and regulations of the Board.

[Signature] Dale A. Rudick
Dale A. Rudick, P.E.
Director of Public Works and Engineering

SWORN TO AND SUBSCRIBED BEFORE ME, by Dale A. Rudick, P.E., Director of Public Works and Engineering, this 18th day of May, 2015.



[Signature]
Notary Public, State of Texas

I, ANNA RUSSELL, City Secretary of the City of Houston, Texas, do hereby certify that the within and foregoing is a true and correct copy of Resolution 2015-21 passed and adopted by the City Council of said City on the 27th day of May, 2015, as the same appears in the records in my office

WITNESS my hand and the Seal of said City this 2nd day of June, 2015.

A handwritten signature in black ink, appearing to read "Anna Russell", written in a cursive style. The signature is positioned above a horizontal line.

Anna Russell
City Secretary of the City of Houston

MAYOR'S OFFICE

HOUSTON, TEXAS

January 7, 2015

To the Honorable City Council of the City of Houston, Texas

In accordance with the provisions of Article VII, Section 7 of the Charter of the City of Houston, Texas, I submit and introduce to you the Ordinance set out as attached with the request that it be passed finally on the date of its introduction. There exists a public emergency requiring such action, and I accordingly request that you pass the same if it meets with your approval.

Annise D. Parker

Mayor, City of Houston, Texas

City of Houston Ordinance No. 2015- 1

CITY OF HOUSTON ORDINANCE NO. *2015-1*

AN ORDINANCE SUPPLEMENTING THE CITY OF HOUSTON, TEXAS MASTER ORDINANCE NO. 2004-299; PROVIDING FOR THE ISSUANCE OF THE CITY OF HOUSTON, TEXAS, COMBINED UTILITY SYSTEM FIRST LIEN REVENUE BONDS, SERIES 2015A, PROVIDING FOR THE AMOUNTS, INTEREST RATES, PRICES, AND TERMS THEREOF AND OTHER MATTERS RELATING THERETO; PROVIDING FOR THE PAYMENT THEREOF; MAKING OTHER PROVISIONS REGARDING SUCH BONDS AND MATTERS INCIDENT THERETO; AUTHORIZING A CO-BOND COUNSEL AGREEMENT, AUTHORIZING EXECUTION AND DELIVERY OF A PAYING AGENT/REGISTRAR AGREEMENT; AND DECLARING AN EMERGENCY

PASSED AND APPROVED THIS 7th day of January, 2015.

Annise D. Parker
 Mayor

Approved as to Form:

Gary L. Wood
 Senior Assistant City Attorney
 (Requested by Dale A. Rudick, P. E.)
 Director of Department of
 Public Works and Engineering)
 (L.D. File No. 0341400306001)

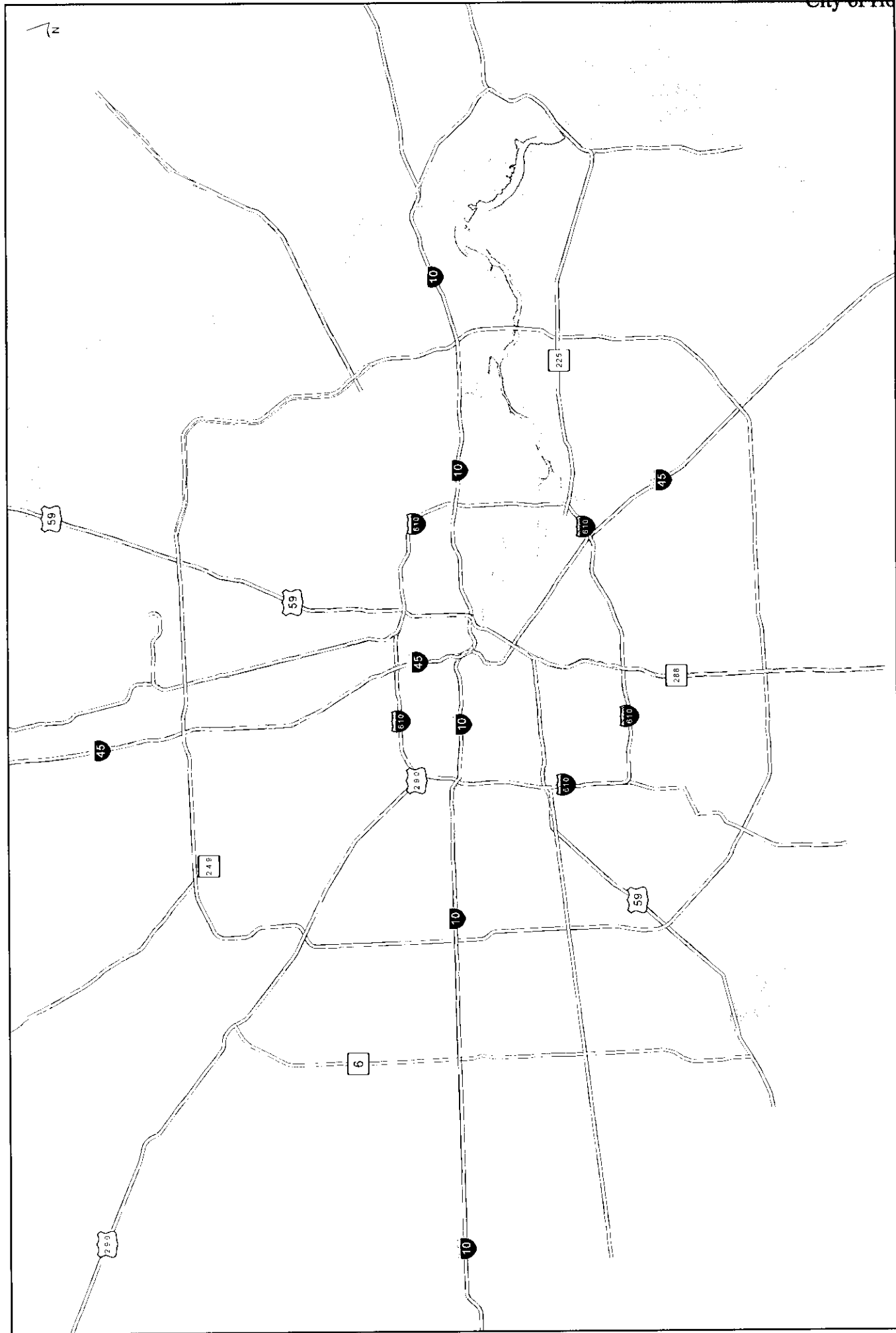
AYE	NO	
✓		MAYOR PARKER
....	COUNCIL MEMBERS
✓		STARDIG
✓		DAVIS
✓		COHEN
✓		BOYKINS
✓		MARTIN
✓		NGUYEN
✓		PENNINGTON
		MEMBER OF CITY CITY COUNCIL GONZALEZ
✓		GALLEGOS
✓		LASTER
✓		GREEN
✓		COSTELLO
✓		ROBINSON
✓		KUBOSH
✓		BRADFORD
✓		CHRISTIE
CAPTION	ADOPTED	

CAPTION PUBLISHED IN DAILY COURT
 REVIEW
 DATE JAN 13 2014
JAN 13 2014

MAY 017 Rev. 01/14

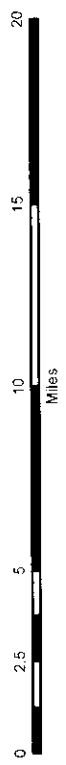


Infrastructure Planning Branch
Public Works and Engineering
City of Houston



CITY OF HOUSTON WATER SYSTEM (MAIN SYSTEM)

- Freeways
- Water Bodies
- City of Houston Water System (Main System)



SWIFT Application for NEWPP EXPANSION

Item 23

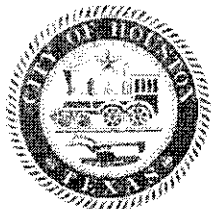
Enforcement action for the past 3 years (water related only): One, as described below.

In December of 2012, the City of Houston received a Notice of Enforcement for the Petroleum Energy Act Investigation for Release Detection, Corrosion Prevention, Financial Assurance, and Delivery Certificate at the Katy Addicks Plant, located at 11500 Old Katy Road, Houston, Texas 77542 PST Facility No.:59125 RN:102393915. There were 3 outstanding alleged violations associated with this enforcement.

Investigation No. 1049698

1. Track No. 485024 – Failure to have corrosion protection for UST system.
2. Track No. 485025 – Failure to provide proper release detection for USTs.
3. Track No. 485026 – Failure to maintain records for the UST system.

To correct Track No. 485024, the City of Houston contracted a licensed engineering firm to certify the material of construction to comply with corrosion protection requirements. To correct Track No. 4850256 and 485026, Petroleum Express was contracted to remove the diesel fuel from the UST located at 11500 Old Katy Road on 01/13/13, and then the UST was removed from service. A registration of this was filed with TCEQ. The final fine for this Notice of Enforcement was \$4,000.00.



CITY OF HOUSTON
Department of Public Works & Engineering

Annise D. Parker

Mayor

Dale A. Rudick, P.E.
Director
P.O. Box 1562
Houston, Texas 77251-1562

T. 832 395-2500
F.
www.houstontx.gov

June 26, 2015

Kevin Patteson, Executive Administrator
Texas Water Development Board
Water Supply & Infrastructure – Regional Water Planning and Development
Stephen F. Austin Building
1700 N. Congress Avenue, 5th Floor
Austin, Texas 78711-3231

Dear Mr. Patteson:

The City of Houston’s Combined Utility System (CUS) is working on several fronts to decrease the water loss in our system. This is an important issue and the CUS has made it one of our top strategic objectives. Some of the most significant things we are currently doing include:

- Process improvements to decrease the amount of time it takes us to fix leaks;
- Recently closing on a Drinking Water loan from TWDB this year that included \$6 million for meter replacement; and
- Began negotiations with a company to have a water loss audit conducted of the CUS. This will give us significantly more information which will be used to find additional ways to reduce water loss.

As we are already using TWDB funding to mitigate water loss as described above, we are requesting a waiver from Texas Water Code Section 16.012(g).

If you have any questions, please do not hesitate to contact me.

Sincerely,

Susan Bandy
Deputy Director

Cc: Nancy Richards, TWDB
Amanda Lavin, TWDB
Sophia Chang, City of Houston

Council Members: Brenda Stardig Jerry Davis Ellen R. Cohen Dwight A. Boykins Dave Martin Richard Nguyen Oliver Pennington Edward Gonzalez
Robert Gallegos Mike Laster Larry V. Green Stephen C. Costello David W. Robinson Michael Kubosh C.O. "Brad" Bradford Jack Christie
Comptroller: Ronald C. Green

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM STATISTICS
June 30, 2014
Water Supply
unaudited

Largest Treated Water Customers

The following schedule presents information concerning the ten largest treated water customers of the System for the twelve month period ended June 30, 2014. The total charges to such customers during such period represent approximately 5.46% of the System Gross Revenues and 10.92% of total water sales revenues for such period.

<u>Customers</u>	<u>Gross Charges</u>	<u>Consumption (1000 gal)</u>
1. North Harris Co. Regional Water Authority	\$14,664,078	10,084,247
2. North Fort Bend County Water Authority	8,631,052	4,618,955
3. West Harris Co. Regional Water Authority	7,746,876	7,949,312
4. North Channel Water Authority	6,315,829	2,299,019
5. City of Pasadena	4,612,713	6,825,575
6. Anheuser Busch, Inc	3,353,549	1,212,550
7. Gulf Coast Water Authority (Galveston)	3,119,213	4,494,289
8. Clear Lake City	2,362,127	3,430,187
9. City of Pearland	2,061,151	709,301
10. Memorial Villages Water Authority	1,722,227	602,657
	<u>\$54,588,816</u>	<u>42,226,092</u>

Largest Untreated Water Customers

The following schedule presents information concerning the ten largest untreated water customers of the System for a twelve month period ended June 30, 2014. The total of the contract payments by these ten customers during such period represents approximately 3.3% of the System Gross Revenues and 6.61% of total water sales revenues for such period.

<u>Customers</u>	<u>Gross Charges</u>	<u>consumption (1000 gal)</u>
1. Equistar Chemicals LP	\$ 7,075,794	11,464,830
2. Shell Oil	\$ 4,722,631	7,653,813
3. Air Liquide America Corp.	\$ 3,782,934	6,128,469
4. Battleground Water Company	\$ 3,600,881	5,835,808
5. Baytown Area	\$ 3,092,767	5,014,298
6. Houston Refining, LP (Lyondell -Citgo)	\$ 2,960,033	4,797,454
7. Chevron Phillips Chemical Company	\$ 2,748,417	4,452,534
8. Hoescht Celanese	\$ 2,026,709	3,310,230
9. Occidental Chemical	\$ 1,709,612	2,770,611
10. E.I. Dupont & Company	\$ 1,308,716	2,121,147
	<u>\$ 33,028,493</u>	<u>\$ 53,549,194</u>

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM STATISTICS
June 30, 2014
(unaudited)
Largest Sewer Customers

The following schedule presents information concerning the ten largest customers of the Sewer Facilities for the twelve month period ended June 30, 2014. The total charges to such customers represent approximately 2.61 % of the System Gross Revenues and 5.91% of Sewer Facilities gross charges during such period.

		FY14 Gross Charges	Consumption (1000 gal)
1	ANHEUSER BUSCH INC	\$ 4,164,213	664,963
2	HARRIS COUNTY	4,032,244	725,511
3	CITY OF HOUSTON	3,695,925	915,367
4	HOUSTON INDEPENDENT SCHOOL DISTRICT	2,936,357	518,332
5	UNIVERSITY OF HOUSTON	2,790,050	502,167
6	OAK FARMS DAIRIES	2,154,286	87,286
7	MAXIMUS COFFEE GROUP	1,947,153	154,660
8	METHODIST HOSPITAL	1,661,057	299,747
9	HERMANN HOSPITAL	1,644,795	294,330
10	M D ANDERSON	1,072,051	191,664
		<u>\$ 26,098,131</u>	<u>4,354,027</u>

**CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM****Number of Water and Wasterwater Customers**

Fiscal Year	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Water	434,857	436,133	450,315	453,750	457,536
Waster Water	417,668	418,416	433,771	436,424	439,495

City of Houston, Texas
AD VALOREM TAX LEVIES AND COLLECTIONS
(amounts expressed in thousands)
(unaudited)

Fiscal Year	Tax Rate ^(a)			Net Current Year Tax Levy ^{(b) (d)} (in thousands)	Current Collections Prior to End of Fiscal Year ^{(c) (d) (e)} (in thousands)	Prior Years' Delinquent Collections ^(e) (in thousands)	Total Collection ^{(c) (d) (e)} (in thousands)	Total Collections Percentage of Net Levy ^(d)
	General Purposes	Debt Service	Total					
2006	0.46359	0.18391	0.64750	719,287	688,486	31,718	720,204	100.1
2007	0.45927	0.18573	0.64500	777,841	751,882	36,007	787,889	101.3
2008	0.46198	0.18178	0.64375	874,230	845,817	34,772	880,589	100.7
2009	0.45460	0.18415	0.63875	961,059	926,956	32,395	959,351	99.8
2010	0.45728	0.18147	0.63875	960,083	932,952	23,672	956,624	99.6
2011	0.46336	0.17539	0.63875	912,808	891,910	27,684	919,594	100.7
2012	0.48071	0.15804	0.63875	927,886	907,472	24,177	931,649	100.4
2013	0.46221	0.17654	0.63875	970,157	949,784	30,555	980,339	101.0
2014	0.47709	0.16166	0.63875	1,071,503	1,053,287	25,100	1,078,387	100.6
2015	0.47464	0.15644	0.63108	1,172,951	1,145,974	25,078	1,171,052	99.8

(a) The Texas Constitution limits the maximum ad valorem tax rate to \$2.50 per \$100 of assessed valuation for home-rule cities such as the City; however, for a discussion of the more restrictive City Charter Limitations, see "PROPERTY TAXES – City Charter Tax and Revenue Limitations."

(b) The figures represent net adjusted levies, including the late certification and correction rolls from the Appraisal District, through June 30 of each Fiscal Year, except for Fiscal Year 2015, which is as of August 15, 2014.

(c) These amounts do not include revenues from various types of Industrial District Contracts entered into by the City with industrial property owners outside of the City's corporate limits totaled \$0.00 million in Fiscal Year 2014. Such Industrial District Contracts have a term of fifteen years (currently scheduled to terminate in Tax Year 2027) and allow property owners to make payments to the City in lieu of paying ad valorem taxes.

(d) Includes all ad valorem tax receipts received by the City, including tax increment revenues that are deposited into special funds designated for various tax increment reinvestment zones. By virtue of contracts among the City, the Zones and the local government corporations that manage the zones, the tax increments are transferred to the respective local government corporation and are available to fund authorized projects in the Zone and to be pledged to obligations issued by the local government corporation on behalf of the Zone. Bonds and other obligations issued by the local government are not debt of the City. In Fiscal Year 2015, the City has budgeted approximately \$100 million of tax increments to be transferred to special funds for such zones, as required by State law, of which approximately \$8 million will be transferred back to the City for affordable housing projects and an administrative fee attributable to development in such Zones. Much of the tax increments transferred to the zones are used to promote economic developments through the acquisition and construction of public improvements to spur development in certain areas of the City. Additionally, the zones provide affordable housing and funds for certain City capital improvement projects.

(e) The City's Fiscal Year 2015 Budget includes a proposed tax rate of \$0.63108 (per \$100 assessed valuation) for Tax Year 2014 (Fiscal Year 2015). The City Charter provides that, in preparing the City's budget, provision shall first be made for the payment of debt service on the City's outstanding bond indebtedness, with the remaining revenues to be apportioned among the City's respective departments.

City of Houston, Texas
AD VALOREM TAX OBLIGATION PERCENTAGES
(amounts expressed in thousands)
(unaudited)

Tax Year	Fiscal Year	Tax-Supported Debt at December 31 (in thousands)^(f)	Tax Roll^(a) (in thousands)	Tax-Supported Debt as a Percentage of Tax Roll	Tax-Supported Per Capita Debt^(b)	Debt Service Requirement Payable from Taxes^{(c)(d)} (in thousands)	Tax Levy for Debt Service (in thousands)^(e)
2004	2005	2,432,724	105,881,225	2.30%	1,181	233,354	188,000
2005	2006	2,644,366	111,225,839	2.38%	1,274	248,105	195,000
2006	2007	2,833,037	120,595,451	2.35%	1,306	262,523	209,000
2007	2008	3,016,248	135,764,121	2.22%	1,365	279,277	229,600
2008	2009	3,174,023	149,627,515	2.12%	1,418	254,513	251,700
2009	2010	3,324,065	150,270,904	2.21%	1,472	308,113	254,600
2010	2011	3,440,075	142,964,244	2.41%	1,639	342,966	232,545
2011	2012	3,471,590	145,042,978	2.39%	1,617	297,923	229,700
2012	2013	3,469,360	152,801,703	2.27%	1,613	300,124	241,100
2013	2014	3,392,510	167,460,662	2.03%	1,545	304,267	243,813

(a) With the exception of Tax Year 2011, the tax roll represents the total appraised value of property, after subtracting all exemptions, and reflects all adjustments made by the Appraisal Districts as of June 30 of each Fiscal Year. The Tax Year 2013 amount represents the Appraisal Districts' estimate of certified taxable valuations based on tax rolls available as of July 11, 2014. As of July 11, 2014, the total assessed value for Tax Year 2013 (including exempt property values) was approximately \$221 billion, which is the appraised value used to determine the statutory limitation of approximately \$22 billion relating to total bond indebtedness.

(b) Per capita figures are based on population estimates according to the U.S. Census Bureau.

(c) These amounts have not been reduced by the combined ending fund balances in the General Debt Service Fund.

(d) These amounts include principal and interest payments for Tax Obligations, except it only includes interest for Commercial Paper Notes at an assumed rate appropriate for each Fiscal Year.

(e) Sources of funds for the general obligation debt service requirement include the tax levy and transfers from Enterprise and Special Revenue Funds.

(f) Information as reported in the City's Monthly Operations and Financial Report dated as of December 31 of each Fiscal Year.

CITY OF HOUSTON
ASSESSED VALUE AND ESTIMATED VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2005	\$ 67,298,102	\$ 44,051,724	\$ 7,923,377	\$ 2,532,851	\$ 15,924,828	\$ 105,881,226	6.5000
2006	\$ 71,997,166	\$ 60,214,783	\$ 8,149,890	\$ 2,023,823	\$ 31,298,860	\$ 111,086,802	6.4750
2007	\$ 76,997,953	\$ 65,711,310	\$ 9,198,065	\$ 2,568,995	\$ 33,880,872	\$ 120,595,451	6.4500
2008	\$ 84,322,788	\$ 75,245,892	\$ 11,740,472	\$ 2,515,631	\$ 38,060,662	\$ 135,764,121	6.4375
2009	\$ 90,065,098	\$ 88,374,034	\$ 12,148,055	\$ 2,380,333	\$ 44,198,187	\$ 148,769,333	6.3875
2010	\$ 91,451,713	\$ 89,110,300	\$ 12,911,034	\$ 2,344,315	\$ 46,805,799	\$ 149,011,563	6.3875
2011	\$ 89,957,336	\$ 84,250,876	\$ 11,500,552	\$ 2,276,946	\$ 46,201,271	\$ 141,784,439	6.3875
2012	\$ 90,484,912	\$ 86,617,837	\$ 11,826,503	\$ 2,159,964	\$ 47,104,376	\$ 143,984,840	6.3875
2013	\$ 91,402,063	\$ 93,629,148	\$ 14,232,884	\$ 2,143,660	\$ 50,417,778	\$ 150,989,977	6.3875
2014	\$ 96,665,925	\$ 103,323,330	\$ 17,601,808	\$ 2,341,556	\$ 52,006,243	\$ 167,926,376	6.3108

The tax rates are based on a 100% assessment ratio. Tax rates are stated per \$1,000 assessed value.

CITY OF HOUSTON, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years
(unaudited)

Purpose	2014	2013	2012	2011	2010
City					
General Purposes	4.74635	4.6221	4.8071	4.6336	4.5728
Debt Service	<u>1.56445</u>	<u>1.7654</u>	<u>1.5804</u>	<u>1.7539</u>	<u>1.8147</u>
City of Houston (1)	6.31080	6.3875	6.3875	6.3875	6.3875
County					
Fort Bend County	4.9976	4.9976	4.9976	4.9976	5.0660
Harris County (2)	4.4300	4.2830	4.1926	4.1728	4.2146
Montgomery County	4.8380	4.8380	4.8380	4.8380	4.8380
School District					
Aldine I.S.D.	13.0580	13.2839	13.2839	13.0054	13.0054
Alief I.S.D.	12.9000	13.2000	13.3000	13.4000	13.4000
Clear Creek I.S.D.	14.0000	13.6000	13.6000	13.6000	13.6000
Conroe I.S.D.	12.9000	12.9500	12.9500	12.9500	12.8500
Crosby I.S.D.	16.7000	14.4000	14.4000	14.4000	14.4000
Cypress-Fairbanks I.S.D.	14.5000	14.5000	14.3000	14.3000	14.1000
Deer Park I.S.D.	15.5670	15.2670	13.9670	13.9670	13.6670
Fort Bend I. S. D.	13.4000	13.4000	13.4000	12.7000	12.7000
Galena Park I.S.D.	15.1340	15.1340	15.1340	15.1340	14.7840
Goose Creek I.S.D.	13.3213	13.3213	13.3213	13.0213	12.8213
Houston I.S.D.	11.5670	11.5670	11.5670	11.5670	11.5670
Huffman I.S.D.	14.2000	14.4500	14.7000	14.7000	14.7000
Humble I.S.D.	15.2000	15.2000	15.2000	15.2000	15.2000
Katy I.S.D.	15.2660	15.2660	15.2660	15.2660	15.2660
Klein I.S.D.	14.3000	14.4000	14.3000	14.1000	13.6000
New Caney I.S.D.	15.4000	15.4000	15.4000	15.4000	14.8000
North Forest I.S.D. (3)			14.6929	13.7000	13.5000
Pasadena I.S.D.	13.5000	13.5000	13.5000	13.5000	13.5000
Sheldon I.S.D.	14.3000	14.3000	14.3000	14.3000	14.3000
Spring I.S.D.	15.7000	15.7000	15.7000	14.6000	14.6000
Spring Branch I.S.D.	13.9450	13.9450	13.9450	13.9450	13.9450
Municipal Utility District					
Harris County MUD # 355	2.0000	2.3500	2.3500	2.5500	2.9500
Harris County MUD # 359	3.0000	3.0500	3.0500	3.0500	2.9500
Harris County MUD # 366	2.5000	2.5000	2.5000	2.5000	2.5000
Harris County MUD # 372	1.9000	1.9000	1.9000	1.9000	1.9000
Harris County MUD # 390	7.0000	7.0000	7.0000	7.0000	7.0000
Harris County MUD # 450	7.6125	7.6125	7.7125	7.6125	7.6125
Northwood MUD #1	12.5000	12.5000	12.5000	12.5000	12.5000
Other Jurisdictions					
Clear Lake City Water Authority	2.8000	2.8000	2.8000	2.8000	2.8000
Fort Bend Parkway Road	(4)	0.5443	0.5443	0.5443	0.5443
Harris County Dept. of Education	0.0636	0.0658	0.0658	0.0658	0.0605
Houston Community College	0.2012	0.1750	0.1382	0.9222	0.9222
Lee College District	2.6070	2.4100	2.5200	2.5200	2.2120
Lone Star College System	1.1600	1.2100	1.2100	1.1760	1.1010
Harris County Port of Houston Authority	0.1716	0.1952	0.1856	0.2054	0.1636
San Jacinto Jr. College	1.8560	1.8560	1.8560	1.7628	1.7080

(1) The tax rates are based on a 100% assessment ratio. Tax rates are stated per \$1,000 assessed value.

(2) Harris County includes the Harris County Flood Control District and the Harris County Toll Road. The Toll Road rate is zero.

(3) North Forest I.S.D. was closed and merged with Houston I.S.D.

(4) Debt has been paid off.

CITY OF HOUSTON, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
June 30, 2014
Current Year and Nine Years Ago
(amounts expressed in thousands)
(unaudited)

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Centerpoint Energy, Inc. (Reliant H L & P)	\$ 1,654,700	1	0.99%	\$ 1,527,791	1	1.44%
Chevron Chemical Company	1,013,970	2	0.60%	307,238	7	0.29%
Crescent HC Investors LP	776,216	3	0.46%	868,962	2	0.82%
Shell Oil Company	770,380	4	0.46%			
United Airlines, Inc.	714,957	5	0.43%			
Busycon Properties LLC	536,990	6	0.32%			
1000 Louisiana LP	504,064	7	0.30%			
Texas Tower Ltd	499,469	8	0.30%			
Amoco Chemical Company	497,306	9	0.30%			
HG Galleria I II III, LP	475,504	10	0.28%	266,443	10	0.25%
Hines Interests Ltd Partnership				851,876	3	0.80%
Southwestern Bell				689,507	4	0.65%
Anheuser Busch, Inc.				473,881	5	0.45%
Trizechahn Allen Center LP				415,503	6	0.39%
Lyondell-Citgo Refining L.P.				305,048	8	0.29%
Continental Airlines, Inc.				302,384	9	0.29%
Total	\$ 7,443,556		4.44%	\$ 6,008,633		5.67%

CITY OF HOUSTON, TEXAS
TAX REVENUE BY SOURCE - GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)
(unaudited)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Industrial Assessments	Mixed Beverage Tax	Bingo Tax	Total Tax Collections
2005	\$ 664,831	\$ 370,583	\$ 162,263	\$ 14,635	\$ 8,343	\$ 270	\$ 1,220,925
2006	\$ 700,788	\$ 422,598	\$ 186,508	\$ 14,314	\$ 9,000	\$ 279	\$ 1,333,487
2007	\$ 738,578	\$ 461,417	\$ 189,551	\$ 15,823	\$ 9,713	\$ 279	\$ 1,415,361
2008	\$ 829,837	\$ 495,173	\$ 190,518	\$ 17,787	\$ 10,479	\$ 256	\$ 1,544,050
2009	\$ 890,308	\$ 507,103	\$ 190,800	\$ 19,133	\$ 10,587	\$ 226	\$ 1,618,157
2010	\$ 895,779	\$ 468,965	\$ 191,292	\$ 15,817	\$ 10,382	\$ 195	\$ 1,582,430
2011	\$ 853,277	\$ 492,824	\$ 190,911	\$ 14,458	\$ 10,283	\$ 167	\$ 1,561,920
2012	\$ 866,143	\$ 546,543	\$ 193,153	\$ 37	\$ 9,525	\$ 193	\$ 1,615,594
2013	\$ 906,761	\$ 600,256	\$ 195,664	\$ 29,845	\$ 9,887	\$ 196	\$ 1,742,609
2014	\$ 973,902	\$ 629,441	\$ 190,368	\$ 16,534	\$ 13,869	\$ 187	\$ 1,824,301

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City of Houston, Texas
Distribution Line Extension

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

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SOURCES AND USES OF FUNDS

City of Houston, Texas
Distribution Line Extension

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

	11/15/2015	11/15/2016	11/15/2017	11/15/2018	11/15/2019	11/15/2020
Dated Date	11/15/2015	11/15/2016	11/15/2017	11/15/2018	11/15/2019	11/15/2020
Delivery Date	11/15/2015	11/15/2016	11/15/2017	11/15/2018	11/15/2019	11/15/2020
	2015 TWDB - Distribution Lines	2016 TWDB - Distribution Lines	2017 TWDB - Distribution Lines	2018 TWDB - Distribution Lines	2019 TWDB - Distribution Lines	2020 TWDB - Distribution Lines
Sources:						
Bond Proceeds:						
Par Amount	25,915,000.00	14,205,000.00	20,895,000.00	19,045,000.00	15,320,000.00	17,110,000.00
	25,915,000.00	14,205,000.00	20,895,000.00	19,045,000.00	15,320,000.00	17,110,000.00
Uses:						
Project Fund Deposits:						
Project Fund - Distribution Expansion	25,785,425.00	14,133,975.00	20,790,525.00	18,949,775.00	15,243,400.00	17,024,450.00
Delivery Date Expenses:						
Cost of Issuance	129,575.00	71,025.00	104,475.00	95,225.00	76,600.00	85,550.00
	25,915,000.00	14,205,000.00	20,895,000.00	19,045,000.00	15,320,000.00	17,110,000.00

Notes:

Assumes 0.5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).
Assumed \$5000 maturity denominations.

SOURCES AND USES OF FUNDS

City of Houston, Texas
Distribution Line Extension

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Dated Date
Delivery Date

Sources:	Total
Bond Proceeds:	
Par Amount	112,490,000.00
	112,490,000.00
Uses:	Total
Project Fund Deposits:	
Project Fund - Distribution Expansion	111,927,550.00
Delivery Date Expenses:	
Cost of Issuance	562,450.00
	112,490,000.00

Notes:

Assumes 0.5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).
Assumed \$5000 maturity denominations.

BOND DEBT SERVICE BREAKDOWN

City of Houston, Texas
Distribution Line Extension

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Period Ending	2015 TWDB - Distribution Lines	2016 TWDB - Distribution Lines	2017 TWDB - Distribution Lines	2018 TWDB - Distribution Lines	2019 TWDB - Distribution Lines	2020 TWDB - Distribution Lines	Total
06/30/2016	322,586.50						322,586.50
06/30/2017	1,284,405.00	241,485					1,525,890.00
06/30/2018	1,282,997.00	753,295	407,452.50				2,443,744.50
06/30/2019	1,285,454.25	753,775	1,182,592.50	418,990			3,640,811.75
06/30/2020	1,285,431.50	753,915	1,182,675.00	1,141,160	337,040		4,700,221.50
06/30/2021	1,283,414.25	753,715	1,182,172.50	1,142,190	918,580	376,420	5,656,491.75
06/30/2022	1,284,928.50	758,090	1,181,085.00	1,142,560	922,250	1,026,680	6,315,593.50
06/30/2023	1,285,041.25	757,040	1,179,412.50	1,142,270	920,370	1,029,030	6,313,163.75
06/30/2024	1,283,680.25	755,650	1,182,057.50	1,141,320	918,050	1,025,830	6,306,587.75
06/30/2025	1,285,793.00	753,920	1,183,922.50	1,144,600	920,180	1,027,080	6,315,495.50
06/30/2026	1,286,389.00	756,765	1,180,105.00	1,142,110	921,650	1,027,670	6,314,689.00
06/30/2027	1,285,707.00	754,185	1,180,605.00	1,143,850	917,570	1,027,600	6,309,517.00
06/30/2028	1,283,850.25	756,180	1,180,325.00	1,144,710	917,940	1,026,870	6,309,875.25
06/30/2029	1,285,572.25	757,665	1,184,167.50	1,144,690	917,650	1,025,480	6,315,224.75
06/30/2030	1,285,803.75	753,725	1,182,132.50	1,143,790	921,590	1,028,320	6,315,361.25
06/30/2031	1,284,732.25	754,360	1,184,220.00	1,142,010	919,760	1,025,390	6,310,472.25
06/30/2032	1,287,451.00	754,485	1,180,430.00	1,144,240	922,160	1,026,690	6,315,456.00
06/30/2033	1,284,012.00	754,100	1,180,762.50	1,145,370	918,790	1,027,110	6,310,144.50
06/30/2034	1,284,427.00	758,120	1,180,120.00	1,145,400	919,650	1,026,650	6,314,367.00
06/30/2035	1,283,687.00	756,545	1,183,405.00	1,144,330	919,630	1,025,310	6,312,907.00
06/30/2036	1,286,783.00	754,460	1,180,617.50	1,142,160	918,730	1,027,980	6,310,730.50
06/30/2037	1,283,694.00	756,780	1,181,757.50	1,143,780	921,840	1,029,550	6,317,401.50
06/30/2038	1,284,446.25	753,505	1,181,727.50	1,144,080	918,960	1,030,020	6,312,738.75
06/30/2039	1,283,994.00	754,635	1,180,527.50	1,143,060	920,090	1,029,390	6,311,696.50
06/30/2040	1,287,242.00	755,085	1,183,060.00	1,145,610	920,120	1,027,660	6,318,777.00
06/30/2041	1,284,225.50	754,855	1,179,325.00	1,141,730	919,050	1,029,720	6,308,905.50
06/30/2042	1,284,981.75	753,945	1,179,322.50	1,141,420	921,770	1,025,570	6,307,009.25
06/30/2043	1,284,477.00	757,270	1,182,857.50	1,144,460	918,280	1,025,210	6,312,554.50
06/30/2044	1,287,679.50	754,830	1,179,930.00	1,145,740	918,580	1,028,420	6,315,179.50
06/30/2045	1,284,582.00	756,625	1,180,540.00	1,145,260	917,560	1,025,200	6,309,767.00
06/30/2046	1,285,113.50	757,570	1,179,590.00	1,143,020	920,110	1,025,550	6,310,953.50
06/30/2047		757,665	1,181,982.50	1,143,910	921,120	1,029,250	5,033,927.50
06/30/2048			1,182,620.00	1,142,820	920,590	1,026,300	4,272,330.00
06/30/2049				1,144,640	918,520	1,026,700	3,089,860.00
06/30/2050					919,800	1,025,340	1,945,140.00
06/30/2051						1,027,110	1,027,110.00
	38,872,581.50	22,904,240	35,851,500.00	34,725,280	27,927,980	31,191,100	191,472,681.50

Notes:

Assumes 0.5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).
Assumed \$5000 maturity denominations.

BOND DEBT SERVICE

City of Houston, Texas
Distribution Line Extension

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Period Ending	Principal	Coupon	Dated Date	11/15/2015	Annual Debt Service	Bond Balance	Total Bond Value
			Delivery Date	11/15/2015			
11/15/2015						25,915,000	25,915,000
05/15/2016			322,586.50	322,586.50	322,586.50	25,915,000	25,915,000
11/15/2016	640,000	0.240%	322,586.50	962,586.50		39,480,000	39,480,000
05/15/2017			563,303.50	563,303.50	1,525,890.00	39,480,000	39,480,000
11/15/2017	915,000	** %	563,303.50	1,478,303.50		59,460,000	59,460,000
05/15/2018			965,441.00	965,441.00	2,443,744.50	59,460,000	59,460,000
11/15/2018	1,305,000	** %	965,441.00	2,270,441.00		77,200,000	77,200,000
05/15/2019			1,370,370.75	1,370,370.75	3,640,811.75	77,200,000	77,200,000
11/15/2019	1,645,000	** %	1,370,370.75	3,015,370.75		90,875,000	90,875,000
05/15/2020			1,684,850.75	1,684,850.75	4,700,221.50	90,875,000	90,875,000
11/15/2020	1,940,000	** %	1,684,850.75	3,624,850.75		106,045,000	106,045,000
05/15/2021			2,031,641.00	2,031,641.00	5,656,491.75	106,045,000	106,045,000
11/15/2021	2,290,000	** %	2,031,641.00	4,321,641.00		103,755,000	103,755,000
05/15/2022			1,993,952.50	1,993,952.50	6,315,593.50	103,755,000	103,755,000
11/15/2022	2,365,000	** %	1,993,952.50	4,358,952.50		101,390,000	101,390,000
05/15/2023			1,954,211.25	1,954,211.25	6,313,163.75	101,390,000	101,390,000
11/15/2023	2,440,000	** %	1,954,211.25	4,394,211.25		98,950,000	98,950,000
05/15/2024			1,912,376.50	1,912,376.50	6,306,587.75	98,950,000	98,950,000
11/15/2024	2,535,000	** %	1,912,376.50	4,447,376.50		96,415,000	96,415,000
05/15/2025			1,868,119.00	1,868,119.00	6,315,495.50	96,415,000	96,415,000
11/15/2025	2,625,000	** %	1,868,119.00	4,493,119.00		93,790,000	93,790,000
05/15/2026			1,821,570.00	1,821,570.00	6,314,689.00	93,790,000	93,790,000
11/15/2026	2,715,000	** %	1,821,570.00	4,536,570.00		91,075,000	91,075,000
05/15/2027			1,772,947.00	1,772,947.00	6,309,517.00	91,075,000	91,075,000
11/15/2027	2,815,000	** %	1,772,947.00	4,587,947.00		88,260,000	88,260,000
05/15/2028			1,721,928.25	1,721,928.25	6,309,875.25	88,260,000	88,260,000
11/15/2028	2,925,000	** %	1,721,928.25	4,646,928.25		85,335,000	85,335,000
05/15/2029			1,668,296.50	1,668,296.50	6,315,224.75	85,335,000	85,335,000
11/15/2029	3,035,000	** %	1,668,296.50	4,703,296.50		82,300,000	82,300,000
05/15/2030			1,612,064.75	1,612,064.75	6,315,361.25	82,300,000	82,300,000
11/15/2030	3,145,000	** %	1,612,064.75	4,757,064.75		79,155,000	79,155,000
05/15/2031			1,553,407.50	1,553,407.50	6,310,472.25	79,155,000	79,155,000
11/15/2031	3,270,000	** %	1,553,407.50	4,823,407.50		75,885,000	75,885,000
05/15/2032			1,492,048.50	1,492,048.50	6,315,456.00	75,885,000	75,885,000
11/15/2032	3,390,000	** %	1,492,048.50	4,882,048.50		72,495,000	72,495,000
05/15/2033			1,428,096.00	1,428,096.00	6,310,144.50	72,495,000	72,495,000
11/15/2033	3,525,000	** %	1,428,096.00	4,953,096.00		68,970,000	68,970,000
05/15/2034			1,361,271.00	1,361,271.00	6,314,367.00	68,970,000	68,970,000
11/15/2034	3,660,000	** %	1,361,271.00	5,021,271.00		65,310,000	65,310,000
05/15/2035			1,291,636.00	1,291,636.00	6,312,907.00	65,310,000	65,310,000
11/15/2035	3,800,000	** %	1,291,636.00	5,091,636.00		61,510,000	61,510,000
05/15/2036			1,219,094.50	1,219,094.50	6,310,730.50	61,510,000	61,510,000
11/15/2036	3,955,000	** %	1,219,094.50	5,174,094.50		57,555,000	57,555,000
05/15/2037			1,143,307.00	1,143,307.00	6,317,401.50	57,555,000	57,555,000
11/15/2037	4,105,000	** %	1,143,307.00	5,248,307.00		53,450,000	53,450,000
05/15/2038			1,064,431.75	1,064,431.75	6,312,738.75	53,450,000	53,450,000
11/15/2038	4,265,000	** %	1,064,431.75	5,329,431.75		49,185,000	49,185,000
05/15/2039			982,264.75	982,264.75	6,311,696.50	49,185,000	49,185,000
11/15/2039	4,440,000	** %	982,264.75	5,422,264.75		44,745,000	44,745,000
05/15/2040			896,512.25	896,512.25	6,318,777.00	44,745,000	44,745,000
11/15/2040	4,605,000	** %	896,512.25	5,501,512.25		40,140,000	40,140,000
05/15/2041			807,393.25	807,393.25	6,308,905.50	40,140,000	40,140,000
11/15/2041	4,785,000	** %	807,393.25	5,592,393.25		35,355,000	35,355,000
05/15/2042			714,616.00	714,616.00	6,307,009.25	35,355,000	35,355,000
11/15/2042	4,980,000	** %	714,616.00	5,694,616.00		30,375,000	30,375,000
05/15/2043			617,938.50	617,938.50	6,312,554.50	30,375,000	30,375,000
11/15/2043	5,180,000	** %	617,938.50	5,797,938.50		25,195,000	25,195,000
05/15/2044			517,241.00	517,241.00	6,315,179.50	25,195,000	25,195,000
11/15/2044	5,380,000	** %	517,241.00	5,897,241.00		19,815,000	19,815,000
05/15/2045			412,526.00	412,526.00	6,309,767.00	19,815,000	19,815,000
11/15/2045	5,595,000	** %	412,526.00	6,007,526.00		14,220,000	14,220,000
05/15/2046			303,427.50	303,427.50	6,310,953.50	14,220,000	14,220,000
11/15/2046	4,520,000	** %	303,427.50	4,823,427.50		9,700,000	9,700,000
05/15/2047			210,500.00	210,500.00	5,033,927.50	9,700,000	9,700,000
11/15/2047	3,935,000	** %	210,500.00	4,145,500.00		5,765,000	5,765,000

BOND DEBT SERVICE

City of Houston, Texas
Distribution Line Extension

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value
05/15/2048			126,830.00	126,830.00	4,272,330.00	5,765,000	5,765,000
11/15/2048	2,900,000	4.400%	126,830.00	3,026,830.00		2,865,000	2,865,000
05/15/2049			63,030.00	63,030.00	3,089,860.00	2,865,000	2,865,000
11/15/2049	1,860,000	4.400%	63,030.00	1,923,030.00		1,005,000	1,005,000
05/15/2050			22,110.00	22,110.00	1,945,140.00	1,005,000	1,005,000
11/15/2050	1,005,000	4.400%	22,110.00	1,027,110.00	1,027,110.00		
	112,490,000		78,982,681.50	191,472,681.50	191,472,681.50		

Notes:

Assumes 0.5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).
Assumed \$5000 maturity denominations.

BOND PRICING

City of Houston, Texas
Distribution Line Extension

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Bond Component	Maturity Date	Amount	Rate	Yield	Price
2015 TWDB - Distribution Lines, Serial Bond, 11/15/2015:					
	11/15/2016	640,000	0.240%	0.240%	100.000
	11/15/2017	640,000	0.200%	0.200%	100.000
	11/15/2018	645,000	0.590%	0.590%	100.000
	11/15/2019	650,000	0.960%	0.960%	100.000
	11/15/2020	655,000	1.190%	1.190%	100.000
	11/15/2021	665,000	1.380%	1.380%	100.000
	11/15/2022	675,000	1.570%	1.570%	100.000
	11/15/2023	685,000	1.770%	1.770%	100.000
	11/15/2024	700,000	1.950%	1.950%	100.000
	11/15/2025	715,000	2.120%	2.120%	100.000
	11/15/2026	730,000	2.220%	2.220%	100.000
	11/15/2027	745,000	2.350%	2.350%	100.000
	11/15/2028	765,000	2.490%	2.490%	100.000
	11/15/2029	785,000	2.610%	2.610%	100.000
	11/15/2030	805,000	2.690%	2.690%	100.000
	11/15/2031	830,000	2.760%	2.760%	100.000
	11/15/2032	850,000	2.820%	2.820%	100.000
	11/15/2033	875,000	2.880%	2.880%	100.000
	11/15/2034	900,000	2.920%	2.920%	100.000
	11/15/2035	930,000	2.960%	2.960%	100.000
	11/15/2036	955,000	3.000%	3.000%	100.000
	11/15/2037	985,000	3.030%	3.030%	100.000
	11/15/2038	1,015,000	3.060%	3.060%	100.000
	11/15/2039	1,050,000	3.090%	3.090%	100.000
	11/15/2040	1,080,000	3.110%	3.110%	100.000
	11/15/2041	1,115,000	3.130%	3.130%	100.000
	11/15/2042	1,150,000	3.140%	3.140%	100.000
	11/15/2043	1,190,000	3.150%	3.150%	100.000
	11/15/2044	1,225,000	3.160%	3.160%	100.000
	11/15/2045	1,265,000	3.180%	3.180%	100.000
		<u>25,915,000</u>			
2016 TWDB - Distribution Lines, Serial Bond (2016), 11/15/2016:					
	11/15/2017	275,000	3.400%	3.400%	100.000
	11/15/2018	285,000	3.400%	3.400%	100.000
	11/15/2019	295,000	3.400%	3.400%	100.000
	11/15/2020	305,000	3.400%	3.400%	100.000
	11/15/2021	320,000	3.400%	3.400%	100.000
	11/15/2022	330,000	3.400%	3.400%	100.000
	11/15/2023	340,000	3.400%	3.400%	100.000
	11/15/2024	350,000	3.400%	3.400%	100.000
	11/15/2025	365,000	3.400%	3.400%	100.000
	11/15/2026	375,000	3.400%	3.400%	100.000
	11/15/2027	390,000	3.400%	3.400%	100.000
	11/15/2028	405,000	3.400%	3.400%	100.000
	11/15/2029	415,000	3.400%	3.400%	100.000
	11/15/2030	430,000	3.400%	3.400%	100.000
	11/15/2031	445,000	3.400%	3.400%	100.000
	11/15/2032	460,000	3.400%	3.400%	100.000
	11/15/2033	480,000	3.400%	3.400%	100.000
	11/15/2034	495,000	3.400%	3.400%	100.000
	11/15/2035	510,000	3.400%	3.400%	100.000
	11/15/2036	530,000	3.400%	3.400%	100.000
	11/15/2037	545,000	3.400%	3.400%	100.000
	11/15/2038	565,000	3.400%	3.400%	100.000
	11/15/2039	585,000	3.400%	3.400%	100.000
	11/15/2040	605,000	3.400%	3.400%	100.000
	11/15/2041	625,000	3.400%	3.400%	100.000
	11/15/2042	650,000	3.400%	3.400%	100.000
	11/15/2043	670,000	3.400%	3.400%	100.000
	11/15/2044	695,000	3.400%	3.400%	100.000
	11/15/2045	720,000	3.400%	3.400%	100.000
	11/15/2046	745,000	3.400%	3.400%	100.000
		<u>14,205,000</u>			
2017 TWDB - Distribution Lines, Serial Bond (2017), 11/15/2017:					
	11/15/2018	375,000	3.900%	3.900%	100.000
	11/15/2019	390,000	3.900%	3.900%	100.000

BOND PRICING

City of Houston, Texas
Distribution Line Extension

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Bond Component	Maturity Date	Amount	Rate	Yield	Price
2017 TWDB - Distribution Lines, Serial Bond (2017), 11/15/2017:					
	11/15/2020	405,000	3.900%	3.900%	100.000
	11/15/2021	420,000	3.900%	3.900%	100.000
	11/15/2022	435,000	3.900%	3.900%	100.000
	11/15/2023	455,000	3.900%	3.900%	100.000
	11/15/2024	475,000	3.900%	3.900%	100.000
	11/15/2025	490,000	3.900%	3.900%	100.000
	11/15/2026	510,000	3.900%	3.900%	100.000
	11/15/2027	530,000	3.900%	3.900%	100.000
	11/15/2028	555,000	3.900%	3.900%	100.000
	11/15/2029	575,000	3.900%	3.900%	100.000
	11/15/2030	600,000	3.900%	3.900%	100.000
	11/15/2031	620,000	3.900%	3.900%	100.000
	11/15/2032	645,000	3.900%	3.900%	100.000
	11/15/2033	670,000	3.900%	3.900%	100.000
	11/15/2034	700,000	3.900%	3.900%	100.000
	11/15/2035	725,000	3.900%	3.900%	100.000
	11/15/2036	755,000	3.900%	3.900%	100.000
	11/15/2037	785,000	3.900%	3.900%	100.000
	11/15/2038	815,000	3.900%	3.900%	100.000
	11/15/2039	850,000	3.900%	3.900%	100.000
	11/15/2040	880,000	3.900%	3.900%	100.000
	11/15/2041	915,000	3.900%	3.900%	100.000
	11/15/2042	955,000	3.900%	3.900%	100.000
	11/15/2043	990,000	3.900%	3.900%	100.000
	11/15/2044	1,030,000	3.900%	3.900%	100.000
	11/15/2045	1,070,000	3.900%	3.900%	100.000
	11/15/2046	1,115,000	3.900%	3.900%	100.000
	11/15/2047	1,160,000	3.900%	3.900%	100.000
		<u>20,895,000</u>			
2018 TWDB - Distribution Lines, Serial Bond (2018), 11/15/2018:					
	11/15/2019	310,000	4.400%	4.400%	100.000
	11/15/2020	325,000	4.400%	4.400%	100.000
	11/15/2021	340,000	4.400%	4.400%	100.000
	11/15/2022	355,000	4.400%	4.400%	100.000
	11/15/2023	370,000	4.400%	4.400%	100.000
	11/15/2024	390,000	4.400%	4.400%	100.000
	11/15/2025	405,000	4.400%	4.400%	100.000
	11/15/2026	425,000	4.400%	4.400%	100.000
	11/15/2027	445,000	4.400%	4.400%	100.000
	11/15/2028	465,000	4.400%	4.400%	100.000
	11/15/2029	485,000	4.400%	4.400%	100.000
	11/15/2030	505,000	4.400%	4.400%	100.000
	11/15/2031	530,000	4.400%	4.400%	100.000
	11/15/2032	555,000	4.400%	4.400%	100.000
	11/15/2033	580,000	4.400%	4.400%	100.000
	11/15/2034	605,000	4.400%	4.400%	100.000
	11/15/2035	630,000	4.400%	4.400%	100.000
	11/15/2036	660,000	4.400%	4.400%	100.000
	11/15/2037	690,000	4.400%	4.400%	100.000
	11/15/2038	720,000	4.400%	4.400%	100.000
	11/15/2039	755,000	4.400%	4.400%	100.000
	11/15/2040	785,000	4.400%	4.400%	100.000
	11/15/2041	820,000	4.400%	4.400%	100.000
	11/15/2042	860,000	4.400%	4.400%	100.000
	11/15/2043	900,000	4.400%	4.400%	100.000
	11/15/2044	940,000	4.400%	4.400%	100.000
	11/15/2045	980,000	4.400%	4.400%	100.000
	11/15/2046	1,025,000	4.400%	4.400%	100.000
	11/15/2047	1,070,000	4.400%	4.400%	100.000
	11/15/2048	1,120,000	4.400%	4.400%	100.000
		<u>19,045,000</u>			
2019 TWDB - Distribution Lines, Serial Bond (2019), 11/15/2019:					
	11/15/2020	250,000	4.400%	4.400%	100.000
	11/15/2021	265,000	4.400%	4.400%	100.000
	11/15/2022	275,000	4.400%	4.400%	100.000
	11/15/2023	285,000	4.400%	4.400%	100.000

BOND PRICING

City of Houston, Texas
Distribution Line Extension

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Bond Component	Maturity Date	Amount	Rate	Yield	Price
2019 TWDB - Distribution Lines, Serial Bond (2019), 11/15/2019:					
	11/15/2024	300,000	4.400%	4.400%	100.000
	11/15/2025	315,000	4.400%	4.400%	100.000
	11/15/2026	325,000	4.400%	4.400%	100.000
	11/15/2027	340,000	4.400%	4.400%	100.000
	11/15/2028	355,000	4.400%	4.400%	100.000
	11/15/2029	375,000	4.400%	4.400%	100.000
	11/15/2030	390,000	4.400%	4.400%	100.000
	11/15/2031	410,000	4.400%	4.400%	100.000
	11/15/2032	425,000	4.400%	4.400%	100.000
	11/15/2033	445,000	4.400%	4.400%	100.000
	11/15/2034	465,000	4.400%	4.400%	100.000
	11/15/2035	485,000	4.400%	4.400%	100.000
	11/15/2036	510,000	4.400%	4.400%	100.000
	11/15/2037	530,000	4.400%	4.400%	100.000
	11/15/2038	555,000	4.400%	4.400%	100.000
	11/15/2039	580,000	4.400%	4.400%	100.000
	11/15/2040	605,000	4.400%	4.400%	100.000
	11/15/2041	635,000	4.400%	4.400%	100.000
	11/15/2042	660,000	4.400%	4.400%	100.000
	11/15/2043	690,000	4.400%	4.400%	100.000
	11/15/2044	720,000	4.400%	4.400%	100.000
	11/15/2045	755,000	4.400%	4.400%	100.000
	11/15/2046	790,000	4.400%	4.400%	100.000
	11/15/2047	825,000	4.400%	4.400%	100.000
	11/15/2048	860,000	4.400%	4.400%	100.000
	11/15/2049	900,000	4.400%	4.400%	100.000
		15,320,000			
2020 TWDB - Distribution Lines, Serial Bond (2020), 11/15/2020:					
	11/15/2021	280,000	4.400%	4.400%	100.000
	11/15/2022	295,000	4.400%	4.400%	100.000
	11/15/2023	305,000	4.400%	4.400%	100.000
	11/15/2024	320,000	4.400%	4.400%	100.000
	11/15/2025	335,000	4.400%	4.400%	100.000
	11/15/2026	350,000	4.400%	4.400%	100.000
	11/15/2027	365,000	4.400%	4.400%	100.000
	11/15/2028	380,000	4.400%	4.400%	100.000
	11/15/2029	400,000	4.400%	4.400%	100.000
	11/15/2030	415,000	4.400%	4.400%	100.000
	11/15/2031	435,000	4.400%	4.400%	100.000
	11/15/2032	455,000	4.400%	4.400%	100.000
	11/15/2033	475,000	4.400%	4.400%	100.000
	11/15/2034	495,000	4.400%	4.400%	100.000
	11/15/2035	520,000	4.400%	4.400%	100.000
	11/15/2036	545,000	4.400%	4.400%	100.000
	11/15/2037	570,000	4.400%	4.400%	100.000
	11/15/2038	595,000	4.400%	4.400%	100.000
	11/15/2039	620,000	4.400%	4.400%	100.000
	11/15/2040	650,000	4.400%	4.400%	100.000
	11/15/2041	675,000	4.400%	4.400%	100.000
	11/15/2042	705,000	4.400%	4.400%	100.000
	11/15/2043	740,000	4.400%	4.400%	100.000
	11/15/2044	770,000	4.400%	4.400%	100.000
	11/15/2045	805,000	4.400%	4.400%	100.000
	11/15/2046	845,000	4.400%	4.400%	100.000
	11/15/2047	880,000	4.400%	4.400%	100.000
	11/15/2048	920,000	4.400%	4.400%	100.000
	11/15/2049	960,000	4.400%	4.400%	100.000
	11/15/2050	1,005,000	4.400%	4.400%	100.000
		17,110,000			
		112,490,000			

BOND PRICING

City of Houston, Texas
Distribution Line Extension

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Dated Date	11/15/2015	
Delivery Date	11/15/2015	
Par Amount	112,490,000.00	
Original Issue Discount		
Production	112,490,000.00	100.000000%
Underwriter's Discount		
Purchase Price	112,490,000.00	100.000000%
Accrued Interest		
Net Proceeds	112,490,000.00	

Notes:

Assumes 0.5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).
Assumed \$5000 maturity denominations.

BOND SUMMARY STATISTICS

City of Houston, Texas
Distribution Line Extension

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Earliest Dated Date	11/15/2015
Earliest Delivery Date	11/15/2015
Last Maturity	11/15/2050
Arbitrage Yield	3.794128%
True Interest Cost (TIC)	3.794128%
Net Interest Cost (NIC)	3.414877%
All-in TIC	3.834166%
Average Coupon	3.414877%
Average Life (years)	20.561
Par Amount	112,490,000.00
Bond Proceeds	112,490,000.00
Total Interest	78,982,681.50
Net Interest	78,982,681.50
Bond Years from Dated Date	2,312,900,000.00
Bond Years from Delivery Date	2,312,900,000.00
Total Debt Service	191,472,681.50
Maximum Annual Debt Service	6,318,777.00
Average Annual Debt Service	5,470,648.04
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bond	25,915,000.00	100.000	2.875%	17.389	33,320.95
Serial Bond (2016)	14,205,000.00	100.000	3.400%	18.012	18,107.20
Serial Bond (2017)	20,895,000.00	100.000	3.900%	18.354	25,834.95
Serial Bond (2019)	15,320,000.00	100.000	4.400%	18.704	18,348.45
Serial Bond (2020)	17,110,000.00	100.000	4.400%	18.704	20,492.80
Serial Bond (2018)	19,045,000.00	100.000	4.400%	18.712	22,818.75
	112,490,000.00			18.250	138,923.10

	TIC	All-in TIC	Arbitrage Yield
Par Value	112,490,000.00	112,490,000.00	112,490,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-562,450.00	
- Other Amounts			
Target Value	112,490,000.00	111,927,550.00	112,490,000.00
Target Date Yield	Multiple 3.794128%	Multiple 3.834166%	Multiple 3.794128%

Notes:

Assumes 0.5% costs of issuance (ratings, bond counsel, AG fee, CUSIP5, any other.).
Assumed \$5000 maturity denominations.

SOURCES AND USES OF FUNDS

City of Houston, Texas
 2015 TWDB - Distribution Lines
 *** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***
 Interest Rate Estimated Using MMD AAA Scale for 5/6/2015

Dated Date 11/15/2015
 Delivery Date 11/15/2015

Sources:

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Bond Proceeds:	
Par Amount	25,915,000.00
<hr/>	
	25,915,000.00
<hr/>	

Uses:

<hr/>	
Project Fund Deposits:	
Project Fund - Distribution Expansion	25,785,425.00
<hr/>	
Delivery Date Expenses:	
Cost of Issuance	129,575.00
<hr/>	
	25,915,000.00
<hr/>	

Note: Assumes .5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).

BOND PRICING

City of Houston, Texas
2015 TWDB - Distribution Lines

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***
Interest Rate Estimated Using MMD AAA Scale for 5/6/2015

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bond:					
	11/15/2016	640,000	0.240%	0.240%	100.000
	11/15/2017	640,000	0.200%	0.200%	100.000
	11/15/2018	645,000	0.590%	0.590%	100.000
	11/15/2019	650,000	0.960%	0.960%	100.000
	11/15/2020	655,000	1.190%	1.190%	100.000
	11/15/2021	665,000	1.380%	1.380%	100.000
	11/15/2022	675,000	1.570%	1.570%	100.000
	11/15/2023	685,000	1.770%	1.770%	100.000
	11/15/2024	700,000	1.950%	1.950%	100.000
	11/15/2025	715,000	2.120%	2.120%	100.000
	11/15/2026	730,000	2.270%	2.270%	100.000
	11/15/2027	745,000	2.350%	2.350%	100.000
	11/15/2028	765,000	2.490%	2.490%	100.000
	11/15/2029	785,000	2.610%	2.610%	100.000
	11/15/2030	805,000	2.690%	2.690%	100.000
	11/15/2031	830,000	2.760%	2.760%	100.000
	11/15/2032	850,000	2.820%	2.820%	100.000
	11/15/2033	875,000	2.880%	2.880%	100.000
	11/15/2034	900,000	2.920%	2.920%	100.000
	11/15/2035	930,000	2.960%	2.960%	100.000
	11/15/2036	955,000	3.000%	3.000%	100.000
	11/15/2037	985,000	3.030%	3.030%	100.000
	11/15/2038	1,015,000	3.060%	3.060%	100.000
	11/15/2039	1,050,000	3.090%	3.090%	100.000
	11/15/2040	1,080,000	3.110%	3.110%	100.000
	11/15/2041	1,115,000	3.130%	3.130%	100.000
	11/15/2042	1,150,000	3.140%	3.140%	100.000
	11/15/2043	1,190,000	3.150%	3.150%	100.000
	11/15/2044	1,225,000	3.160%	3.160%	100.000
	11/15/2045	1,265,000	3.180%	3.180%	100.000
		25,915,000			

Dated Date	11/15/2015	
Delivery Date	11/15/2015	
First Coupon	05/15/2016	
Par Amount	25,915,000.00	
Original Issue Discount		
Production	25,915,000.00	100.000000%
Underwriter's Discount		
Purchase Price	25,915,000.00	100.000000%
Accrued Interest		
Net Proceeds	25,915,000.00	

Note: Assumes .5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).

BOND DEBT SERVICE

City of Houston, Texas

2015 TWDB - Distribution Lines

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Interest Rate Estimated Using MMD AAA Scale for 5/6/2015

Period Ending	Principal	Coupon	Dated Date		Annual Debt Service	Bond Balance	Total Bond Value
			Delivery Date	11/15/2015			
11/15/2015						25,915,000	25,915,000
05/15/2016			322,586.50	322,586.50	322,586.50	25,915,000	25,915,000
11/15/2016	640,000	0.240%	322,586.50	962,586.50		25,275,000	25,275,000
05/15/2017			321,818.50	321,818.50	1,284,405.00	25,275,000	25,275,000
11/15/2017	640,000	0.200%	321,818.50	961,818.50		24,635,000	24,635,000
05/15/2018			321,178.50	321,178.50	1,282,997.00	24,635,000	24,635,000
11/15/2018	645,000	0.590%	321,178.50	966,178.50		23,990,000	23,990,000
05/15/2019			319,275.75	319,275.75	1,285,454.25	23,990,000	23,990,000
11/15/2019	650,000	0.960%	319,275.75	969,275.75		23,340,000	23,340,000
05/15/2020			316,155.75	316,155.75	1,285,431.50	23,340,000	23,340,000
11/15/2020	655,000	1.190%	316,155.75	971,155.75		22,685,000	22,685,000
05/15/2021			312,258.50	312,258.50	1,283,414.25	22,685,000	22,685,000
11/15/2021	665,000	1.380%	312,258.50	977,258.50		22,020,000	22,020,000
05/15/2022			307,670.00	307,670.00	1,284,928.50	22,020,000	22,020,000
11/15/2022	675,000	1.570%	307,670.00	982,670.00		21,345,000	21,345,000
05/15/2023			302,371.25	302,371.25	1,285,041.25	21,345,000	21,345,000
11/15/2023	685,000	1.770%	302,371.25	987,371.25		20,660,000	20,660,000
05/15/2024			296,309.00	296,309.00	1,283,680.25	20,660,000	20,660,000
11/15/2024	700,000	1.950%	296,309.00	996,309.00		19,960,000	19,960,000
05/15/2025			289,484.00	289,484.00	1,285,793.00	19,960,000	19,960,000
11/15/2025	715,000	2.120%	289,484.00	1,004,484.00		19,245,000	19,245,000
05/15/2026			281,905.00	281,905.00	1,286,389.00	19,245,000	19,245,000
11/15/2026	730,000	2.220%	281,905.00	1,011,905.00		18,515,000	18,515,000
05/15/2027			273,802.00	273,802.00	1,285,707.00	18,515,000	18,515,000
11/15/2027	745,000	2.350%	273,802.00	1,018,802.00		17,770,000	17,770,000
05/15/2028			265,048.25	265,048.25	1,283,850.25	17,770,000	17,770,000
11/15/2028	765,000	2.490%	265,048.25	1,030,048.25		17,005,000	17,005,000
05/15/2029			255,524.00	255,524.00	1,285,572.25	17,005,000	17,005,000
11/15/2029	785,000	2.610%	255,524.00	1,040,524.00		16,220,000	16,220,000
05/15/2030			245,279.75	245,279.75	1,285,803.75	16,220,000	16,220,000
11/15/2030	805,000	2.690%	245,279.75	1,050,279.75		15,415,000	15,415,000
05/15/2031			234,452.50	234,452.50	1,284,732.25	15,415,000	15,415,000
11/15/2031	830,000	2.760%	234,452.50	1,064,452.50		14,585,000	14,585,000
05/15/2032			222,998.50	222,998.50	1,287,451.00	14,585,000	14,585,000
11/15/2032	850,000	2.820%	222,998.50	1,072,998.50		13,735,000	13,735,000
05/15/2033			211,013.50	211,013.50	1,284,012.00	13,735,000	13,735,000
11/15/2033	875,000	2.880%	211,013.50	1,086,013.50		12,860,000	12,860,000
05/15/2034			198,413.50	198,413.50	1,284,427.00	12,860,000	12,860,000
11/15/2034	900,000	2.920%	198,413.50	1,098,413.50		11,960,000	11,960,000
05/15/2035			185,273.50	185,273.50	1,283,687.00	11,960,000	11,960,000
11/15/2035	930,000	2.960%	185,273.50	1,115,273.50		11,030,000	11,030,000
05/15/2036			171,509.50	171,509.50	1,286,783.00	11,030,000	11,030,000
11/15/2036	955,000	3.000%	171,509.50	1,126,509.50		10,075,000	10,075,000
05/15/2037			157,184.50	157,184.50	1,283,694.00	10,075,000	10,075,000
11/15/2037	985,000	3.030%	157,184.50	1,142,184.50		9,090,000	9,090,000
05/15/2038			142,261.75	142,261.75	1,284,446.25	9,090,000	9,090,000
11/15/2038	1,015,000	3.060%	142,261.75	1,157,261.75		8,075,000	8,075,000
05/15/2039			126,732.25	126,732.25	1,283,994.00	8,075,000	8,075,000
11/15/2039	1,050,000	3.090%	126,732.25	1,176,732.25		7,025,000	7,025,000
05/15/2040			110,509.75	110,509.75	1,287,242.00	7,025,000	7,025,000
11/15/2040	1,080,000	3.110%	110,509.75	1,190,509.75		5,945,000	5,945,000
05/15/2041			93,715.75	93,715.75	1,284,225.50	5,945,000	5,945,000
11/15/2041	1,115,000	3.130%	93,715.75	1,208,715.75		4,830,000	4,830,000
05/15/2042			76,266.00	76,266.00	1,284,981.75	4,830,000	4,830,000
11/15/2042	1,150,000	3.140%	76,266.00	1,226,266.00		3,680,000	3,680,000
05/15/2043			58,211.00	58,211.00	1,284,477.00	3,680,000	3,680,000
11/15/2043	1,190,000	3.150%	58,211.00	1,248,211.00		2,490,000	2,490,000
05/15/2044			39,468.50	39,468.50	1,287,679.50	2,490,000	2,490,000
11/15/2044	1,225,000	3.160%	39,468.50	1,264,468.50		1,265,000	1,265,000
05/15/2045			20,113.50	20,113.50	1,284,582.00	1,265,000	1,265,000
11/15/2045	1,265,000	3.180%	20,113.50	1,285,113.50			
	25,915,000		12,957,581.50	38,872,581.50	38,872,581.50		

BOND DEBT SERVICE

City of Houston, Texas
2015 TWDB - Distribution Lines

***** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY *****
Interest Rate Estimated Using MMD AAA Scale for 5/6/2015

Note: Assumes .5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).

BOND SUMMARY STATISTICS

City of Houston, Texas
2015 TWDB - Distribution Lines

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***
Interest Rate Estimated Using MMD AAA Scale for 5/6/2015

Dated Date	11/15/2015
Delivery Date	11/15/2015
Last Maturity	11/15/2045
Arbitrage Yield	3.794128%
True Interest Cost (TIC)	2.835960%
Net Interest Cost (NIC)	2.875373%
All-In TIC	2.874073%
Average Coupon	2.875373%
Average Life (years)	17.389
Duration of Issue (years)	13.353
Par Amount	25,915,000.00
Bond Proceeds	25,915,000.00
Total Interest	12,957,581.50
Net Interest	12,957,581.50
Bond Years from Dated Date	450,640,000.00
Bond Years from Delivery Date	450,640,000.00
Total Debt Service	38,872,581.50
Maximum Annual Debt Service	1,287,679.50
Average Annual Debt Service	1,295,752.72
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bond	25,915,000.00	100.000	2.875%	17.389	33,320.95
	25,915,000.00			17.389	33,320.95

	TIC	All-In TIC	Arbitrage Yield
Par Value	25,915,000.00	25,915,000.00	25,915,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-129,575.00	
- Other Amounts			
Target Value	25,915,000.00	25,785,425.00	25,915,000.00
Target Date	11/15/2015	11/15/2015	11/15/2015
Yield	2.835960%	2.874073%	3.794128%

Note: Assumes .5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).

SOURCES AND USES OF FUNDS

City of Houston, Texas
 2016 TWDB - Distribution Lines
 *** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***
 Interest Rate Estimated Using 3.40%

Dated Date 11/15/2016
 Delivery Date 11/15/2016

Sources:

Bond Proceeds:	
Par Amount	14,205,000.00
	14,205,000.00

Uses:

Project Fund Deposits:	
Project Fund - Distribution Expansion	14,133,975.00
Delivery Date Expenses:	
Cost of Issuance	71,025.00
	14,205,000.00

Note: Assumes .5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).

BOND PRICING

City of Houston, Texas
2016 TWDB - Distribution Lines

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Interest Rate Estimated Using 3.40%

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bond (2016):					
	11/15/2017	275,000	3.400%	3.400%	100.000
	11/15/2018	285,000	3.400%	3.400%	100.000
	11/15/2019	295,000	3.400%	3.400%	100.000
	11/15/2020	305,000	3.400%	3.400%	100.000
	11/15/2021	320,000	3.400%	3.400%	100.000
	11/15/2022	330,000	3.400%	3.400%	100.000
	11/15/2023	340,000	3.400%	3.400%	100.000
	11/15/2024	350,000	3.400%	3.400%	100.000
	11/15/2025	365,000	3.400%	3.400%	100.000
	11/15/2026	375,000	3.400%	3.400%	100.000
	11/15/2027	390,000	3.400%	3.400%	100.000
	11/15/2028	405,000	3.400%	3.400%	100.000
	11/15/2029	415,000	3.400%	3.400%	100.000
	11/15/2030	430,000	3.400%	3.400%	100.000
	11/15/2031	445,000	3.400%	3.400%	100.000
	11/15/2032	460,000	3.400%	3.400%	100.000
	11/15/2033	480,000	3.400%	3.400%	100.000
	11/15/2034	495,000	3.400%	3.400%	100.000
	11/15/2035	510,000	3.400%	3.400%	100.000
	11/15/2036	530,000	3.400%	3.400%	100.000
	11/15/2037	545,000	3.400%	3.400%	100.000
	11/15/2038	565,000	3.400%	3.400%	100.000
	11/15/2039	585,000	3.400%	3.400%	100.000
	11/15/2040	605,000	3.400%	3.400%	100.000
	11/15/2041	625,000	3.400%	3.400%	100.000
	11/15/2042	650,000	3.400%	3.400%	100.000
	11/15/2043	670,000	3.400%	3.400%	100.000
	11/15/2044	695,000	3.400%	3.400%	100.000
	11/15/2045	720,000	3.400%	3.400%	100.000
	11/15/2046	745,000	3.400%	3.400%	100.000
		14,205,000			

Dated Date	11/15/2016	
Delivery Date	11/15/2016	
First Coupon	05/15/2017	
Par Amount	14,205,000.00	
Original Issue Discount		
Production	14,205,000.00	100.000000%
Underwriter's Discount		
Purchase Price	14,205,000.00	100.000000%
Accrued Interest		
Net Proceeds	14,205,000.00	

Note: Assumes .5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).

BOND DEBT SERVICE

City of Houston, Texas
2016 TWDB - Distribution Lines

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Interest Rate Estimated Using 3.40%

	Dated Date	11/15/2016					
	Delivery Date	11/15/2016					
Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value
11/15/2016						14,205,000	14,205,000
05/15/2017			241,485	241,485	241,485	14,205,000	14,205,000
11/15/2017	275,000	3.400%	241,485	516,485		13,930,000	13,930,000
05/15/2018			236,810	236,810	753,295	13,930,000	13,930,000
11/15/2018	285,000	3.400%	236,810	521,810		13,645,000	13,645,000
05/15/2019			231,965	231,965	753,775	13,645,000	13,645,000
11/15/2019	295,000	3.400%	231,965	526,965		13,350,000	13,350,000
05/15/2020			226,950	226,950	753,915	13,350,000	13,350,000
11/15/2020	305,000	3.400%	226,950	531,950		13,045,000	13,045,000
05/15/2021			221,765	221,765	753,715	13,045,000	13,045,000
11/15/2021	320,000	3.400%	221,765	541,765		12,725,000	12,725,000
05/15/2022			216,325	216,325	758,090	12,725,000	12,725,000
11/15/2022	330,000	3.400%	216,325	546,325		12,395,000	12,395,000
05/15/2023			210,715	210,715	757,040	12,395,000	12,395,000
11/15/2023	340,000	3.400%	210,715	550,715		12,055,000	12,055,000
05/15/2024			204,935	204,935	755,650	12,055,000	12,055,000
11/15/2024	350,000	3.400%	204,935	554,935		11,705,000	11,705,000
05/15/2025			198,985	198,985	753,920	11,705,000	11,705,000
11/15/2025	365,000	3.400%	198,985	563,985		11,340,000	11,340,000
05/15/2026			192,780	192,780	756,765	11,340,000	11,340,000
11/15/2026	375,000	3.400%	192,780	567,780		10,965,000	10,965,000
05/15/2027			186,405	186,405	754,185	10,965,000	10,965,000
11/15/2027	390,000	3.400%	186,405	576,405		10,575,000	10,575,000
05/15/2028			179,775	179,775	756,180	10,575,000	10,575,000
11/15/2028	405,000	3.400%	179,775	584,775		10,170,000	10,170,000
05/15/2029			172,890	172,890	757,665	10,170,000	10,170,000
11/15/2029	415,000	3.400%	172,890	587,890		9,755,000	9,755,000
05/15/2030			165,835	165,835	753,725	9,755,000	9,755,000
11/15/2030	430,000	3.400%	165,835	595,835		9,325,000	9,325,000
05/15/2031			158,525	158,525	754,360	9,325,000	9,325,000
11/15/2031	445,000	3.400%	158,525	603,525		8,880,000	8,880,000
05/15/2032			150,960	150,960	754,485	8,880,000	8,880,000
11/15/2032	460,000	3.400%	150,960	610,960		8,420,000	8,420,000
05/15/2033			143,140	143,140	754,100	8,420,000	8,420,000
11/15/2033	480,000	3.400%	143,140	623,140		7,940,000	7,940,000
05/15/2034			134,980	134,980	758,120	7,940,000	7,940,000
11/15/2034	495,000	3.400%	134,980	629,980		7,445,000	7,445,000
05/15/2035			126,565	126,565	756,545	7,445,000	7,445,000
11/15/2035	510,000	3.400%	126,565	636,565		6,935,000	6,935,000
05/15/2036			117,895	117,895	754,460	6,935,000	6,935,000
11/15/2036	530,000	3.400%	117,895	647,895		6,405,000	6,405,000
05/15/2037			108,885	108,885	756,780	6,405,000	6,405,000
11/15/2037	545,000	3.400%	108,885	653,885		5,860,000	5,860,000
05/15/2038			99,620	99,620	753,505	5,860,000	5,860,000
11/15/2038	565,000	3.400%	99,620	664,620		5,295,000	5,295,000
05/15/2039			90,015	90,015	754,635	5,295,000	5,295,000
11/15/2039	585,000	3.400%	90,015	675,015		4,710,000	4,710,000
05/15/2040			80,070	80,070	755,085	4,710,000	4,710,000
11/15/2040	605,000	3.400%	80,070	685,070		4,105,000	4,105,000
05/15/2041			69,785	69,785	754,855	4,105,000	4,105,000
11/15/2041	625,000	3.400%	69,785	694,785		3,480,000	3,480,000
05/15/2042			59,160	59,160	753,945	3,480,000	3,480,000
11/15/2042	650,000	3.400%	59,160	709,160		2,830,000	2,830,000
05/15/2043			48,110	48,110	757,270	2,830,000	2,830,000
11/15/2043	670,000	3.400%	48,110	718,110		2,160,000	2,160,000
05/15/2044			36,720	36,720	754,830	2,160,000	2,160,000
11/15/2044	695,000	3.400%	36,720	731,720		1,465,000	1,465,000

BOND DEBT SERVICE

City of Houston, Texas

2016 TWDB - Distribution Lines

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Interest Rate Estimated Using 3.40%

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value
05/15/2045			24,905	24,905	756,625	1,465,000	1,465,000
11/15/2045	720,000	3.400%	24,905	744,905		745,000	745,000
05/15/2046			12,665	12,665	757,570	745,000	745,000
11/15/2046	745,000	3.400%	12,665	757,665	757,665		
	14,205,000		8,699,240	22,904,240	22,904,240		

Note: Assumes .5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).

BOND SUMMARY STATISTICS

City of Houston, Texas
 2016 TWDB - Distribution Lines
 *** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***
 Interest Rate Estimated Using 3.40%

Dated Date	11/15/2016
Delivery Date	11/15/2016
Last Maturity	11/15/2046
Arbitrage Yield	3.794128%
True Interest Cost (TIC)	3.400000%
Net Interest Cost (NIC)	3.400000%
All-In TIC	3.439489%
Average Coupon	3.400000%
Average Life (years)	18.012
Duration of Issue (years)	12.924
Par Amount	14,205,000.00
Bond Proceeds	14,205,000.00
Total Interest	8,699,240.00
Net Interest	8,699,240.00
Bond Years from Dated Date	255,860,000.00
Bond Years from Delivery Date	255,860,000.00
Total Debt Service	22,904,240.00
Maximum Annual Debt Service	758,120.00
Average Annual Debt Service	763,474.67
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bond (2016)	14,205,000.00	100.000	3.400%	18.012	18,107.20
	14,205,000.00			18.012	18,107.20

	TIC	All-In TIC	Arbitrage Yield
Par Value	14,205,000.00	14,205,000.00	14,205,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-71,025.00	
- Other Amounts			
Target Value	14,205,000.00	14,133,975.00	14,205,000.00
Target Date	11/15/2016	11/15/2016	11/15/2016
Yield	3.400000%	3.439489%	3.794128%

Note: Assumes .5% costs of issuance (ratings, bond counsel, AG fee, CUSIP5, any other.).

SOURCES AND USES OF FUNDS

City of Houston, Texas
 2017 TWDB - Distribution Lines
 *** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***
 Interest Rate Estimated Using 3.90%

Dated Date 11/15/2017
 Delivery Date 11/15/2017

Sources:

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Bond Proceeds:	
Par Amount	20,895,000.00
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	20,895,000.00
<hr/>	

Uses:

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Project Fund Deposits:	
Project Fund - Distribution Expansion	20,790,525.00
<hr/>	
Delivery Date Expenses:	
Cost of Issuance	104,475.00
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	20,895,000.00
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Note: Assumes .5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).

BOND PRICING

City of Houston, Texas

2017 TWDB - Distribution Lines

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Interest Rate Estimated Using 3.90%

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bond (2017):					
	11/15/2018	375,000	3.900%	3.900%	100.000
	11/15/2019	390,000	3.900%	3.900%	100.000
	11/15/2020	405,000	3.900%	3.900%	100.000
	11/15/2021	420,000	3.900%	3.900%	100.000
	11/15/2022	435,000	3.900%	3.900%	100.000
	11/15/2023	455,000	3.900%	3.900%	100.000
	11/15/2024	475,000	3.900%	3.900%	100.000
	11/15/2025	490,000	3.900%	3.900%	100.000
	11/15/2026	510,000	3.900%	3.900%	100.000
	11/15/2027	530,000	3.900%	3.900%	100.000
	11/15/2028	555,000	3.900%	3.900%	100.000
	11/15/2029	575,000	3.900%	3.900%	100.000
	11/15/2030	600,000	3.900%	3.900%	100.000
	11/15/2031	620,000	3.900%	3.900%	100.000
	11/15/2032	645,000	3.900%	3.900%	100.000
	11/15/2033	670,000	3.900%	3.900%	100.000
	11/15/2034	700,000	3.900%	3.900%	100.000
	11/15/2035	725,000	3.900%	3.900%	100.000
	11/15/2036	755,000	3.900%	3.900%	100.000
	11/15/2037	785,000	3.900%	3.900%	100.000
	11/15/2038	815,000	3.900%	3.900%	100.000
	11/15/2039	850,000	3.900%	3.900%	100.000
	11/15/2040	880,000	3.900%	3.900%	100.000
	11/15/2041	915,000	3.900%	3.900%	100.000
	11/15/2042	955,000	3.900%	3.900%	100.000
	11/15/2043	990,000	3.900%	3.900%	100.000
	11/15/2044	1,030,000	3.900%	3.900%	100.000
	11/15/2045	1,070,000	3.900%	3.900%	100.000
	11/15/2046	1,115,000	3.900%	3.900%	100.000
	11/15/2047	1,160,000	3.900%	3.900%	100.000
		20,895,000			

Dated Date	11/15/2017	
Delivery Date	11/15/2017	
First Coupon	05/15/2018	
Par Amount	20,895,000.00	
Original Issue Discount		
Production	20,895,000.00	100.000000%
Underwriter's Discount		
Purchase Price	20,895,000.00	100.000000%
Accrued Interest		
Net Proceeds	20,895,000.00	

Note: Assumes .5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).

BOND DEBT SERVICE

City of Houston, Texas

2017 TWDB - Distribution Lines

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Interest Rate Estimated Using 3.90%

Period Ending	Principal	Coupon	Dated Date		Delivery Date		Annual Debt Service	Bond Balance	Total Bond Value
			11/15/2017	11/15/2017	11/15/2017	11/15/2017			
11/15/2017							20,895,000	20,895,000	
05/15/2018			407,452.50	407,452.50	407,452.50		20,895,000	20,895,000	
11/15/2018	375,000	3.900%	407,452.50	782,452.50			20,520,000	20,520,000	
05/15/2019			400,140.00	400,140.00	1,182,592.50		20,520,000	20,520,000	
11/15/2019	390,000	3.900%	400,140.00	790,140.00			20,130,000	20,130,000	
05/15/2020			392,535.00	392,535.00	1,182,675.00		20,130,000	20,130,000	
11/15/2020	405,000	3.900%	392,535.00	797,535.00			19,725,000	19,725,000	
05/15/2021			384,637.50	384,637.50	1,182,172.50		19,725,000	19,725,000	
11/15/2021	420,000	3.900%	384,637.50	804,637.50			19,305,000	19,305,000	
05/15/2022			376,447.50	376,447.50	1,181,085.00		19,305,000	19,305,000	
11/15/2022	435,000	3.900%	376,447.50	811,447.50			18,870,000	18,870,000	
05/15/2023			367,965.00	367,965.00	1,179,412.50		18,870,000	18,870,000	
11/15/2023	455,000	3.900%	367,965.00	822,965.00			18,415,000	18,415,000	
05/15/2024			359,092.50	359,092.50	1,182,057.50		18,415,000	18,415,000	
11/15/2024	475,000	3.900%	359,092.50	834,092.50			17,940,000	17,940,000	
05/15/2025			349,830.00	349,830.00	1,183,922.50		17,940,000	17,940,000	
11/15/2025	490,000	3.900%	349,830.00	839,830.00			17,450,000	17,450,000	
05/15/2026			340,275.00	340,275.00	1,180,105.00		17,450,000	17,450,000	
11/15/2026	510,000	3.900%	340,275.00	850,275.00			16,940,000	16,940,000	
05/15/2027			330,330.00	330,330.00	1,180,605.00		16,940,000	16,940,000	
11/15/2027	530,000	3.900%	330,330.00	860,330.00			16,410,000	16,410,000	
05/15/2028			319,995.00	319,995.00	1,180,325.00		16,410,000	16,410,000	
11/15/2028	555,000	3.900%	319,995.00	874,995.00			15,855,000	15,855,000	
05/15/2029			309,172.50	309,172.50	1,184,167.50		15,855,000	15,855,000	
11/15/2029	575,000	3.900%	309,172.50	884,172.50			15,280,000	15,280,000	
05/15/2030			297,960.00	297,960.00	1,182,132.50		15,280,000	15,280,000	
11/15/2030	600,000	3.900%	297,960.00	897,960.00			14,680,000	14,680,000	
05/15/2031			286,260.00	286,260.00	1,184,220.00		14,680,000	14,680,000	
11/15/2031	620,000	3.900%	286,260.00	906,260.00			14,060,000	14,060,000	
05/15/2032			274,170.00	274,170.00	1,180,430.00		14,060,000	14,060,000	
11/15/2032	645,000	3.900%	274,170.00	919,170.00			13,415,000	13,415,000	
05/15/2033			261,592.50	261,592.50	1,180,762.50		13,415,000	13,415,000	
11/15/2033	670,000	3.900%	261,592.50	931,592.50			12,745,000	12,745,000	
05/15/2034			248,527.50	248,527.50	1,180,120.00		12,745,000	12,745,000	
11/15/2034	700,000	3.900%	248,527.50	948,527.50			12,045,000	12,045,000	
05/15/2035			234,877.50	234,877.50	1,183,405.00		12,045,000	12,045,000	
11/15/2035	725,000	3.900%	234,877.50	959,877.50			11,320,000	11,320,000	
05/15/2036			220,740.00	220,740.00	1,180,617.50		11,320,000	11,320,000	
11/15/2036	755,000	3.900%	220,740.00	975,740.00			10,565,000	10,565,000	
05/15/2037			206,017.50	206,017.50	1,181,757.50		10,565,000	10,565,000	
11/15/2037	785,000	3.900%	206,017.50	991,017.50			9,780,000	9,780,000	
05/15/2038			190,710.00	190,710.00	1,181,727.50		9,780,000	9,780,000	
11/15/2038	815,000	3.900%	190,710.00	1,005,710.00			8,965,000	8,965,000	
05/15/2039			174,817.50	174,817.50	1,180,527.50		8,965,000	8,965,000	
11/15/2039	850,000	3.900%	174,817.50	1,024,817.50			8,115,000	8,115,000	
05/15/2040			158,242.50	158,242.50	1,183,060.00		8,115,000	8,115,000	
11/15/2040	880,000	3.900%	158,242.50	1,038,242.50			7,235,000	7,235,000	
05/15/2041			141,082.50	141,082.50	1,179,325.00		7,235,000	7,235,000	
11/15/2041	915,000	3.900%	141,082.50	1,056,082.50			6,320,000	6,320,000	
05/15/2042			123,240.00	123,240.00	1,179,322.50		6,320,000	6,320,000	
11/15/2042	955,000	3.900%	123,240.00	1,078,240.00			5,365,000	5,365,000	
05/15/2043			104,617.50	104,617.50	1,182,857.50		5,365,000	5,365,000	
11/15/2043	990,000	3.900%	104,617.50	1,094,617.50			4,375,000	4,375,000	
05/15/2044			85,312.50	85,312.50	1,179,930.00		4,375,000	4,375,000	
11/15/2044	1,030,000	3.900%	85,312.50	1,115,312.50			3,345,000	3,345,000	
05/15/2045			65,227.50	65,227.50	1,180,540.00		3,345,000	3,345,000	
11/15/2045	1,070,000	3.900%	65,227.50	1,135,227.50			2,275,000	2,275,000	
05/15/2046			44,362.50	44,362.50	1,179,590.00		2,275,000	2,275,000	
11/15/2046	1,115,000	3.900%	44,362.50	1,159,362.50			1,160,000	1,160,000	
05/15/2047			22,620.00	22,620.00	1,181,982.50		1,160,000	1,160,000	
11/15/2047	1,160,000	3.900%	22,620.00	1,182,620.00					
	20,895,000		14,956,500.00	35,851,500.00	35,851,500.00				

BOND DEBT SERVICE

City of Houston, Texas

2017 TWDB - Distribution Lines

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Interest Rate Estimated Using 3.90%

Note: Assumes .5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).

BOND SUMMARY STATISTICS

City of Houston, Texas
2017 TWDB - Distribution Lines

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Interest Rate Estimated Using 3.90%

Dated Date	11/15/2017
Delivery Date	11/15/2017
Last Maturity	11/15/2047
Arbitrage Yield	3.794128%
True Interest Cost (TIC)	3.900000%
Net Interest Cost (NIC)	3.900000%
All-In TIC	3.940735%
Average Coupon	3.900000%
Average Life (years)	18.354
Duration of Issue (years)	12.560
Par Amount	20,895,000.00
Bond Proceeds	20,895,000.00
Total Interest	14,956,500.00
Net Interest	14,956,500.00
Bond Years from Dated Date	383,500,000.00
Bond Years from Delivery Date	383,500,000.00
Total Debt Service	35,851,500.00
Maximum Annual Debt Service	1,184,220.00
Average Annual Debt Service	1,195,050.00
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bond (2017)	20,895,000.00	100.000	3.900%	18.354	25,834.95
	20,895,000.00			18.354	25,834.95

	TIC	All-In TIC	Arbitrage Yield
Par Value	20,895,000.00	20,895,000.00	20,895,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-104,475.00	
- Other Amounts			
Target Value	20,895,000.00	20,790,525.00	20,895,000.00
Target Date	11/15/2017	11/15/2017	11/15/2017
Yield	3.900000%	3.940735%	3.794128%

Note: Assumes .5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).

SOURCES AND USES OF FUNDS

City of Houston, Texas
 2018 TWDB - Distribution Lines
 *** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***
 Interest Rate Estimated Using 4.40%

Dated Date 11/15/2018
 Delivery Date 11/15/2018

Sources:

Bond Proceeds:	
Par Amount	19,045,000.00
19,045,000.00	

Uses:

Project Fund Deposits:	
Project Fund - Distribution Expansion	18,949,775.00
Delivery Date Expenses:	
Cost of Issuance	95,225.00
19,045,000.00	

Note: Assumes .5% costs of issuance (ratings, bond counsel, AG fee, CU5IPS, any other.).

BOND PRICING

City of Houston, Texas

2018 TWDB - Distribution Lines

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Interest Rate Estimated Using 4.40%

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bond (2018):					
	11/15/2019	310,000	4.400%	4.400%	100.000
	11/15/2020	325,000	4.400%	4.400%	100.000
	11/15/2021	340,000	4.400%	4.400%	100.000
	11/15/2022	355,000	4.400%	4.400%	100.000
	11/15/2023	370,000	4.400%	4.400%	100.000
	11/15/2024	390,000	4.400%	4.400%	100.000
	11/15/2025	405,000	4.400%	4.400%	100.000
	11/15/2026	425,000	4.400%	4.400%	100.000
	11/15/2027	445,000	4.400%	4.400%	100.000
	11/15/2028	465,000	4.400%	4.400%	100.000
	11/15/2029	485,000	4.400%	4.400%	100.000
	11/15/2030	505,000	4.400%	4.400%	100.000
	11/15/2031	530,000	4.400%	4.400%	100.000
	11/15/2032	555,000	4.400%	4.400%	100.000
	11/15/2033	580,000	4.400%	4.400%	100.000
	11/15/2034	605,000	4.400%	4.400%	100.000
	11/15/2035	630,000	4.400%	4.400%	100.000
	11/15/2036	660,000	4.400%	4.400%	100.000
	11/15/2037	690,000	4.400%	4.400%	100.000
	11/15/2038	720,000	4.400%	4.400%	100.000
	11/15/2039	755,000	4.400%	4.400%	100.000
	11/15/2040	785,000	4.400%	4.400%	100.000
	11/15/2041	820,000	4.400%	4.400%	100.000
	11/15/2042	860,000	4.400%	4.400%	100.000
	11/15/2043	900,000	4.400%	4.400%	100.000
	11/15/2044	940,000	4.400%	4.400%	100.000
	11/15/2045	980,000	4.400%	4.400%	100.000
	11/15/2046	1,025,000	4.400%	4.400%	100.000
	11/15/2047	1,070,000	4.400%	4.400%	100.000
	11/15/2048	1,120,000	4.400%	4.400%	100.000
		19,045,000			

Dated Date	11/15/2018	
Delivery Date	11/15/2018	
First Coupon	05/15/2019	
Par Amount	19,045,000.00	
Original Issue Discount		
Production	19,045,000.00	100.000000%
Underwriter's Discount		
Purchase Price	19,045,000.00	100.000000%
Accrued Interest		
Net Proceeds	19,045,000.00	

Note: Assumes .5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).

BOND DEBT SERVICE

City of Houston, Texas

2018 TWDB - Distribution Lines

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Interest Rate Estimated Using 4.40%

Dated Date 11/15/2018
 Delivery Date 11/15/2018

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value
11/15/2018						19,045,000	19,045,000
05/15/2019			418,990	418,990	418,990	19,045,000	19,045,000
11/15/2019	310,000	4.400%	418,990	728,990		18,735,000	18,735,000
05/15/2020			412,170	412,170	1,141,160	18,735,000	18,735,000
11/15/2020	325,000	4.400%	412,170	737,170		18,410,000	18,410,000
05/15/2021			405,020	405,020	1,142,190	18,410,000	18,410,000
11/15/2021	340,000	4.400%	405,020	745,020		18,070,000	18,070,000
05/15/2022			397,540	397,540	1,142,560	18,070,000	18,070,000
11/15/2022	355,000	4.400%	397,540	752,540		17,715,000	17,715,000
05/15/2023			389,730	389,730	1,142,270	17,715,000	17,715,000
11/15/2023	370,000	4.400%	389,730	759,730		17,345,000	17,345,000
05/15/2024			381,590	381,590	1,141,320	17,345,000	17,345,000
11/15/2024	390,000	4.400%	381,590	771,590		16,955,000	16,955,000
05/15/2025			373,010	373,010	1,144,600	16,955,000	16,955,000
11/15/2025	405,000	4.400%	373,010	778,010		16,550,000	16,550,000
05/15/2026			364,100	364,100	1,142,110	16,550,000	16,550,000
11/15/2026	425,000	4.400%	364,100	789,100		16,125,000	16,125,000
05/15/2027			354,750	354,750	1,143,850	16,125,000	16,125,000
11/15/2027	445,000	4.400%	354,750	799,750		15,680,000	15,680,000
05/15/2028			344,960	344,960	1,144,710	15,680,000	15,680,000
11/15/2028	465,000	4.400%	344,960	809,960		15,215,000	15,215,000
05/15/2029			334,730	334,730	1,144,690	15,215,000	15,215,000
11/15/2029	485,000	4.400%	334,730	819,730		14,730,000	14,730,000
05/15/2030			324,060	324,060	1,143,790	14,730,000	14,730,000
11/15/2030	505,000	4.400%	324,060	829,060		14,225,000	14,225,000
05/15/2031			312,950	312,950	1,142,010	14,225,000	14,225,000
11/15/2031	530,000	4.400%	312,950	842,950		13,695,000	13,695,000
05/15/2032			301,290	301,290	1,144,240	13,695,000	13,695,000
11/15/2032	555,000	4.400%	301,290	856,290		13,140,000	13,140,000
05/15/2033			289,080	289,080	1,145,370	13,140,000	13,140,000
11/15/2033	580,000	4.400%	289,080	869,080		12,560,000	12,560,000
05/15/2034			276,320	276,320	1,145,400	12,560,000	12,560,000
11/15/2034	605,000	4.400%	276,320	881,320		11,955,000	11,955,000
05/15/2035			263,010	263,010	1,144,330	11,955,000	11,955,000
11/15/2035	630,000	4.400%	263,010	893,010		11,325,000	11,325,000
05/15/2036			249,150	249,150	1,142,160	11,325,000	11,325,000
11/15/2036	660,000	4.400%	249,150	909,150		10,665,000	10,665,000
05/15/2037			234,630	234,630	1,143,780	10,665,000	10,665,000
11/15/2037	690,000	4.400%	234,630	924,630		9,975,000	9,975,000
05/15/2038			219,450	219,450	1,144,080	9,975,000	9,975,000
11/15/2038	720,000	4.400%	219,450	939,450		9,255,000	9,255,000
05/15/2039			203,610	203,610	1,143,060	9,255,000	9,255,000
11/15/2039	755,000	4.400%	203,610	958,610		8,500,000	8,500,000
05/15/2040			187,000	187,000	1,145,610	8,500,000	8,500,000
11/15/2040	785,000	4.400%	187,000	972,000		7,715,000	7,715,000
05/15/2041			169,730	169,730	1,141,730	7,715,000	7,715,000
11/15/2041	820,000	4.400%	169,730	989,730		6,895,000	6,895,000
05/15/2042			151,690	151,690	1,141,420	6,895,000	6,895,000
11/15/2042	860,000	4.400%	151,690	1,011,690		6,035,000	6,035,000
05/15/2043			132,770	132,770	1,144,460	6,035,000	6,035,000
11/15/2043	900,000	4.400%	132,770	1,032,770		5,135,000	5,135,000
05/15/2044			112,970	112,970	1,145,740	5,135,000	5,135,000
11/15/2044	940,000	4.400%	112,970	1,052,970		4,195,000	4,195,000
05/15/2045			92,290	92,290	1,145,260	4,195,000	4,195,000
11/15/2045	980,000	4.400%	92,290	1,072,290		3,215,000	3,215,000
05/15/2046			70,730	70,730	1,143,020	3,215,000	3,215,000
11/15/2046	1,025,000	4.400%	70,730	1,095,730		2,190,000	2,190,000

BOND DEBT SERVICE

City of Houston, Texas

2018 TWDB - Distribution Lines

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Interest Rate Estimated Using 4.40%

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value
05/15/2047			48,180	48,180	1,143,910	2,190,000	2,190,000
11/15/2047	1,070,000	4.400%	48,180	1,118,180		1,120,000	1,120,000
05/15/2048			24,640	24,640	1,142,820	1,120,000	1,120,000
11/15/2048	1,120,000	4.400%	24,640	1,144,640	1,144,640		
	19,045,000		15,680,280	34,725,280	34,725,280		

Note: Assumes .5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).

BOND SUMMARY STATISTICS

City of Houston, Texas
2018 TWDB - Distribution Lines

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Interest Rate Estimated Using 4.40%

Dated Date	11/15/2018
Delivery Date	11/15/2018
Last Maturity	11/15/2048
Arbitrage Yield	3.794128%
True Interest Cost (TIC)	4.400000%
Net Interest Cost (NIC)	4.400000%
All-In TIC	4.441985%
Average Coupon	4.400000%
Average Life (years)	18.712
Duration of Issue (years)	12.217
Par Amount	19,045,000.00
Bond Proceeds	19,045,000.00
Total Interest	15,680,280.00
Net Interest	15,680,280.00
Bond Years from Dated Date	356,370,000.00
Bond Years from Delivery Date	356,370,000.00
Total Debt Service	34,725,280.00
Maximum Annual Debt Service	1,145,740.00
Average Annual Debt Service	1,157,509.33
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bond (2018)	19,045,000.00	100.000	4.400%	18.712	22,818.75
	19,045,000.00			18.712	22,818.75

	TIC	All-In TIC	Arbitrage Yield
Par Value	19,045,000.00	19,045,000.00	19,045,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-95,225.00	
- Other Amounts			
Target Value	19,045,000.00	18,949,775.00	19,045,000.00
Target Date	11/15/2018	11/15/2018	11/15/2018
Yield	4.400000%	4.441985%	3.794128%

Note: Assumes .5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).

SOURCES AND USES OF FUNDS

City of Houston, Texas
 2019 TWDB - Distribution Lines
 *** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***
 Interest Rate Estimated Using 4.40%

Dated Date 11/15/2019
 Delivery Date 11/15/2019

Sources:

Bond Proceeds:	
Par Amount	15,320,000.00
<hr/>	
	15,320,000.00
<hr/>	

Uses:

Project Fund Deposits:	
Project Fund - Distribution Expansion	15,243,400.00
<hr/>	
Delivery Date Expenses:	
Cost of Issuance	76,600.00
<hr/>	
	15,320,000.00
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Note: Assumes .5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).

BOND PRICING

City of Houston, Texas
2019 TWDB - Distribution Lines

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Interest Rate Estimated Using 4.40%

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bond (2019):					
	11/15/2020	250,000	4.400%	4.400%	100.000
	11/15/2021	265,000	4.400%	4.400%	100.000
	11/15/2022	275,000	4.400%	4.400%	100.000
	11/15/2023	285,000	4.400%	4.400%	100.000
	11/15/2024	300,000	4.400%	4.400%	100.000
	11/15/2025	315,000	4.400%	4.400%	100.000
	11/15/2026	325,000	4.400%	4.400%	100.000
	11/15/2027	340,000	4.400%	4.400%	100.000
	11/15/2028	355,000	4.400%	4.400%	100.000
	11/15/2029	375,000	4.400%	4.400%	100.000
	11/15/2030	390,000	4.400%	4.400%	100.000
	11/15/2031	410,000	4.400%	4.400%	100.000
	11/15/2032	425,000	4.400%	4.400%	100.000
	11/15/2033	445,000	4.400%	4.400%	100.000
	11/15/2034	465,000	4.400%	4.400%	100.000
	11/15/2035	485,000	4.400%	4.400%	100.000
	11/15/2036	510,000	4.400%	4.400%	100.000
	11/15/2037	530,000	4.400%	4.400%	100.000
	11/15/2038	555,000	4.400%	4.400%	100.000
	11/15/2039	580,000	4.400%	4.400%	100.000
	11/15/2040	605,000	4.400%	4.400%	100.000
	11/15/2041	635,000	4.400%	4.400%	100.000
	11/15/2042	660,000	4.400%	4.400%	100.000
	11/15/2043	690,000	4.400%	4.400%	100.000
	11/15/2044	720,000	4.400%	4.400%	100.000
	11/15/2045	755,000	4.400%	4.400%	100.000
	11/15/2046	790,000	4.400%	4.400%	100.000
	11/15/2047	825,000	4.400%	4.400%	100.000
	11/15/2048	860,000	4.400%	4.400%	100.000
	11/15/2049	900,000	4.400%	4.400%	100.000
		15,320,000			

Dated Date	11/15/2019	
Delivery Date	11/15/2019	
First Coupon	05/15/2020	
Par Amount	15,320,000.00	
Original Issue Discount		
Production	15,320,000.00	100.000000%
Underwriter's Discount		
Purchase Price	15,320,000.00	100.000000%
Accrued Interest		
Net Proceeds	15,320,000.00	

Note: Assumes .5% costs of issuance (ratings, bond counsel, AG fee, CUSIP5, any other.).

BOND DEBT SERVICE

City of Houston, Texas

2019 TWDB - Distribution Lines

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Interest Rate Estimated Using 4.40%

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value	Dated Date	11/15/2019
								Delivery Date	11/15/2019
11/15/2019						15,320,000	15,320,000		
05/15/2020			337,040	337,040	337,040	15,320,000	15,320,000		
11/15/2020	250,000	4.400%	337,040	587,040		15,070,000	15,070,000		
05/15/2021			331,540	331,540	918,580	15,070,000	15,070,000		
11/15/2021	265,000	4.400%	331,540	596,540		14,805,000	14,805,000		
05/15/2022			325,710	325,710	922,250	14,805,000	14,805,000		
11/15/2022	275,000	4.400%	325,710	600,710		14,530,000	14,530,000		
05/15/2023			319,660	319,660	920,370	14,530,000	14,530,000		
11/15/2023	285,000	4.400%	319,660	604,660		14,245,000	14,245,000		
05/15/2024			313,390	313,390	918,050	14,245,000	14,245,000		
11/15/2024	300,000	4.400%	313,390	613,390		13,945,000	13,945,000		
05/15/2025			306,790	306,790	920,180	13,945,000	13,945,000		
11/15/2025	315,000	4.400%	306,790	621,790		13,630,000	13,630,000		
05/15/2026			299,860	299,860	921,650	13,630,000	13,630,000		
11/15/2026	325,000	4.400%	299,860	624,860		13,305,000	13,305,000		
05/15/2027			292,710	292,710	917,570	13,305,000	13,305,000		
11/15/2027	340,000	4.400%	292,710	632,710		12,965,000	12,965,000		
05/15/2028			285,230	285,230	917,940	12,965,000	12,965,000		
11/15/2028	355,000	4.400%	285,230	640,230		12,610,000	12,610,000		
05/15/2029			277,420	277,420	917,650	12,610,000	12,610,000		
11/15/2029	375,000	4.400%	277,420	652,420		12,235,000	12,235,000		
05/15/2030			269,170	269,170	921,590	12,235,000	12,235,000		
11/15/2030	390,000	4.400%	269,170	659,170		11,845,000	11,845,000		
05/15/2031			260,590	260,590	919,760	11,845,000	11,845,000		
11/15/2031	410,000	4.400%	260,590	670,590		11,435,000	11,435,000		
05/15/2032			251,570	251,570	922,160	11,435,000	11,435,000		
11/15/2032	425,000	4.400%	251,570	676,570		11,010,000	11,010,000		
05/15/2033			242,220	242,220	918,790	11,010,000	11,010,000		
11/15/2033	445,000	4.400%	242,220	687,220		10,565,000	10,565,000		
05/15/2034			232,430	232,430	919,650	10,565,000	10,565,000		
11/15/2034	465,000	4.400%	232,430	697,430		10,100,000	10,100,000		
05/15/2035			222,200	222,200	919,630	10,100,000	10,100,000		
11/15/2035	485,000	4.400%	222,200	707,200		9,615,000	9,615,000		
05/15/2036			211,530	211,530	918,730	9,615,000	9,615,000		
11/15/2036	510,000	4.400%	211,530	721,530		9,105,000	9,105,000		
05/15/2037			200,310	200,310	921,840	9,105,000	9,105,000		
11/15/2037	530,000	4.400%	200,310	730,310		8,575,000	8,575,000		
05/15/2038			188,650	188,650	918,960	8,575,000	8,575,000		
11/15/2038	555,000	4.400%	188,650	743,650		8,020,000	8,020,000		
05/15/2039			176,440	176,440	920,090	8,020,000	8,020,000		
11/15/2039	580,000	4.400%	176,440	756,440		7,440,000	7,440,000		
05/15/2040			163,680	163,680	920,120	7,440,000	7,440,000		
11/15/2040	605,000	4.400%	163,680	768,680		6,835,000	6,835,000		
05/15/2041			150,370	150,370	919,050	6,835,000	6,835,000		
11/15/2041	635,000	4.400%	150,370	785,370		6,200,000	6,200,000		
05/15/2042			136,400	136,400	921,770	6,200,000	6,200,000		
11/15/2042	660,000	4.400%	136,400	796,400		5,540,000	5,540,000		
05/15/2043			121,880	121,880	918,280	5,540,000	5,540,000		
11/15/2043	690,000	4.400%	121,880	811,880		4,850,000	4,850,000		
05/15/2044			106,700	106,700	918,580	4,850,000	4,850,000		
11/15/2044	720,000	4.400%	106,700	826,700		4,130,000	4,130,000		
05/15/2045			90,860	90,860	917,560	4,130,000	4,130,000		
11/15/2045	755,000	4.400%	90,860	845,860		3,375,000	3,375,000		
05/15/2046			74,250	74,250	920,110	3,375,000	3,375,000		
11/15/2046	790,000	4.400%	74,250	864,250		2,585,000	2,585,000		
05/15/2047			56,870	56,870	921,120	2,585,000	2,585,000		
11/15/2047	825,000	4.400%	56,870	881,870		1,760,000	1,760,000		

BOND DEBT SERVICE

City of Houston, Texas

2019 TWDB - Distribution Lines

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Interest Rate Estimated Using 4.40%

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value
05/15/2048			38,720	38,720	920,590	1,760,000	1,760,000
11/15/2048	860,000	4.400%	38,720	898,720		900,000	900,000
05/15/2049			19,800	19,800	918,520	900,000	900,000
11/15/2049	900,000	4.400%	19,800	919,800	919,800		
	15,320,000		12,607,980	27,927,980	27,927,980		

Note: Assumes .5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).

BOND SUMMARY STATISTICS

City of Houston, Texas
2019 TWDB - Distribution Lines

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Interest Rate Estimated Using 4.40%

Dated Date	11/15/2019
Delivery Date	11/15/2019
Last Maturity	11/15/2049
Arbitrage Yield	3.794128%
True Interest Cost (TIC)	4.400000%
Net Interest Cost (NIC)	4.400000%
All-In TIC	4.442002%
Average Coupon	4.400000%
Average Life (years)	18.704
Duration of Issue (years)	12.212
Par Amount	15,320,000.00
Bond Proceeds	15,320,000.00
Total Interest	12,607,980.00
Net Interest	12,607,980.00
Bond Years from Dated Date	286,545,000.00
Bond Years from Delivery Date	286,545,000.00
Total Debt Service	27,927,980.00
Maximum Annual Debt Service	922,250.00
Average Annual Debt Service	930,932.67
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bond (2019)	15,320,000.00	100.000	4.400%	18.704	18,348.45
	15,320,000.00			18.704	18,348.45

	TIC	All-In TIC	Arbitrage Yield
Par Value	15,320,000.00	15,320,000.00	15,320,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-76,600.00	
- Other Amounts			
Target Value	15,320,000.00	15,243,400.00	15,320,000.00
Target Date	11/15/2019	11/15/2019	11/15/2019
Yield	4.400000%	4.442002%	3.794128%

Note: Assumes .5% costs of issuance (ratings, bond counsel, AG fee, CUSIP5, any other.).

SOURCES AND USES OF FUNDS

City of Houston, Texas
 2020 TWDB - Distribution Lines
 *** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***
 Interest Rate Estimated Using 4.40%

Dated Date 11/15/2020
 Delivery Date 11/15/2020

Sources:

Bond Proceeds:	
Par Amount	17,110,000.00
<hr/>	
	17,110,000.00
<hr/>	

Uses:

Project Fund Deposits:	
Project Fund - Distribution Expansion	17,024,450.00
<hr/>	
Delivery Date Expenses:	
Cost of Issuance	85,550.00
<hr/>	
	17,110,000.00
<hr/>	

Note: Assumes .5% costs of issuance (ratings, bond counsel, AG fee, CUSIP5, any other.).

BOND PRICING

City of Houston, Texas

2020 TWDB - Distribution Lines

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Interest Rate Estimated Using 4.40%

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bond (2020):					
	11/15/2021	280,000	4.400%	4.400%	100.000
	11/15/2022	295,000	4.400%	4.400%	100.000
	11/15/2023	305,000	4.400%	4.400%	100.000
	11/15/2024	320,000	4.400%	4.400%	100.000
	11/15/2025	335,000	4.400%	4.400%	100.000
	11/15/2026	350,000	4.400%	4.400%	100.000
	11/15/2027	365,000	4.400%	4.400%	100.000
	11/15/2028	380,000	4.400%	4.400%	100.000
	11/15/2029	400,000	4.400%	4.400%	100.000
	11/15/2030	415,000	4.400%	4.400%	100.000
	11/15/2031	435,000	4.400%	4.400%	100.000
	11/15/2032	455,000	4.400%	4.400%	100.000
	11/15/2033	475,000	4.400%	4.400%	100.000
	11/15/2034	495,000	4.400%	4.400%	100.000
	11/15/2035	520,000	4.400%	4.400%	100.000
	11/15/2036	545,000	4.400%	4.400%	100.000
	11/15/2037	570,000	4.400%	4.400%	100.000
	11/15/2038	595,000	4.400%	4.400%	100.000
	11/15/2039	620,000	4.400%	4.400%	100.000
	11/15/2040	650,000	4.400%	4.400%	100.000
	11/15/2041	675,000	4.400%	4.400%	100.000
	11/15/2042	705,000	4.400%	4.400%	100.000
	11/15/2043	740,000	4.400%	4.400%	100.000
	11/15/2044	770,000	4.400%	4.400%	100.000
	11/15/2045	805,000	4.400%	4.400%	100.000
	11/15/2046	845,000	4.400%	4.400%	100.000
	11/15/2047	880,000	4.400%	4.400%	100.000
	11/15/2048	920,000	4.400%	4.400%	100.000
	11/15/2049	960,000	4.400%	4.400%	100.000
	11/15/2050	1,005,000	4.400%	4.400%	100.000
		17,110,000			

Dated Date	11/15/2020	
Delivery Date	11/15/2020	
First Coupon	05/15/2021	
Par Amount	17,110,000.00	
Original Issue Discount		
Production	17,110,000.00	100.000000%
Underwriter's Discount		
Purchase Price	17,110,000.00	100.000000%
Accrued Interest		
Net Proceeds	17,110,000.00	

Note: Assumes .5% costs of issuance (ratings, bond counsel, AG fee, CUSIP5, any other.).

BOND DEBT SERVICE

City of Houston, Texas

2020 TWDB - Distribution Lines

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Interest Rate Estimated Using 4.40%

			Dated Date	11/15/2020				
			Delivery Date	11/15/2020				
Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value	
11/15/2020						17,110,000	17,110,000	
05/15/2021			376,420	376,420	376,420	17,110,000	17,110,000	
11/15/2021	280,000	4.400%	376,420	656,420		16,830,000	16,830,000	
05/15/2022			370,260	370,260	1,026,680	16,830,000	16,830,000	
11/15/2022	295,000	4.400%	370,260	665,260		16,535,000	16,535,000	
05/15/2023			363,770	363,770	1,029,030	16,535,000	16,535,000	
11/15/2023	305,000	4.400%	363,770	668,770		16,230,000	16,230,000	
05/15/2024			357,060	357,060	1,025,830	16,230,000	16,230,000	
11/15/2024	320,000	4.400%	357,060	677,060		15,910,000	15,910,000	
05/15/2025			350,020	350,020	1,027,080	15,910,000	15,910,000	
11/15/2025	335,000	4.400%	350,020	685,020		15,575,000	15,575,000	
05/15/2026			342,650	342,650	1,027,670	15,575,000	15,575,000	
11/15/2026	350,000	4.400%	342,650	692,650		15,225,000	15,225,000	
05/15/2027			334,950	334,950	1,027,600	15,225,000	15,225,000	
11/15/2027	365,000	4.400%	334,950	699,950		14,860,000	14,860,000	
05/15/2028			326,920	326,920	1,026,870	14,860,000	14,860,000	
11/15/2028	380,000	4.400%	326,920	706,920		14,480,000	14,480,000	
05/15/2029			318,560	318,560	1,025,480	14,480,000	14,480,000	
11/15/2029	400,000	4.400%	318,560	718,560		14,080,000	14,080,000	
05/15/2030			309,760	309,760	1,028,320	14,080,000	14,080,000	
11/15/2030	415,000	4.400%	309,760	724,760		13,665,000	13,665,000	
05/15/2031			300,630	300,630	1,025,390	13,665,000	13,665,000	
11/15/2031	435,000	4.400%	300,630	735,630		13,230,000	13,230,000	
05/15/2032			291,060	291,060	1,026,690	13,230,000	13,230,000	
11/15/2032	455,000	4.400%	291,060	746,060		12,775,000	12,775,000	
05/15/2033			281,050	281,050	1,027,110	12,775,000	12,775,000	
11/15/2033	475,000	4.400%	281,050	756,050		12,300,000	12,300,000	
05/15/2034			270,600	270,600	1,026,650	12,300,000	12,300,000	
11/15/2034	495,000	4.400%	270,600	765,600		11,805,000	11,805,000	
05/15/2035			259,710	259,710	1,025,310	11,805,000	11,805,000	
11/15/2035	520,000	4.400%	259,710	779,710		11,285,000	11,285,000	
05/15/2036			248,270	248,270	1,027,980	11,285,000	11,285,000	
11/15/2036	545,000	4.400%	248,270	793,270		10,740,000	10,740,000	
05/15/2037			236,280	236,280	1,029,550	10,740,000	10,740,000	
11/15/2037	570,000	4.400%	236,280	806,280		10,170,000	10,170,000	
05/15/2038			223,740	223,740	1,030,020	10,170,000	10,170,000	
11/15/2038	595,000	4.400%	223,740	818,740		9,575,000	9,575,000	
05/15/2039			210,650	210,650	1,029,390	9,575,000	9,575,000	
11/15/2039	620,000	4.400%	210,650	830,650		8,955,000	8,955,000	
05/15/2040			197,010	197,010	1,027,660	8,955,000	8,955,000	
11/15/2040	650,000	4.400%	197,010	847,010		8,305,000	8,305,000	
05/15/2041			182,710	182,710	1,029,720	8,305,000	8,305,000	
11/15/2041	675,000	4.400%	182,710	857,710		7,630,000	7,630,000	
05/15/2042			167,860	167,860	1,025,570	7,630,000	7,630,000	
11/15/2042	705,000	4.400%	167,860	872,860		6,925,000	6,925,000	
05/15/2043			152,350	152,350	1,025,210	6,925,000	6,925,000	
11/15/2043	740,000	4.400%	152,350	892,350		6,185,000	6,185,000	
05/15/2044			136,070	136,070	1,028,420	6,185,000	6,185,000	
11/15/2044	770,000	4.400%	136,070	906,070		5,415,000	5,415,000	
05/15/2045			119,130	119,130	1,025,200	5,415,000	5,415,000	
11/15/2045	805,000	4.400%	119,130	924,130		4,610,000	4,610,000	
05/15/2046			101,420	101,420	1,025,550	4,610,000	4,610,000	
11/15/2046	845,000	4.400%	101,420	946,420		3,765,000	3,765,000	
05/15/2047			82,830	82,830	1,029,250	3,765,000	3,765,000	
11/15/2047	880,000	4.400%	82,830	962,830		2,885,000	2,885,000	
05/15/2048			63,470	63,470	1,026,300	2,885,000	2,885,000	
11/15/2048	920,000	4.400%	63,470	983,470		1,965,000	1,965,000	

BOND DEBT SERVICE

City of Houston, Texas
 2020 TWDB - Distribution Lines

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***
 Interest Rate Estimated Using 4.40%

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value
05/15/2049			43,230	43,230	1,026,700	1,965,000	1,965,000
11/15/2049	960,000	4.400%	43,230	1,003,230		1,005,000	1,005,000
05/15/2050			22,110	22,110	1,025,340	1,005,000	1,005,000
11/15/2050	1,005,000	4.400%	22,110	1,027,110	1,027,110		
	17,110,000		14,081,100	31,191,100	31,191,100		

Note: Assumes .5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).

BOND SUMMARY STATISTICS

City of Houston, Texas
2020 TWDB - Distribution Lines

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Interest Rate Estimated Using 4.40%

Dated Date	11/15/2020
Delivery Date	11/15/2020
Last Maturity	11/15/2050
Arbitrage Yield	3.794128%
True Interest Cost (TIC)	4.400000%
Net Interest Cost (NIC)	4.400000%
All-In TIC	4.442001%
Average Coupon	4.400000%
Average Life (years)	18.704
Duration of Issue (years)	12.213
Par Amount	17,110,000.00
Bond Proceeds	17,110,000.00
Total Interest	14,081,100.00
Net Interest	14,081,100.00
Bond Years from Dated Date	320,025,000.00
Bond Years from Delivery Date	320,025,000.00
Total Debt Service	31,191,100.00
Maximum Annual Debt Service	1,030,020.00
Average Annual Debt Service	1,039,703.33
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bond (2020)	17,110,000.00	100.000	4.400%	18.704	20,492.80
	17,110,000.00			18.704	20,492.80

	TIC	All-In TIC	Arbitrage Yield
Par Value	17,110,000.00	17,110,000.00	17,110,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-85,550.00	
- Other Amounts			
Target Value	17,110,000.00	17,024,450.00	17,110,000.00
Target Date	11/15/2020	11/15/2020	11/15/2020
Yield	4.400000%	4.442001%	3.794128%

Note: Assumes .5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).

**City of Houston (CUS)
Draft - Interim Version
as of April 13, 2015**

Summary of Model Results

	Fiscal Year 2014 (Actual)	Fiscal Year 2015 (Projected)	Fiscal Year 2016 (Projected)	Fiscal Year 2017 (Projected)	Fiscal Year 2018 (Projected)	Fiscal Year 2019 (Projected)
Projected Revenues						
Total Projected Net Service Charge Revenues	\$ 961,742,912	\$ 960,131,576	\$ 1,016,462,300	\$ 1,052,038,481	\$ 1,088,859,827	\$ 1,139,635,716
Other Revenues	42,332,485	57,559,581	46,246,100	43,220,000	43,220,000	43,220,000
Transfer from General Purpose Fund	-	-	38,000,000	38,000,000	38,000,000	-
Deferred Revenues	-	-	-	-	-	-
Total Projected Revenues	1,004,075,397	1,017,731,157	1,100,708,400	1,133,258,481	1,170,079,827	1,202,855,716
Total Service Revenue Increase	3.37%	-0.17%	5.87%	3.50%	3.50%	6.50%
Estimated Operating Expenditures	410,600,574	435,692,929	507,235,935	506,459,605	515,550,598	525,628,800
Net Revenue Available for Debt Service	593,474,823	582,038,228	593,472,465	626,798,875	654,529,229	677,226,916
Debt Service Requirements (Including Fees)	403,943,095	411,469,083	440,342,302	478,104,022	498,825,880	520,772,206
Other Non-Operating Expenditures	54,375,913	28,652,724	43,542,165	44,539,665	45,368,057	41,717,989
TOTAL Non-Operating Expenditures	437,319,008	440,101,807	483,884,468	522,643,688	544,193,937	562,490,195
Revenues Less Expenditures	155,955,815	141,936,421	109,587,998	104,155,188	110,335,292	114,736,720
Annual Debt Service Coverage (Cashflow)	1.47 x	1.41 x	1.34 x	1.31 x	1.31 x	1.30 x
Additional Bonds Test						
Additional Bonds Test 1 (Prior Year Net Revs at least = Max Annual)						
Prior FY Revenue / Max Annual at Fixed Rate	1.31 x	1.28 x	1.20 x	1.17 x	1.19 x	1.20 x
Prior FY Revenue / Max Annual at Fixed Rate	1.31 x	1.28 x	1.20 x	1.17 x	1.19 x	1.20 x
Prior FY Revenue / Max Annual at Fixed Rate	1.31 x	1.28 x	1.20 x	1.17 x	1.19 x	1.20 x
Additional Bonds Test 2 (Prior Year Net Revs Plus GP Fund at least =)						
Total FY Revenue / Max Annual at Fixed Rate	2.46 x	2.38 x	2.31 x	2.15 x	2.04 x	1.93 x
Total FY Revenue / Max Annual at Fixed Rate	2.46 x	2.38 x	2.31 x	2.15 x	2.04 x	1.93 x
Total FY Revenue / Max Annual at Fixed Rate	2.46 x	2.38 x	2.31 x	2.15 x	2.04 x	1.93 x
Projected Total W&S CIP Appropriations	\$ 476,060,585	\$ 415,000,000	\$ 409,000,000	\$ 390,627,000	\$ 370,000,000	\$ 370,000,000
Contributed Capital from Others	12,454,000	35,000,000	39,000,000	20,627,000	-	-
Projected W&S CIP - CUS Funding Only	\$ 463,606,585	\$ 380,000,000	\$ 370,000,000	\$ 370,000,000	\$ 370,000,000	\$ 370,000,000
Projected Water and Sewer Spending	\$ 360,000,000	\$ 360,000,000	\$ 365,000,000	\$ 365,000,000	\$ 360,000,000	\$ 360,000,000
Funding Sources						
TWDB Available Proceeds	\$ 84,900,000	\$ 45,000,000	\$ 58,750,000	\$ 50,000,000	\$ 44,000,000	\$ 40,000,000
General Purpose Fund (Pay as You go)	110,000,000	65,000,000	65,000,000	70,000,000	70,000,000	75,000,000
Construction Funds on Hand (Bond Proceeds)	-	100,000,000	-	-	-	-
Projected Funding from Commercial Paper	165,100,000	150,000,000	241,250,000	245,000,000	246,000,000	245,000,000
Total Fund Available	\$ 360,000,000	\$ 360,000,000	\$ 365,000,000	\$ 365,000,000	\$ 360,000,000	\$ 360,000,000
Projected Market Bond Issues	260,140,000	160,000,000	247,240,000	258,935,000	260,225,000	259,345,000
Projected TWDB Bond Issues	65,000,000	125,585,000	90,000,000	40,000,000	40,000,000	40,000,000

Note: All Additional Bonds Test calculations include "Other Revenues" (ie new water contracts, water authority capital contributions).

Excluding these revenues in the calculation of Net Revenue Available for Debt Service produces significantly different results.

(1) Additional Bonds Test requires the prior fiscal year's net revenue be at least equal to 1.0 times projected maximum annual debt service (excludes general purpose fund balance).

(2) Additional Bonds Test requires that prior fiscal year's net revenue and general purpose fund balance be equal to at least 1.20 times maximum annual debt service.

**City of Houston (CUS)
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as of April 13, 2015**

Projected Cash Flow

	Fiscal Year 2014 (Actual)	Fiscal Year 2015 (Projected)	Fiscal Year 2016 (Projected)	Fiscal Year 2017 (Projected)	Fiscal Year 2018 (Projected)	Fiscal Year 2019 (Projected)
Projected Revenues						
(1) Service Charge Revenues	\$ 961,742,912	\$ 960,131,576	\$ 1,016,462,300	\$ 1,052,038,481	\$ 1,088,859,827	\$ 1,159,635,716
(2) Deferred Revenues	-	-	-	-	-	-
(3) Transfer From General Purpose Fund	-	-	38,000,000	38,000,000	38,000,000	-
(4) Other Revenues	8,738,008	16,252,525	16,026,100	16,000,000	16,000,000	16,000,000
(5) Incent Income Earned	6,356,654	7,459,496	7,220,000	7,220,000	7,220,000	7,220,000
(6) Impact Fees	27,237,823	33,907,560	23,000,000	20,000,000	20,000,000	20,000,000
TOTAL Projected Revenues	1,004,075,397	1,017,731,157	1,100,708,400	1,133,258,481	1,170,079,827	1,202,855,716
Estimated Operating Expenditures						
(7) O&M Expenditures **	\$ 387,020,786	\$ 412,897,568	\$ 484,649,700	\$ 494,342,694	\$ 504,229,548	\$ 514,314,139
(8) Bonds payable from gross revenues	18,875,214	18,063,946	17,851,148	7,372,240	6,571,513	6,554,975
(9) Pension Bond Debt Service	4,704,574	4,731,415	4,735,087	4,744,671	4,749,538	4,759,687
TOTAL Estimated Operating Expenditures	410,600,574	435,692,929	507,235,935	506,459,605	515,550,598	525,628,800
NET REVENUES Available for Debt Service	\$ 593,474,823	\$ 582,038,228	\$ 593,472,465	\$ 626,798,875	\$ 654,529,229	\$ 677,226,916
Non Operating Expenditures						
(10) Capital Transfer (Equipment Acquisition)	\$ 15,942,388	\$ 13,269,310	\$ 29,206,400	\$ 29,790,528	\$ 30,386,339	\$ 30,994,065
(11) Bond Debt Service Requirements	403,043,895	407,239,387	436,112,606	473,874,326	494,596,184	516,542,510
Variable Rate Bond Fees	-	4,229,696	4,229,696	4,229,696	4,229,696	4,229,696
(12) Commercial Paper Debt Service	36,705	873,950	1,295,181	1,400,185	1,408,539	1,404,711
Commercial Paper Fees	5,402,843	2,450,000	3,150,000	4,200,000	5,230,000	5,230,000
Discretionary Debt Service	13,093,977	12,039,464	9,890,584	9,148,952	8,323,179	4,069,213
TOTAL Non Operating Expenditures	\$ 437,519,008	\$ 440,101,807	\$ 483,884,468	\$ 522,643,688	\$ 544,193,937	\$ 562,490,195
Revenues Less Expenditures						
Beginning Operating Reserve Balance	\$ 69,602,541	\$ 69,602,541	\$ 72,615,488	\$ 84,539,322	\$ 84,539,322	\$ 85,925,100
Operating Reserve Requirement (2 Months O&M)	68,433,429	72,615,488	84,539,322	84,409,934	85,925,100	87,604,800
Operating Reserve Funding Requirement	-	3,012,947	11,923,834	-	1,385,777	1,679,700
Ending Balance	69,602,541	72,615,488	84,539,322	84,539,322	85,925,100	87,604,800
Transfers to General Purpose Fund	\$155,955,815	\$138,923,474	\$87,664,163	\$104,155,188	\$108,949,515	\$113,057,020
Transfers net of GP Transfer to Revenue	155,955,815	138,923,474	59,664,163	66,155,188	70,949,515	113,057,020
CWA - Luce Bayou (General Purpose Outflow net of Wtr Auth pants)	-	59,249	120,422	152,901	372,181	1,386,391
TWDB Loans - NE Plant (GP Outflow - CUS portion only)	-	-	-	292,315	1,388,468	5,414,268
TWDB Loans - Dist Lines (GP Outflow - CUS portion only)	-	-	322,587	1,525,890	2,443,745	3,640,812
Transfers net of GP Outflows for Luce/NE Plant/Dist. Lines	155,955,815	138,864,225	59,221,155	64,184,082	66,745,122	102,615,550
Total Service Revenue Increase	3.37%	-0.17%	5.87%	3.50%	3.50%	6.50%
** O & M Increase Factor	2.68%	6.69%	17.38%	2.00%	2.00%	2.00%

(1) Base Revenue Projections (prior to increases in rate) provided by the Public Works & Engineering Department of the City of Houston includes estimated revenue from water sales to WPCRWA, CECRWA, NCRWA, and NICKRWA contracts to provide water.
 (2) Estimated payments from WPCRWA, CECRWA, NCRWA, and NICKRWA. Expected to be large lump sum capital contributions for capital expenditures, the System has or will fund.
 (3) Transfers made from the General Purpose Fund to the "Revenue Fund" of the System. These transfers flow to "Net Revenue Available for Debt Service" and the debt coverage ratios.
 (4) Includes other operating revenue and sale of property.
 (5) Estimates provided by the Public Works & Engineering Department of the City of Houston.
 (6) Fees received by the system from new development. Projections provided by Public Works.
 (7) O & M increased by a factor consistent with the rate study projections.
 (8) Bonds payable from Gross System revenues, include CWA debt service.

City of Houston (CUS)
Draft - Interim Version
 as of April 13, 2015

Bond Issue Schedule

	Fiscal Year 2014 (Actual)	Fiscal Year 2015 (Projected)	Fiscal Year 2016 (Projected)	Fiscal Year 2017 (Projected)	Fiscal Year 2018 (Projected)	Fiscal Year 2019 (Projected)
Sources of Funds						
TWDB Bonds	65,000,000	125,585,000	90,000,000	40,000,000	40,000,000	40,000,000
CUS Lien Bonds (Open Market)	260,140,000	160,060,000	247,240,000	258,935,000	260,225,000	259,345,000
TOTAL Sources of Funds	\$ 325,140,000	\$ 285,645,000	\$ 337,240,000	\$ 298,935,000	\$ 300,225,000	\$ 299,345,000
Uses of Funds						
Commercial Paper Redemption	151,335,000	151,260,000	233,645,000	244,690,000	245,915,000	245,085,000
Deposit to Construction Fund (TWDB)	62,209,600	118,923,975	85,840,000	38,120,000	38,120,000	38,120,000
Deposit to Construction Fund (Open Market)	100,000,000	-	-	-	-	-
Reserve Fund Deposits or Surety Policy	8,780,400	11,236,025	13,650,000	12,810,000	12,865,000	12,825,000
Issuance Expenses	2,815,000	4,225,000	4,105,000	3,315,000	3,325,000	3,315,000
TOTAL Uses of Funds	\$ 325,140,000	\$ 285,645,000	\$ 337,240,000	\$ 298,935,000	\$ 300,225,000	\$ 299,345,000
TWDB Funds						
Carryover Balance	49,900,000	27,209,600	101,133,575	128,223,575	116,343,575	110,463,575
New Funds	62,209,600	118,923,975	85,840,000	38,120,000	38,120,000	38,120,000
Total	112,109,600	146,133,575	186,973,575	166,343,575	154,463,575	148,583,575
Spending - Carryover Balance	49,900,000	27,209,600	58,750,000	50,000,000	44,000,000	40,000,000
Spending - Current Yr Funds	35,000,000	17,790,400	-	-	-	-
Spending	84,900,000	45,000,000	58,750,000	50,000,000	44,000,000	40,000,000
Remaining Balance (Carryover to next FY)	27,209,600	101,133,575	128,223,575	116,343,575	110,463,575	108,583,575

*** PROFORMA - FOR DISCUSSION PURPOSES ONLY ***

City of Houston, Combined Utility System
Projected Coverage of SWIFT Loans

All amounts are projected and estimated; actual results can and will vary.

(1)	(2)	(3) =(1)-(2)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11) =(4)+(6)-(10)	(12) =(3)/(11)
	Operating Revenue	Net Revenue Less Oper. Expenses	Existing and Projected Debt Service and Fees	Operating Reserve Funding	Net Contract Pmts to Coastal Wtr Auth (Luce Bayou)	Net Available for Houston SWIFT Loans	SWIFT Loans - NE Plant	SWIFT Loans - Distribution Lines	Total SWIFT Loans	All Projected Debt (including fees and SWIFT loans)	All Debt Projected Coverage
6/30/2016	1,100,708,400	507,235,935	454,678,068	11,923,834	120,422	126,750,141	322,587	322,587	322,587	455,124,076.28	1.30
6/30/2017	1,118,011,546	506,459,905	492,851,160	-	152,901	118,545,881	293,315	1,525,890	1,819,205	494,824,265.35	1.24
6/30/2018	1,154,299,250	515,550,598	513,807,598	1,385,777	348,793	123,206,483	1,388,468	2,443,745	3,833,212	517,988,603.59	1.23
6/30/2019	1,186,043,401	525,628,800	531,496,130	1,679,700	1,501,836	125,742,934	5,414,268	3,640,812	9,055,079	542,053,045.52	1.22
6/30/2020	1,280,245,611	535,924,611	543,805,098	1,715,635	4,035,406	194,769,680	10,824,978	4,700,222	15,525,199	563,365,703.38	1.32
6/30/2021	1,267,447,425	547,868,086	544,045,826	1,890,912	4,591,616	148,950,985	10,819,700	5,656,492	16,476,192	585,113,633.93	1.23
6/30/2022	1,310,295,385	558,553,978	581,111,559	1,780,982	5,354,196	163,494,670	10,823,585	6,315,594	17,139,179	603,604,933.20	1.25
6/30/2023	1,354,648,024	569,448,896	600,946,677	1,815,820	6,255,622	176,276,009	10,821,315	6,313,164	17,139,479	624,236,777.26	1.26
6/30/2024	1,400,542,830	580,580,167	618,786,587	1,855,212	7,300,962	192,019,993	10,822,670	6,306,588	17,129,258	643,216,806.07	1.27
6/30/2025	1,448,049,129	591,935,162	638,206,130	1,892,499	8,586,961	207,328,376	10,822,345	6,315,496	17,137,841	664,030,931.78	1.29
6/30/2026	1,497,218,148	607,962,768	654,440,902	2,671,268	11,409,438	220,733,773	10,820,120	6,314,689	17,134,809	682,985,148.85	1.30
6/30/2027	1,548,108,083	612,385,022	672,265,297	737,042	12,289,401	250,431,321	10,820,678	6,309,517	17,130,195	701,684,892.41	1.33
6/30/2028	1,600,779,166	624,437,176	691,588,735	2,008,692	12,562,215	270,182,548	10,823,590	6,309,875	17,133,465	721,284,415.23	1.34
6/30/2029	1,655,293,737	637,226,050	729,177,983	2,131,479	14,092,651	272,665,565	10,818,638	6,315,225	17,133,862	760,404,506.34	1.34
6/30/2030	1,711,716,318	649,771,260	749,530,037	2,090,868	14,884,785	295,439,367	10,820,515	6,315,361	17,135,876	781,550,698.58	1.36
6/30/2031	1,770,113,689	662,565,539	770,359,729	2,132,380	17,393,550	317,662,491	10,818,783	6,310,472	17,128,255	804,882,534.27	1.38
6/30/2032	1,830,554,968	675,613,582	793,536,679	2,174,674	17,203,062	342,024,972	10,823,013	6,315,456	17,138,469	827,880,208.83	1.40
6/30/2033	1,893,111,692	682,834,242	815,223,487	1,203,443	17,847,484	376,003,025	10,822,790	6,310,145	17,132,935	850,203,915.68	1.42
6/30/2034	1,957,857,901	695,765,060	837,244,436	2,155,136	17,985,691	404,709,517	10,822,785	6,314,367	17,137,152	872,365,279.41	1.45
6/30/2035	2,024,870,228	710,247,996	874,843,500	2,413,823	18,118,660	619,246,249	10,822,570	6,312,907	17,135,477	904,882,537.28	1.85
6/30/2036	2,094,227,985	720,163,960	898,246,843	1,652,661	18,945,486	655,319,037	10,821,718	6,310,731	17,132,448	934,224,776.90	1.87
6/30/2037	2,166,013,165	734,567,239	927,078,502	2,400,547	18,313,444	713,653,534	10,819,800	6,317,402	17,137,202	967,529,147.87	1.95
6/30/2038	2,240,311,030	749,258,584	956,217,104	2,448,557	19,703,371	832,683,414	10,821,268	6,312,739	17,134,006	999,054,481.09	2.22
6/30/2039	2,317,209,216	764,243,755	985,558,224	2,497,529	19,843,460	875,066,248	10,820,595	6,311,697	17,132,292	1,028,533,975.43	2.24
6/30/2040	2,396,798,838	779,528,650	1,011,377,802	2,547,479	19,983,705	983,361,222	10,822,270	6,318,777	17,141,047	1,068,502,553.92	2.49
6/30/2041	2,479,174,098	795,119,203	1,034,956,176	2,598,429	20,128,330	1,026,370,960	10,820,743	6,308,906	17,129,648	1,117,215,153.93	2.51
6/30/2042	2,564,432,491	811,021,587	1,061,177,948	2,650,397	20,268,435	1,107,510,024	10,825,365	6,307,009	17,132,374	1,166,379,856.94	2.66
6/30/2043	2,652,674,928	827,242,019	1,085,117,178	2,703,405	20,405,429	1,172,205,897	10,820,525	6,312,555	17,133,155	1,217,656,761.38	2.73
6/30/2044	2,744,005,851	843,786,859	1,111,392,476	2,757,473	20,535,612	1,259,533,430	10,820,898	6,315,180	17,136,077	1,271,064,164.75	2.90
6/30/2045	2,838,533,355	860,662,596	1,142,478,759	2,812,623	20,671,159	1,350,145,896	10,820,525	6,309,767	17,130,292	1,327,042,532.59	3.08
6/30/2046	2,936,369,323	877,875,848	1,173,981,825	2,868,875	20,804,768	1,455,838,006	10,823,750	6,310,954	17,134,704	1,382,921,296.35	3.34
6/30/2047	3,037,629,549	895,433,365	1,207,476,600	2,926,253	20,933,385	1,563,859,946	10,819,913	6,303,928	15,855,840	1,439,713,825.44	3.62
6/30/2048	3,142,483,883	913,342,033	1,240,963,675	2,984,778	19,234,103	1,671,903,294	9,904,175	4,272,330	14,176,505	1,500,217,884.36	3.92
6/30/2049	3,250,906,369	931,608,873	1,280,473,175	3,044,473	18,252,259	1,782,653,588	8,528,590	3,089,860	11,615,450	1,566,380,283.44	4.25
6/30/2050	3,363,175,392	950,241,051	1,323,934,342	3,105,363	18,263,477	1,895,773,364	-	1,945,140	1,945,140	1,633,000,754.72	4.68
6/30/2051	3,479,373,831	969,245,873	1,371,227,775	3,167,470	13,998,332	2,015,758,382	328,533,330	1,027,110	1,027,110	1,711,229,216.88	5.10

Base Revenue Projections provided by the Public Works & Engineering Department of the City of Houston through 2016, and growing 2% in FY17, 3.5% in FY18, 6.5% in FY19, and 3.5% thereafter.
 Base Revenue Projections for FY16-FY18 include \$38 million annually pulled from the General Purpose Fund to cover increased operational expenses.
 O&M estimated by Public Works through 2017, and increased by a factor consistent with the rate study projections (2%).

O&M includes debt service payable from gross revenues and pension bond debt service.
 Existing and Projected Debt Service includes additional bond financing related to expected ongoing capital construction and capital maintenance.

Existing and Projected Debt Service includes discretionary debt service paid from the General Purpose Fund; that discretionary debt service is expected to continue until FY 2025.
 Operating Reserve Funding is based on maintaining a 2-month reserve, as provided in existing bond indentures.
 Net Debt Service - Coastal Water Authority includes offset for payments to be received from regional water authorities. Includes CWA's applied for SWIFT loans.

Texas Water Development Board

P.O. Box 13231, 1700 N. Congress Ave.
Austin, TX 78711-3231 www.twdb.texas.gov
Phone (512) 463-7847. Fax (512) 475-2053

Ms. Susan Bandy, Deputy Director, Resource Management
City of Houston
611 Walker, 25th Floor
Houston, TX 77002

May 6, 2015
via email

RE: City of Houston
TWDB PIF# 11049 & 11050
State Water Implementation Fund for Texas – Invitation to Apply

Dear Ms. Bandy: *Susan*

Thank you for submitting abridged applications for financial assistance through the State Water Implementation Fund for Texas (SWIFT) program on behalf of the City of Houston. Your interest in the first round of funding from this new program is very much appreciated.

On May 6, 2015, the Texas Water Development Board (Board) approved prioritization of the abridged applications according to criteria outlined in 31 TAC §363.1304. We are pleased to extend an invitation for the City of Houston to submit a full application for financial assistance through the SWIFT program. The amount and type of SWIFT funding approved by the Board is referenced below. The deadline for receipt of the complete application is 5:00 p.m. central time on June 5, 2015.

Amount and Type of Funding Approved:

- \$296,141,261 (\$112,498,722; 183,642,539)
- Low-Interest Loan. Multi-Year Commitments (2015 – 2020)

The TWDB continues to strive to improve its services and has recently released a new On-Line Financial Assistance Application for our customers. The new On-Line Application link is on the TWDB website at: <http://www.twdb.texas.gov/financial/applications/index.asp>. If you prefer to submit a hard copy version, it is available at: <http://www.twdb.texas.gov/financial/applications/index.asp>.

Due to the unique nature of the SWIFT and the short timeframes associated with loan closings scheduled for this fall, there are several documents and processes that each applicant will need to complete in a timely manner. We have made drafts and templates of several key documents available on the website that will be required during the application phase. These documents are very similar to what are normally required, but generally not until the closing phase. We will continue to update the SWIFT website with information you may find helpful as we process the applications. The documents may be found on the website (under item #14) at: <http://www.twdb.texas.gov/financial/programs/SWIFT/index.asp>.

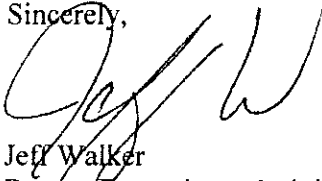
<p>Our Mission : To provide leadership, information, education, and support for planning, financial assistance, and outreach for the conservation and responsible development of water for Texas</p>	<p>Board Members : Carlos Rubinstein, Chairman Bech Bruun, Member Kathleen Jackson, Member Kevin Patteson, Executive Administrator</p>
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Ms. Susan Bandy
May 6, 2015
Page 2

Please direct questions or concerns regarding the application, commitment and closing process to Nancy Richards, Manager of Regional Water Planning & Development Team 4, whose team will be working with you throughout the life of the project. Please contact Nancy to discuss your project in greater detail and to schedule a pre-application meeting if you have not already. Nancy can be reached at (512) 463-0250 or Nancy.Richards@twdb.texas.gov.

We look forward to working with the City of Houston on the next steps toward implementing this very important water supply project. Thank you again for your interest in the SWIFT program.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jeff Walker', is written over the typed name.

Jeff Walker
Deputy Executive Administrator
Texas Water Development Board

cc: Nancy Richards, RWPD Team 4 Manager

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM FUND REVENUES AND EXPENSES
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

Total Annual Revenues Last Ten Fiscal Years	2005	2006	2007	2008	2009
Operating Revenues					
Water sales	\$ 301,227	\$ 324,878	\$ 308,046	\$ 328,435	\$ 351,608
Waste water system user charges	288,459	307,764	295,423	305,748	323,301
Penalties	4,605	5,085	6,736	7,760	6,651
Other services and charges	4,583	4,935	5,260	6,324	5,678
Total Operating Revenues	598,874	642,662	615,465	648,267	687,238
Nonoperating Revenues					
Interest	12,972	18,650	36,014	35,436	33,436
Other income	24,707	26,557	54,572	84,228	51,262
Total Nonoperating Revenues	37,679	45,207	90,586	119,664	84,698
Total Revenues	\$ 636,553	\$ 687,869	\$ 706,051	\$ 767,931	\$ 771,936
Total Annual Expenses Last Ten Fiscal Years					
Operating Expenses					
Maintenance and operating	\$ 332,800	\$ 302,955	\$ 315,348	\$ 346,652	\$ 371,770
Depreciation and Amortization	224,074	228,665	257,722	220,202	204,919
Total Operating Expenses	556,874	531,620	573,070	566,854	576,689
Nonoperating Expenses					
Interest on long-term dcbt	201,142	214,880	242,282	267,505	260,396
Other expenses	4,193	5,622	3,478	19,515	5,432
Total Nonoperating Expenses	205,335	220,502	245,760	287,020	265,828
Total Expenses	\$ 762,209	\$ 752,122	\$ 818,830	\$ 853,874	\$ 842,517

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 356,046	\$ 459,261	\$ 480,676	\$ 485,485	\$ 499,913
320,722	410,941	421,370	426,888	441,300
8,391	9,871	10,004	9,456	9,456
5,979	3,949	5,188	2,861	2,739
<u>691,138</u>	<u>884,022</u>	<u>917,238</u>	<u>924,690</u>	<u>953,408</u>
15,160	10,090	5,696	(507)	10,688
65,077	20,453	45,448	41,521	69,370
<u>80,237</u>	<u>30,543</u>	<u>51,144</u>	<u>41,014</u>	<u>80,058</u>
<u>\$ 771,375</u>	<u>\$ 914,565</u>	<u>\$ 968,382</u>	<u>\$ 965,704</u>	<u>\$ 1,033,466</u>

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 372,365	\$ 363,260	\$ 410,781	\$ 395,439	\$ 399,647
203,695	214,956	211,170	217,622	223,381
<u>576,060</u>	<u>578,216</u>	<u>621,951</u>	<u>613,061</u>	<u>623,028</u>
273,609	-	290,882	282,465	295,254
-	12,273	670	286	5,397
<u>273,609</u>	<u>12,273</u>	<u>291,552</u>	<u>282,751</u>	<u>300,651</u>
<u>\$ 849,669</u>	<u>\$ 590,489</u>	<u>\$ 913,503</u>	<u>\$ 895,812</u>	<u>\$ 923,679</u>

Combined Utility System Fund
For the period ending March 31, 2015
(amounts expressed in thousands)

	FY2014 Actual	FY2015				Financa Projection
		Adopted Budget	Current Budget	YTD	Controller's Projection	
Operating Revenues						
Water Sales	\$ 499,912	\$ 510,712	\$ 510,712	\$ 369,211	\$ 501,260	\$ 501,260
Sewer Sales	441,300	449,414	449,414	324,628	438,562	438,562
Penalties	9,456	16,000	16,000	6,333	10,000	10,000
Other	10,650	10,310	10,310	7,864	10,310	10,310
Total Operating Revenues	<u>961,318</u>	<u>966,436</u>	<u>966,436</u>	<u>708,036</u>	<u>960,132</u>	<u>960,132</u>
Operating Expenses						
Personnel	157,463	176,418	174,605	122,220	166,138	166,138
Supplies	40,200	45,653	45,638	30,826	42,112	42,112
Electricity and Gas	47,224	51,123	51,123	37,157	50,857	50,857
Contracts & Other Payments	137,687	153,301	155,274	90,019	150,118	150,118
Non-Capital Equipment	2,562	4,371	4,376	1,657	3,674	3,674
Total Operating Expenses	<u>385,138</u>	<u>430,866</u>	<u>431,016</u>	<u>281,879</u>	<u>412,899</u>	<u>412,899</u>
Operating Income (Loss)	<u>576,182</u>	<u>555,570</u>	<u>555,420</u>	<u>426,157</u>	<u>547,233</u>	<u>547,233</u>
Non-Operating Revenues (Expenses)						
Interest Income	4,956	5,519	5,519	3,887	5,519	5,519
Sale of Property, Mains and Scrap	2,713	400	400	1,944	1,937	1,937
Other	6,449	14,441	14,441	10,662	14,316	14,316
Impact Fees	27,238	21,000	21,000	15,279	33,908	33,908
CWA & TRA Contracts (P & I)	(18,875)	(18,064)	(18,064)	(17,002)	(18,064)	(18,064)
Total Non-Operating Rev (Exp)	<u>22,461</u>	<u>23,296</u>	<u>23,296</u>	<u>14,770</u>	<u>37,618</u>	<u>37,618</u>
Income (Loss) Before Operating Transfers	<u>598,663</u>	<u>578,866</u>	<u>578,718</u>	<u>440,927</u>	<u>584,849</u>	<u>584,849</u>
Operating Transfers						
Debt Service Transfer	395,911	428,210	428,210	235,749	423,710	423,710
Interfund Transfer	784	0	0	0	0	0
Transfer to PIB - Water & Sewer	13,094	12,039	12,039	12,039	12,039	12,039
Transfer to Capital Project Fund	110,000	65,000	65,000	65,000	65,000	65,000
Pension Liability Interest	4,705	4,732	4,732	3,479	4,732	4,732
Equipment Acquisition	17,046	25,593	25,443	8,352	19,269	19,269
Transfer to Stormwater	27,564	42,002	42,002	24,929	42,002	42,002
Total Operating Transfers	<u>569,104</u>	<u>577,576</u>	<u>577,426</u>	<u>349,548</u>	<u>566,752</u>	<u>566,752</u>
Net Current Activity						
Operating Fund Only	<u>\$ 29,559</u>	<u>\$ 1,290</u>	<u>\$ 1,290</u>	<u>\$ 91,379</u>	<u>\$ 18,097</u>	<u>\$ 18,097</u>

About the Fund:

The Combined Utility System Fund, which includes Fund 8300, Fund 8301, and Fund 8305, is an enterprise fund which accounts for operation of the City's water and wastewater facilities. The fund provides for the operation of the City's treated and untreated water, as well as, receives and process wastewater generated in a service area that includes the City, certain municipalities and unincorporated communities in the Houston metropolitan area. Some of the City's largest customers are other cities and water authorities which supply water to their own customers.

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM STATISTICS
Debt Service Schedule
(unaudited)

The following schedule sets forth the principal and interest requirements on all outstanding bonds payable from revenues of the System for each of the City's fiscal years ending June 30 as shown below, based on footnoted assumptions. The following schedule also does not include Discretionary Debt Service Payments or interest on Commercial Paper notes issued as Third Lien Obligations under the Master Ordinance.

Fiscal Year Ending June 30	Total Payable From System Gross Revenues(1)	Payable From System Net Revenues			Total Debt Service (1) (2)
		Previous Ordinance Bonds	First Lien Bonds(2)	From System Net Revenues	
2015	18,063,946	15,343,435	410,349,068	425,692,503	443,756,449
2016	17,851,148	15,385,120	430,343,581	445,728,701	463,579,849
2017	7,372,240	15,430,576	446,755,761	462,186,337	469,558,577
2018	6,571,513	15,463,558	447,405,933	462,869,491	469,441,004
2019	6,554,975	15,478,113	449,754,222	465,232,335	471,787,310
2020	6,552,700	39,011,315	424,789,830	463,801,145	470,353,845
2021	6,567,025	37,892,053	429,207,537	467,099,590	473,666,615
2022	6,547,850	30,954,474	436,073,807	467,028,281	473,576,131
2023	6,525,300	32,797,360	434,828,575	467,625,935	474,151,235
2024	6,518,050	34,425,914	433,557,491	467,983,405	474,501,455
2025	6,510,050	33,357,575	434,820,428	468,178,003	474,688,053
2026	10,951,675	18,155,000	440,193,309	458,348,309	469,299,984
2027	3,551,050	30,815,000	426,255,940	457,070,940	460,621,990
2028	3,550,050	30,810,000	424,705,068	455,515,068	459,065,118
2029	3,547,925	44,095,000	428,027,720	472,122,720	475,670,645
2030	3,547,844		471,069,261	471,069,261	474,617,105
2031	3,544,844		469,871,166	469,871,166	473,416,010
2032	3,540,550		464,457,729	464,457,729	467,998,279
2033	3,534,725		463,011,206	463,011,206	466,545,931
2034	3,532,013		463,100,359	463,100,359	466,632,372
2035	3,531,938		275,871,900	275,871,900	279,403,838
2036			276,135,545	276,135,545	276,135,545
2037			237,778,871	237,778,871	237,778,871
2038			151,897,991	151,897,991	151,897,991
2039			146,188,630	146,188,630	146,188,630
2040			76,930,808	76,930,808	76,930,808
2041			76,211,158	76,211,158	76,211,158
2042			41,404,154	41,404,154	41,404,154
2043			41,404,709	41,404,709	41,404,709
2044			28,361,463	28,361,463	28,361,463
2045			14,877,875	14,877,875	14,877,875
Total	\$ 138,467,411	\$ 409,414,493	\$ 10,195,641,095	\$ 10,605,055,588	\$ 10,743,522,999

1) Includes CWA Bonds.

(2) Series 2008D-1 variable rate bond debt service is calculated using current market fixed rates. Debt service is calculated based on an assumed taxable rate with a maturity on the expected tax-exempt conversion date, December 1, 2012. After the applicable tax-exempt conversion date, debt service is calculated using a long term tax-exempt rate to maturity. \$249,075,000 of the Series 2010B variable rate bond debt service is calculated at the rate of 5.061% through March 2013 and thereafter at the fixed rate payor swap rate of 3.761%. Series 2004B debt service is adjusted to take into account expected payments under the Series 2004B Qualified Hedge Agreements.

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

D. Schedule for Debt Service Requirements to Maturity:

The following debt service schedules have been adjusted to include refundings that occurred subsequent to June 30, 2014.

1. General Long-Term Tax Obligation Debt (adjusted for Capital Appreciation and Deferred Interest Bonds reclassification of principal & interest) (in thousands):

Year Ending June 30	Public Improvement Bonds		Pension Obligation Bonds	
	Principal	Interest	Principal	Interest
2015	\$ 172,305	\$ 118,218	\$ 5,750	\$ 31,797
2016	177,645	117,988	6,160	31,435
2017	211,265	110,401	6,585	31,048
2018	222,945	101,833	7,050	30,633
2019	207,885	91,646	7,540	30,190
2020-2024	859,460	318,980	83,195	139,826
2025-2029	530,145	142,471	131,851	107,741
2030-2034	167,560	38,583	12,900	25,799
2035-2039	55,455	10,983	101,116	14,412
2040-2044	14,980	1,740	20,250	1,761
Total	<u>\$ 2,619,645</u>	<u>\$ 1,052,843</u>	<u>\$ 382,397</u>	<u>\$ 444,641</u>

Year Ending June 30	General Obligation Commercial Paper		Tax and Revenue Certificates of Obligation	
	Principal	Interest	Principal	Interest
2015	\$ 227,350	\$ 847	\$ 2,300	\$ 871
2016	30,000	156	-	756
2017	-	-	-	756
2018	-	-	1,080	756
2019	-	-	1,135	702
2020-2024	-	-	14,145	2,404
2025-2029	-	-	-	-
2030-2034	-	-	-	-
2035-2039	-	-	-	-
2040-2044	-	-	-	-
Total	<u>\$ 257,350</u>	<u>\$ 1,003</u>	<u>\$ 18,660</u>	<u>\$ 6,245</u>

Year Ending June 30	Total Future Requirements		
	Principal	Interest	Total Future Requirements
2015	\$ 407,705	\$ 151,733	\$ 559,438
2016	213,805	150,335	364,140
2017	217,850	142,205	360,055
2018	231,075	133,222	364,297
2019	216,560	122,538	339,098
2020-2024	956,800	461,210	1,418,010
2025-2029	661,996	250,212	912,208
2030-2034	180,460	64,382	244,842
2035-2039	156,571	25,395	181,966
2040-2044	35,230	3,501	38,731
Total	<u>\$ 3,278,052</u>	<u>\$ 1,504,733</u>	<u>\$ 4,782,785</u>

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

2. HUD Section 108 Loans (in thousands):

Year Ending June 30	HUD Section 108 Loans (in thousands)		Total Future Requirements
	Principal	Interest	
2015	\$ 659	\$ 306	\$ 965
2016	659	271	930
2017	659	235	894
2018	672	198	870
2019	672	160	832
2020-2024	2,492	296	2,788
2025-2029	-	-	-
Total	<u>\$ 5,813</u>	<u>\$ 1,466</u>	<u>\$ 7,279</u>

3. Note Payable CWA

Year Ending June 30	Note Payable CWA (in thousands)		Total Future Requirements
	Principal	Interest	
2015	\$ -	\$ 386	\$ 386
2016	-	386	386
2017	11,629	386	12,015
2018	-	-	-
2019	-	-	-
2020-2024	-	-	-
2025-2029	-	-	-
Total	<u>\$ 11,629</u>	<u>\$ 1,158</u>	<u>\$ 12,787</u>

4. Enterprise Funds (adjusted for capital appreciation and deferred reclassification of principal and interest) (in thousands):

Year Ending June 30	Airport System Senior Lien Revenue Bonds		Airport System Senior Lien Commercial Paper		Airport System Subordinate Lien Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ -	\$ 23,819	\$ -	\$ 2	\$ 54,965	\$ 69,993
2016	9,275	23,587	-	1	56,455	67,689
2017	9,740	23,112	1,200	1	64,925	65,141
2018	10,225	22,613	-	-	67,630	62,398
2019	10,735	22,089	-	-	67,785	59,510
2020-2024	62,295	101,618	-	-	411,045	248,784
2025-2029	79,530	83,933	-	-	531,265	153,803
2030-2034	102,535	60,138	-	-	502,040	45,482
2035-2039	133,955	27,834	-	-	-	-
2040-2044	31,370	862	-	-	-	-
Total	<u>\$ 449,660</u>	<u>\$ 389,605</u>	<u>\$ 1,200</u>	<u>\$ 4</u>	<u>\$ 1,756,110</u>	<u>\$ 772,800</u>

Year Ending June 30	Airport System Inferior Lien Contract		Airport System Pension Obligations	
	Principal	Interest	Principal	Interest
2015	\$ 5,315	\$ 1,123	\$ -	\$ 106
2016	5,605	823	-	107
2017	5,915	506	-	106
2018	6,240	171	-	107
2019	-	-	-	106
2020-2024	-	-	-	533
2025-2029	-	-	293	533
2030-2034	-	-	1,334	282
2035-2039	-	-	379	20
2040-2044	-	-	-	-
Total	<u>\$ 23,075</u>	<u>\$ 2,623</u>	<u>\$ 2,006</u>	<u>\$ 1,900</u>

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

Year Ending June 30	Airport System Total Future Requirements		
	Principal	Interest	Total
2015	\$ 60,280	\$ 95,043	\$ 155,323
2016	71,335	92,207	163,542
2017	81,780	88,866	170,646
2018	84,095	85,289	169,384
2019	78,520	81,705	160,225
2020-2024	473,340	350,935	824,275
2025-2029	611,088	238,269	849,357
2030-2034	605,909	105,902	711,811
2035-2039	134,334	27,854	162,188
2040-2044	31,370	862	32,232
Total	<u>\$ 2,232,051</u>	<u>\$ 1,166,932</u>	<u>\$ 3,398,983</u>

Year Ending June 30	Convention and Entertainment Facilities Revenue Bonds		Convention and Entertainment Facilities Commercial Paper		Convention and Entertainment Pension Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 25,835	\$ 11,900	\$ 42,000	\$ 331	\$ 65	\$ 239
2016	23,474	14,158	-	-	65	235
2017	18,871	19,893	-	-	70	230
2018	19,750	19,634	-	-	75	226
2019	20,659	19,255	-	-	80	221
2020-2024	104,260	106,817	-	-	900	986
2025-2029	109,661	124,641	-	-	1,373	640
2030-2034	114,639	131,528	-	-	1,161	159
2035-2039	-	-	-	-	36	2
2040-2044	-	-	-	-	-	-
Total	-	-	-	-	-	-
Total	<u>\$ 437,149</u>	<u>\$ 447,826</u>	<u>\$ 42,000</u>	<u>\$ 331</u>	<u>\$ 3,825</u>	<u>\$ 2,938</u>

Year Ending June 30	Convention and Entertainment Total Future Requirements		
	Principal	Interest	Total Future Requirements
2015	\$ 67,900	\$ 12,470	\$ 80,370
2016	23,539	14,393	37,932
2017	18,941	20,123	39,064
2018	19,825	19,860	39,685
2019	20,739	19,476	40,215
2020-2024	105,160	107,803	212,963
2025-2029	111,034	125,281	236,315
2030-2034	115,800	131,687	247,487
2035-2039	36	2	38
2040-2044	-	-	-
Total	<u>\$ 482,974</u>	<u>\$ 451,095</u>	<u>\$ 934,069</u>

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

Year Ending June 30	Combined Utility System Revenue Bonds		Combined Utility System Swap Agreement	Combined Utility System Commercial Paper	
	Principal	Interest	Net Swap Payment	Principal	Interest
2015	129,615	248,450	32,284	180,000	
2016	156,525	241,598	32,221		
2017	179,675	234,851	32,230		
2018	190,310	226,361	30,735		
2019	201,610	217,409	30,735		
2020-2024	1,030,565	974,234	153,659		
2025-2029	1,275,355	725,272	153,376		
2030-2034	1,804,275	445,348	81,887		
2035-2039	928,110	159,763	-		
2040-2044	238,335	25,977	-		
2045-2049	14,515	363	-		
Total	<u>\$ 6,148,890</u>	<u>\$ 3,499,625</u>	<u>\$ 547,126</u>	<u>\$ 180,000</u>	<u>\$ -</u>

Year Ending June 30	Water and Sewer Jr. Lien Revenue Bonds		Combined Utility System Pension Obligations	
	Principal	Interest	Principal	Interest
2015	11,070	4,273	975	3,756
2016	11,410	3,975	1,040	3,695
2017	11,775	3,656	1,115	3,630
2018	12,150	3,314	1,190	3,560
2019	12,530	2,948	1,275	3,485
2020-2024	96,618	78,463	14,080	15,541
2025-2029	44,681	112,552	21,538	10,110
2030-2034			18,395	2,549
2035-2039			639	34
2040-2044				
2045-2049				
Total	<u>\$ 200,234</u>	<u>\$ 209,181</u>	<u>\$ 60,247</u>	<u>\$ 46,360</u>

Year Ending June 30	Combined Utility System Total Future Requirements			
	Principal	Interest	Net Swap Payment	Total Future Requirements
2015	321,660	256,480	32,284	610,424
2016	168,975	249,268	32,221	450,464
2017	192,565	242,137	32,230	466,931
2018	203,650	233,234	30,735	467,619
2019	215,415	223,842	30,735	469,992
2020-2024	1,141,263	1,068,238	153,659	2,363,159
2025-2029	1,341,574	847,933	153,376	2,342,883
2030-2034	1,822,670	447,897	81,887	2,352,454
2035-2039	928,749	159,797	-	1,088,546
2040-2044	238,335	25,977	-	264,312
2045-2049	14,515	363	-	14,878
Total	<u>\$ 6,589,371</u>	<u>\$ 3,755,165</u>	<u>\$ 547,126</u>	<u>\$ 10,891,663</u>

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

5. Long-Term Contracts-Water and Sewer System (in thousands):

Year Ending June 30	Coastal Water Authority Maintenance & Operation Lien		
	Principal	Interest	Total Future Requirements
	2015	\$ 13,410	\$ 4,654
2016	14,025	3,826	17,851
2017	4,060	3,312	7,372
2018	3,420	3,152	6,572
2019	3,550	3,005	6,555
2020-2024	20,375	12,336	32,711
2025-2029	21,580	6,531	28,111
2030-2034	15,030	2,669	17,699
2035-2039	3,450	82	3,532
2040-2044	-	-	-
Total	\$ 98,900	\$ 39,567	\$ 138,467

Year Ending June 30	Other Water & Sewer System Contracts				Other Contracts Total Future Requirements	
	US Army Corps of Engineers		Texas Water Development Board		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 121	\$ 295	\$ -	\$ 818	\$ 121	\$ 1,113
2016	124	291	-	1,497	124	1,788
2017	128	287	-	1,497	128	1,784
2018	133	283	-	1,497	133	1,780
2019	136	278	-	1,497	136	1,775
2020-2024	754	1,323	1,255	6,092	2,009	7,415
2025-2029	883	1,194	3,830	3,309	4,713	4,503
2030-2034	1,035	1,041	5,090	2,054	6,125	3,095
2035-2039	1,213	864	3,825	458	5,038	1,322
2040-2044	1,421	656	-	-	1,421	656
2045-2049	1,665	412	-	-	1,665	412
2050-2054	1,536	126	-	-	1,536	126
Total	\$ 9,149	\$ 7,050	\$ 14,000	\$ 18,719	\$ 23,149	\$ 25,769

E. Debt Issuances and Refundings

Throughout its history, the City has issued refunding bonds from time to time when there has been an operational or economic gain for the City. These refundings have been structured as legal defeasances of the old debt as ruled by the Texas Attorney General, and such debt, including the debt balances refunded during fiscal 2014 described below, has been removed from the City's books.

Public Improvement Refunding Bonds

On October 17, 2013, the City issued 9,000,000 in Tax and Revenue Certificate of Obligation Series 2013Q with coupon of 4.31%. The obligation will mature in September 1, 2023, the proceeds of the obligation will be used to acquire, construct, equip, retrofit, repair, renovate, rehabilitate and / or install equipment, machinery and improvements to enhance and improve energy efficiency of certain systems of building including particularly lighting fixtures and water conservation fixtures in the City's libraries and government buildings.

City of Houston, Texas
Total Outstanding Debt
For the period ended March 31, 2015
(amounts expressed in thousands)

	March 31, 2015	March 31, 2014
Payable from Ad Valorem Taxes		
Public Improvement Bonds ^(a)	2,447,340	2,422,445
Commercial Paper Notes ^(b)	111,900	212,350
Pension Obligations	594,640	601,430
Certificates of Obligations	16,360	18,660
Subtotal	3,170,240	3,254,885
Payable from Sources Other Than Ad Valorem Taxes		
Combined Utility System		
Combined Utility System Revenue Bonds	5,956,560	5,755,330
Combined Utility System Commercial Paper Notes ^(c)	0	115,000
Water and Sewer System Revenue Bonds ^(d)	142,616	278,015
Contract Revenue Obligations - CWA	85,925	98,900
Airport System		
Airport System Sr. Lien Bonds ^(e)	449,660	449,660
Airport System Subordinate Lien	1,711,170	1,766,285
Airport System Sr. Lien Commercial Paper Notes ^(f)	49,500	1,000
Airport System Inferior Lien Contracts ^(g)	17,760	23,075
Airport Special Facilities Revenue Bonds ^(h)	828,845	662,730
Hotel Occupancy Tax and Civic Parking		
Facilities Revenue Bonds ⁽ⁱ⁾	641,047	560,238
Hotel Occupancy Tax And Parking Revenue Commercial Paper ^(j)	0	42,000
Subtotal	9,883,083	9,752,232
Total Debt Payable by the City	\$13,053,323	\$13,007,117

- (a) In Nov 2001 voters authorized \$776 million in tax bonds. In Nov 2006 voters authorized \$625million in tax bonds. In Nov 2012 voters authorized an additional \$410 million in tax bonds.
- (b) The City has authorized maximum issuance of General Obligation Commercial Paper Programs Series E-1: \$100 million, E-2: \$100 million, G-1: \$75 million, G-2: \$125 million, H-2: \$100 million, J: \$125 million, K1: \$150 million and K2: \$100 million.
- (c) The City has authorized \$700 million in Combined Utility System Commercial Paper Notes.
- (d) Includes \$ 85.3 million accreted value of capital appreciation bonds at this date and \$77.8million last year.
- (e) The Houston Airport System issued Senior Lien Revenue bonds on August 20, 2009.
- (f) City Council has authorized \$150 million of Airport Senior Lien Commercial Paper Notes Series A and B.
- (g) Under a sublease agreement, the Houston Airport System has agreed to make sublease payments that include the debt service payments on the Series 1997A Special Facilities Bonds that financed the Automated People Mover ("APM") at George Bush Airport. These sublease payments constitute Inferior Lien Obligations under the Airport bond ordinances.
- (h) All Special Facility Revenue Bonds are secured solely from Special Facility Lease Revenues. Does not include \$17.8 million for Series 1997A Special Facilities Bonds. See footnote (g).
- (i) Includes \$135.7 million accreted value of capital appreciation bonds at this date and \$123.1 million last year.
- (j) The City has authorized \$75 million of Subordinate Lien Hotel Occupancy Tax and Parking Revenue Commercial Paper.

CITY OF HOUSTON, TEXAS
PRINCIPAL AND INTEREST PAYABLE FROM AD VALOREM TAXES
(EXCLUDING COMMERCIAL PAPER NOTES)
(unaudited)

The following schedule presents the City's debt service requirements for Fiscal Years 2015 through 2044 for the outstanding Tax Bonds, Pension Obligations, and Tax Certificates. Debt service on commercial paper notes is not reflected in the schedule below.

Fiscal Year Ended June 30	Tax Bonds ^{(b)(e)}	Pension Obligations ^(c)	Tax Certificates ^(d)	Total Debt Service ^(f)
2015	\$ 286,964,377	\$ 42,688,252	\$ 3,954,651	\$ 333,607,280
2016	286,329,161	42,736,161	1,539,651	330,604,973
2017	312,362,286	42,784,193	1,539,651	356,686,130
2018	315,473,690	42,840,460	2,619,651	360,933,801
2019	274,981,568	42,897,446	2,620,651	320,499,665
2020	267,826,371	42,962,951	2,623,901	313,413,223
2021	224,899,880	52,989,143	2,624,151	280,513,174
2022	205,900,515	53,017,022	2,621,401	261,538,938
2023	210,620,857	53,033,446	2,620,651	266,274,954
2024	153,547,317	53,059,012	977,701	207,584,030
2025	152,322,635	53,087,743		205,410,378
2026	114,843,698	53,118,665		167,962,363
2027	131,184,075	53,150,488		184,334,563
2028	124,771,888	53,176,606		177,948,494
2029	87,503,009	61,545,416		149,048,425
2030	49,420,858	61,591,516		111,012,374
2031	27,350,299	73,050,274		100,400,573
2032	28,576,643	73,088,498		101,665,141
2033	19,895,653	30,715,357		50,611,010
2034	17,167,380	6,505,750		23,673,130
2035	18,491,899	50,850,750		69,342,649
2036	17,110,820	39,478,572		56,589,392
2037	13,679,887	24,547,367		38,227,254
2038	10,078,990	880,470		10,959,460
2039	7,076,574	880,470		7,957,044
2040	4,521,200	880,470		5,401,670
2041	4,522,800	21,130,470		25,653,270
2042	4,520,900			4,520,900
2043	3,155,250			3,155,250
2044				
Total	<u>\$ 3,375,100,480</u>	<u>\$ 1,126,686,968</u>	<u>\$ 23,742,060</u>	<u>\$ 4,525,529,508</u>

- (a) Each Fiscal Year the City budgets for Commercial Paper Notes debt service and related reserve funds based on a calculation that assumes a certain amount of Commercial Paper Notes is expected to be issued during that Fiscal Year at an assumed rate of interest.
- (b) Total debt service does not include payments related to various leases for office space and equipment, which are not considered debt under Texas law. The terms and conditions of such leases and agreements vary.
- (c) A portion of the debt service for the Pension Obligations is paid by the City's Combined Utility System and Airport System.
- (d) The City's \$9,000,000 Certificate of Obligation (Demolition Program), Series 2014Q, is reflected at an assumed rate of 4.310%.
- (e) Excludes estimated federal Build America Bond subsidy payment of 35% of interest paid in connection with the City's Public Improvement Refunding Bonds, Taxable Series 2009B and 2010B (Direct Subsidy-Build America Bonds).
- (f) Totals may reflect a variance due to rounding.

BOND DEBT SERVICE

City of Houston, Texas

CUS - TWDB Loan 31 CWSRF

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Interest Rate Estimated at 3.7%

Period Ending	Principal	Coupon	Interest	Debt Service
05/15/2016			782,365.00	782,365.00
11/15/2016	1,175,000	3.700%	1,173,547.50	2,348,547.50
05/15/2017			1,151,810.00	1,151,810.00
11/15/2017	1,220,000	3.700%	1,151,810.00	2,371,810.00
05/15/2018			1,129,240.00	1,129,240.00
11/15/2018	1,265,000	3.700%	1,129,240.00	2,394,240.00
05/15/2019			1,105,837.50	1,105,837.50
11/15/2019	1,315,000	3.700%	1,105,837.50	2,420,837.50
05/15/2020			1,081,510.00	1,081,510.00
11/15/2020	1,365,000	3.700%	1,081,510.00	2,446,510.00
05/15/2021			1,056,257.50	1,056,257.50
11/15/2021	1,415,000	3.700%	1,056,257.50	2,471,257.50
05/15/2022			1,030,080.00	1,030,080.00
11/15/2022	1,465,000	3.700%	1,030,080.00	2,495,080.00
05/15/2023			1,002,977.50	1,002,977.50
11/15/2023	1,525,000	3.700%	1,002,977.50	2,527,977.50
05/15/2024			974,765.00	974,765.00
11/15/2024	1,580,000	3.700%	974,765.00	2,554,765.00
05/15/2025			945,535.00	945,535.00
11/15/2025	1,640,000	3.700%	945,535.00	2,585,535.00
05/15/2026			915,195.00	915,195.00
11/15/2026	1,700,000	3.700%	915,195.00	2,615,195.00
05/15/2027			883,745.00	883,745.00
11/15/2027	1,765,000	3.700%	883,745.00	2,648,745.00
05/15/2028			851,092.50	851,092.50
11/15/2028	1,830,000	3.700%	851,092.50	2,681,092.50
05/15/2029			817,237.50	817,237.50
11/15/2029	1,900,000	3.700%	817,237.50	2,717,237.50
05/15/2030			782,087.50	782,087.50
11/15/2030	1,975,000	3.700%	782,087.50	2,757,087.50
05/15/2031			745,550.00	745,550.00
11/15/2031	2,045,000	3.700%	745,550.00	2,790,550.00
05/15/2032			707,717.50	707,717.50
11/15/2032	2,125,000	3.700%	707,717.50	2,832,717.50
05/15/2033			668,405.00	668,405.00
11/15/2033	2,205,000	3.700%	668,405.00	2,873,405.00
05/15/2034			627,612.50	627,612.50
11/15/2034	2,290,000	3.700%	627,612.50	2,917,612.50
05/15/2035			585,247.50	585,247.50
11/15/2035	2,375,000	3.700%	585,247.50	2,960,247.50
05/15/2036			541,310.00	541,310.00
11/15/2036	2,465,000	3.700%	541,310.00	3,006,310.00
05/15/2037			495,707.50	495,707.50
11/15/2037	2,555,000	3.700%	495,707.50	3,050,707.50
05/15/2038			448,440.00	448,440.00
11/15/2038	2,655,000	3.700%	448,440.00	3,103,440.00
05/15/2039			399,322.50	399,322.50
11/15/2039	2,755,000	3.700%	399,322.50	3,154,322.50
05/15/2040			348,355.00	348,355.00
11/15/2040	2,855,000	3.700%	348,355.00	3,203,355.00
05/15/2041			295,537.50	295,537.50
11/15/2041	2,965,000	3.700%	295,537.50	3,260,537.50
05/15/2042			240,685.00	240,685.00
11/15/2042	3,075,000	3.700%	240,685.00	3,315,685.00
05/15/2043			183,797.50	183,797.50
11/15/2043	3,190,000	3.700%	183,797.50	3,373,797.50
05/15/2044			124,782.50	124,782.50
11/15/2044	3,310,000	3.700%	124,782.50	3,434,782.50
05/15/2045			63,547.50	63,547.50
11/15/2045	3,435,000	3.700%	63,547.50	3,498,547.50
	63,435,000		42,362,687.50	105,797,687.50

**CITY OF HOUSTON, TEXAS
PRINCIPAL EMPLOYERS
June 30, 2014
Current Year and Nine Years Ago
(unaudited)**

Employer	2014			2005		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Memorial Hermann Health System	19,500	1	1.92%	16,300	1	1.72%
Univ of Tx M. D. Anderson Cancer Center	19,290	2	1.90%	16,000	3	1.68%
United Airways	17,000	3	1.67%	16,000	2	1.68%
ExxonMobil Corporation	13,191	4	1.30%			
Shell Oil Company	13,000	5	1.28%			
The Houston Methodist Hospital System	13,000	6	1.28%	8,598	10	0.91%
Kroger Company	12,000	7	1.18%	12,000	6	1.26%
National Oilwell Varco	10,000	8	0.98%			
Schlumberger Limited	10,000	9	0.98%			
B. P. America, Inc.	9,537	10	0.94%			
Halliburton K. B. R.				14,000	4	1.47%
Univ of Tx Medical Branch in Galveston				12,318	5	1.30%
ARAMARK Corp.				10,000	7	1.05%
H. C. A. Health				9,000	8	0.95%
Hewlett-Packard Corporation				9,000	9	0.95%
Total :	<u>136,518</u>		<u>13.43%</u>	<u>123,216</u>		<u>12.97%</u>

Employers excludes school districts and city, county, state and federal governments.
Employee numbers are for the ten-county region, not the city only.
Employee may live outside the City

Total Houston Residents employed regardless of where they work:

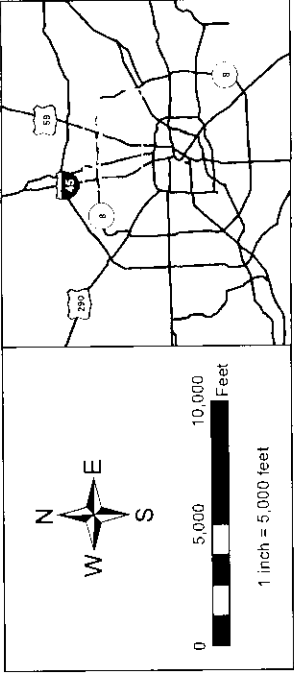
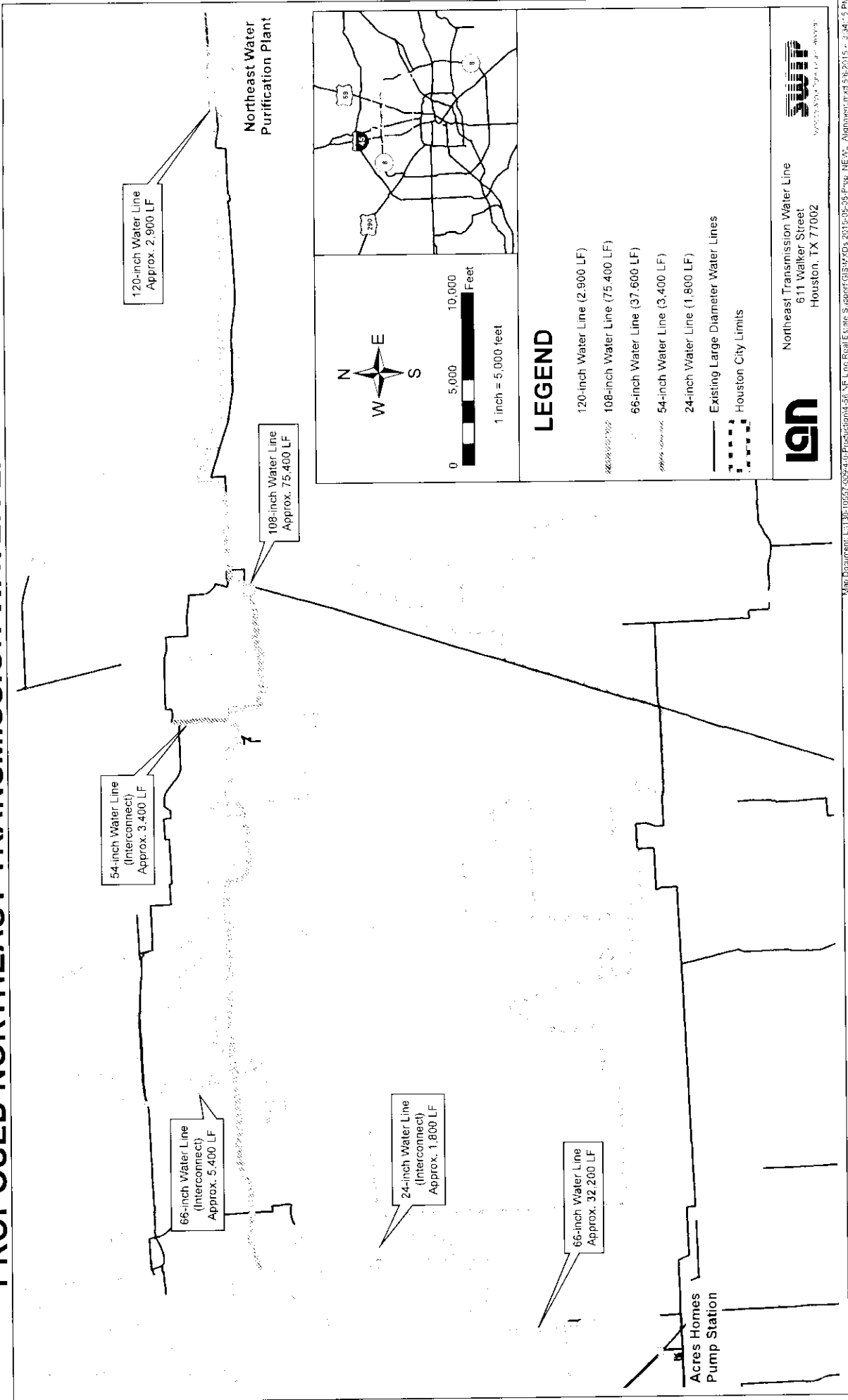
Source:

Bureau of Labor Statistics

2014 1,015,817

2005 949,998

CITY OF HOUSTON PROPOSED NORTHEAST TRANSMISSION WATER LINE ALIGNMENT



LEGEND

- 120-inch Water Line (2,900 LF)
- 108-inch Water Line (75,400 LF)
- 66-inch Water Line (37,600 LF)
- 54-inch Water Line (3,400 LF)
- 24-inch Water Line (1,800 LF)
- Existing Large Diameter Water Lines
- Houston City Limits



Northeast Transmission Water Line
611 Walker Street
Houston, TX 77002



Census Tract Numbers for Water Line Alignment

2520
2504.02
2322
2231
2227
2415
2226
2401
2405.02
5337.01
2224.01
5336
5335
5338.01
5334
5332

SWIFT Application for NETL

Item 59

Current and future populations and projected water use (City of Houston Service Area Only)

Population	2010	2020	2030	2040
NETL Service Area	116,960	124,418	135,875	146,281

Note 1 H-GAC Projection Database (2010-2040)

Note 2 Base year is 2010

Treated Water Service Area by Customer Category	2010	2015	2020	2025	2030	2035	2040
NETL Service Area	24	26	28	72	75	77	78
Retail	18	18	19	25	25	26	27
Wholesale	6	6	6	19	19	19	19
GRP	0	0	0	24	24	25	25
Cost-Share	1	2	3	5	7	7	7

PROJECT BUDGET - Entity Name <u>City of Houston (NETL)</u>						
Uses	TWDB Funds (Houston; 80% of 15.26%)	TWDB Funds (Water Authorities; 80% of 84.74%)	Total TWDB Cost (80%)	Other Funds (Houston; 20% of 15.26%)	Other Funds (Water Authorities; 20% of 84.74%)	Total Cost (100%)
Construction						
Construction	\$103,652,532	\$218,576,068	\$322,228,600	\$31,567,212	\$54,644,017	\$408,439,828
Subtotal Construction	\$103,652,532	\$218,576,068	\$322,228,600	\$31,567,212	\$54,644,017	\$408,439,828
Basic Engineering Fees						
Planning +	\$563,808	\$1,188,925	\$1,752,733	\$171,707	\$297,231	\$2,221,671
Design	\$5,638,196	\$11,889,481	\$17,527,677	\$1,717,104	\$2,972,370	\$22,217,151
Construction Engineering	\$2,073,013	\$4,371,443	\$6,444,456	\$631,333	\$1,092,881	\$8,168,650
Basic Engineering Other **	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Basic Engineering Fees	\$8,275,018	\$17,449,848	\$25,724,866	\$2,520,143	\$4,362,462	\$32,607,472
Special Services						
Application	\$0	\$0	\$0	\$0	\$0	\$0
Environmental	\$0	\$0	\$0	\$0	\$0	\$0
Water Conservation Plan	\$0	\$0	\$0	\$0	\$0	\$0
I/I Studies/Sewer Evaluation	\$0	\$0	\$0	\$0	\$0	\$0
Surveying	\$0	\$0	\$0	\$0	\$0	\$0
Geotechnical	\$0	\$0	\$0	\$0	\$0	\$0
Testing	\$0	\$0	\$0	\$0	\$0	\$0
Permits	\$0	\$0	\$0	\$0	\$0	\$0
Inspection	\$0	\$0	\$0	\$0	\$0	\$0
O&M Manual	\$0	\$0	\$0	\$0	\$0	\$0
Project Management (by engineer)	\$0	\$0	\$0	\$0	\$0	\$0
Pilot Testing	\$0	\$0	\$0	\$0	\$0	\$0
Water Distribution Modeling	\$0	\$0	\$0	\$0	\$0	\$0
Special Services Other **	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Special Services	\$0	\$0	\$0	\$0	\$0	\$0
Other						
Administration	\$0	\$0	\$0	\$0	\$0	\$0
Land/Easements Acquisition	\$0	\$0	\$0	\$0	\$0	\$0
Water Rights Purchase (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0
Capacity Buy-in (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0
Project Legal Expenses	\$0	\$0	\$0	\$0	\$0	\$0
Other **	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Other Services	\$0	\$0	\$0	\$0	\$0	\$0
Fiscal Services						
Financial Advisor	\$0	\$0	\$0	\$0	\$0	\$0
Bond Counsel	\$0	\$0	\$0	\$0	\$0	\$0
Issuance Cost	\$562,450	\$0	\$562,450	\$0	\$0	\$562,450
Bond Insurance/Surety	\$0	\$0	\$0	\$0	\$0	\$0
Fiscal/Legal	\$0	\$0	\$0	\$0	\$0	\$0
Capitalized Interest	\$0	\$0	\$0	\$0	\$0	\$0
Bond Reserve Fund	\$0	\$0	\$0	\$0	\$0	\$0
Loan Origination Fee	\$0	\$0	\$0	\$0	\$0	\$0
City Admin/PATC/Legal	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Fiscal Services	\$562,450	\$0	\$562,450	\$0	\$0	\$562,450
Contingency						
Contingency	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Contingency	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL COSTS	\$112,490,000	\$236,025,916	\$348,515,916	\$34,087,355	\$59,006,479	\$441,609,750

Other ** description must be entered

+ For Planning applications under the EDAP Program, please break down Planning costs as follows:

Category A					0
Category B					0
Category C					0
Category D					0
Total Planning Costs			0	0	0

**City of Houston: SWIFT Project #51021
Second Source Transmission Phase I
June 11, 2015**

Project Budget

Please break out the requested amount of \$25,915,000 for this year's loan closing (Fall 2015) into the applicable budget line items (Planning, Environmental, Design, etc.).

Construction	\$19,264,426
Planning	\$77,356
Design	\$4,370,630
Construction Engineering	\$2,073,013
<u>Cost of Issuance</u>	<u>\$129,575</u>
TOTAL	\$25,915,000

The environmental cost is about 0.18% of the total project cost.

Texas Water Development Board Water Project Information							
A. Project Name Northeast Transmission Line		B. Project No.		C. County Harris		D. Regional Planning Group (A-P) H	
E. Program(s) SWIFT		F. Loan <input checked="" type="checkbox"/> / Grant <input type="checkbox"/> Amount:		G. Loan Term: 30 Years			
H. Water Project Description: (Multiphase project, new or expansion; plant, well, storage, pump station, distribution system, etc) Construction of approximately 121,100 LF of 24" - 120" water transmission lines. Attach map of service area affected by Project or other documentation.							
I. Is an Inter Basin Transfer potentially involved? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>				J. Is project located in a Groundwater District (If yes, identify District by name)? Yes <input checked="" type="checkbox"/> Harris-Galveston Subsidence District No <input type="checkbox"/>			
K. Projected Population from application for at least a 20 year period. Attach justification and list service area populations if different from Planning Area.	Year	Reference Year	2010	2020	2030	2040	
	Population Projection	2010	474,195	514,055	557,717	598,356	
Project Design Year	2040		Design Population		598,356		
L. Is the proposed project included in a current Regional Water Plan? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Don't Know <input type="checkbox"/> (If Yes, please specify on what page in the Regional Water Plan - Regional Water Plan Page Number: <u>259</u>)							
M. What type of water source is associated directly with the proposed project? Surface Water <input checked="" type="checkbox"/> Groundwater <input type="checkbox"/> Reuse <input type="checkbox"/>							
N. Will the project increase the volume of water supply? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>							
O. What volume of water is the project anticipated to deliver/ treat per year? <u>358,500</u> Acre-Feet/Year							
P. Current Water Supply Information							
Surface Water Supply Source / Provider Names		Certificate No.		Source County		Annual Volume and Unit	
San Jacinto River Basin (Lake Houston & Lake Conroe)		WR#: 4963, 4965, 5807, 5808		Harris		288,767 acre-ft/yr	
Groundwater Source Aquifer		Well Field location		Source County		Annual Volume and Unit	
N/A		N/A		N/A		N/A	
Q. Proposed Water Supply Associated Directly with the Proposed Project							
Surface Water Supply Source / Provider Names		Certificate No.		Source County		Annual Volume and Unit	
Trinity River Basin (Lake Livingston)		WR#: 4261, 4277		Polk		1,023,800 acre-ft/yr	
Groundwater Source Aquifer		Well Field location:		Source County		Annual Volume and Unit	
N/A		N/A		N/A		N/A	
R. Consulting Engineer Name			Telephone No.		E-mail address		
S. Applicant Contact Name, Title			Telephone No.		E-mail address		
Arthur Morris, P.E., Managing Engineer			832-395-2317		arthur.morris@houstontx.gov		

STATE OF TEXAS

§

COUNTY OF HARRIS

§

§

**SURFACE WATER
AFFIDAVIT**

Before me, the undersigned notary, on this day personally appeared Dale A. Rudick, a person whose identity is known to me. After I administered an oath to him/her, upon his/her oath he/she said:

- 1. I am over 18 years of age, of sound mind, and capable of making this affidavit. The facts stated in this affidavit are within my personal knowledge and are true and correct.
- 2. I am an authorized representative of the City of Houston, an entity that has filed an application for financial assistance with the Texas Water Development Board for a project that proposes the development of a new surface water supply source.
- 3. Does the applicant possess a Certificate of Adjudication and/or Water Rights Permit(s) issued by the Texas Commission on Environmental Quality or a predecessor agency authorizing the appropriation and use of the surface water needed for the Project?
 Yes No

Please attach a copy of the Certificate(s) of Adjudication and Water Rights Permit(s).

Item attached: Yes No

- 4. Does the applicant have the contractual right to use the surface water from an entity that enjoys the right to appropriate and use the surface water needed for the project?
 Yes No

Please attach a copy of any draft or executed water supply contract, lease or other legal instrument providing contractual authorization to use the surface water needed for the Project.

Item attached: Yes No

Please identify the Certificate of Adjudication(s) and Water Rights Permit(s) possessed by the wholesale water provider pursuant to which the contract, lease or other legal instrument has been or will be executed.

Certificate of Adjudications: _____

Item attached: Yes No

Water Rights Permit(s): 4261, 4261A, 4261B, 4277, 4277A, 4963, 4963A, 4965, 4965A, 5807, 5808

Item attached: Yes No

Signed the 17 day of May, 2015.

Dale A. Rudick
Name
Director, Public Works: Engineering
Title

Sworn to and subscribed before me by Dale A Rudick on May 18, 2015.



Laurie A. Carter
Notary Public in and for the State of Texas
My Commission expires: Aug 30, 2016

CERTIFICATE OF ADJUDICATION

CERTIFICATE OF ADJUDICATION: 08-4261 OWNER: City of Houston
Water Division Dept.
of Public Works
P. O. Box 1562
Houston, Texas 77002

COUNTIES: Harris, Polk, Liberty, PRIORITY DATE: December 30, 1913,
Chambers, Trinity and San and September 23,
Jacinto 1959

WATERCOURSE: Old River, tributary of BASIN: Trinity River
the Trinity River and
the Trinity River

WHEREAS, by final decree of the 344th Judicial District Court of Chambers County, in Cause No. 344-10865, In Re; The Adjudication of Water Rights in the Lower Trinity River Segment of the Trinity River Basin and the western portion of the Neches-Trinity Coastal Basin dated October 30, 1985 a right was recognized under Certified Filing 71ABCD, Permit 1970C, Permit 1974A and Permit 2621 to appropriate waters of the State of Texas as set forth below;

NOW, THEREFORE, this certificate of adjudication to appropriate waters of the State of Texas in the Trinity River Basin is issued to the City of Houston, subject to the following terms and conditions:

1. IMPOUNDMENT

- A. Owner, in conjunction with the Trinity River Authority of Texas under Certificate of Adjudication 08-4248, is authorized to maintain an existing dam and reservoir (Lake Livingston) on the Trinity River and impound therein not to exceed 1,750,000 acre-feet of water. The east end of the dam is located in the Thomas Bradley Survey, Abstract 98, Polk County, Texas.
- B. Owner, in conjunction with the Trinity River Authority of Texas under Certificate of Adjudication 08-4248, is authorized to complete construction of a dam and reservoir (Lake Wallisville) on the Trinity River and impound therein not to exceed 51,600 acre-feet of water. Station 0 + 00 on the centerline of dam bears S 32°29'54"W, 13,906.24 feet from the northwest corner of the S. Burney Grant, Abstract 7, Chambers County, Texas.
- C. Owner is authorized to maintain an existing 4700 acre-foot capacity off-channel reservoir (Lynchburg Reservoir). The levee creating said reservoir is located in the Nathaniel Lynch Grant, Abstract 44, Harris County.
- D. Owner is authorized to temporarily store water diverted from the Trinity River, in Lake Houston located on the San Jacinto River in the San Jacinto River Basin.

2. USE

- A. Owner is authorized to divert and use not to exceed 444,000 acre-feet of water per annum from the Trinity River (Lake Livingston) and 10,000 acre-feet of water from the Trinity River (Lake Wallisville-when completed) for municipal purposes.
- B. Owner is also authorized to divert and use not to exceed 458,800 acre-feet of water per annum from the Trinity River (Lake Livingston), 28,000 acre-feet of water per annum from the Trinity River (Lake Wallisville-when completed) and 31,600 acre-feet of water per annum directly from the Trinity River for industrial purposes.
- C. Owner is authorized to divert and use 13,400 acre-feet of water per annum from the Trinity River and Old River to irrigate a maximum of 9350 acres of land within Chambers and Liberty Counties.

Certificate of Adjudication 08-4261

- D. Owner is authorized to divert and use water authorized under this certificate and stored in Lake Houston and Lynchburg Reservoir for municipal and industrial purposes only.
- E. Owner is authorized to use the water impounded in the aforesaid on-channel reservoirs for recreation purposes.

3. DIVERSION

- A. Location and rate:
 - (1) At a point on the Trinity River in the John A. Williams Grant, Abstract 119, Liberty County, Texas, at a maximum rate of not to exceed 1700 cfs (765,000 gpm).
 - (2) At a point on the Trinity River in the Theodore Dorsett Grant, Abstract 27, Liberty County, Texas, at a maximum rate of not to exceed 775 cfs (348,750 gpm).
 - (3) At a point on the Old River in the Henry Griffith Grant, Abstract 12, Chambers County, Texas, at a maximum rate of 288 cfs (129,600 gpm).
 - (4) At a point on the Trinity River in the B.B.B. & C. RR Co. Survey, Abstract 58, Chambers County, Texas, at a unspecified rate.
- B. Maximum combined rate: 3400 cfs (1,530,000 gpm) upon completion of Lake Wallisville Dam.

4. PRIORITY

- A. The time priority of owner's right is December 30, 1913 to divert and use 31,600 acre-feet of water per annum for industrial purposes; 13,400 acre-feet of water per annum for irrigation purposes at a diversion rate of 288 cfs (129,600 gpm) at diversion point No. 3.
- B. The time priority of owner's right is September 23, 1959 to divert and use 444,000 acre-feet of water per annum for municipal purposes and 458,800 acre-feet of water per annum for industrial purposes at a diversion rate of 1700 cfs (765,000 gpm) at diversion point No. 1 and 775 cfs (348,750 gpm) at diversion point No. 2.
- C. Upon completion of Lake Wallisville Dam and Reservoir the time priority of owner's right is September 23, 1959 to divert the remaining 10,000 acre-feet of water per annum for municipal purposes; the remaining 28,000 acre-feet of water for industrial purpose and the maximum combined diversion rate of 3400 cfs (1,530,000 gpm).

5. SPECIAL CONDITIONS

- A. Owners shall maintain a sluiceway in the aforesaid Lake Livingston Dam at a bottom elevation of not more than seventy (70) feet above mean sea level, having an opening of not less than ninety-six (96) inches in diameter and equipped with a regulating gate for the purpose of allowing the free passage through the dam at all times of those waters to which lower users are lawfully entitled. Whenever the Commission finds that the owners are storing any waters to which downstream appropriators or lawful diverters are entitled, the owners shall release same to said appropriators or lawful diverters on the order of the Texas Water Commission.
- B. Owners are authorized and required to operate the Lake Livingston dam and reservoir described in this certificate of adjudication in conjunction with the Lake Wallisville dam and reservoir which are required to be constructed on the Trinity River in Chambers County, Texas. The total water available

Certificate of Adjudication 08-4261

from both projects shall be divided between the owners so that the City shall receive seventy per cent (70%) and the Authority shall receive thirty per cent (30%) thereof and that the specific quantities for each shall, if necessary, be adjusted so as to divide the total available water between the owners in such proportions.

- C. Owner shall install and maintain a metering instrument at each diversion point which will automatically record the total amount of water diverted. Owner shall make determinations of water surface elevations in Lake Livingston Reservoir by means of recording gauges set to U. S. Coast and Geodetic Survey datum, each of which shall be protected by a well house designed for such purposes and the Commission shall be furnished complete records of such determinations. Owners shall relocate, or cause to be relocated, all existing stream flow stations which may be inundated or impaired by the reservoir and establish, or cause to be established, such other recording stream flow stations as the Commission may deem necessary to record inflows into the reservoir. Owner shall maintain daily records of waters released through the reservoir authorized herein for downstream use. All stream flow stations shall be set to the same datum described above and the Commission shall be furnished complete records of the data herein required to be kept. The metering instruments, the gauges for well houses, and the stream flow stations and the installation, design and operation thereof shall be subject to approval of the Commission.
- D. Owner is authorized to use the bed and banks of the Trinity River, below the aforesaid dams (Lake Livingston and Lake Wallisville), to convey and deliver water to be appropriated hereunder to downstream diversion points.
- E. Owner is authorized to use all of the water diverted from the Trinity River Basin in the San Jacinto River Basin, the Trinity-San Jacinto, the San Jacinto-Brazos, and the western portion of the Neches-Trinity Coastal Basins, excluding Bolivar Peninsula.
- F. Owner is authorized to convey the water diverted from the Trinity River at Diversion Point No. 1 authorized herein by pipeline, canal and the bed and banks of Luce Bayou, for temporary storage in Lake Houston located on the San Jacinto River in the San Jacinto River Basin.
- G. Owner's use of the bed and banks of Luce Bayou as authorized herein shall not interfere with any rights held under Certificate of Adjudication 10-3979 in the San Jacinto River Basin issued by the Commission. Any plans and specifications in connection with such use shall make all necessary and specific provisions for the protection of the on-channel reservoir, the off-channel reservoir and the pumping facilities authorized by such certificate of adjudication and all other rights in connection therewith.
- H. Owner's right is subordinate to any claim on waters of the Trinity River Basin imported into and/or originating in and above Lake Lewisville Reservoir, Grapevine Reservoir, Lake Worth Reservoir, and Lake Ray Hubbard Reservoir, and shall not constitute any limitation upon the granting of permits by the Commission for the impoundment and use of waters above the said four named reservoirs.
- I. This certificate is further subordinate to any claim on waters imported and/or originating in the Trinity River Basin above Lake Livingston reservoir authorized herein, that could be impounded by: 1) existing reservoirs; 2) by reservoirs for which permits have been granted or certificates of adjudication issued and the construction of such reservoirs is

Certificate of Adjudication 08-4261

incomplete; 3) by reservoirs for which applications are now pending before the Commission; or 4) by the following proposed reservoirs as shown in the Master Plan Report of the Trinity River Authority of Texas dated April 18, 1958, but only to the extent necessary to insure a dependable yield from each such proposed reservoir as shown opposite the respective names, to-wit:

<u>Reservoir Name</u>	<u>Dependable Yield (MGD)*</u>
Big Fossil	0.5
Tehuacana	61.0
Tennessee Colony	362.0
Upper Keechi	13.6
Lower Keechi	20.5
Big Elkhart	11.0
Little Elkhart	6.2
Hurricane Bayou	15.6
Bedias	95.5
Nelson	14.6
Harmon	7.4
Gail	16.6
Mustang	13.2
Caney	13.5
Long King	18.5

*Million Gallons per Day

It is the intent herein that this certificate of adjudication shall not constitute a prior claim against upstream flows necessary to produce dependable yields in the aggregate amount from future reservoirs hereinabove listed. Except for the Tennessee Colony Reservoir, nothing herein shall prohibit the construction of future reservoirs at different locations, of different dimensions, or the combination of reservoirs as substitutes for the above-listed future reservoirs; provided, however, that such modifications in dimensions, locations or the combination of reservoirs shall not diminish the dependable yield of the reservoir authorized herein in excess of the diminution which would be occasioned by the construction of such reservoirs with the respective dependable yields as hereinabove listed. Tennessee Colony Reservoir may be modified as to location and dimension provided that any such modification shall likewise not further diminish the dependable yield of the reservoir authorized herein.

- J. This certificate of adjudication is specifically subordinate to the present and future use and reuse and consumptive use of any return flows from waters impounded in each of the existing and above described proposed reservoirs and the return flows from water imported into the river basin, for municipal and industrial purposes within the Trinity River Basin above Lake Livingston notwithstanding the re-entry of such return flows into a public stream they may nevertheless be used again, diverted and routed through such treatment facilities as may be considered necessary for their purification, under authority of permits heretofore or hereafter issued by the Texas Water Commission for such purposes in the upstream watershed. This certificate is also subordinate to the present and future use and reuse for navigation purposes of the return flows from the metropolitan areas of Dallas and Fort Worth in their natural flowing state and by impoundment in pools created by locks and appurtenances within the river and navigation channels; and further, such return flows shall be allowed to pass through the reservoir authorized herein to the extent necessary to provide navigation below said reservoir and the rights hereby acquired shall be subordinate to such uses.

Certificate of Adjudication 08-4261

- K. Owner may divert water from Diversion Point No. 1 not to exceed 902,800 acre-feet of water per annum. Owner may divert from Diversion Point No. 2 up to 450,000 acre-feet of water per annum, provided that the total amount diverted at both diversion points must not exceed a total of 902,800 acre-feet of water per annum.
- L. Owner may not exercise the right to divert and use that portion of the water authorized herein which is to be diverted from Lake Wallisville for any purposes until construction of the aforesaid reservoir is complete and owner applies for and is granted a diversion point or points and a rate of diversion from said reservoir.
- M. Construction of the Wallisville dam, reservoir and related facilities authorized or required by this certificate of adjudication shall be in accordance with plans approved by the Texas Water Commission and shall be started and completed within the time limits established by the Commission.
- N. Owner shall maintain a suitable outlet in the aforesaid dams authorized herein to allow the free passage of water that owner is not entitled to divert or impound.
- O. Owner shall make no diversions of water from the diversion points, downstream of the Lake Wallisville dam, except to the extent that water for such diversions is released from the aforesaid reservoir.

The locations of pertinent features related to this certificate are shown on Pages 16, 18, 20 and 21 of the Lower Trinity River Segment Certificates of Adjudication Maps, copies of which are located in the offices of the Texas Water Commission, Austin, Texas and the Harris, Polk, Liberty, Chambers, Trinity and San Jacinto County Clerks.

This certificate of adjudication is issued subject to all terms, conditions and provisions in the final decree of the 344th Judicial District Court of Chambers County, Texas, in Cause No. 344-10865, In Re: The Adjudication of Water Rights in the Lower Trinity River Segment of the Trinity River Basin and the western portion of the Neches-Trinity Coastal Basin dated October 30, 1985 and supersedes all rights of the owner asserted in that cause.

This certificate of adjudication is issued subject to senior and superior water rights in the Trinity River Basin.

This certificate of adjudication is issued subject to the Rules of the Texas Water Commission and its continuing right of supervision of State water resources consistent with the public policy of the State as set forth in the Texas Water Code.

TEXAS WATER COMMISSION

Paul Hopkins
 Paul Hopkins, Chairman

DATE ISSUED:

JUN 9 1986

ATTEST:

Mary Ann Hefner
 Mary Ann Hefner, Chief Clerk

2010 - 1739 - 760

2260

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY


 THE STATE OF TEXAS
 COUNTY OF TRAVIS

 I hereby certify that this is a true and correct copy of a
 Texas Commission on Environmental Quality document,
 which is filed in the permanent records of the Commission.
 Given under my hand and the seal of office on


 MAR 19 2010
 LaDonna Castanuela, Chief Clerk
 Texas Commission on Environmental Quality

 AMENDMENT TO
 CERTIFICATE OF ADJUDICATION

CERTIFICATE NO. 08-4261A

TYPE: 11.122

Owner:	City of Houston	Address:	611 Walker Houston, Texas 77002
Filed:	September 23, 2009	Granted:	MAR 15 2010
Purpose:	Hydroelectric Power	County:	Polk and San Jacinto
Watercourse:	The Trinity River	Watershed:	Trinity River Basin

WHEREAS, Certificate of Adjudication No. 08-4261 authorizes the City of Houston (City), in conjunction with the Trinity River Authority, Owner of Certificate of Adjudication No. 08-4248, to maintain an existing dam and reservoir (Lake Livingston) on the Trinity River, Trinity River Basin, and impound therein not to exceed 1,750,000 acre-feet of water; and

WHEREAS, multiple special conditions and time priorities apply; and

WHEREAS, an amendment to Certificate of Adjudication No. 08-4261, designated Certificate of Adjudication No. 08-4261B was granted on May 5, 2009, which corrected Certificate of Adjudication No. 08-4261 to include an additional fifth diversion point which was included in the final determination, but was inadvertently excluded from the Certificate of Adjudication; and

WHEREAS, the City seeks to amend Certificate of Adjudication No. 08-4261 to add non-consumptive hydroelectric power generation as an additional authorized use; and

WHEREAS, the City indicates hydroelectric power generation will only be conducted when water is released from Lake Livingston for another authorized purpose such as water released from Lake Livingston for downstream use, to meet priority calls, or to pass inflows when the conservation storage of Lake Livingston is full; and

2010 - 1739 - 761

WHEREAS, the Texas Commission on Environmental Quality finds that jurisdiction over the application is established; and

WHEREAS, the Executive Director recommends special conditions be included; and

WHEREAS, no requests for a contested case hearing were received for this application; and

WHEREAS, the Commission has complied with the requirements of the Texas Water Code and Rules of the Texas Commission on Environmental Quality in issuing this amendment;

NOW, THEREFORE, this amendment to Certificate of Adjudication No. 08-4261, designated Certificate of Adjudication No. 08-4261A, is issued to the City of Houston, subject to the following terms and conditions:

1. USE

In addition to the previous authorization, Owner is also authorized to use the water released from Lake Livingston for non-consumptive hydroelectric power generation purposes.

2. TIME LIMITATIONS

A. Construction of the hydroelectric facility must be in accordance with the plans and specifications approved by the Executive Director. Construction of the hydroelectric facility without final approval of the plans and specifications is a violation of this authorization.

B. Construction shall begin within two years and be completed within five years of the latter of issuance of this amendment, the issuance of the Federal Energy Regulatory Commission operating permit for the proposed hydroelectric facility, and the Texas Commission on Environmental Quality's certificate of the Federal Energy Regulatory Commission operating permit for the proposed hydroelectric facility, unless Owner applies for and is subsequently granted an extension of time before the expiration of these time limitations.

C. Failure to commence construction of the hydroelectric facility within the period stated above shall subject all rights to this amendment to forfeiture, subject to notice and hearing. After beginning construction, failure to timely construct the hydroelectric facility stated above shall subject this amendment to cancellation in whole or in part, subject to notice and hearing.

This amendment is issued subject to all terms, conditions, and provisions contained in Certificate of Adjudication No. 08-4261, as amended, except as specifically amended herein.

2010 - 1739 - 762

This amendment is issued subject to all superior and senior water rights in the Trinity River Basin.

Owner agrees to be bound by the terms, conditions and provisions contained herein and such agreement is a condition precedent to the granting of this amendment.

All other matters requested in the application which are not specifically granted by this amendment are denied.

This amendment is issued subject to the Rules of the Texas Commission on Environmental Quality and to the right of continuing supervision of State water resources exercised by the Commission.

Mark Wiley
For the Commission

ISSUED: MAR 15 2010

FILED FOR RECORD

2010 MAR 25 PM 1:03

Schelana Walker
SCHELANA WALKER

State of Texas }
County of Polk }
I, SCHELANA WALKER hereby certify that this instrument was FILED in the file number sequence on the date and at the time stamped hereon by me and was duly RECORDED in the Official Public Records in Volume and Page of the named RECORDS OF Polk County, Texas.

MAR 25 2010



Schelana Walker
COUNTY CLERK
POLK COUNTY, TEXAS

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



THE STATE OF TEXAS
COUNTY OF TRAVIS

I hereby certify that this is a true and correct copy of a
Texas Commission on Environmental Quality document,
which is filed in the permanent records of the Commission.
Given under my hand and the seal of office on

NaDonna Castanuela MAY 12 2009

AMENDMENT TO A
CERTIFICATE OF ADJUDICATION

NaDonna Castanuela, Chief Clerk
Texas Commission on Environmental Quality

CERTIFICATE NO. 08-4261B

TYPE § 11.122

Owner: City of Houston

Address: 611 Walker
Houston, Texas
77002

Filed: April 29, 2009

Granted: **MAY 05 2009**

Purposes: Municipal, Agricultural,
Industrial, and Recreation

Counties: Harris, Polk, Liberty,
Chambers, Trinity,
and San Jacinto

Watercourse: Trinity River

Watershed: Trinity River Basin

WHEREAS, Certificate of Adjudication No. 08-4261 authorizes the City of Houston to maintain multiple dams and reservoirs on the Trinity River, Trinity River Basin, and an off channel reservoir for recreation purposes. Certificate of Adjudication No. 08-4261 also authorizes the City of Houston divert and use water from three points on the Trinity River, and one point on the Old River for municipal, agricultural and industrial purposes at a maximum combined diversion rate of 3,400 cfs (1,530,000 gpm). Multiple Special Conditions apply; and

WHEREAS, the City of Houston has a concurrent pending application, designated as application No 08-4261A; and

WHEREAS, the Owner requests a correction to Certificate of Adjudication No. 08-4261 to include a fifth diversion point which was inadvertently omitted during the drafting of the Certificate, but was included in the Final Determination and the Final Judgement of the City's adjudication of its water right; and

WHEREAS, pursuant to 30 Texas Administrative Code § 50.145, the Executive Director, on his own motion or at the request of a permittee, may make a nonsubstantive correction to a permit without formal amendment and public notice procedures to correct a clerical error and to describe more accurately the point of diversion; and

WHEREAS, the Texas Commission on Environmental Quality finds that jurisdiction over the application is established; and

WHEREAS, no requests for a contested case hearing were received for this application; and

WHEREAS, the Commission has complied with the requirements of the Texas Water Code and rules of the Texas Commission on Environmental Quality in issuing this amendment;

NOW, THEREFORE, this amendment to Certificate of Adjudication No. 08-4261 designated Certificate of Adjudication No. 08-4261B, is issued to the City of Houston, subject to the following conditions:

1. DIVERSION

- a) In addition to the previous authorization, Owner is now authorized to divert water from a point on the Trinity River which bears S 48° 19'W, 1109 feet from the northeast corner of the William Whitlock Survey, Abstract No 118, in Liberty County, Texas.
- b) In addition to the previous authorization, Owner is authorized to divert the water from the new diversion point at a maximum rate of 775.0 cfs (348,750gpm), and a combined maximum diversion rate of 3400.0 cfs (1,530,000 gpm) for all points authorized by the Certificate.

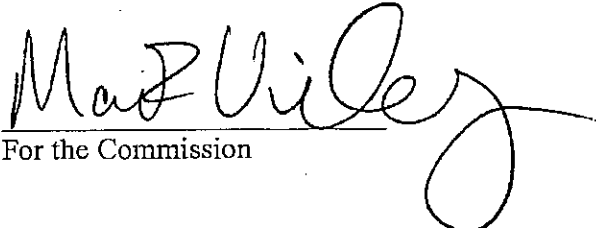
This amendment is issued subject to all terms, conditions and provisions contained in Certificate of Adjudication No. 08-4261, except as specifically amended herein.

This amendment is issued subject to all superior and senior water rights in the Trinity River Basin.

Owner agrees to be bound by the terms, conditions and provisions contained herein and such agreement is a condition precedent to the granting of this amendment.

All other matters requested in the application which are not specifically granted by this amendment are denied.

This amendment is issued subject to the Rules of the Texas Commission on Environmental Quality and to the right of continuing supervision of State water resources exercised by the Commission.


For the Commission

Date issued: MAY 05 2009

CERTIFICATE OF ADJUDICATION

CERTIFICATE OF ADJUDICATION: 08-4277 OWNER: Dayton Canal Company
P. O. Box 128
Dayton, Texas 77535

COUNTY: Liberty PRIORITY DATES: July 2, 1913 and
August 25, 1969

WATERCOURSE: Big Ditch and East Prong BASIN: Trinity River
Old River, tributaries of
the Trinity River and the
Trinity River

WHEREAS, by final decree of the 344th Judicial District Court of Chambers County, in Cause No. 344-10865, In Re: The Adjudication of Water Rights in the Lower Trinity River Segment of the Trinity River Basin and the Western Portion of the Neches-Trinity Coastal Basin dated October 30, 1985, a right was recognized under Certified Filing 553AB authorizing the Dayton Canal Company to appropriate waters of the State of Texas as set forth below;

NOW, THEREFORE, this certificate of adjudication to appropriate waters of the State of Texas in the Trinity River Basin is issued to the Dayton Canal Company, subject to the following terms and conditions:

1. IMPOUNDMENT

Owner is authorized to maintain an existing dam and reservoir on Big Ditch and impound therein not to exceed 65 acre-feet of water. The dam is located in the Louis Davis Grant, Abstract 18, Liberty County, Texas.

2. USE

- A. Owner is authorized to divert and use not to exceed 5,000 acre-feet of water per annum from the aforesaid reservoir on Big Ditch for the irrigation of 9238.04 acres of land within the service area of the Dayton Canal Company.
- B. Owner is further authorized to divert and use not to exceed 33,000 acre-feet of water per annum from the Trinity River, Big Ditch and the East Prong Old River for the irrigation of 9238.04 acres of land within the service area of the Dayton Canal Company.
- C. The 9238.04 acres of land is the maximum number of acres authorized to be irrigated from all sources of State water as set forth in Paragraphs A and B above.

3. DIVERSION

A. Location:

- (1) Diversion Point No. 1: At a point on the Trinity River in the John A. Williams Grant, Abstract 119, Liberty County, Texas.
- (2) Diversion Point No. 2: At a point on the East Prong Old River in the William D. Smith Grant, Abstract 106, Liberty County, Texas.
- (3) Diversion Point No. 3: At a point on Big Ditch in the William Bloodgood Grant, Abstract 3, Liberty County, Texas.
- (4) Diversion Point No. 4: At a point on the perimeter of the aforesaid reservoir.

B. Maximum rates are as shown:

- (1) Maximum rate from Diversion Point No. 1: 140.00 cfs
(63,000 gpm).
- (2) Maximum rate from Diversion Point No. 2: 22.22 cfs
(10,000 gpm)
- (3) Maximum rate from Diversion Point No. 3: 17.78 cfs
(8,000 gpm)
- (4) Maximum rate from Diversion Point No. 4: 35.56 cfs
(16,000 gpm)

4. PRIORITY

- A. The time priority of owner's right is July 2, 1913 for the diversion and use of 33,000 acre-feet of water per annum from the Trinity River, the East Prong Old River and Big Ditch and all of the diversion rate at Diversion Points No. 1, 2 and 3 for the irrigation of 9238.04 acres of land.
- B. The time priority of owner's right is August 25, 1969 for the impoundment of water in the reservoir on Big Ditch and the diversion and use of 5,000 acre-feet of water per annum therefrom and all of the diversion rate at Diversion Point No. 4 for irrigation purposes.

5. SPECIAL CONDITIONS

- A. Owner shall maintain a suitable outlet in the aforesaid dam authorized herein to allow the free passage of water that owner is not entitled to divert or impound.
- B. The authorized irrigated area under this certificate of adjudication shall be coterminous with the service area of the Dayton Canal Company. The company shall notify the Commission of all changes in its service area.

The locations of pertinent features related to this certificate are shown on Page 18 of the Lower Trinity River Segment Certificates of Adjudication Maps, copies of which are located in the offices of the Texas Water Commission, Austin, Texas and the Liberty County Clerk.

This certificate of adjudication is issued subject to all terms, conditions and provisions in the final decree of the 344th Judicial District Court of Chambers County, Texas, in Cause No. 344-10865, In Re: The Adjudication of Water Rights in the Lower Trinity River Segment of the Trinity River Basin and the Western Portion of the Neches-Trinity Coastal Basin dated October 30, 1985 and supersedes all rights of the owner asserted in that cause.

This certificate of adjudication is issued subject to senior and superior water rights in the Trinity River Basin.

~~Certificate of Adjudication 05-4277~~

This certificate of adjudication is issued subject to the Rules of the Texas Water Commission and its continuing right of supervision of State water resources consistent with the public policy of the State as set forth in the Texas Water Code.

TEXAS WATER COMMISSION

Paul Hopkins

Paul Hopkins, Chairman

DATE ISSUED:

JUN 9 1956

ATTEST:

Mary Ann Heifner

Mary Ann Heifner, Chief Clerk

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



THE STATE OF TEXAS
COUNTY OF TRAVIS

I hereby certify that this is a true and correct copy of a Texas Commission on Environmental Quality document, which is filed in the permanent records of the Commission. Given under my hand and the seal of office on

LaDonna Castanuela NOV 19 2009

LaDonna Castanuela, Chief Clerk
Texas Commission on Environmental Quality

AMENDMENT TO
A CERTIFICATE OF ADJUDICATION

CERTIFICATE NO.08-4277A

TYPE: 11.122 & 11.085

Owner:	American Rice Growers Cooperative Association-Dayton Division	Address:	P.O. Box 129 Dayton, Texas 77535
Accepted for Filing:	March 1, 2000	Granted:	NOV 13 2009
Purposes:	Municipal, Industrial, Mining, and Agricultural (Irrigation)	Counties:	Liberty, Chambers, Harris, Galveston, Brazoria, Fort Bend, San Jacinto, Walker, Grimes, Waller, Montgomery, and
Watercourse:	Big Ditch and the East Prong Old River, Tributaries of the Trinity River and the Trinity River	Watersheds:	Trinity River Basin, San Jacinto River Basin, Trinity-San Jacinto Coastal Basin, and San Jacinto-Brazos Coastal Basin

WHEREAS, Certificate of Adjudication No. 08-4277 is owned by the American Rice Growers Cooperative-Dayton Division (American Rice) and authorizes, with a time priority of August 25, 1969, the maintenance of a dam and reservoir with a capacity of 65 acre-feet on Big Ditch, tributary of the Trinity River in the Louis Davis Grant, Abstract No. 18, Liberty County and the diversion and use of not to exceed 5,000 acre-feet of water per year from the perimeter of the reservoir at a maximum rate of 35.56 cubic feet per second (cfs) for the irrigation of 9,238.04 acres of land within its service area; and

WHEREAS, the Certificate also authorizes, with a time priority of July 2, 1913, the diversion and use of not to exceed a total of 33,000 acre-feet of water per year from a point on the Trinity River; a point on the East Prong Old River, tributary of the Trinity River; and a point on Big Ditch for irrigation of the above-described land; and

WHEREAS, the point on the Trinity River is in the John A. Williams Grant, Abstract No.119, Liberty County and includes a maximum diversion rate of 140 cfs; and

WHEREAS, the point on the East Prong Old River is in the William D. Smith Grant, Abstract No. 106, Liberty County and includes a maximum diversion rate of 22.22 cfs; and

WHEREAS, the point on Big Ditch is in the William Bloodgood Grant, Abstract No. 3, Liberty County and includes a maximum diversion rate of 17.78 cfs; and

WHEREAS, the Certificate includes a special condition requiring the Owner to maintain a suitable outlet in the dam on Big Ditch to allow passage of water that the Owner is not entitled to divert or impound and a special condition requiring the Owner to notify the Texas Commission on Environmental Quality of any changes in their service area; and

WHEREAS, pursuant to an August 21, 1997 agreement between the Owner and the City of Houston, which includes Owner's agreement to sell the water rights authorized by Certificate of Adjudication No. 08-4277 to the City subject to certain conditions, the Owner and the City of Houston seek to amend the certificate to:

- (1) authorize additional places of use for all of the water authorized in the Certificate to anywhere within the following areas (interbasin transfer):
 - (a) Liberty, Harris, Galveston, Brazoria, Fort Bend and Chambers Counties;
 - (b) the Trinity-San Jacinto Coastal Basin;
 - (c) the San Jacinto River Basin; and
 - (d) the San Jacinto-Brazos Coastal Basin;
- (2) authorize the use of all water included in the Certificate for municipal, industrial, mining and agricultural purposes;
- (3) authorize the diversion of all water included in the Certificate at an additional diversion point on the Trinity River included in the City of Houston's Certificate of Adjudication No. 08-4261, as amended, which is immediately downstream of the point currently authorized on the river;
- (4) authorize the diversion of all of the water included in the Certificate at the requested additional diversion point at a maximum rate of 215.6 cfs with a condition that diversion under the certificate at all authorized points of diversion would not exceed a combined maximum rate of 215.6 cfs at any time;
- (5) confirm, expressly on the face of the amendment, that the amended Certificate retains for all purposes the July 2, 1913 priority date currently included for the authorization to divert and use 33,000 acre-feet of water per year from the Trinity River, Big Ditch and East Prong Old River and the August 25, 1969 priority date currently included for the authorization to divert and use 5,000 acre-feet of water per year from the reservoir on Big Ditch; and
- (6) reflect that upon Closing as provided in the aforesaid August 21, 1997 agreement between the applicants, the amended Certificate, will be owned by the City of Houston; and

WHEREAS, the place of use requested by the applicants includes land in Liberty, Chambers, San Jacinto, Walker, Grimes, Waller, Harris, Fort Bend, Montgomery, Galveston and Brazoria Counties and in the Trinity River Basin, the San Jacinto River Basin, the Trinity-San Jacinto Coastal Basin, the San Jacinto-Brazos Coastal Basin; and

WHEREAS, the Texas Commission on Environmental Quality finds that jurisdiction over the application is established; and

WHEREAS, upon Closing as provided in the aforesaid August 21, 1997 agreement between the applicants, this amended Certificate will be owned by the City of Houston, Texas; and

WHEREAS, this application is subject to the Texas Coastal Management Program (CMP) and must be consistent with the CMP goals and policies; and

WHEREAS, when the diversion of water is intended for an interbasin transfer, the Executive Director recommends that special conditions be included in order to maintain downstream environmental conditions during times of low flow;

WHEREAS, the Texas Commission on Environmental Quality finds that the issuance of this amendment is consistent with the goals and policies of the Texas Coastal Management Plan; and

WHEREAS, the Commission has complied with the requirements of the Texas Water Code and Rules of the Texas Commission on Environmental Quality in issuing this amendment; and

NOW, THEREFORE, this amendment to Certificate of Adjudication No. 08-4277, designated as Certificate of Adjudication No. 08-4277A, is issued to American Rice Growers Cooperative Association-Dayton Division, subject to the following terms and conditions:

1. USE

- A. In addition to the previous authorization in Certificate of Adjudication No. 08-4277, Use paragraph 2, A & B, Owner is now authorized to use the 38,000 acre-feet of water per year for agricultural, municipal, industrial, and mining purposes.
- B. In addition to the previous place of use, Owner is now authorized an interbasin transfer for diversion and use of the 38,000 acre-feet of water per year within the City of Houston's service area Liberty, Chambers, San Jacinto, Walker, Grimes, Waller, Harris, Fort Bend, Montgomery, Galveston and Brazoria Counties within the Trinity River Basin, the San Jacinto River Basin, the Trinity-San Jacinto Coastal Basin, and the San Jacinto-Brazos Coastal Basin.

2. DIVERSION

In addition to the previously authorized diversion points, Owner is authorized:

- A. Diversion Point No. 5, at a point on the Trinity River in the John A. Williams Grant, Abstract 119, Liberty County, Texas which is also authorized in Certificate of Adjudication No. 08-4261, as amended. Said point also being Located at 29.962°N Latitude and 94.809°W Longitude.
- B. The maximum combined diversion rate is 215.6 cfs (96,761.28 gpm).

3. PRIORITY

The time priority of the Owner's Right under this Certificate of Adjudication No. 08-4277A is July 2, 1913 for the 33,000 acre-feet of water and August 25, 1969 for 5,000 acre-feet of water.

4. CONSERVATION

Owner shall maintain a water conservation plan that provides for the utilization of those practices, techniques and technologies that reduce or maintain the consumption of water, prevent or reduce the loss or waste of water, maintain or improve the efficiency in the use of water, increase the recycling and reuse of water, or prevent the pollution of water, so that a water supply is made available for future or alternative uses.

5. SPECIAL CONDITION

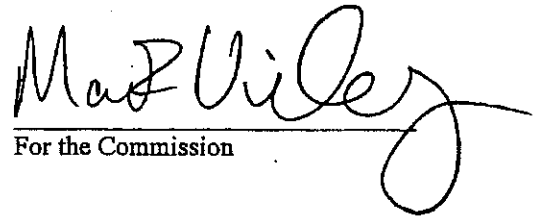
- A. Prior to diversion, from Diversion Point No. 5 authorized herein, of water for transport and use outside the Trinity River Basin, Owner shall install a reference marker, with an accuracy of +/- 5%, immediately downstream of that diversion point.
- B. For transport and use outside the Trinity River Basin, Owner shall only divert authorized water when the remaining streamflow of the Trinity River equals or exceeds 404 cfs at the referenced point downstream of Diversion Point No. 5. This special condition is subject to adjustment by the Commission if the Commission determines, through an expedited public review process, that such adjustment is appropriate to achieve compliance with applicable environmental flow standards adopted pursuant to Texas Water Code § 11.1471. Any adjustment shall be made in accordance with the provisions of Texas Water Code § 11.147(e-1).
- C. Unless written waiver of this restriction is obtained from the Executive Director, transport of water under this Certificate for use in areas outside the Trinity River Basin, other than areas within the Trinity -San Jacinto Coastal Basin, is restricted to a canal, pipeline or similar conveyance facility from a diversion point authorized under this Certificate to the intended water treatment facilities, including any intermediate storage, pumping, or other transportation devices, isolated from natural drainage.
- D. Owner shall submit the proper ownership documents to reflect the City of Houston as the Owner of this amendment to Certificate of Adjudication No. 08-4277 within 90 days of issuance of this amendment.

This amendment is issued subject to all superior and senior water rights in the Trinity River Basin.

Owner agrees to be bound by the terms, conditions and provisions contained herein and such agreement is a condition precedent to the granting of this amendment.

All other matters requested in the application which are not specifically granted by this amendment are denied.

This amendment is issued subject to the Rules of the Texas Commission on Environmental Quality and to the right of continuing supervision of State water resource exercised by the Commission.


For the Commission

Date Issued: **NOV 13 2009**

Bryan W. Shaw, Ph.D., *Chairman*
Buddy Garcia, *Commissioner*
Carlos Rubinstein, *Commissioner*
Mark R. Vickery, P.G., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

November 19, 2009

Ed McCarthy
Jackson, Sjoberg, McCarthy & Wilson, L.L.P.
711 West 7th Street
Austin, Texas 78701-2785

RE: American Rice Growers Cooperative Association-Dayton Division and City of Houston
ADJ 4277
Application No. 08-4277A to amend Certificate of Adjudication No. 08-4277
TWC §§ 11.122 & 11.085, Requiring Published and Mailed Notice
Big Ditch, the East Prong Old River, and the Trinity River, Trinity River Basin, San Jacinto River
Basin, Trinity- San Jacinto Coastal Basin, and San Jacinto-Brazos Coastal Basin
Liberty, Chambers, Harris, Galveston, Brazoria, Fort Bend, San Jacinto, Walker, Grimes, Waller,
Montgomery Counties

Dear Mr. McCarthy:

Enclosed is a certified copy of the above referenced document.

The applicants, American Rice Growers Cooperative Association-Dayton Division and City of Houston, are instructed to ensure that the official record of this water right is filed with the County Clerk of the county in which the appropriation is to be made.

The applicant is responsible for making payment arrangements with the **Liberty** County Clerk's Office for filing its documents in the official records. An additional certified copy is enclosed for the purpose of filing with the appropriate County Clerk.

As proof of filing, please ensure that the enclosed card is completed by the Liberty County Clerk's Office and returned to the Water Rights Permitting & Availability Section (MC 160), Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

This action is taken under the authority delegated by the Executive Director of the Texas Commission on Environmental Quality.

Should you have questions, please contact Mr. Esteban (Steve) Ramos of the Texas Commission on Environmental Quality's Water Rights Permitting & Availability Section at (512) 239-6538, or if by correspondence, include MC 160 in the letterhead address below.

Sincerely,

Handwritten signature of Todd Chenoweth in black ink.

Todd Chenoweth, Director
Water Supply Division

TC/er

Enclosures

P.O. Box 13087

Austin, Texas 78711-3087

512-239-1000

Internet address: www.tceq.state.tx.us

Bryan W. Shaw, Ph.D., *Chairman*
Buddy Garcia, *Commissioner*
Carlos Rubinstein, *Commissioner*
Mark R. Vickery, P.G., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

November 19, 2009

TO: Persons on the attached mailing list.
RE: American Rice Grower Cooperative Association-Dayton Division
Certificate of Adjudication No. 08-4277A

This letter is your notice that the Texas Commission on Environmental Quality (TCEQ) executive director (ED) has issued final approval of the above-named application. According to 30 Texas Administrative Code (TAC) Section 50.135 the approval became effective on November 13, 2009, the date the ED signed the permit or other approval unless otherwise specified in the permit or other approval.

You may file a **motion to overturn** with the chief clerk. A motion to overturn is a request for the commission to review the TCEQ ED's approval of the application. Any motion must explain why the commission should review the TCEQ executive director's action. According to 30 TAC Section 50.139 an action by the ED is not affected by a motion to overturn filed under this section unless expressly ordered by the commission.

A motion to overturn must be received by the chief clerk within 23 days after the date of this letter. An original and 7 copies of a motion must be filed with the chief clerk in person, or by mail to the chief clerk's address on the attached mailing list. On the same day the motion is transmitted to the chief clerk, please provide copies to the applicant, the ED's attorney, and the Public Interest Counsel at the addresses listed on the attached mailing list. If a motion to overturn is not acted on by the commission within 45 days after the date of this letter, then the motion shall be deemed overruled.

You may also request **judicial review** of the ED's approval. According to Texas Water Code Section 5.351 a person affected by the ED's approval must file a petition appealing the ED's approval in Travis County district court within 30 days after the effective date of the approval. Even if you request judicial review, you still must exhaust your administrative remedies, which includes filing a motion to overturn in accordance with the previous paragraphs.

Individual members of the public may seek further information by calling the TCEQ Office of Public Assistance, toll free, at 1-800-687-4040.

Sincerely,

A handwritten signature in black ink, appearing to read "LaDonna Castañuela".

LaDonna Castañuela
Chief Clerk

LDC/er

MAILING LIST
for
American Rice Grower Cooperative Association-Dayton Division
Certificate of Adjudication No. 08-4277A

FOR THE APPLICANT:

Ed McCarthy
Jackson, Sjoberg, McCarthy & Wilson, L.L.P.
711 West 7th Street
Austin, Texas 78701-2785

American Rice Growers Cooperative
Association
P.O. Box 129
Dayton, Texas 77535-0003

Carl Pickett
P.O. Box 10225
Liberty, Texas 77575

City of Houston
P.O. Box 1562
Houston, Texas 77251-1562

PROTESTANTS/INTERESTED PERSONS:

See attached list.

FOR THE EXECUTIVE DIRECTOR
via electronic mail:

Robin Smith, Staff Attorney
Texas Commission on Environmental Quality
Environmental Law Division MC 173
P.O. Box 13087
Austin, Texas 78711-3087

Steve Ramos, Technical Staff
Texas Commission on Environmental Quality
Water Supply Division MC 160
P.O. Box 13087
Austin, Texas 78711-3087

FOR OFFICE OF PUBLIC ASSISTANCE
via electronic mail:

Bridget Bohac, Director
Texas Commission on Environmental Quality
Office of Public Assistance MC 108
P.O. Box 13087
Austin, Texas 78711-3087

FOR PUBLIC INTEREST COUNSEL
via electronic mail:

Blas J. Coy, Jr., Attorney
Texas Commission on Environmental Quality
Public Interest Counsel MC 103
P.O. Box 13087
Austin, Texas 78711-3087

FOR THE CHIEF CLERK
via electronic mail:

LaDonna Castañuela
Texas Commission on Environmental Quality
Office of Chief Clerk MC 105
P.O. Box 13087
Austin, Texas 78711-3087

BELLATTI, LAWRENCE L
ANDREWS KURTH LLP
STE 4200
600 TRAVIS ST
HOUSTON TX 77002-3009

MUNZ, LEE
TX STATE SOIL & WATER CONSERVATION BD
PO BOX 658
TEMPLE TX 76503-0658

FROST, FORD J VICE PRESIDENT
FPL FARMING LTD
STE 1550
1331 LAMAR ST
HOUSTON TX 77010-3025

STOVER, JOHN D
PO BOX 1728
LUFKIN TX 75902-1728

ISTRE, ROBERT GENERAL MANAGER
GULF COAST WATER AUTHORITY
3630 FM 1765
TEXAS CITY TX 77591-3677

WERKENTHIN JR, FRED B
BOOTH AHRENS & WERKENTHIN PC
STE 1515
515 CONGRESS AVE
AUSTIN TX 78701-3504

CERTIFICATE OF ADJUDICATION

CERTIFICATE OF ADJUDICATION: 10-4963 OWNERS: San Jacinto River Authority
P. O. Box 329
Conroe, Texas 77305.

City of Houston
Attn: Department of Public
Works
P. O. Box 1562
Houston, Texas 77007

Texas Water Development
Board
Water Availability Data &
Studies
P. O. Box 13231, Capitol
Station
Austin, Texas 78711

COUNTIES: Montgomery and Harris

PRIORITY DATES: January 12, 1959
and June 28, 1965

WATERCOURSE: West Fork San Jacinto
River, tributary of the
San Jacinto River

BASIN: San Jacinto River

WHEREAS, by final decree of the 155th Judicial District Court of Waller County, in Cause No. 10,023A, In Re: The Exceptions of the San Jacinto River Authority to the Adjudication of Water Rights in the San Jacinto River Basin dated December 1, 1966, a right was recognized under Permit 1962B authorizing the San Jacinto River Authority, the City of Houston and the Texas Water Development Board to appropriate waters of the State of Texas as set forth below;

NOW, THEREFORE, this certificate of adjudication to appropriate waters of the State of Texas in the San Jacinto River Basin is issued to the San Jacinto River Authority, the City of Houston and the Texas Water Development Board, subject to the following terms and conditions:

1. IMPOUNDMENT

Owners are authorized to maintain an existing dam and reservoir on the West Fork San Jacinto River (Lake Conroe) and impound therein not to exceed 430,260 acre-feet of water. The dam is located in the James Smith Grant, Abstract 37; the James Edwards Survey, Abstract 189; the James Edwards Survey, Abstract 190; the Robert Marsh Survey, Abstract 355 and the James W. Singleton Survey, Abstract 496, Montgomery County, Texas.

Certificate of Adjudication 10-4963

2. USE

A. Owners are authorized to divert or release and use not to exceed 100,000 acre-feet of water per annum from the aforesaid Lake Conroe for purposes as follows:

Municipal Purposes - - - - - 66,000 acre-feet

Industrial Purposes - - - - - 28,500 acre-feet

Mining Purposes - - - - - 5,500 acre-feet

B. Owners are also authorized to use the impounded water for recreation purposes.

3. DIVERSION

A. Location

At the perimeter of the aforesaid reservoir.

B. Maximum rate: 700.00 cfs (315,000 gpm).

4. PRIORITY

A. The time priority of owners' right is January 12, 1959 for the impoundment of 380,430 acre-feet of water and the diversion and use of water for purposes authorized herein.

B. The time priority of owners' right is June 28, 1965 for the impoundment of the additional 49,830 acre-feet of water.

5. SPECIAL CONDITIONS

A. Owners are authorized to use the bed and banks of the West Fork San Jacinto River for the purpose of conveying all or any part of the water authorized to be diverted hereunder from the place of impoundment (Lake Conroe) downstream to Lake Houston in Harris County.

B. Owners shall maintain a suitable outlet in the aforesaid dam authorized herein to allow the free passage of water that the owners are not entitled to divert or impound.

C. Owners shall install a metering instrument at each diversion point which will automatically record to within five percent of accuracy the total amount of water diverted. Owners shall make daily determinations of water surface elevations in the reservoir by means of a recording gage, set to mean sea level datum, which shall be protected by a well house designed for such purposes. Owners shall also install a recording

Certificate of Adjudication 10-4963

streamflow station, set to mean sea level datum, to measure the inflow from the West Fork San Jacinto River into the reservoir. The Commission shall be furnished complete records of all determinations required herein.

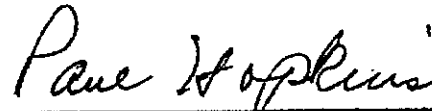
The locations of pertinent features related to this certificate are shown on Pages 5 and 15 of the San Jacinto River Basin Certificates of Adjudication Maps, copies of which are located in the offices of the Texas Water Commission, Austin, Texas.

This certificate of adjudication is issued subject to all terms, conditions and provisions in the final decree of the 155th Judicial District Court of Waller County, Texas, in Cause No. 10,023A, In Re: The Exceptions of the San Jacinto River Authority to the Adjudication of Water Rights in the San Jacinto River Basin dated December 1, 1986 and supersedes all rights of the owner asserted in that cause, provided, however, that no attempt has been made to adjudicate private contractual rights.

This certificate of adjudication is issued subject to senior and superior water rights in the San Jacinto River Basin.

This certificate of adjudication is issued subject to the Rules of the Texas Water Commission and its continuing right of supervision of State water resources consistent with the public policy of the State as set forth in the Texas Water Code.

TEXAS WATER COMMISSION



Paul Hopkins, Chairman

DATE ISSUED:

FEB 25 1987

ATTEST:



Mary Ann Hefner, Chief Clerk

Bryan W. Shaw, Ph.D., *Chairman*
Buddy Garcia, *Commissioner*
Carlos Rubinstein, *Commissioner*
Mark R. Vickery, P.G., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

July 22, 2010

RECEIVED
JUL 23 2010
Lloyd Gosselink

Martin Rochelle
Lloyd, Gosselink, Rochelle & Townsend, P.C.
816 Congress Avenue, Suite 1900
Austin, Texas 78701

RE: San Jacinto River Authority and the City of Houston
Certificate of Adjudication No. 10-4963A

This letter is your notice that the Texas Commission on Environmental Quality (TCEQ) executive director (ED) has issued final approval of the above-named application. According to 30 Texas Administrative Code (TAC) Section 50.135 the approval became effective on the date the ED signed the permit or other approval. A copy of the final approval is enclosed and cites the effective date.

You may file a **motion to overturn** with the chief clerk. A motion to overturn is a request for the commission to review the TCEQ executive director's approval of the application. Any motion must explain why the commission should review the TCEQ executive director's action. According to 30 TAC Section 50.139 an action by the ED is not affected by a motion to overturn filed under this section unless expressly ordered by the commission.

A motion to overturn must be received by the chief clerk within 23 days after the date of this letter. An original and 7 copies of a motion must be filed with the chief clerk in person or by mail. The Chief Clerk's mailing address is Office of the Chief Clerk (MC 105), TCEQ, P.O. Box 13087, Austin, Texas 78711-3087. On the same day the motion is transmitted to the chief clerk, please provide copies to Robert Martinez, Environmental Law Division Director (MC 173), and Blas Coy, Public Interest Counsel (MC 103), both at the same TCEQ address listed above. If a motion is not acted on by the commission within 45 days after the date of this letter, then the motion shall be deemed overruled.

You may also request **judicial review** of the ED's approval. According to Texas Water Code Section 5.351 a person affected by the ED's approval must file a petition appealing the ED's approval in Travis County district court within 30 days after the effective date of the approval. Even if you request judicial review, you still must exhaust your administrative remedies, which includes filing a motion to overturn in accordance with the previous paragraphs.

Individual members of the public may seek further information by calling the TCEQ Office of Public Assistance, toll free, at 1-800-687-4040.

Sincerely,

LaDonna Castañuela
Chief Clerk

LDC/er

cc: Blas Coy, TCEQ Public Interest Counsel (MC 103) *via electronic mail*

Bryan W. Shaw, Ph.D., *Chairman*
Buddy Garcia, *Commissioner*
Carlos Rubinstein, *Commissioner*
Mark R. Vickery, P.G., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

July 22, 2010

Mr. Martin Rochelle
Lloyd, Gosselink, Rochelle & Townsend, P.C.
816 Congress Avenue, Suite 1900
Austin, Texas 78701

CERTIFIED MAIL

RE: San Jacinto River Authority and the City of Houston
ADJ 4963, CN600644595, CN600128995, RN103974663, RN103974457
Certificate of Adjudication No. 10-4963A
Texas Water Code §11.122
West Fork San Jacinto River, San Jacinto River Basin
Harris and Montgomery Counties

Dear Mr. Rochelle:

Enclosed is a certified copy of the above referenced document.

The applicants, San Jacinto River Authority and the City of Houston, are instructed to ensure that the official record of this water right is filed with the County Clerks of the counties in which the appropriation is to be made.


The applicants are responsible for making payment arrangements with the Harris and Montgomery County Clerk's Offices for filing their documents in the official records. Additional certified copies are enclosed for the purpose of filing with the appropriate County Clerks.

As proof of filing, please ensure that the enclosed cards are completed by the Harris and Montgomery County Clerk's Offices and returned to the Water Rights Permitting & Availability Section (MC 160), Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

This action is taken under the authority delegated by the Executive Director of the Texas Commission on Environmental Quality.

Should you have questions, please contact Ms. Tracie Donnelly of the Texas Commission on Environmental Quality's Water Rights Permitting & Availability Section at (512) 239-0083, or if by correspondence, include MC 160 in the letterhead address below.

Sincerely,


Linda Brookins, Division Director
Water Supply Division

LB/td

Enclosures

P.O. Box 13087

Austin, Texas 78711-3087

512-239-1000

Internet address: www.tceq.state.tx.us

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



THE STATE OF TEXAS
COUNTY OF TRAVIS

I hereby certify that this is a true and correct copy of a Texas Commission on Environmental Quality document, which is filed in the permanent records of the Commission. Given under my hand and the seal of office on

La Donna Castanuela JUL 22 2010

AMENDMENT TO A
CERTIFICATE OF ADJUDICATION

La Donna Castanuela, Chief Clerk
Texas Commission on Environmental Quality

CERTIFICATE NO. 10-4963A

TYPE § 11.122

Owners: San Jacinto River Authority

Addresses: P.O. Box 329
Conroe, Texas 77305

City of Houston

P.O. Box 1562
Houston, Texas 77007

Filed: April 29, 2010

Granted: JUL 20 2010

Purpose: Industrial, Agricultural,
Municipal, Mining

Counties: Harris, Montgomery

Watercourse: West Fork San Jacinto,
tributary of San Jacinto River

Watershed: San Jacinto River Basin

WHEREAS, Certificate of Adjudication No. 10-4963 (Certificate) authorizes the San Jacinto River Authority and the City of Houston (Owners) to maintain an existing dam and reservoir (Lake Conroe) on the West Fork San Jacinto River, San Jacinto River Basin and to impound therein not to exceed 430,260 acre-feet of water for recreational purposes in Montgomery County; and

WHEREAS, Owners are also authorized to divert or release and use not to exceed 100,000 acre-feet of water per year from the perimeter of Lake Conroe at a maximum diversion rate of 700 cfs (315,000 gpm) as follows: 66,000 acre-feet for municipal purposes, 28,500 acre-feet for industrial purposes, and 5,500 acre-feet for mining purposes; and

WHEREAS, Owners are also authorized to use the bed and banks of the West Fork San Jacinto River to convey all or any part of the 100,000 acre-feet of water downstream to Lake Houston in Harris County; and

WHEREAS, the priority dates for this right are January 12, 1959 for the impoundment of 380,430 acre-feet of water and the diversion and use of the 100,000 acre-feet of water, and June 28, 1965 for the impoundment of an additional 49,830 acre-feet of water, and

WHEREAS, the Certificate contains Special Conditions; and

WHEREAS, Owners seek an amendment to Certificate of Adjudication No. 10-4963 to add multi-use (municipal, industrial, mining, and agricultural) to the 100,000 acre-feet of water currently authorized for diversion; and

WHEREAS, the Texas Commission on Environmental Quality (Commission) finds that jurisdiction over the application is established; and

WHEREAS, no requests for a contested case hearing were received for this application; and

WHEREAS, the Commission has complied with the requirements of the Texas Water Code and Rules of the Texas Commission on Environmental Quality in issuing this amendment;

NOW, THEREFORE, this amendment to Certificate of Adjudication No. 10-4963, designated Certificate of Adjudication No. 10-4963A, is issued to the San Jacinto River Authority and the City of Houston, subject to the following terms and conditions:

1. USE

- A. In lieu of the previous authorization to divert or release and use not to exceed 100,000 acre-feet of water per year for municipal purposes (66,000 acre-feet), industrial purposes (28,500 acre-feet), and mining purposes (5,500 acre-feet), Owners are now authorized to divert or release and use not to exceed 100,000 acre-feet of water per year for municipal, industrial, mining, and agricultural purposes.
- B. Any water diverted or released for agricultural purposes pursuant to Use paragraph 1.A. shall be utilized within the Owners' service areas in the San Jacinto River Basin.
- C. Owners are also authorized to use the impounded water for recreation purposes.

2. CONSERVATION

Owners shall implement water conservation plans that provide for the utilization of those practices, techniques, and technologies that reduce or maintain the consumption of water, prevent or reduce the loss or waste of water, maintain or improve the efficiency in the use of water, increase the recycling and reuse of water, or prevent the pollution of water, so that a water supply is made available for future or alternative uses. Such plans shall include a requirement that in every wholesale water contract entered into, on or after the effective date of this amendment, including any contract extension or renewal, that each successive wholesale customer develop and implement conservation measures. If the customer intends to resell the water, then the contract for resale of the water must have water conservation requirements so that each successive wholesale customer in the resale of the water be required to implement water conservation measures.

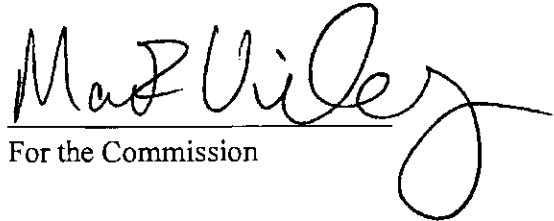
This amendment is issued subject to all terms, conditions and provisions contained in Certificate No. 10-4963 except as specifically amended herein.

This amendment is issued subject to all superior and senior water rights in the San Jacinto River Basin.

Owners agree to be bound by the terms, conditions and provisions contained herein and such agreement is a condition precedent to the granting of this amendment.

All other matters requested in the application which are not specifically granted by this amendment are denied.

This amendment is issued subject to the Rules of the Texas Commission on Environmental Quality and to the right of continuing supervision of State water resources exercised by the Commission.


For the Commission

ISSUED: **JUL 20 2010**

CERTIFICATE OF ADJUDICATION

CERTIFICATE OF ADJUDICATION: 10-4965 OWNER: City of Houston
 Attn: Department of Public
 Works
 P. O. Box 1562
 Houston, Texas 77007

COUNTY: Harris PRIORITY DATES: May 7, 1940 and
 February 26, 1944

WATERCOURSE: San Jacinto River BASIN: San Jacinto River

WHEREAS, by final decree of the 155th Judicial District Court of Waller County, in Cause No. 10,023A, In Re: The Exceptions of the San Jacinto River Authority to the Adjudication of Water Rights in the San Jacinto River Basin dated December 1, 1986, a right was recognized under Permit 1323 and Permit 1411 authorizing the City of Houston to appropriate waters of the State of Texas as set forth below;

NOW, THEREFORE, this certificate of adjudication to appropriate waters of the State of Texas in the San Jacinto River Basin is issued to the City of Houston, subject to the following terms and conditions:

1. IMPOUNDMENT

Owner is authorized to maintain an existing dam and reservoir on the San Jacinto River (Lake Houston) and impound therein not to exceed 160,000 acre-feet of water. The dam is located in the Victor Blanco Grant, Abstract 2 and the William Wilson Survey, Abstract 838, Harris County, Texas.

2. USE

- A. Owner is authorized to divert and use not to exceed 168,000 acre-feet of water per annum from the aforesaid reservoir for industrial, municipal and irrigation purposes.
- B. Owner is also authorized to use the impounded water for recreation purposes.

3. DIVERSION

- A. Location
 From the perimeter of the aforesaid reservoir.
- B. Maximum rate: None specified. Owner may continue diligent development of its diversion rate as needed for industrial, municipal, and irrigation purposes.

Certificate of Adjudication 10-4965

4. PRIORITY

- A. The time priority of owner's right is May 7, 1940 for the impoundment of 152,000 acre-feet of water, for recreation use and the diversion and use of the first 112,000 acre-feet of water.
- B. The time priority of owner's right is February 26, 1944 for the impoundment of an additional 8,000 acre-feet of water and the diversion and use of the remaining 56,000 acre-feet of water.

5. SPECIAL CONDITIONS

- A. Owner shall maintain a suitable outlet in the aforesaid dam authorized herein to allow the free passage of water that owner is not entitled to divert or impound.
- B. Owner is authorized to store water diverted from the Trinity River Basin in the aforesaid Reservoir for subsequent diversion and use.

The locations of pertinent features related to this certificate are shown on Page 15 of the San Jacinto River Basin Certificates of Adjudication Maps, copies of which are located in the offices of the Texas Water Commission, Austin, Texas.

This certificate of adjudication is issued subject to all terms, conditions and provisions in the final decree of the 155th Judicial District Court of Waller County, Texas, in Cause No. 10,023A, In Re: The Exceptions of the San Jacinto River Authority to the Adjudication of Water Rights in the San Jacinto River Basin dated December 1, 1986 and supersedes all rights of the owner asserted in that cause.

This certificate of adjudication is issued subject to senior and superior water rights in the San Jacinto River Basin.

Certificate of Adjudication 10-4965

This certificate of adjudication is issued subject to the Rules of the Texas Water Commission and its continuing right of supervision of State water resources consistent with the public policy of the State as set forth in the Texas Water Code.

TEXAS WATER COMMISSION

Paul Hopkins
Paul Hopkins, Chairman

DATE ISSUED:

FEB 25 1987

ATTEST:

Mary Ann Hefner
Mary Ann Hefner, Chief Clerk

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION



AMENDMENT TO CERTIFICATE OF ADJUDICATION

APPLICATION NO. 10-4965A	CERTIFICATE NO. 10-4965A	TYPE: §11.122
OWNER: City of Houston	Address: P.O. Box 1562 Houston, Texas 77251-1562	
Filed: January 9, 2002	Granted: OCT 31 2002	
Purpose: Municipal, Industrial, Irrigation, Recreation	County: Harris	
Watercourse: San Jacinto River	Basins: San Jacinto River Basin	

WHEREAS, Certificate of Adjudication No. 10-4965, issued to the City of Houston, authorizes the owner to maintain a dam and reservoir on the San Jacinto River (Lake Houston) in Harris County, and to impound therein not to exceed 160,000 acre-feet of water for recreational purposes; and

WHEREAS, Certificate of Adjudication No. 10-4965 also authorizes the owner to divert and use not to exceed 168,000 acre-feet of water per annum for industrial, municipal, and irrigation purposes from the perimeter of the aforesaid reservoir; and

WHEREAS, the time priority of the owner's right is May 7, 1940 for the impoundment of 152,000 acre-feet of water for recreation use and the diversion and use of the first 112,000 acre-feet of water; and

WHEREAS, the time priority of the owner's right is February 26, 1944 for the impoundment of an additional 8,000 acre-feet of water and the diversion and use of the remaining 56,000 acre-feet of water; and

WHEREAS, pursuant to Texas Water Code § 11.122, the City of Houston, applicant, seeks to amend Certificate of Adjudication No. 10-4965, to authorize the use of 500 acre-feet of the original authorized 168,000 acre-feet for the additional use of recreation purposes, in addition to the currently authorized uses of municipal, industrial, and irrigation; and

WHEREAS, the City of Houston proposes to deliver water through the historic Cementers Bayou channel to improve water supply to Sheldon Reservoir; and

WHEREAS, no new appropriation of State water is being requested; and

WHEREAS, the Texas Commission on Environmental Quality finds that jurisdiction over the application is established; and

WHEREAS, pursuant to 30 Texas Administrative Code § 295.158 (c) the application to amend this Certificate does not require mailed and published notice; and

WHEREAS, no person protested the granting of this application; and

WHEREAS, the Commission has complied with the requirements of the Texas Water Code and Rules of the Texas Commission on Environmental Quality in issuing this amendment;

NOW, THEREFORE, this amendment to Certificate of Adjudication No. 10-4965, designated as Certificate of Adjudication No. 10-4965A, is issued to the City of Houston subject to the following conditions:

1. USE

In lieu of the previous authorization to divert and use not to exceed 168,000 acre-feet of water per annum for industrial, municipal, and irrigation purposes, owner is now authorized to divert and use not to exceed 167,500 acre-feet of water per annum for municipal, industrial, and irrigation purposes, and not to exceed 500 acre-feet of water per annum for industrial, municipal, irrigation, and recreational purposes, from the perimeter of Lake Houston.

2. TIME PRIORITY

The time priority of the 500 acre-feet for industrial, municipal, irrigation, and recreational purposes is February 26, 1944.

3. CONSERVATION

Owners shall implement water conservation plans that provide for the utilization of those practices, techniques, and technologies that reduce or maintain the consumption of water, prevent or reduce the loss or waste of water, maintain or improve the efficiency in the use of water, increase the recycling and reuse of water, or prevent the pollution of water, so that a water supply is made available for future or alternative uses.

This amendment to Certificate of Adjudication 10-4965 is issued subject to all superior and senior water rights in the San Jacinto River Basin.

This amendment is issued subject to all terms, conditions and provisions of Certificate of Adjudication 10-4965, except as specifically amended herein.

FROM: Espey Consultants, Inc.

FAX NO. : 15123265723

Jun. 25 2003 10:47AM P3

Certificate owner agrees to be bound by the terms, conditions, and provisions contained herein and such agreement is a condition precedent to the granting of this amendment.

All other matters requested in the application which are not specifically granted by this amendment are denied.

This amendment is issued subject to the Rules of the Texas Commission on Environmental Quality and to the right of continuing supervision of State water resources exercised by the Commission.

TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY

Margaret Hoffman

For the Commission

Date Issued: **OCT 31 2002**

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



THE STATE OF TEXAS
COUNTY OF TRAVIS

I hereby certify that this is a true and correct copy of a Texas Commission on Environmental Quality document, which is filed in the permanent records of the Commission. Given under my hand and the seal of office on

LaDonna Castanuela DEC 10 2008

LaDonna Castanuela, Chief Clerk
Texas Commission on Environmental Quality

WATER USE PERMIT

PERMIT NO. 5807

TYPE: §§11.121&11.085(v)

Permittees: San Jacinto River Authority

City of Houston
(Department of Public Works
and Engineering)

Address: P.O. Box 329
Conroe, Texas 77305

611 Walker, 21st Floor
Houston, Texas 77002

Filed: June 19, 2003

Granted: DEC 03 2008

Purpose: Municipal and Industrial

Counties: Harris, Fort Bend, Galveston,
Brazoria, Chambers, and
Montgomery

Watercourse: San Jacinto River

Watershed: San Jacinto River Basin,
Trinity-San Jacinto Coastal
Basin, Trinity River Basin, and
San Jacinto-Brazos Coastal
Basin

WHEREAS, Applicants seek to authorize the diversion and use of not to exceed 32,500 acre-feet of water per year out of the unappropriated firm yield of Lake Houston on the San Jacinto River, San Jacinto River Basin; the use of the requested water for municipal and industrial purposes; a maximum combined diversion rate of 465.69 cfs (209,000 gpm); the diversion of water from any point on the perimeter of Lake Houston including the diversion points already authorized for the San Jacinto River Authority (SJRA) and the City of Houston (City) by Certificates of Adjudication Nos. 10-4964 and 10-4965; the San Jacinto River Authority to use the water within the SJRA's service area within Montgomery and Harris Counties in the San Jacinto River Basin and in the portion of the SJRA's service area in Harris County that is within the Trinity-San Jacinto Coastal Basin under TWC §11.085(v)(3) and (4); and the City of Houston to use the water within the City's service area within Harris, Fort Bend, and Galveston Counties in the San Jacinto River Basin and in the City's service area within the portions of Brazoria and Chambers Counties that are in the Trinity-San Jacinto Coastal Basin, Trinity River Basin, and San Jacinto-Brazos Coastal Basin under TWC§11.085(v)(3) and (4); and

WHEREAS, the City owns Lake Houston which is authorized by Certificate of Adjudication No. 10-4965; and

WHEREAS, water which is diverted, but not consumed by SJRA and the City may be returned within the SJRA and the City's service area; and

WHEREAS, this application is subject to the Texas Coastal Management Program (CMP) and must be consistent with the CMP goals and policies; and

WHEREAS, the Texas Commission on Environmental Quality (TCEQ or Commission) finds that jurisdiction over the application is established; and

WHEREAS, the Executive Director has determined that the requested amount, 32,500 acre-feet, is not available on a firm basis, but found a reduced amount of 28,200 acre-feet on a firm basis; and

WHEREAS, the Executive Director recommends that special conditions be included in the permit; and

WHEREAS, the TCEQ finds that the issuance of the permit is consistent with the goals and policies of the Texas CMP; and

WHEREAS, one request for a contested case hearing was received and subsequently withdrawn; and

WHEREAS, the Commission has complied with the requirements of the Texas Water Code and Rules of the Texas Commission on Environmental Quality in issuing this permit;

NOW, THEREFORE, Water Use Permit No. 5807 is issued to San Jacinto River Authority and City of Houston, subject to the following terms and conditions:

1. USE
 - A. Permittees are authorized to divert and use not to exceed 28,200 acre-feet of water per year of the unappropriated firm yield of Lake Houston on the San Jacinto River, San Jacinto River Basin for municipal and industrial purposes. Of this water, 14,100 acre-feet of water per year shall be available for diversion and use by SJRA and 14,100 acre-feet of water per year shall be available for diversion and use by the City.
 - B. SJRA is authorized to use the water appropriated to it hereunder within the SJRA's service area within Montgomery and Harris Counties in the San Jacinto River Basin and in that portion of the SJRA's service area in Harris County that is within the Trinity-San Jacinto Coastal Basin pursuant to TWC §11.085(v)(3) and (4).
 - C. The City is authorized to use the water appropriated to it hereunder within the City's service area within Harris, Fort Bend, and Galveston Counties in the San Jacinto River Basin and in portions of the City's service area in Brazoria and Chambers Counties that are within the Trinity-San Jacinto Coastal Basin, Trinity River Basin, and San Jacinto-Brazos Coastal Basin pursuant to TWC §11.085(v)(3) and (4).

2. DIVERSION

Permittees are authorized to divert the water authorized herein from any point on the perimeter of Lake Houston, including the diversion points authorized for the SJRA and the City by Certificates of Adjudication Nos. 10-4964 and 10-4965, at a maximum combined diversion rate of 465.69 cfs (209,000 gpm).

3. TIME PRIORITY

The time priority for this authorization is June 19, 2003.

4. CONSERVATION

Permittees shall implement water conservation plans that provide for the utilization of those practices, techniques, and technologies that reduce or maintain the consumption of water, prevent or reduce the loss or waste of water, maintain or improve the efficiency in the use of water, increase the recycling and reuse of water, or prevent the pollution of water, so that a water supply is made available for future or alternative uses. Such plans shall include a requirement that in every wholesale water contract entered into, on or after the effective date of this amendment, including any contract extension or renewal, that each successive wholesale customer develop and implement conservation measures. If the customer intends to resell the water, then the contract for resale of the water must have water conservation requirements so that each successive wholesale customer in the resale of the water be required to implement water conservation measures.

5. SPECIAL CONDITIONS

- A. Permittees are prohibited from exercising a priority call on water rights with priority dates between those of the Permittees' senior priority dates and the priority date of this permit for the purpose of refilling drawdowns of Lake Houston storage caused by diversion of the additional firm yield authorized by this permit.
- B. Permittees shall only divert and use water pursuant to Paragraphs 1. USE and 2. DIVERSION in accordance with the most recent approved *Lake Houston Reservoir Accounting Plan*. Permittees shall maintain the accounting plan in electronic format and make the data available to the Executive Director and the public upon request. Any modifications to the *Lake Houston Reservoir Accounting Plan* shall be approved by the Executive Director. Any modification of the plan that changes the permit terms must be in the form of an amendment to the permit. Should Permittees fail to maintain the accounting plan or notify the Executive Director of any modifications to the plan, Permittees shall immediately cease diversion pursuant to Paragraph 2. DIVERSION, and either apply to amend the permit, or voluntarily forfeit this permit. If Permittees fail to amend the accounting plan or forfeit this permit, the TCEQ may begin proceedings to cancel the permit. The Commission shall be notified immediately by Permittees upon modification of the accounting plan and provided with copies of the appropriate documents effecting such changes.

- C. Should the rating curve for Lake Houston be updated by USGS/TWDB to reflect revised information and data, the streamflow restrictions listed in Special Condition D. may be adjusted. Should the rating curve, or other elements of the accounting plan, such as the streamflow restrictions be adjusted, Permittees shall submit revisions to the most recent approved *Lake Houston Reservoir Accounting Plan* to the Executive Director for approval.
- D. In order to provide sufficient flow for instream uses of the San Jacinto River, diversion from Lake Houston shall be limited to times when there is no flow over the Lake Houston dam or when streamflow at USGS Gage 08072000 equals or exceeds the following values:

Recommended Monthly Flows (cfs)

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
791	930	752	658	542	658	297	49	89	42	198	615

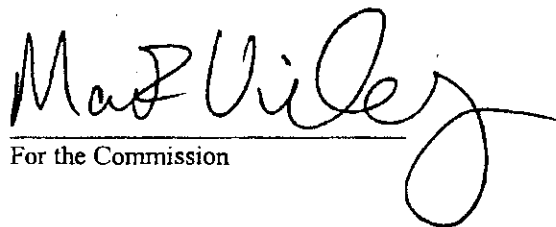
This special condition is subject to adjustment by the commission if the commission determines, through an expedited public review process, that such adjustment is appropriate to achieve compliance with applicable environmental flow standards adopted pursuant to Texas Water Code § 11.1471. Any adjustment shall be made in accordance with the provisions of Texas Water Code § 11.147(e-1).

This permit is issued subject to all superior and senior water rights in the San Jacinto River Basin.

Permittees agree to be bound by the terms, conditions and provisions contained herein and such agreement is a condition precedent to the granting of this permit.

All other matters requested in the application which are not specifically granted by this permit are denied.

This permit is issued subject to the Rules of the Texas Commission on Environmental Quality and to the right of continuing supervision of state water resources exercised by the Commission.


 For the Commission

ISSUED: DEC 03 2008

Bryan W. Shaw, Ph.D., *Chairman*
Buddy Garcia, *Commissioner*
Carlos Rubinstein, *Commissioner*
Mark R. Vickery, P.G., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution
September 25, 2009

Martin C. Rochelle
Lloyd Gosselink, Attorneys at Law
816 Congress Avenue
Austin, Texas 78701

RE: San Jacinto River Authority and City of Houston
WRPERM 5808
CN 600644595, CN 600128995, RN 104067236, RN 104067277
Water Use Permit No. 5808
TWC §§11.121 & 11.085 (v), Requiring Mailed and Published Notice
Lake Houston on the San Jacinto River, San Jacinto River Basin
Harris, Montgomery, Fort Bend, Brazoria, and Galveston Counties

Dear Mr. Rochelle:

Enclosed is a certified copy of the above referenced document.

The applicants, San Jacinto River Authority and the City of Houston are instructed to ensure that the official record of this water right is filed with the County Clerk of the county in which the appropriation is to be made.

The applicant is responsible for making payment arrangements with the **Harris** County Clerk's Office for filing its documents in the official records. An additional certified copy is enclosed for the purpose of filing with the appropriate County Clerk.

As proof of filing, please ensure that the enclosed card is completed by the Harris County Clerk's Office and returned to the Water Rights Permitting & Availability Section (MC 160), Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

This action is taken under the authority delegated by the Executive Director of the Texas Commission on Environmental Quality.

Should you have questions, please contact Mr. Esteban (Steve) Ramos of the Texas Commission on Environmental Quality's Water Rights Permitting & Availability Section at (512) 239-6538, or if by correspondence, include MC 160 in the letterhead address below.

Sincerely,

A handwritten signature in cursive script, appearing to read "Todd Chenoweth".

Todd Chenoweth, Director
Water Supply Division

TC/er

Enclosures

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



WATER USE PERMIT

PERMIT NO. 5808

TYPE: §§11.121&11.085(v)

Permittees: San Jacinto River Authority

Address:

P.O. Box 329
Conroe, Texas 77305City of Houston
(Department of Public Works
and Engineering)611 Walker, 21st floor
Houston, Texas 77002

Filed: June 19, 2003

Granted:

SEP 22 2009

Purpose: Municipal and Industrial

Counties:

Harris, Fort Bend, Galveston,
Brazoria, Chambers, and
Montgomery

Watercourse: San Jacinto River

Watershed:

San Jacinto River Basin,
Trinity-San Jacinto Coastal
Basin, Trinity River Basin, and
San Jacinto-Brazos Coastal
Basin

WHEREAS, Applicants seek to authorize the diversion and use of not to exceed 80,000 acre-feet of run of the river water per year from Lake Houston on the San Jacinto River, San Jacinto River Basin; the use of the requested water for municipal and industrial purposes; a maximum combined diversion rate of 465.69 cfs (209,000 gpm); the diversion of water from any point on the perimeter of Lake Houston including the diversion points already authorized for the San Jacinto River Authority (SJRA) and the City of Houston (City) by Certificate of Adjudication Nos. 10-4964 & 10-4965; the SJRA to use the water within the SJRA's service area within Montgomery and Harris Counties in the San Jacinto River Basin and in the part of the SJRA's service area in Harris County that is within the Trinity-San Jacinto Coastal Basin Pursuant TWC §11.085(v)(3) and (4); and the City to use the water within the City's service area within Harris, Fort Bend, and Galveston Counties in the San Jacinto River Basin and in the City's service area in the portions of Brazoria and Chambers Counties that are within the Trinity-San Jacinto Coastal Basin, Trinity River Basin, and San Jacinto-Brazos Coastal Basin Pursuant TWC §11.085(v)(3) and (4); and

WHEREAS, the City owns Lake Houston which is authorized by Certificate of Adjudication No. 10-4965; and

WHEREAS, water which is diverted, but not consumed by SJRA and the City may be returned within the SJRA and the City's service area; and

WHEREAS, this application is subject to the Texas Coastal Management Program (CMP) and must be consistent with the CMP goals and policies; and

WHEREAS, the Texas Commission on Environmental Quality (TCEQ or Commission) finds that jurisdiction over the application is established; and

WHEREAS, Applicant has provided and the Executive Director has approved the *Lake Houston Reservoir Accounting Plan*; and

WHEREAS, the Executive Director recommends that special conditions be included in the permit; and

WHEREAS, the TCEQ finds that the issuance of the permit is consistent with the goals and policies of the Texas CMP; and

WHEREAS, two hearing requests were received and were subsequently withdrawn; and

WHEREAS, the Commission has complied with the requirements of the Texas Water Code and Rules of the TCEQ in issuing this permit;

NOW, THEREFORE, this Water Use Permit No. 5808 is issued to SJRA and the City (Permittees), subject to the following terms and conditions:

1. USE

- A. Permittees are authorized to divert and use not to exceed 80,000 acre-feet of run of the river water per year from Lake Houston on the San Jacinto River, San Jacinto River Basin for municipal and industrial purposes. Of this water, 40,000 acre-feet of water per year shall be available for diversion and use by SJRA and 40,000 acre-feet of water per year shall be available for diversion and use by the City.
- B. SJRA is authorized to use the water appropriated to it herein within SJRA's service area within Montgomery and Harris Counties in the San Jacinto River Basin and in the part of the SJRA's service area in Harris County that is within the Trinity-San Jacinto Coastal Basin pursuant to TWC §11.085(v)(3) and (4).
- C. The City is authorized to use the water appropriated to it herein within the City's service area within Harris, Fort Bend, and Galveston Counties in the San Jacinto River Basin and in the City's service area in the portions of Brazoria and Chambers Counties that are within the Trinity-San Jacinto Coastal Basin, Trinity River Basin, and San Jacinto-Brazos Coastal Basin pursuant to TWC§11.085(v)(3) and (4).

2. DIVERSION

- A. Permittees are authorized to divert the water authorized herein from any point on the perimeter of Lake Houston, including the diversion points already authorized for the SJRA and the City by Certificate of Adjudication Nos. 10-4964 & 10-4965.

- B. Permittees are authorized to divert the water authorized herein from any point on the perimeter of Lake Houston at a maximum combined diversion rate of 465.69 cfs (209,000 gpm).

3. TIME PRIORITY

The time priority for this authorization is June 19, 2003.

4. CONSERVATION

Permittees shall implement water conservation plans that provide for the utilization of reasonable practices, techniques, and technologies, for each category of authorized use, that reduce on a per-unit basis the consumption of water, prevent or reduce the loss or waste of water, improve the efficiency in the use of water, increase the recycling and reuse of water, and prevent the pollution of water, so that a water supply is made available for future or alternative uses. The practices, techniques, and technologies used shall be designed to achieve a level of efficiency of use for each category of authorized use that is equal to or greater than the level provided for in Permittees' most recent water conservation plans on file with the Commission as of the date of the issuance of this permit. Such plans shall include a requirement in every wholesale water contract entered into, on or after the effective date of this amendment, including any contract extension or renewal, that each successive wholesale customer develop and implement conservation measures meeting the requirements of this provision. If the customer intends to resell the water, then the contract for resale of the water must have water conservation requirements so that each successive wholesale customer in the resale of the water is required to implement water conservation measures meeting the requirements of this provision.

5. SPECIAL CONDITIONS

- A. Permittees shall only divert and use water authorized by this permit in accordance with the most recently approved *Lake Houston Reservoir Accounting Plan*. Permittees shall maintain the plan in electronic format and make the data available to the Executive Director and the public upon request. Any modifications to the *Lake Houston Reservoir Accounting Plan* shall be approved by the Executive Director. Any modification to the accounting plan that changes the permit terms must be in the form of an amendment to the permit. Should Permittees fail to maintain the accounting plan or notify the Executive Director of any modifications to the plan, Permittees shall immediately cease diversion and use of water pursuant to Paragraph 1. USE and Paragraph 3. DIVERSION, and either apply to amend the permit, or voluntarily forfeit this permit. If Permittee fails to amend the accounting plan or forfeit this permit, the Commission may begin proceedings to cancel the permit. The Commission shall be notified immediately by the Permittees upon modification of the accounting plan and provided with copies of the appropriate documents effectuating such changes.
- B. Diversions are only authorized when there are inflows to Lake Houston that are not accounted for as releases from Lake Conroe or groundwater based return flows authorized by Permit 5809.

- C. In order to provide sufficient flow for instream uses of the San Jacinto River, diversions from Lake Houston should be limited to times when streamflow at USGS Gage 08072000 equals or exceeds the following values:

Recommended Monthly Flows (cfs)

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
791	930	752	658	542	658	297	175	175	175	198	615

This special condition is subject to adjustment by the Commission if the Commission determines, through an expedited public review process, that such adjustment is appropriate to achieve compliance with applicable environmental flow standards adopted pursuant to Texas Water Code § 11.1471. Any adjustment shall be made in accordance with the provisions of Texas Water Code § 11.147(e-1).

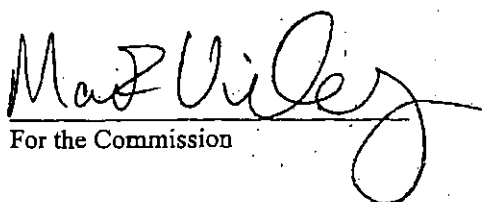
- D. Should the rating curve for Lake Houston be updated by USGS/TWDB to reflect revised information and data, the streamflow restrictions listed in Special Condition C may be adjusted. Should the rating curve, or other elements of the accounting plan, such as the streamflow restrictions listed in Special Condition C be adjusted, Permittees shall submit revisions to the most recent approved *Lake Houston Reservoir Accounting Plan* to the Executive Director for approval.

This permit is issued subject to all superior and senior water rights in the San Jacinto River Basin.

Permittees agree to be bound by the terms, conditions, and provisions contained herein and such agreement is a condition precedent to the granting of this permit.

All other matters requested in the application which are not specifically granted by this permit are denied.

This permit is issued subject to the Rules of the Texas Commission on Environmental Quality and to the right of continuing supervision of State water resources exercised by the Commission.


For the Commission

ISSUED: **SEP 22 2009**

ED-101
Revised 11/1/2011

STATE OF TEXAS §

COUNTY OF Harris §

SITE CERTIFICATE

Before me, the undersigned notary, on this day personally appeared SONNY DO, P.E.,
INTERIM ASSISTANCE DIRECTOR, a person whose identify is known to me or who has presented to me
a satisfactory proof of identity. After I administered an oath, this person swore to the following:

- (1) My name is SONNY DO, P.E. I am over 18 years of age and I am of sound mind, and capable of swearing to the facts contained in this Site Certificate. The facts stated in this affidavit are within my personal knowledge and are true and correct.
- (2) I am an authorized representative of CITY OF HOUSTON, TEXAS, an entity that has filed an application for financial assistance with the Texas Water Development Board for a (water) (wastewater) project.

LEGAL CERTIFICATION – OWNERSHIP INTEREST

This is to certify that CITY OF HOUSTON, TEXAS
(Legal Name of Applicant, i.e., City, District, etc.)

has acquired or is in the process of acquiring the necessary real property interest, as evidenced by fee simple purchase or fully executed earnest money contracts, firm option agreements to purchase the subject property or the initiation of eminent domain procedures, that such acquisition will guarantee access and egress and such interest will contain the necessary easements, rights of way or unrestricted use as is required for the project being financed by the Texas Water Development Board. The legal description is referenced below:

NORTHEAST TRANSMISSION WATER LINE

(Location, and Description of Property Interests acquired for Project)

Any deeds or other instruments required to be recorded to protect the title(s) held by

CITY OF HOUSTON, TEXAS
(Legal Name of Applicant)

have been recorded or filed for the record in the County deed records or other required location.

LD-101
Revised 11/1/2011

LEGAL CERTIFICATION – LEASE/CONTRACT

In the alternative, I certify that _____
(Legal Name of Applicant, i.e., City, District, etc.)

has executed a written lease or other contractual agreement to use the property needed for this (water) (wastewater) project that extends through _____, the life of the Texas Water Development Board loan or grant that will be used to finance this project, either in whole or in part. A copy of this lease or agreement is attached hereto.

LEGAL CERTIFICATION – PROPERTY EASEMENT

In the alternative, I certify that _____
(Legal Name of Applicant, i.e., City, District, etc.)

has executed an express easement to use the property needed for this (water) (wastewater) project that extends through _____, the life of the Texas Water Development Board loan or grant that will be used to finance this project, either in whole or in part. A copy of the express easement agreement is attached hereto.

EXECUTED this 7th day of May, 2015.

X _____
(Signature)

SONNY DO
(Print Name)

INTERIM ASSISTANT DIRECTOR
(Title)

Sworn to and subscribed before me by SONNY DO on

7th ~~th~~ May, 2015

Vininder Kumar
Notary Public in and for the State of Texas

My Commission expires: 2-24-2018

[SEAL]



DESCRIPTION OF LAND OR EASEMENT PERMIT	ENTITY FROM WHICH THE PERMIT OR RIGHT MUST BE ACQUIRED	ACQUIRED BY LEASE OR FULL OWNERSHIP	EXPECTED ACQUISITION DATE	TO BE FUNDED BY TWDB (YES/NO)
669' x 25'	BWH40 COMMERCIAL LTD	Full Ownership	12/1/2015	Yes
210' x 25'	HARRIS COUNTY FLOOD CONTROL	Full Ownership	7/1/2015	Yes
1600' x 50'	EL DORADO ASSOCIATES LTD	Full Ownership	4/1/2015	Yes
877' x 50'	FORGINGS 24 7 INC	Full Ownership	12/1/2015	Yes
242' x 50'	FORGINGS VALVES & CASTINGS INC	Full Ownership	12/1/2015	Yes
58' x 30'	FORGINGS VALVES & CASTINGS INC	Full Ownership	12/1/2015	Yes
389' x 30'	FORGINGS VALVES & CASTINGS INC	Full Ownership	12/1/2015	Yes
117' x 30'	EMMANUEL BRETHERN ASSEMBLY INC	Full Ownership	12/1/2015	Yes
458' x 30'	JANNAPUREDDY GOPAL R	Full Ownership	12/1/2015	Yes
791' x 50'	CONNER CHARLES E & CHANDIER CONNER KAY	Full Ownership	12/1/2015	Yes
44' x 50'	HOUSTON PIPE LINE CO LP	Full Ownership	12/1/2015	Yes
75' x 50'	MONDRAGON JOSE A & MARIA	Full Ownership	12/1/2015	Yes
128' x 50'	NAVARRETE JOSE	Full Ownership	12/1/2015	Yes
66 x 50'	CENTRO CRISTIANO ROCA ETERNA, ORLANDO HERNANDEZ	Full Ownership	12/1/2015	Yes
1387' x 50'	KANE ED	Full Ownership	12/1/2015	Yes
84' x 50'	KANE E C	Full Ownership	12/1/2015	Yes
Varies	SUSSER PETROLEUM OPERATING COMPANY LLC	Full Ownership	12/1/2015	Yes
Varies	AL DEE LODGING GROUP LP	Full Ownership	12/1/2015	Yes
357' x 50'	COLE AA HOUSTON ALDINE TX LLC	Full Ownership	12/1/2015	Yes
Varies	DUC TRA LLC	Full Ownership	4/1/2016	Yes
2390' x 50'	SUNLAKE LIMITED	Full Ownership	4/1/2016	Yes
TBD	PRIVATE RD	Full Ownership	4/1/2016	Yes

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City of Houston

Northeast Transmission Water Line

DESCRIPTION OF LAND OR EASEMENT PERMIT	ENTITY FROM WHICH THE PERMIT OR RIGHT MUST BE ACQUIRED	ACQUIRED BY LEASE OR FULL OWNERSHIP	EXPECTED ACQUISITION DATE	TO BE FUNDED BY TWDB (YES/NO)
849' x 50'	MEYER RACHEL	Full Ownership	4/1/2016	Yes
	WILEY MARJORIE C ESTATE OF	Full Ownership	4/1/2016	Yes
	FRANK BERNICE, VERNON M FRANK INC	Full Ownership	4/1/2016	Yes
	WILEY MARJORIE C ESTATE OF	Full Ownership	4/1/2016	Yes
358' x 50'	PARKWOOD BAPTIST CHURCH	Full Ownership	4/1/2016	Yes
680' x 45'	5203 AEROPARK LTD PTNR	Full Ownership	4/1/2016	Yes
472' x 45'	BAILEY ABIGAIL L, EVANS JOE E, EVANS JANA E	Full Ownership	2/1/2016	Yes
75' x 45'	SOUTH TEXAS LAND LP	Full Ownership	2/1/2016	Yes
375' x 40'	THE VILLAS AT PINE LAKE	Full Ownership	2/1/2016	Yes
150' x 40'	AIC MANAGEMENT CO	Full Ownership	2/1/2016	Yes
100' x 40'	TRT NOIP EAGLE LP	Full Ownership	2/1/2016	Yes
145' x 40'	TRINIDAD DRILLING LIMITED PARTNERSHIP	Full Ownership	6/1/2017	Yes
1024' x 50'	VSD LLC	Full Ownership	6/1/2017	Yes
155' x 50'	HARRIS COUNTY FLOOD CONTROL PROPERTY MANAGEMENT	Full Ownership	6/1/2017	Yes
540' x 50'	US FOOD SERVICE INC	Full Ownership	6/1/2017	Yes
1227' x 50'	14950 MEADOWS LTD PTNR	Full Ownership	6/1/2017	Yes
620' x 50'	HYDRIL COMPANY LP	Full Ownership	2/1/2018	Yes
620' x 50'	SOUTHWEST LOGISTICS LLC	Full Ownership	2/1/2018	Yes
257' x 50'	JERRY D. WEATHERLY	Full Ownership	2/1/2018	Yes
43' x 50'	ALLEN L. DENTON	Full Ownership	2/1/2018	Yes
150' x 50'	ALLEN L. DENTON	Full Ownership	2/1/2018	Yes
150' x 50'	HAROLD L. BROWN	Full Ownership	2/1/2018	Yes
150' x 50'	O W & ALICE HOOKER	Full Ownership	2/1/2018	Yes

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City of Houston

Northeast Transmission Water Line

DESCRIPTION OF LAND OR EASEMENT PERMIT	ENTITY FROM WHICH THE PERMIT OR RIGHT MUST BE ACQUIRED	AQUIRED BY LEASE OR FULL OWNERSHIP	EXPECTED ACQUISITION DATE	TO BE FUNDED BY TWDB (YES/NO)
150' x 50'	HALLIBURTON ENERGY SERVICES INC	Full Ownership	2/1/2018	Yes
109' x 50'	RUBEN CARDOZA	Full Ownership	2/1/2018	Yes
109' x 50'	HALLIBURTON ENERGY SERVICES INC	Full Ownership	2/1/2018	Yes
109' x 50'	CHARLES C. & GEORGIA A. SHIELDS	Full Ownership	2/1/2018	Yes
148' x 50'	HALLIBURTON ENERGY SERVICES INC	Full Ownership	2/1/2018	Yes
295' x 50'	HALLIBURTON ENERGY SERVICES INC	Full Ownership	2/1/2018	Yes
297' x 50'	GARY D & JANATH E. WATSON	Full Ownership	2/1/2018	Yes
237' x 50'	HALLIBURTON ENERGY SERVICES INC	Full Ownership	2/1/2018	Yes
91' x 50'	CITY OF HOUSTON	Full Ownership	2/1/2018	Yes
91' x 50'	CITY OF HOUSTON	Full Ownership	2/1/2018	Yes
346' x 50'	CITY OF HOUSTON	Full Ownership	2/1/2018	Yes
94' x 50'	CITY OF HOUSTON	Full Ownership	2/1/2018	Yes
92' x 50'	CITY OF HOUSTON	Full Ownership	2/1/2018	Yes
96' x 50'	BECKER INDUSTRIES HOLDINGS LLC	Full Ownership	2/1/2018	Yes
94' x 50'	BECKER INDUSTRIES HOLDINGS LLC	Full Ownership	2/1/2018	Yes
93' x 50'	RUSSELL ALLEN E	Full Ownership	2/1/2018	Yes
194' x 50'	CITY OF HOUSTON	Full Ownership	2/1/2018	Yes
97' x 50'	CITY OF HOUSTON	Full Ownership	2/1/2018	Yes
98' x 50'	ALLEN E RUSSELL TRUSTEE	Full Ownership	2/1/2018	Yes
138' x 50'	ALLEN E RUSSELL TRUSTEE	Full Ownership	2/1/2018	Yes
240' x 50'	HARRIS COUNTY FLOOD CONTROL	Full Ownership	2/1/2018	Yes
707' x 50'	FEDERAL DEPOSIT INS CORP	Full Ownership	2/1/2018	Yes
1045' x 50'	ALDINE INTERCONTINENTAL LTD	Full Ownership	2/1/2019	Yes

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DESCRIPTION OF LAND OR EASEMENT PERMIT	ENTITY FROM WHICH THE PERMIT OR RIGHT MUST BE ACQUIRED	ACQUIRED BY LEASE OR FULL OWNERSHIP	EXPECTED ACQUISITION DATE	TO BE FUNDED BY TWDB (YES/NO)
649' x 50'	AGARITA BELTWAY LLC	Full Ownership	2/1/2019	Yes
527' x 50'	RE ROD A LLC	Full Ownership	2/1/2019	Yes
427' x 50'	MCI WORLDCOM NETWORK SVC	Full Ownership	2/1/2019	Yes
290' x 100'	SAM & PARESHA SHAH	Full Ownership	2/1/2019	Yes
244' x 100'	THIND LODGING LLC	Full Ownership	2/1/2019	Yes
412' x 50'	LIBERTY PROPERTY LIMITED PARTNERSHIP	Full Ownership	2/1/2019	Yes
411' x 50'	AGELLAN COMMERCIAL REIT US LP	Full Ownership	2/1/2019	Yes
215' x 50'	HUDSON BAIRD LLC	Full Ownership	2/1/2019	Yes
138' x 50'	H GENE BROWN	Full Ownership	2/1/2019	Yes
65' x 50'	H GENE BROWN	Full Ownership	2/1/2019	Yes
66' x 50'	H GENE BROWN	Full Ownership	2/1/2019	Yes
67' x 25'	H GENE BROWN	Full Ownership	2/1/2019	Yes
246' x 50'	CYNTHIA R LEFTWICH	Full Ownership	2/1/2019	Yes
150' x 50'	CENTERPOINT ENERGY HOU ELE	Full Ownership	2/1/2019	Yes
154' x 50'	JAG ALEX LIVING TRUST	Full Ownership	2/1/2019	Yes
75' x 50'	SAMUEL N IBARRA	Full Ownership	2/1/2019	Yes
229' x 50'	CHAPLIN JOINT VENTURE	Full Ownership	2/1/2019	Yes
728' x 50'	JOELED INVESTMENTS	Full Ownership	2/1/2019	Yes
660' x 50'	EL DORADO CAPITAL INC	Full Ownership	2/1/2019	Yes
640' x 50'	I-40 GROUP	Full Ownership	2/1/2019	Yes
380' x 50'	JOELED INVESTMENTS	Full Ownership	2/1/2019	Yes
105' x 50'	MISSOURI PACIFIC RAILROAD COMPANY	Full Ownership	2/1/2019	Yes
28' x 50'	MISSOURI PACIFIC RAILROAD COMPANY	Full Ownership	2/1/2019	Yes

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DESCRIPTION OF LAND OR EASEMENT PERMIT	ENTITY FROM WHICH THE PERMIT OR RIGHT MUST BE ACQUIRED	ACQUIRED BY LEASE OR FULL OWNERSHIP	EXPECTED ACQUISITION DATE	TO BE FUNDED BY TWDB (YES/NO)
185' x 50'	SUNCO PIPELINE LP	Full Ownership	2/1/2019	Yes
960' x 50'	SUNOCO PIPELINE LP	Full Ownership	2/1/2020	Yes
520' x 50'	MAGELLAN PIPELINE HOLDING LLC	Full Ownership	2/1/2020	Yes
855' x 50'	EXXON MOBIL CORPORATION	Full Ownership	2/1/2020	Yes
170' x 50'	GBDS INVESTMENTS LTD	Full Ownership	2/1/2020	Yes
856' x 50'	ROLLING FRITO LAY SALES INC	Full Ownership	2/1/2020	Yes
105' x 50'	HARRIS COUNTY ROW DEPT	Full Ownership	2/1/2020	Yes
50' x 50'	HORNET INVESTORS LP	Full Ownership	2/1/2020	Yes
460' x 50'	GAR ASSOCIATES IX LLC	Full Ownership	2/1/2020	Yes
1030' x 50'	SHOMER VI LTD	Full Ownership	2/1/2020	Yes
50' x 50'	2013 HOUSTON DC APARTMENTS LLC	Full Ownership	2/1/2020	Yes
70' x 50'	CITY OF HOUSTON	Full Ownership	2/1/2020	Yes
110' x 50'	INDUSTRIAL DEVELOPMENT	Full Ownership	2/1/2020	Yes
144' x 50'	GREENSPOINT A LLC	Full Ownership	3/1/2020	Yes
748' x 50'	HARRIS COUNTY MUD NO 406	Full Ownership	6/1/2021	Yes
100' x 50'	HARRIS COUNTY MUD NO 321	Full Ownership	6/1/2021	Yes
1130' x 50'	HARRIS COUNTY MUD NO 406	Full Ownership	6/1/2021	Yes
320' x 50'	PINTO REALTY DEV INC	Full Ownership	6/1/2021	Yes
60' x 50'	HARRIS COUNTY MUD NO 321	Full Ownership	6/1/2021	Yes
51' x 50'	HARRIS COUNTY MUD NO 321	Full Ownership	6/1/2021	Yes
1970' x 50'	HARRIS COUNTY MUD NO 321	Full Ownership	6/1/2021	Yes
1405' x 50'	PINTO REALTY DEV INC	Full Ownership	6/1/2021	Yes
343' x 50'	HARRIS COUNTY MUD NO 321	Full Ownership	6/1/2021	Yes

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DESCRIPTION OF LAND OR EASEMENT PERMIT	ENTITY FROM WHICH THE PERMIT OR RIGHT MUST BE ACQUIRED	ACQUIRED BY LEASE OR FULL OWNERSHIP	EXPECTED ACQUISITION DATE	TO BE FUNDED BY TWDB (YES/NO)
1465' x 50'	LITTLE YORK MFP LTD	Full Ownership	6/1/2022	Yes
16' x 50'	WEST ROAD INVESTORS LP	Full Ownership	6/1/2022	Yes
16' x 50'	HERRERA ARACELI L	Full Ownership	6/1/2022	Yes
736' x 50'	TEXAN LAND AND CATTLE II LTD	Full Ownership	6/1/2022	Yes
936' x 50'	TAUB JOHN BEN EST	Full Ownership	6/1/2022	Yes
755' x 50'	BAYLOR COLLEGE OF MEDICINE	Full Ownership	6/1/2022	Yes
73' x 50'	HARRIS COUNTY FLOOD CONTROL	Full Ownership	6/1/2022	Yes
132' x 50'	HARRIS COUNTY FLOOD CONTROL	Full Ownership	6/1/2022	Yes
61' x 50'	HARRIS COUNTY FLOOD CONTROL	Full Ownership	6/1/2022	Yes
60' x 50'	HARRIS COUNTY FLOOD CONTROL	Full Ownership	6/1/2022	Yes
60' x 50'	HARRIS COUNTY FLOOD CONTROL	Full Ownership	6/1/2022	Yes
62' x 50'	CAMACHO JESUS S	Full Ownership	6/1/2022	Yes
61' x 50'	HARRIS COUNTY FLOOD CONTROL	Full Ownership	6/1/2022	Yes
57' x 50'	HARRIS COUNTY FLOOD CONTROL	Full Ownership	6/1/2022	Yes
62' x 50'	MOSES MICHAEL L	Full Ownership	6/1/2022	Yes
63' x 50'	HARRIS COUNTY FLOOD CONTROL	Full Ownership	6/1/2022	Yes
59' x 50'	HARRIS COUNTY FLOOD CONTROL	Full Ownership	6/1/2022	Yes
58' x 50'	HARRIS COUNTY FLOOD CONTROL	Full Ownership	6/1/2022	Yes
40' x 50'	BLUE BELL PLAZA BLDRS	Full Ownership	6/1/2022	Yes
735' x 50'	TELLEZ FRANCISCO	Full Ownership	6/1/2022	Yes
228' x 50'	TEXAN LAND AND CATTLE II LTD	Full Ownership	6/1/2023	Yes
486' x 50'	SCHWARTZ JIM TAUB	Full Ownership	6/1/2023	Yes
280' x 50'	METROPOLITAN FOODS INC	Full Ownership	6/1/2023	Yes

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DESCRIPTION OF LAND OR EASEMENT PERMIT	ENTITY FROM WHICH THE PERMIT OR RIGHT MUST BE ACQUIRED	ACQUIRED BY LEASE OR FULL OWNERSHIP	EXPECTED ACQUISITION DATE	TO BE FUNDED BY TWDB (YES/NO)
205' x 50'	GOOD SHEPHERD CHRISTIAN	Full Ownership	6/1/2023	Yes
233' x 50'	TAUB JOHN BEN EST	Full Ownership	6/1/2023	Yes
507' x 50'	TEXAN LAND AND CATTLE II LTD	Full Ownership	6/1/2023	Yes
457' x 50'	TEMPO APOSENTO ALTO A/G	Full Ownership	6/1/2023	Yes
495' x 50'	TEMPLO APOSENTO ALTO A G	Full Ownership	6/1/2023	Yes
384' x 50'	LKQ BEST AUTOMOTIVE CORP	Full Ownership	6/1/2023	Yes
167' x 50'	CURRENT OWNER	Full Ownership	6/1/2023	Yes
362' x 50'	LKQ BEST AUTOMOTIVE LP	Full Ownership	6/1/2023	Yes
259' x 50'	UNITED INV GROUP INC	Full Ownership	6/1/2023	Yes
214' x 50'	STRIPES LLC	Full Ownership	6/1/2023	Yes
336' x 50'	STRIPES LLC	Full Ownership	6/1/2023	Yes
261' x 50'	GLOBAL NEW MILLENIUM PARTNERS LTD	Full Ownership	6/1/2024	Yes
177' x 50'	CRISTIANSOON PROPERTIES LLC	Full Ownership	6/1/2024	Yes
587' x 50'	CITY OF HOUSTON	Full Ownership	6/1/2024	Yes
82' x 50'	HARRIS COUNTY FLOOD CONTROL	Full Ownership	6/1/2024	Yes
35' x 50'	HARRIS COUNTY FLOOD CONTROL	Full Ownership	6/1/2024	Yes
115' x 25'	ARANDA JORGE & BLANCA	Full Ownership	6/1/2024	Yes
115' x 25'	GERANIUM HOLDINGS LLC	Full Ownership	6/1/2024	Yes
258' x 50'	SUBURBAN HOMES REALTY	Full Ownership	6/1/2024	Yes
240' x 50'	HILL MARY TONE	Full Ownership	6/1/2024	Yes
77' x 50'	GILLUM RHONDA DIANE	Full Ownership	6/1/2024	Yes
60' x 50'	GILLUM FREMEL MRS	Full Ownership	6/1/2024	Yes
590' x 50'	VAKILI PARVANEH	Full Ownership	6/1/2024	Yes

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City of Houston

Northeast Transmission Water Line

SOURCES AND USES OF FUNDS

City of Houston, Texas
Distribution Line Extension

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

	11/15/2015	11/15/2016	11/15/2017	11/15/2018	11/15/2019	11/15/2020
Dated Date	11/15/2015	11/15/2016	11/15/2017	11/15/2018	11/15/2019	11/15/2020
Delivery Date	11/15/2015	11/15/2016	11/15/2017	11/15/2018	11/15/2019	11/15/2020
	2015 TWDB - Distribution Lines	2016 TWDB - Distribution Lines	2017 TWDB - Distribution Lines	2018 TWDB - Distribution Lines	2019 TWDB - Distribution Lines	2020 TWDB - Distribution Lines
Sources:						
Bond Proceeds:						
Par Amount	25,915,000.00	14,205,000.00	20,895,000.00	19,045,000.00	15,320,000.00	17,110,000.00
	25,915,000.00	14,205,000.00	20,895,000.00	19,045,000.00	15,320,000.00	17,110,000.00
Uses:						
	2015 TWDB - Distribution Lines	2016 TWDB - Distribution Lines	2017 TWDB - Distribution Lines	2018 TWDB - Distribution Lines	2019 TWDB - Distribution Lines	2020 TWDB - Distribution Lines
Project Fund Deposits:						
Project Fund - Distribution Expansion	25,785,425.00	14,133,975.00	20,790,525.00	18,949,775.00	15,243,400.00	17,024,450.00
Delivery Date Expenses:						
Cost of Issuance	129,575.00	71,025.00	104,475.00	95,225.00	76,600.00	85,550.00
	25,915,000.00	14,205,000.00	20,895,000.00	19,045,000.00	15,320,000.00	17,110,000.00

Notes:

Assumes 0.5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).
Assumed \$5000 maturity denominations.

SOURCES AND USES OF FUNDS

City of Houston, Texas
Distribution Line Extension

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Dated Date
Delivery Date

Sources:	Total
<hr/>	
Bond Proceeds:	
Par Amount	112,490,000.00
	<hr/>
	112,490,000.00
<hr/>	
<hr/>	
Uses:	Total
<hr/>	
Project Fund Deposits:	
Project Fund - Distribution Expansion	111,927,550.00
Delivery Date Expenses:	
Cost of Issuance	562,450.00
	<hr/>
	112,490,000.00
<hr/>	
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Notes:

Assumes 0.5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).
Assumed \$5000 maturity denominations.

CITY OF HOUSTON ORDINANCE NO. [_____ **]**

AN ORDINANCE SUPPLEMENTING THE CITY OF HOUSTON, TEXAS MASTER ORDINANCE NO. 2004-299; PROVIDING FOR THE ISSUANCE OF THE CITY OF HOUSTON, TEXAS, COMBINED UTILITY SYSTEM FIRST LIEN REVENUE BONDS, SERIES 2015[**__**], PROVIDING FOR THE AMOUNTS, INTEREST RATES, PRICES, AND TERMS THEREOF AND OTHER MATTERS RELATING THERETO; PROVIDING FOR THE PAYMENT THEREOF; MAKING OTHER PROVISIONS REGARDING SUCH BONDS AND MATTERS INCIDENT THERETO; AUTHORIZING A CO-BOND COUNSEL AGREEMENT, AUTHORIZING EXECUTION AND DELIVERY OF A PAYING AGENT/REGISTRAR AGREEMENT; AND DECLARING AN EMERGENCY

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CITY OF HOUSTON ORDINANCE NO. [_____ **]**

AN ORDINANCE SUPPLEMENTING THE CITY OF HOUSTON, TEXAS MASTER ORDINANCE NO. 2004-299; PROVIDING FOR THE ISSUANCE OF THE CITY OF HOUSTON, TEXAS, COMBINED UTILITY SYSTEM FIRST LIEN REVENUE BONDS, SERIES 2015[** __ **], PROVIDING FOR THE AMOUNTS, INTEREST RATES, PRICES, AND TERMS THEREOF AND OTHER MATTERS RELATING THERETO; PROVIDING FOR THE PAYMENT THEREOF; MAKING OTHER PROVISIONS REGARDING SUCH BONDS AND MATTERS INCIDENT THERETO; AUTHORIZING A CO-BOND COUNSEL AGREEMENT, AUTHORIZING EXECUTION AND DELIVERY OF A PAYING AGENT/REGISTRAR AGREEMENT; AND DECLARING AN EMERGENCY

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HOUSTON:

ARTICLE I

FINDINGS AND DETERMINATIONS

Section 1.I. Findings and Determinations. It is officially found and determined that:

(a) The City of Houston, Texas (the “*City*”) is an incorporated city operating under a home-rule charter adopted pursuant to Article XI, Section 5, of the Constitution of Texas having a population according to the latest federal decennial census of 50,000 or more and is an “issuer” pursuant to Chapter 1371, Texas Government Code, as amended, and having outstanding long-term debt secured by the Net Revenues of the System which is rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for long-term obligations.

(b) The City has adopted a Master Ordinance providing for the issuance of bonds and other obligations to be secured by revenues from the City’s combined utility system (the “*Master Ordinance*”).

(c) The Texas Water Development Board (the “*Board*”) approved an application of the City for financial assistance through a commitment dated [** _____ **] in the amount of [** _____ **] from the Clean Water State Revolving Fund, to be evidenced by the Board’s purchase of [** _____ **] City of Houston Combined Utility System First Lien Revenue Bonds, Series 2015[** __ **] (the “*Series 2015[** __ **] Bonds*”).

(d) Pursuant to the commitment described in subsection (c) above (the “*Commitment*”), the City now desires to sell the Series 2015[** __ **] Bonds to the Board.

(e) The conditions precedent to the issuance of First Lien Bonds which are contained in the Master Ordinance have been met, and the City is authorized to issue the Series 2015[** __ **] Bonds and make the pledges and covenants set forth herein.

(f) The provisions of the City of Houston Charter, Article VI-A, Section 7, do not operate to limit total revenues of the City or the issuance of the First Lien Bonds secured hereby, as contemplated by this Ordinance.

(g) The City is authorized by Chapters 1371 and 1502, Texas Government Code, as amended, to issue the Series 2015[**__**] Bonds substantially in the form set forth in *Exhibit A* attached hereto to and payable from the City's combined utility system (the "*System*"), for the purpose of financing drinking water supply system improvements.

(h) The City finds that the issuance of the Series 2015[**__**] Bonds is in its best interests. The City desires to finance improvements, additions, or extensions to the System.

ARTICLE II

DEFINITIONS AND INTERPRETATIONS

Section 2.1. Definitions Generally. Any capitalized term used herein but not defined in Section 2.2 or elsewhere in this Supplemental Ordinance has the meaning assigned to such term in the Master Ordinance.

Section 2.2. Definitions. In this Supplemental Ordinance, the following terms have the following meanings, unless the context clearly indicates otherwise:

"*Board*" means the Texas Water Development Board or any successor agency thereto.

"*Bonds*" means any or all of the obligations issued as First Lien Bonds or Second Lien Bonds, or both, as the context may require.

"*Business Day*" means, for purposes of this Supplemental Ordinance, a day other than (i) a Saturday or Sunday, (ii) a day on which the Paying Agent/Registrar, or if applicable, the Tender Agent, the Auction Agent, the Broker-Dealers, the Bond Insurer, or banks and trust companies in New York, New York are authorized or required to remain closed, or (iii) a day on which the New York Stock Exchange is closed.

"*Commitment*" means the Commitment described in Section 1.1(c) hereof.

"*DTC*" means The Depository Trust Company of New York, New York, or any successor securities company.

"*DTC Participant*" means securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations on whose behalf DTC was created to hold securities and to facilitate the clearance and settlement of securities transactions among DTC Participants through electronic book-entry changes in the accounts of the DTC Participants, thereby eliminating the need for physical movement of definitive certificates.

"*Ordinance*" means collectively, the Master Ordinance, this Supplemental Ordinance, and all amendments hereof and supplements hereto.

“*Paying Agent/Registrar*” means The Bank of New York Mellon Trust Company, N.A., and its successors in that capacity.

“*Series 2015[** __ **] Bond Reserve Fund Requirement*” means an amount equal to 50% of the Maximum Annual Debt Service Requirements on (i) all First Lien Bonds issued through the date of this Supplemental Ordinance, and (ii) all subsequent issues of First Lien Bonds for which the City elects that such First Lien Bonds will be Reserve Fund Participants in the shared First Lien Bond Reserve Fund established for all such First Lien Bonds in Supplemental Ordinance No. 2004-300; such amount which shall be accumulated as provided in Section 5.6 of the City’s Ordinance 2004-299. To date, the City has elected that all First Lien Bonds issued to date are Reserve Fund Participants in such shared First Lien Bond Reserve Fund, and all such Reserve Fund Participants together with the Series 2015[** __ **] Bonds, and all future First Lien Bonds for which such election is made are entitled to a parity claim on the funds deposited in the shared First Lien Bond Reserve Fund.

“*Series 2015[** __ **] Bonds*” means the Bonds issued hereunder and so designated by Article III.

ARTICLE III TERMS OF THE SERIES 2015[** __ **] BONDS

Section 3.1. Name, Amount, Purpose, Authorization. The Series 2015[** __ **] Bonds, to be known and designated as the “CITY OF HOUSTON, TEXAS, COMBINED UTILITY SYSTEM FIRST LIEN REVENUE BONDS, SERIES 2015[** __ **],” in the aggregate principal amount of [** _____ **], will be issued in fully registered form, without coupons. The Series 2015[** __ **] Bonds are being issued for the purpose of (a) financing certain improvements to the City’s drinking water supply system; (b) funding its respective portion of the Series 2015[** __ **] Bond Reserve Fund Requirement; and (c) paying the costs of issuance of the Series 2015[** __ **] Bonds, all under and pursuant to the authority of Chapters 1371 and 1502, Texas Government Code, as amended, and all other applicable law.

Section 3.2. Numbers, Date, and Denomination. The Bonds are numbered separately from R-1 upward, are dated December 1, 2015, and are in the denominations of \$5,000 or any integral multiple thereof. The initial Bonds to be delivered to the Attorney General may be issued as one bond for each stated maturity in the applicable principal amount and denomination and are to be numbered consecutively from T-1 and upward (hereinafter called the “*Initial Bond(s)*”)

Section 3.3. Interest Payment Dates, Interest Rates, and Maturities. The Series 2015[** __ **] Bonds will bear interest from their Issue Date, or the most recent Interest Payment Date to which interest has been paid or duly provided for, at the rates per annum set forth below, calculated on the basis of a 360-day year composed of twelve 30-day months and payable semiannually on May 15 and November 15 of each year, commencing May 15, 2016, until maturity or prior redemption.

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The Series 2015[** __ **] Bonds bear interest, mature and become payable on November 15 in the years and in the principal amounts set forth below, subject to prior redemption, as set forth in the FORM OF SERIES 2015[** __ **] BOND in *Exhibit A* hereof:

<u>Maturity Date</u> (November 15)	<u>Principal Amount</u>	<u>Interest Rate (%)</u>
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
2038		
2039		
2040		
2041		
2042		
2043		
2044		

Section 3.4. Redemption Prior to Maturity. The Series 2015[** __ **] Bonds are subject to redemption in the manner provided in the FORM OF BOND set forth in *Exhibit A*.

Section 3.5. Manner of Payment, Characteristics, Execution, and Authentication. The Paying Agent/Registrar is the paying agent for the Series 2015[** __ **] Bonds. The Series 2015[** __ **] Bonds are payable, have the characteristics, are signed and executed, and are authenticated, all as provided and in the manner indicated in the FORMS OF SERIES 2015[** __ **] BOND set forth in *Exhibit A* of this Supplemental Ordinance. The Series 2015[** __ **] Bonds are not required to be sealed except as required under Texas law, but may

be sealed with the seal of the City in original or facsimile. The Initial Bonds shall be in the form set forth in *Exhibit A*.

Section 3.6. The Depository Trust Company of New York.

(a) Notwithstanding any provision of this Supplemental Ordinance to the contrary, unless the City otherwise directs, all Series 2015[** __ **] Bonds issued hereunder will be registered in the name of Cede & Co., as nominee of DTC, as the Registered Owner of the Series 2015[** __ **] Bonds, and held in the custody of DTC. Unless otherwise requested by DTC, a single certificate will be issued and delivered to DTC for each maturity of the Series 2015[** __ **] Bonds. Beneficial owners of Series 2015[** __ **] Bonds will not receive physical delivery of Series 2015[** __ **] Bond certificates except as provided hereinafter as long as DTC continues to serve as securities depository for the Series 2015[** __ **] Bonds as provided herein, all transfers of beneficial ownership interests in the Series 2015[** __ **] Bonds will be made by book-entry only, and no investor or other party purchasing, selling, or otherwise transferring beneficial ownership interests in Series 2015[** __ **] Bonds is to receive, hold, or deliver any Series 2015[** __ **] Bond certificate; provided, that, if DTC fails or refuses to act as securities depository for the Series 2015[** __ **] Bonds, the City takes the actions necessary to provide for the issuance of Series 2015[** __ **] Bond certificates to the Registered Owners of such Series 2015[** __ **] Bonds.

With respect to Series 2015[** __ **] Bonds registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar have no responsibility or obligation to any DTC Participant or to any person on behalf of whom a DTC Participant holds an interest in the Series 2015[** __ **] Bonds. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Series 2015[** __ **] Bonds, (ii) the delivery to any DTC Participant or any other person, other than a Registered Owner, as shown on the Register, of any notice with respect to the Series 2015[** __ **] Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than a Registered Owner, as shown in the Register, of any amount with respect to the principal of, premium, if any, or interest on the Series 2015[** __ **] Bonds.

(b) If (i) DTC determines not to continue to act as securities depository for the Series 2015[** __ **] Bonds (which determination becomes effective no less than 90 days after written notice to such effect to the City and the Paying Agent/Registrar); (ii) the City or the Paying Agent/Registrar determines (which determination is conclusive as to DTC and the beneficial owners of the Series 2015[** __ **] Bonds) that DTC is incapable of discharging its responsibilities described herein; or (iii) the City or the Paying Agent/Registrar determines (which determination is conclusive as to DTC and the beneficial owners of the Series 2015[** __ **] Bonds) that it is in the best interests of the beneficial owners of the Series 2015[** __ **] Bonds not to continue DTC's book-entry only system of transfer for the Series 2015[** __ **] Bonds, then the City shall use its best efforts to appoint a successor securities depository, qualified to act as such under Section 17A of the Securities Exchange Act of 1934, as amended; provided, however, that neither the City nor the Paying Agent/Registrar appoints a successor securities depository for the Series 2015[** __ **] Bonds to replace DTC without the

approval of the Board so long as the Board is the beneficial owner of the Series 2015[** ___**] Bonds. In the event of such an appointment, the City shall notify DTC of the appointment of such successor securities depository and transfer one or more separate Series 2015[** ___**] Bonds to such successor securities depository or notify DTC Participants of the availability through DTC of Series 2015[** ___**] Bonds and transfer one or more separate Series 2015[** ___**] Bonds to DTC Participants having Series 2015[** ___**] Bonds credited to their DTC accounts. In such event, the Series 2015[** ___**] Bonds are no longer restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Registered Owners transferring or exchanging Series 2015[** ___**] Bonds designate, in accordance with the provisions of this Supplemental Ordinance.

If the City fails to appoint a successor securities depository for the Series 2015[** ___**] Bonds, the City shall cause to be authenticated and delivered replacement Series 2015[** ___**] Bonds, in certificated form, to the beneficial owners of the Series 2015[** ___**] Bonds.

(c) Notwithstanding any other provision of this Supplemental Ordinance to the contrary, as long as any Series 2015[** ___**] Bonds are registered in the name of Cede & Co., as nominee of DTC, (i) all payments with respect to the principal of, premium, if any, and interest on the Series 2015[** ___**] Bonds and all notices with respect to such Series 2015[** ___**] Bonds shall be made and given, respectively, in accordance with DTC's Operational Arrangements, as provided in the Blanket Letter of Representations between DTC and the City; (ii) the requirements of this Supplemental Ordinance of holding, delivering or transferring Series 2015[** ___**] Bonds shall be deemed modified to require the appropriate person or entity to meet the requirements of DTC; and (iii) delivery of the Series 2015[** ___**] Bonds will be in accordance with arrangements among the City, the Paying Agent/Registrar, and DTC.

(d) If at any time DTC ceases to hold the Series 2015[** ___**] Bonds in book-entry only form, all references herein to DTC have no further force or effect.

(e) The City covenants and agrees to not discontinue the use of book-entry only system for the Series 2015[** ___**] Bonds without the prior written approval of the Board.

ARTICLE IV

PLEDGE AND SOURCE OF PAYMENT FOR THE BONDS

Section 4.1. Pledge and Source of Payment. In the Master Ordinance, the City covenants and agrees that Gross Revenues (as defined in the Previous Ordinance), as collected and received by the City, must be applied first to provide for the payment of all Required Payments and then Gross Revenues must be deposited and paid into the special funds established by the Master Ordinance, to provide for the payment of all remaining Maintenance and Operation Expenses that are not paid as Required Payments. Under the Master Ordinance, Net Revenues are applied to provide for the payment of all principal of, interest on and any redemption premiums on the First Lien Bonds (including the Series 2015[** ___**] Bonds), any

parity Obligations under Qualified Hedge Agreements and Credit Agreements, and all expenses of paying same. Remaining Net Revenues thereafter are applied as set forth in the Master Ordinance. The First Lien Bonds, including the Series 2015[** __ **] Bonds, constitute special obligations of the City payable solely from and equally and ratably secured by a lien on the Net Revenues as collected and received by the City from the operation and ownership of the System, which Net Revenues must, in the manner provided by the Master Ordinance, be set aside for and pledged to the payment of the First Lien Bonds and parity Obligations in the First Lien Bond Interest and Sinking Fund and the First Lien Bond Reserve Fund as provided by the Master Ordinance, and the First Lien Bonds are, in all respects, on a parity with and of equal dignity with one another and are Reserve Fund Participants in the First Lien Bond Reserve Fund. The Owners of the First Lien Bonds never have the right to demand payment of either the principal of, interest on or any redemption premium on the First Lien Bonds out of any funds raised or to be raised by taxation.

ARTICLE V

CONCERNING THE PAYING AGENT/REGISTRAR

Section 5.1. Acceptance. The Bank of New York Mellon Trust Company, N.A. is appointed as the initial Paying Agent/Registrar for the Series 2015[** __ **] Bonds. The initial Paying Agent/Registrar and any successor Paying Agent/Registrar, by undertaking the performance of the duties of the Paying Agent/Registrar hereunder, and in consideration of the payment of fees and/or deposits of money pursuant to this Supplemental Ordinance, are deemed to accept and agree to abide by the terms of this Supplemental Ordinance.

Section 5.2. Fiduciary Account. All money transferred to the Paying Agent/Registrar under this Supplemental Ordinance (except sums representing Paying Agent/Registrar's fees) must be held in a fiduciary account for the benefit of the City, is the property of the City, and must be disbursed in accordance with this Supplemental Ordinance.

Section 5.3. Bonds Presented. Subject to the provisions of Section 5.4, all matured Series 2015[** __ **] Bonds presented to the Paying Agent/Registrar for payment will be paid without the necessity of further instructions from the City. The Paying Agent/Registrar will cancel such Series 2015[** __ **] Bonds as provided herein.

Section 5.4. Bonds Not Timely Presented. The Paying Agent/Registrar agrees to remit to the City, upon receipt of the certificate provided for herein, a sum equal to the aggregate face amount of all Series 2015[** __ **] Bonds which have not been presented for payment prior to the date specified in such certificate. Such certificate will:

- (a) Specify the Series 2015[** __ **] Bonds or portions thereof to which it applies and the amount of each;
- (b) Specify the date on which the City believes itself to be no longer obligated to pay such Series 2015[** __ **] Bonds or portions thereof by virtue of the expiration of the applicable statute of limitations under the laws of the State of Texas; and
- (c) Be signed by the Mayor and attested by the City Secretary.

Funds held by the Paying Agent/Registrar that represent principal of and interest on the Series 2015[** ___ **] Bonds remaining unclaimed by any Registered Owner after the expiration of three years from the date such funds have become due and payable (a) will be reported and disposed of by the Paying Agent/Registrar in accordance with the provisions of Title 6 of the Texas Property Code, as amended, to the extent such provisions are applicable to such funds, or (b) to the extent such provisions do not apply to the funds, such funds must be paid by the Paying Agent/Registrar to the City upon receipt by the Paying Agent/Registrar of a written request therefor from the City.

The Paying Agent/Registrar has no liability to the Owners of Series 2015[** ___ **] Bonds by virtue of actions taken in compliance with this Section.

Section 5.5. Paying Agent/Registrar May Own Bonds. The Paying Agent/Registrar in its individual or any other capacity, may become the owner or pledgee of Series 2015[** ___ **] Bonds with the same rights it would have if it were not the Paying Agent/Registrar.

Section 5.6. Successor Paying Agents/Registrars. The City covenants that at all times while the Series 2015[** ___ **] Bonds are Outstanding it will provide a legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar for the Series 2015[** ___ **] Bonds. If the Paying Agent/Registrar or its successor for any reason no longer acts as Paying Agent/Registrar hereunder, the City covenants that it will appoint a bank in the same city as the Paying Agent/Registrar initially appointed to perform the duties of Paying Agent/Registrar hereunder. Any successor Paying Agent/Registrar must be either a national or state banking institution and a corporation organized and doing business under the laws of the United States of America or any state, which is authorized under such laws to exercise trust powers and is subject to supervision or examination by federal or state authority.

The City reserves the right to change the Paying Agent/Registrar for the Series 2015[** ___ **] Bonds on not less than 60 days written notice to the Paying Agent/Registrar, as long as any such notice is effective not less than 60 days prior to the next succeeding principal or interest payment date on the Series 2015[** ___ **] Bonds. Promptly upon the appointment of any successor Paying Agent/Registrar and the payment by the City of any fees due to be paid to the previous Paying Agent/Registrar, the previous Paying Agent/Registrar must deliver the Register or a copy thereof to the new Paying Agent/Registrar and the new Paying Agent/Registrar will notify each Registered Owner, by first-class mail, postage prepaid, of such change and of the address of the new Paying Agent/Registrar. Each Paying Agent/Registrar hereunder, by acting in that capacity, is deemed to have agreed to the provisions of this Supplemental Ordinance.

ARTICLE VI

PROVISIONS CONCERNING SALE AND APPLICATION OF PROCEEDS OF THE BONDS

Section 6.1. Sale of the Series 2015[** ___ **] Bonds. The Commitment of the Board to purchase the Series 2015[** ___ **] Bonds is accepted and the sale of the Series

2015[** __ **] Bonds to the Board, as the initial Purchaser of the Series 2015[** __ **] Bonds, for a price equal to 100% of the principal amount of the Series 2015[** __ **] Bonds, is authorized in accordance with the terms thereof. The City will pay any payments related to the Series 2015[** __ **] Bonds to the Board by wire transfer at no charge. It is found and declared that the above price and terms of sale of the Series 2015[** __ **] Bonds are the most advantageous reasonably obtainable by the City.

Section 6.2. Approval, Registration, and Delivery. The Mayor and the City Controller are authorized to have control and custody of the Series 2015[** __ **] Bonds and all necessary records and proceedings pertaining thereto pending their delivery, and the Mayor, the City Controller, and the City Secretary and other officers and employees of the City are authorized, directed and instructed to make such certifications and to execute such instruments (including by facsimile signature) as may be necessary to accomplish the delivery of the Series 2015[** __ **] Bonds and to assure the investigation, examination, and approval thereof by the Attorney General of Texas and the registration of the initial Series 2015[** __ **] Bonds by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Series 2015[** __ **] Bonds, the Comptroller of Public Accounts of the State of Texas (or a deputy designated in writing to act for the Comptroller) is requested to sign manually the registration certificate prescribed herein to be attached or affixed to each Series 2015[** __ **] Bond initially delivered and to impresser print the seal of the Comptroller of Public Accounts of the State of Texas thereon. Delivery of the Series 2015[** __ **] Bonds is subject to the unqualified approving opinions as to the legality of the Series 2015[** __ **] Bonds of the Attorney General of Texas and of Fulbright & Jaworski LLP, a member of Norton Rose Fulbright, Houston, Texas, and Burney & Foreman, Houston, Texas as Co-Bond Counsel.

Section 6.3. Application of Proceeds of the Series 2015[** __ **] Bonds.

Proceeds from the sale of the Series 2015[** __ **] Bonds, promptly upon receipt by the city, will be applied as follows:

- (a) Proceeds of the Series 2015[** __ **] Bonds will be applied to fund the Bond Reserve Fund Requirement for the Series 2015[** __ **] Bonds in the amount of \$[** _____ **]; and
- (b) The remaining proceeds of the Series 2015[** __ **] Bonds will be deposited into the Project Accounts described in Section 8.1 hereof.

Section 6.4. Covenants to Maintain Tax Exempt Status.

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

“Code” means the Internal Revenue Code of 1986, as amended by all legislation, if any, enacted on or before the Issue Date.

“Computation Date” has the meaning stated in section 1.148-1(b) of the Regulations.

“Gross Proceeds” has the meaning stated in section 1.148-1(b) of the Regulations.

“Investment” has the meaning stated in section 1.148-1(b) of the Regulations.

“Issue Date” is the date on which the Series 2015[** __ **] Bonds are first delivered against payment therefor.

“Nonpurpose Investment” has the meaning stated in section 1.148-1(b) of the Regulations.

“Proceeds” has the meaning stated in section 1.148-1(b) of the Regulations.

“Rebate Amount” has the meaning stated in section 1.148-3 of the Regulations.

“Regulations” means the temporary or final Income Tax Regulations applicable to the Series 2015[** __ **] Bonds issued pursuant to sections 141 through 150 of the Code. Any reference to a section of the Regulations shall also refer to any successor provision to such section hereafter promulgated by the Internal Revenue Service pursuant to sections 141 through 150 of the Code and applicable to the Series 2015[** __ **] Bonds.

“Yield of”

(1) any Investment shall be computed in accordance with section 1.148-5 of the Regulations, and

(2) the Series 2015[** __ **] Bonds shall be computed in accordance with section 1.148-4 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The City shall not use, permit the use of or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which, if made or omitted, respectively, or take any other action which would cause the interest on any Series 2015[** __ **] Bond to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the City shall have received a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Series 2015[** __ **] Bond, the City shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by section 141 of the Code and the regulations and rulings thereunder, the City shall, at all times prior to the last stated maturity of the Series 2015[** __ **] Bonds,

(1) exclusively own, operate, and possess all property the acquisition, construction, or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Series 2015[** __ **] Bonds and not use or permit

the use of such Gross Proceeds or any property acquired, constructed, or improved with such Gross Proceeds in any activity carried on by any person or entity other than a state or local government, unless such use is solely as a member of the general public, or in a manner that would otherwise cause the Bonds to be “Private Activity Bonds” within the meaning of section 141 of the Code or the regulations promulgated thereunder, or

(2) not directly or indirectly impose or accept any charge or other payment for use of Gross Proceeds of the Series 2015[**__**] Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds other than taxes of general application and interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan. Except to the extent permitted by section 141 of the Code and the regulations and rulings thereunder, the City shall not use Gross Proceeds of the Series 2015[**__**] Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, Gross Proceeds are considered to be “loaned” to a person or entity if (1) property acquired, constructed or improved with Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes, (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output, or similar contract or arrangement, or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or such property are otherwise transferred in a transaction which is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except to the extent permitted by section 148 of the Code and the regulations and rulings thereunder, the City shall not, at any time prior to the earlier of the final stated maturity or final payment of the Series 2015[**__**] Bonds, directly or indirectly invest Gross Proceeds of such Series 2015[**__**] Bonds in any Investment (or use such Gross Proceeds to replace money so invested), if as a result of such investment the Yield of all Investments allocated to such Gross Proceeds whether then held or previously disposed of, exceeds the Yield on the Series 2015[**__**] Bonds. No portion of the proceeds of the loan will be used, directly or indirectly, in a manner that would cause the Series 2015[**__**] Bonds to be “arbitrage bonds” within the meaning of a section 148(a) of the Code and Regulations, including to acquire or to replace funds which were used, directly or indirectly, to acquire Nonpurpose Investments (as defined in the Code and Regulations) which produce a yield materially higher than the yield on any Board bonds that are issued to provide finance for the loan (the “*Source Series Bonds*”), other than Nonpurpose Investments acquired with: (i) proceeds of the Source Series Bonds invested for a reasonable temporary period of up to three years after the issue date of the Source Series Bonds until such proceeds are needed for the facilities to be financed; (ii) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Regulations; and (iii) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed the least of maximum annual debt service on the Series 2015[**__**] Bonds, 125% of average annual debt service on the Series 2015[**__**] Bonds, or 10% of the stated principal amount (or, in the case of a discount, the issue price) of the Series 2015[**__**] Bonds.

(f) Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the regulations and rulings thereunder, the City shall not take or omit to take any action which would cause the Series 2015[** __ **] Bonds to be federally guaranteed within the meaning of section 149(b) of the Code and the regulations and rulings thereunder.

(g) Information Report. The City shall timely file with the Secretary of the Treasury the information required by section 149(e) of the Code with respect to the Series 2015[** __ **] Bonds on such forms and in such place as such Secretary of the Treasury may prescribe.

(h) Payment of Rebate Amount. Except to the extent otherwise provided in section 148(f) of the Code and the regulations and rulings thereunder, the City shall:

(1) account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of such accounting for at least six years after the final Computation Date. The City may, however, to the extent permitted by law, commingle Gross Proceeds of the Series 2015[** __ **] Bonds with other money of the City, provided that the City separately accounts for each receipt and expenditure of such Gross Proceeds and the obligations acquired therewith,

(2) calculate the Rebate Amount with respect to the Series 2015[** __ **] Bonds, not less frequently than each Computation Date, in accordance with rules set forth in section 148(f) of the Code, section 1.148-3 of the Regulations, and the rulings thereunder. The City shall maintain a copy of such calculations for at least six years after the final Computation Date,

(3) as additional consideration for the purchase of the Series 2015[** __ **] Bonds by the initial purchaser thereof and the loan of the money represented thereby, and in order to induce such purchase by measures designed to ensure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, pay to the United States the amount described in paragraph (2) above at the times, in the installments, to the place, in the manner and accompanied by such forms or other information as is or may be required by section 148(f) of the Code and the regulations and rulings thereunder, and

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

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the regulations and rulings thereunder, the City shall not, at any time prior to the earlier of the final stated maturity or final payment of the Series 2015[** __ **] Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to

Subsection (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Series 2015[** __ **] Bonds not been relevant to either party.

(j) Elections. The City hereby directs and authorizes the City Controller, or his representative, or either or any combination of them, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Series 2015[** __ **] Bonds, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

(k) The Board's Source Series Bonds. The City shall not acquire any of the Source Series Bonds that are issued to provide financing for the Board's purchase of the Series 2015[** __ **] Bonds.

Section 6.5. Paying Agent/Registrar Agreement. The registration of and payment of the principal of, premium, if any, and interest on the Series 2015[** __ **] Bonds when due will be effectuated pursuant to the terms of a Paying Agent/Registrar Agreement to be entered into by and between the City and the Paying Agent/Registrar, which will be substantially in the form attached hereto as **Exhibit B**, the terms and provisions of which are approved, and the Mayor and the City Controller are authorized to execute and deliver such Paying Agent/Registrar Agreement on behalf of the City in multiple counterparts and the City Secretary is authorized to attest thereto and may affix the City's seal.

Section 6.6. Professional Services. Co-Bond Counsel services, in connection with the issuance of the Series 2015[** __ **] Bonds and other matters pertaining thereto, are provided pursuant to the terms of a Co-Bond Counsel Letter Agreement to be entered into by and between the City and Fulbright & Jaworski LLP, a member of Norton Rose Fulbright, Houston, Texas, and Burney & Foreman, Houston, Texas, which will be substantially in the form attached hereto as **Exhibit C**, the terms and provisions of which are approved. The Mayor and the City Controller are hereby authorized to execute and deliver such Co-Bond Counsel Letter Agreement on behalf of the City in multiple counterparts and the City Secretary is hereby authorized to attest thereto and may affix the City's seal. As provided in the closing memorandum for the Series 2015[** __ **] Bonds, the Deputy Director of the Combined Utility System, or her designee, is hereby authorized to pay any miscellaneous costs of the transaction contemplated hereby from any authorized funds of the System provided such costs do not exceed \$25,000.

Section 6.7. Related Matters. In order that the City may satisfy in a timely manner all of its obligations under the Ordinance, the Mayor, the City Secretary, and the City Controller of the City and all other appropriate officers and agents of the City are authorized and directed to take all other actions that are reasonably necessary to provide for issuance and delivery of the Series 2015[** __ **] Bonds, including without limitation, executing by manual or facsimile signature and delivering on behalf of the City all certificates, consents, receipts, requests, notices, investment agreements, trust agreements, and other documents as may be reasonably necessary to satisfy the City's obligations under the Ordinance, and paying costs incurred in connection with the issuance of the Series 2015[** __ **] Bonds, to direct the transfer and application of funds of the City consistent with this Supplemental Ordinance, and issue a Private Placement Memorandum in the form attached hereto as **Exhibit D**. If requested by the Attorney General of

Texas or his representatives, the City Attorney or his designee may authorize such ministerial changes in the written text of this Supplemental Ordinance as are necessary to obtain the Attorney General's approval and as he determines are consistent with the intent and purposes of this Supplemental Ordinance, which determination is final, as evidenced by delivery of the final Supplemental Ordinance to the Attorney General.

ARTICLE VII

CONTINUING DISCLOSURE UNDERTAKING

Section 7.1. Annual Reports. The City agrees to provide annually to the MSRB, within six months after the end of each fiscal year ending in or after 2015, financial information and operating data with respect to the City of the general type included in the City's Audited Financial Statements and Supplementary Schedules for the City's Combined Utility System Fund. Any financial statements so to be provided will be (1) prepared in accordance with generally accepted accounting principles currently in effect for governmental units as prescribed by the Government Accounting Standards Board, which principles are subject to change from time to time to comply with state law or regulation and (2) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If audited financial statements are not so provided, then the City will provide audited financial statements for the applicable fiscal year to the MSRB, when and if audited financial statements become available but if such audited financial statements are unavailable the City will provide such financial statements on an unaudited basis within the above-described six-month period.

If the City changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document that is available from the MSRB or filed with the SEC, or may be provided in any other manner consistent with the Rule.

Section 7.2. Material Event Notices. The City will notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the events with respect to the Series 2015[** ___**] Bonds, notice of any of the following events with respect to the Series 2015[** ___**] Bonds:

- A. Principal and interest payment delinquencies;
- B. Non-payment related defaults, if material;
- C. Unscheduled draws on debt service reserves reflecting financial difficulties;
- D. Unscheduled draws on credit enhancements reflecting financial difficulties;
- E. Substitution of credit or liquidity providers, or their failure to perform;
- F. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the

Series 2015[** __ **] Bonds or other material events affecting the tax status of the Series 2015[** __ **] Bonds;

G. Modifications to rights of holders of the Series 2015[** __ **] Bonds, if material;

H. Series 2015[** __ **] Bond calls, if material, and tender offers;

I. Defeasances;

J. Release, substitution, or sale of property securing repayment of the Series 2015[** __ **] Bonds, if material;

K. Rating changes;

L. Bankruptcy, insolvency, receivership or similar event of the City;

M. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

N. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The City will notify the MSRB in an electronic form prescribed by the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with Section 7.1 of this Supplemental Ordinance by the time required by such Section.

Section 7.3. Limitations, Disclaimers, and Amendments. The City will be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the City remains an “obligated person” with respect to the Series 2015[** __ **] Bonds within the meaning of the Rule, except that the City in any event will give the notice required by Section 7.2 of any Series 2015[** __ **] Bond calls and defeasance that cause the City to be no longer such an “obligated person.”

The provisions of this Article are for the sole benefit of the Owners and beneficial owners of the Series 2015[** __ **] Bonds, and nothing in this Article, express or implied, give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Article and does not undertake to provide any other information that may be relevant or material to a complete presentation of the City’s financial results, condition, or prospects or undertake to update any information provided in accordance with this Article or otherwise, except as expressly provided herein. The City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Series 2015[** __ **] Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY SERIES 2015[** __ **] BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS ARTICLE, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR *MANDAMUS* OR SPECIFIC PERFORMANCE.

No default by the City in observing or performing its obligations under this Article will ever constitute a breach of or default under this Supplemental Ordinance for purposes of any other provision of this Supplemental Ordinance.

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

The provisions of this Article may be amended by the City 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 City, but only if (1) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell Series 2015[** __ **] Bonds in a primary offering of the Series 2015[** __ **] Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Supplemental Ordinance that authorizes such an amendment) of the Outstanding Series 2015[** __ **] Bonds consent to such amendment or (b) a person or entity that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Owners and beneficial owners of the Series 2015[** __ **] Bonds. If the City so amends the provisions of this Article, it shall include with any amended financial information or operating data next provided in accordance with Section 7.1 an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided. The City may also amend or repeal the provisions of this Article 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, and the City also may amend the provisions of this Article in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Series 2015[** __ **] Bonds in a primary offering of the Series 2015[** __ **] Bonds.

Section 7.4. Definitions.

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

“*MSRB*” means the Municipal Securities Rulemaking Board. Until such time as the SEC or the MSRB shall determine otherwise, information to be filed with the MSRB pursuant to the Rule will be submitted through the Electronic Municipal Market Access system (“*EMMA*”)

maintained by the MSRB and will be accessible at <http://www.emma.msrb.org> or other such access location as designated by the SEC or the MSRB.

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

“*SEC*” means the United States Securities and Exchange Commission.

ARTICLE VIII

PROJECT FUND.

Section 8.1. Project Fund. The creation of the special fund of the City, known as the Series 2015[** ___ **] Combined Utility System Bond Project Fund (the “*Project Fund*”), is confirmed as the construction fund for the Series 2015[** ___ **] Bonds. The Project Fund, which may include sub-accounts, will be maintained as a separate account on the books of the City and known as the “Series 2015[** ___ **] Project Account.” The City will deposit the proceeds of the sale of the Series 2015[** ___ **] Bonds to the credit of the Project Fund and disburse the money held for the credit of the Project Fund for authorized System purposes and to pay the costs of issuing the Series 2015[** ___ **] Bonds. If required by the Board, the City may enter into one or more agreements, including an Agreement for Benefit of Texas Water Development Board Relating to the Establishment of a Segregated Account, between the City and the Board, with respect to the disposition of the proceeds of the Series 2015[** ___ **] Bonds, and the Mayor and the City Controller are authorized to execute and deliver such agreements.

The proceeds from the sale of the Series 2015[** ___ **] Bonds to the Board represent a loan by the Board to the City from the Clean Water State Revolving Fund. Upon completion of a project for the Series 2015[** ___ **] Bonds (“*Project*”), the City will provide the Executive Administrator of the Board with a Final Accounting of the total costs of each such Project and “as built plans” for each Project. The City may use any loan proceeds from the Series 2015[** ___ **] Bonds that are determined to be surplus proceeds remaining after completion of the project for the following purposes as approved by the Executive Administrator: (1) to redeem, in inverse annual order, Series 2015[** ___ **] Bonds owned by the Board; (2) to deposit into the Interest and Sinking Fund or other debt service account for the payment of interest or principal on the Series 2015[** ___ **] Bonds owned by the Board; or (3) eligible project costs as authorized by the Executive Administrator.

Section 8.2. Investment of Money in the Project Fund. Money on deposit in the Project Fund may, at the option of the City, be invested as permitted under the Texas Public Funds Investment Act, as amended; and collateralized as required under the Texas Public Funds Collateral Act, provided that all such deposits and investments must be made in such manner (which may include repurchase agreements for such investments with any national bank) that the money required to be expended from the Project Fund will be available at the proper time or times. All investments will be valued in terms of current market value no less frequently than the last business day of the City’s Fiscal Year System, except that any direct obligations of the United States of America, State and Local Government Series, will be continuously valued at their par value or principal face amount. Any obligation in which money is so invested must be

kept and held in an official depository of the City, except as hereinafter provided. For purposes of maximizing investment returns, money in the Project Fund may be invested, together with money in the funds maintained pursuant to Article V of the Master Ordinance or with other money of the City, in common investments of the kind described above, or in a common pool of such investments which is kept and held at an official depository of the City, which is deemed not to be or constitute a commingling of such money or funds, provided that records clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by the Project Fund is held by or on behalf of the Project Fund.

All interest and income derived from such deposits and investments must be deposited in the Project Account, applied to the purposes permitted by Section 6.3 or other qualified System purposes, and does not constitute Gross Revenues of the System, except that, to the extent required by law, such interest and income may be applied to make payments to the United States as shall be required to assure that interest on the Series 2015[** __ **] Bonds is excludable from gross income for federal income tax purposes as described in Section 6.4(h) of this Supplemental Ordinance. Additionally, payments to the Board for any excess funds or disallowed costs may be made from such interest and income in the Project Fund.

ARTICLE IX

MISCELLANEOUS

Section 9.1. Further Proceedings. The Mayor of the City, the City Controller of the City and the City Secretary of the City and other appropriate officials of the City are authorized and directed to do any and all things necessary and/or convenient to carry out the terms of this Supplemental Ordinance.

Section 9.2. Compliance with Board Rules and Regulations. The City covenants and agrees that while the Series 2015[** __ **] Bonds are outstanding:

- (1) to comply with any special conditions specified by the Board in any project environmental determination;
- (2) to implement the water conservation plan approved by the Board;
- (3) to abide by the rules and regulations of the Board and applicable statutes and laws of the State of Texas;
- (4) to pay to the Board a 1.85% origination charge calculated pursuant to Board rules;
- (5) to provide written notice to the Board of the establishment of an escrow or trust agreement to defease Series 2015[** __ **] Bonds pursuant to Section 7.11 of the Master Ordinance;
- (6) to provide insurance coverage in an amount sufficient to protect the Board's interest in the Project;

(7) to not use any loan proceeds when sampling, testing, removing or disposing of contaminated soils and/or media at the Project site;

(8) to the extent permitted by Texas law, to indemnify, hold harmless and protect the Board from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the City, its contractors, consultants, agents, officials and employees as a result of activities relating to the Project;

(9) all laborers and mechanics employed by contractors and subcontractors for projects shall be paid wages at rates not less than those prevailing on projects of a similar character in the locality in accordance with the Davis-Bacon Act, and the U.S. Department of Labor's implementing regulations. The City, all contractors, and all subcontractors shall ensure that all project contracts mandate compliance with the Davis-Bacon Act. All contracts and subcontracts for the construction of the project carried out in whole or in part with financial assistance made available as provided herein shall insert in full in any contract in excess of \$2,000 the contracts clauses as provided by the Board;

(10) to deposit uninvested proceeds of the Series 2015[** __ **] Bonds in accordance with the Public Funds Collateral Act, Chapter 2257, Texas Government Code;

(11) to submit an audit, prepared by a certified public accountant in accordance with generally accepted auditing standards in accordance with Section 375(b)(2)(N), Texas Administrative Code;

(12) to submit a final accounting at the final release of retainage in accordance with Section 375(b)(2)(O), Texas Administrative Code;

(13) to maintain current, accurate and complete records and accounts in accordance with generally accepted accounting standards pursuant to Section 375.91(b)(2)(M), Texas Administrative Code;

(14) to provide the Board with all information required to be reported in accordance with the Federal Funding Accountability and Transparency Act of 2006, Pub. L. 109-282. The City shall obtain a Data Universal Numbering System Number and shall register with Central Contractor Registration and maintain current registration at all times during which the Series 2015[** __ **] Bonds are outstanding;

(15) to use the proceeds of the Series 2015[** __ **] Bonds in a timely and expeditious manner, as required by federal statute and EPA regulations and the City shall adhere to an Executive Administrator-approved project schedule, which shall not be altered except for good cause and only with the written approval of the Executive Administrator;

(16) to submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with the Board's outlay report guidelines; and

(17) to comply with the standard emergency discovery conditions for threatened and endangered species and cultural resources, as more fully specified in the final environmental finding of the Executive Administrator of the Board.

Section 9.3. Severability. If any Section, paragraph, clause, or provision of this Supplemental Ordinance is for any reason held to be invalid or unenforceable, the invalidity or unenforceability of such Section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Supplemental Ordinance.

Section 9.4. Open Meeting. It is found, determined, and declared that a sufficient written notice of the date, hour, place, and subject of the meeting of the City Council at which this Supplemental Ordinance was adopted was posted at a place convenient and readily accessible at all times to the general public at the City Hall of the City for the time required by law preceding this meeting, as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended, and that this meeting has been open to the public as required by law at all times during which this Supplemental Ordinance and the subject matter thereof has been discussed, considered and formally acted upon. The City Council further ratifies, approves, and confirms such written notice and the contents and posting thereof.

Section 9.5. Declaration of Emergency and of Public Security Authorization. It is officially found and determined that a case of emergency and urgent public necessity exists which requires the holding of the meeting at which this Supplemental Ordinance is passed and further requires that this Supplemental Ordinance be passed finally and take effect immediately on the date of its introduction, such emergency and urgent public necessity being that the proceeds from the sale of the Series 2015[**__**] Bonds are required as soon as possible and without delay for the purposes set forth herein. It is further officially found and determined that this Supplemental Ordinance is a public security authorization, and therefore this Supplemental Ordinance is effective immediately upon approval by the City Council pursuant to Section 1201.028 of the Texas Government Code, as amended.

Section 9.6. Authority to Modify Attachments. When used herein with respect to agreements and other documents that are attached as exhibits hereto, the phrase “substantially in the form of” authorizes the execution of an agreement or document that is not materially inconsistent with the purpose, intent and general substantive parameters of the agreement or other document as attached. The determination by an officer or employee of the City acting under authority delegated thereto by this Supplemental Ordinance or the Master Ordinance to execute any such agreement or other document in substantially the form attached to this Supplemental Ordinance has the same force and effect as a determination made by the City Council.

Section 9.7. Repealer. All ordinances, or parts thereof inconsistent herewith are repealed to the extent of such inconsistency.

Section 9.8. Remedies. The Board may exercise all remedies available to it in law or equity, and any provision of the Ordinance that restricts or limits the Board’s full exercise of these remedies shall be of no force and effect.

PASSED AND APPROVED THIS _____ day of _____, 2015.

Mayor

Approved as to Form:

Senior Assistant City Attorney
(Requested by Dale A. Rudick, P. E.)
Director of Department of
Public Works and Engineering)
(L.D. File No. 0341400306001)

EXHIBITS:

- Exhibit A Form of Series 2015[** ____ **] Bond
- Exhibit B Paying Agent/Registrar Agreement
- Exhibit C Combined Utility System Co-Bond Counsel Letter Agreement
- Exhibit D Private Placement Memorandum

EXHIBIT A

FORM OF SERIES 2015[** __ **] BOND

The Series 2015[** __ **] Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be permitted or required pursuant to the terms of this Supplemental Ordinance.

FORM OF SERIES 2015[** __ **] BOND

UNITED STATES OF AMERICA
STATE OF TEXAS

CITY OF HOUSTON, TEXAS,
COMBINED UTILITY SYSTEM
FIRST LIEN
REVENUE BOND
SERIES 2015[** __ **]

NUMBER	DENOMINATION
R- _____	\$ _____
REGISTERED	REGISTERED

<u>INTEREST RATE:</u>	<u>BOND DATE:</u>	<u>ISSUE DATE:</u>	<u>MATURITY DATE:</u>	<u>CUSIP NO.:</u>
_____ %	December 1, 2015	[** _____ **]	_____	

Registered Owner: Cede & Co.

Principal Amount: _____ DOLLARS

The CITY OF HOUSTON, TEXAS, a municipal corporation duly incorporated under the laws of the State of Texas (herein the “City”), for value received, promises to pay, to the Registered Owner identified above or registered assigns, solely from certain pledged revenues and funds as hereinafter specified and from no other source, on the Maturity Date specified above, upon presentation and surrender of this at the principal corporate trust office of the “Paying Agent/Registrar,” initially The Bank of New York Mellon Trust Company, N.A. in any coin or currency of the United States of America which on the date of payment of such principal is legal tender for the payment of debts due the United States of America, the Principal Amount identified above (or so much as shall not have been paid upon prior redemption), and to pay, solely from such pledged revenues and funds, interest thereon at the Interest Rate shown above, calculated on the basis of a 360-day year composed of twelve 30-day months, from the later of the Issue Date identified above or the most recent interest payment date to which interest has been paid or duly provided for. Interest on this bond is payable on each May 15 and November 15 beginning May 15, 2016, until the maturity or redemption date of this bond or until the City’s obligation with respect to this bond has been satisfied. Interest on this bond shall be payable by check mailed by the Paying Agent/Registrar to the Registered Owner of record as of the 1st day of the month of the interest payment date as shown on the books of registration kept by the Paying Agent/Registrar.

THIS BOND IS ONE OF A DULY AUTHORIZED SERIES OF BONDS (herein the “Series 2015[** __ **] Bonds”) in the aggregate principal amount of [** _____ **] issued pursuant to a master ordinance and a supplemental ordinance adopted by the City Council of the City (herein the “Ordinance”) to (a) finance certain improvements to the City’s drinking water supply system, (b) fund its respective portion of the Series 2015[** __ **] Bond Reserve Fund

Requirement and (c) pay the costs of issuing the Series 2015[** ____**] Bonds all under and pursuant to the authority of Chapters 1371 and 1502, Texas Government Code, as amended, and all other applicable law.

THIS BOND AND ALL OF THE SERIES 2015[** ____**] BONDS are special obligations of the City that are equally and ratably payable from and secured by a lien on the "Net Revenues" collected and received by the City after certain required payments with respect to water and sewer system bonds issued and to be issued by the City and payment of all maintenance and operation expenses of the combined utility system from the operation and ownership of the City's combined utility system as defined and provided in the Ordinance, which Net Revenues are required to be set aside for and pledged to the payment of the City's outstanding combined utility system revenue bonds, including the Series 2015[** ____**] Bonds and all additional bonds issued on a parity therewith, in the interest and sinking fund and the reserve fund required to be maintained for the payment of all such bonds, all as more fully described and provided for in the Ordinance. This bond and the series of which it is a part, together with the interest thereon, are payable solely from such Net Revenues and do not constitute an indebtedness or general obligation of the City.

THE CITY SHALL HAVE THE OPTION OF CALLING THE SERIES 2015[** ____**] BONDS FOR REDEMPTION PRIOR TO MATURITY on November 15, 2025, or any date thereafter, in whole or in part in inverse order of maturity (but if less than all the Series 2015[** ____**] Bonds of a single maturity are called for redemption, those bonds called shall be selected by lot or other customary random method by the Paying Agent/Registrar), at a redemption price of par plus accrued interest to the date fixed for redemption.

SERIES 2015[** ____**] BONDS MAY BE REDEEMED IN PART only in integral multiples of \$5,000 of principal amount or maturity amount, as applicable. If a Series 2015[** ____**] Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Series 2015[** ____**] Bond may be redeemed, but only in integral multiples of \$5,000. In selecting portions of Series 2015[** ____**] Bonds for redemption, the Paying Agent/Registrar shall treat each Series 2015[** ____**] Bond as representing that number of Series 2015[** ____**] Bonds of \$5,000 denomination which is obtained by dividing the principal amount (or maturity amount) of such Series 2015[** ____**] Bond by \$5,000. Upon surrender of any Series 2015[** ____**] Bond for redemption in part, the Paying Agent/Registrar, in accordance with the provisions of the Ordinance, shall authenticate and deliver in exchange therefore a Series 2015[** ____**] Bond or Series 2015[** ____**] Bonds of like maturity and interest rate in an aggregate principal amount (or maturity amount) equal to the unredeemed portion of the Series 2015[** ____**] Bond so surrendered.

NOTICE OF ANY SUCH OPTIONAL REDEMPTION identifying the Series 2015[** ____**] Bonds to be redeemed shall be sent by first-class mail, postage prepaid, to the Registered Owners thereof at their addresses as shown on the books of registration kept by the Paying Agent/Registrar not less than 30 days before the date fixed for such redemption. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the redemption price of the Series 2015[** ____**] Bonds called for redemption. If such notice of redemption is given, and if due provision for such payment is made, all as provided above, the Series 2015[** ____**] Bonds which are to be so redeemed thereby

automatically shall be redeemed prior to their scheduled maturities, they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the purpose of being paid by the Paying Agent/Registrar with the funds so provided for such payment.

THE CITY HAS RESERVED THE RIGHT TO ISSUE ADDITIONAL COMBINED UTILITY SYSTEM REVENUE BONDS, subject to the restrictions contained in the Ordinance, which bonds may be secured by a lien prior and superior to, on a parity with, or subordinate and inferior to, the lien on the Net Revenues securing this bond and the series of which it is a part.

THIS BOND IS TRANSFERABLE only upon presentation and surrender at the principal corporate trust office of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his authorized representative, subject to the terms and conditions of the Ordinance.

THIS BOND IS EXCHANGEABLE upon presentation and surrender at the principal corporate trust office of the Paying Agent/Registrar for Series 2015[** __ **] Bonds in the principal amount (or maturity amount) of \$5,000 or any integral multiple thereof, subject to the terms and conditions of the Ordinance.

THE PAYING AGENT/REGISTRAR IS NOT REQUIRED TO ACCEPT for transfer or exchange any Series 2015[** __ **] Bond called for redemption during the 15 days prior to mailing of any notice of redemption; provided, however, that such limitation shall not apply to the transfer or exchange by the registered owner of a Series 2015[** __ **] Bond called for redemption in part.

THE REGISTERED OWNER HEREOF shall never have the right to demand payment out of any funds raised or to be raised by taxation.

REFERENCE IS MADE TO THE ORDINANCE, a copy of which is on file in the office of the Paying Agent/Registrar, and to all of the provisions of which the Registered Owner of this bond by the acceptance hereof assents, for definitions of terms; the description of and the nature and extent of the security for the Series 2015[** __ **] Bonds; the priority for the application and use of the income and revenues of the System; the Net Revenues pledged to the payment of the principal of and interest on the Series 2015[** __ **] Bonds; the nature and extent and manner of enforcement of the lien and pledge securing the payment of the Series 2015[** __ **] Bonds; the terms and conditions for the issuance of additional revenue obligations, including additional First Lien Bonds; the terms and conditions for amending the Ordinance; the terms and conditions relating to the transfer or exchange of this bond; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which the liens, pledges, charges and covenants made therein may be discharged at or prior to the maturity of this bond, and deemed to be no longer Outstanding thereunder; and for the other terms and provisions thereof. Capitalized terms used herein, unless otherwise defined, have the same meanings assigned in the Ordinance.

IT IS DECLARED AND REPRESENTED that this bond has been duly and validly issued and delivered; that all acts, conditions, and things required or proper to be performed,

exist, and be done precedent to or in the issuance and delivery of this bond have been performed, existed, and been done in accordance with law; that the Series 2015[** ___**] Bonds do not exceed any statutory limitation; and that provision has been made for the payment of the principal of and interest on this bond and all of the Series 2015[** ___**] Bonds by the aforesaid lien on and pledge of the Net Revenues.

THIS BOND shall not be valid or obligatory for any purpose or be entitled to any benefit under the Ordinance unless this bond either (i) is registered by the Comptroller of Public Accounts of the State of Texas or (ii) is authenticated by the Paying Agent/Registrar by due execution of the authentication certificate manually endorsed hereon. Such duly executed certificate of authentication shall be conclusive evidence that this bond was delivered by the Paying Agent/Registrar under the provisions of the Ordinance.

IN WITNESS WHEREOF, the City has in the Ordinance directed this bond to be signed by the Mayor and the City Controller and countersigned by the City Secretary by their printed facsimile signatures.

Mayor

City Controller

City Secretary

[FORM OF COMPTROLLER'S REGISTRATION CERTIFICATE]

The following form of Comptroller's Registration Certificate shall be attached or affixed to each of the Series 2015[** ____ **] Bonds initially delivered.

THE STATE OF TEXAS

REGISTER NO. _____

OFFICE OF THE COMPTROLLER
OF PUBLIC ACCOUNTS

I certify that there is on file and of record in my office a certificate of the Attorney General of the State of Texas to the effect that this bond and the proceedings for the issuance hereof have been examined by him as required by law, that he finds that it has been issued in conformity with the Constitution and laws of the State of Texas and that it is a valid and binding special obligation of the City of Houston, Texas, payable from the revenues and other funds pledged to its payment by and in the proceedings authorizing the same, and I do further certify that this bond has this day been registered by me.

WITNESS MY SIGNATURE AND SEAL OF OFFICE this _____.

Comptroller of Public Accounts
of the State of Texas

[SEAL]

[FORM OF AUTHENTICATION CERTIFICATE]

The following form of Authentication Certificate shall appear on each of the definitive Series 2015[** ____**] Bonds.

AUTHENTICATION CERTIFICATE

Registration Date: _____

This bond is one of the bonds described in and delivered pursuant to the within-mentioned Ordinance; and, except for the bonds initially delivered, this bond has been issued in conversion of and exchange for or replacement of a bond, bonds or a portion of a bond or bonds of an issue which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.
Houston, Texas,
as Paying Agent/Registrar

By _____
Authorized Signature

[FORM OF ASSIGNMENT]

The following form of assignment shall appear on each of the Series 2015[** __ **]
Bonds.

ASSIGNMENT

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

(SOCIAL SECURITY OR
OTHER IDENTIFYING NUMBER)

(Print or type name, address, and zip code of transferee)

the within bond and hereby irrevocably constitutes and appoints _____

attorney to transfer said bond on the books kept for registration thereof, with full power of
substitution in the premises.

DATED: _____

Signature Guaranteed:

Registered Owner

NOTICE: The signature must be
guaranteed by a commercial bank
or a member firm of a national
securities exchange. Notarized or
witnessed signatures are not
acceptable.

NOTICE: The signature on this
assignment must correspond with the name
of the Registered Owner as it appears on the
face of the within bond in every particular,
without alteration or enlargement or any
change whatever.

EXHIBIT B
PAYING AGENT/REGISTRAR AGREEMENT

EXHIBIT C

COMBINED UTILITY SYSTEM
CO-BOND COUNSEL LETTER AGREEMENT

(see attachment)

EXHIBIT D

PRIVATE PLACEMENT MEMORANDUM

(see attachment)

PRIVATE PLACEMENT MEMORANDUM DATED [** _____ **]

NEW ISSUES BOOK-ENTRY-ONLY

On the date of initial delivery of the Bonds (defined below), Issuer Co-Bond Counsel will render their opinion substantially in the form attached in APPENDIX C - FORM OF OPINION OF CO-BOND COUNSEL.

[** _____ **]
CITY OF HOUSTON, TEXAS
Combined Utility System
First Lien Revenue Bonds,
Series 2015[__ **] (the "Bonds")**

Dated: December 1, 2015**Due: November 15, as shown in Exhibit A**

Interest Date: Interest on the Bonds will be payable from the Delivery Date or the most recent Interest Payment Date on May 15 and November 15 each year, commencing May 15, 2016 (each an "Interest Payment Date") until the earliest of maturity or prior redemption. The Bonds of each series will bear interest at the rates per annum set forth in "APPENDIX A - MATURITY SCHEDULE."

Record Date: The close of business on the first day of the month immediately preceding the Interest Payment Date.

Redemption: The Bonds are subject to redemption prior to maturity as provided herein. See "THE BONDS - Redemption Provisions" herein.

Authorized Denominations: The Bonds are being issued as fully registered bonds in denominations of \$5,000, or any integral multiple thereof.

Paying Agent/Registrar/Registrar: The paying agent ("Paying Agent/Registrar/Registrar") for the Bonds is The Bank of New York Mellon Trust Company, N. A.

Book-Entry-Only System Upon initial issuance, the ownership of the Bonds will be registered in the registration books of the Issuer kept by the Paying Agent/Registrar, in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") to which principal, redemption premium, if any, and interest payments on the Bonds will be made. The purchasers of the Bonds will not receive physical delivery of bond certificates. Principal of, interest, and premium if any, on the Bonds will be payable at the designated office of the Paying Agent/Registrar in Houston, Texas as the same become due and payable.

Issuer: City of Houston, Texas.

Official Action: Ordinance, dated [** _____ **].

Purpose: See "APPENDIX B - OFFICIAL ACTION."

Security for the Bonds: See APPENDIX B - OFFICIAL ACTION."

Ratings: See "OTHER INFORMATION - Ratings"

Delivery Date: [** _____ **]

See "APPENDIX A - MATURITY SCHEDULE" for Principal Amounts, Maturities, Interest Rates, Prices or Yields, and Initial CUSIP Numbers

City of Houston, Texas

ELECTED OFFICIALS

Annise D. Parker, Mayor

Ronald C. Green, City Controller

CITY COUNCIL

Council Member, District A	Brenda Stardig	Council Member, District I	Robert Gallegos
Council Member, District B	Jerry Davis	Council Member, District J	Mike Laster
Council Member, District C	Ellen Cohen	Council Member, District K	Larry Green
Council Member, District D	Dwight Boykins	Council Member, At-Large Position 1	Stephen C. Costello
Council Member, District E	Dave Martin	Council Member, At-Large Position 2	David Robinson
Council Member, District F	Richard Nguyen	Council Member, At-Large Position 3	Michael Kubosh
Council Member, District G	Oliver Pennington	Council Member, At-Large Position 4	C.O. "Brad" Bradford
Council Member, District H	Ed Gonzalez	Council Member, At-Large Position 5	Jack Christie, D.C.

APPOINTED OFFICIALS

City Attorney	Donna Edmundson
Deputy City Controller	Charisse Mosely
Director, Department of Finance	Kelly Dowe
Director, Department of Public Works and Engineering	Daniel W. Krueger, P.E.
City Secretary	Anna Russell

CONSULTANTS AND ADVISORS

Co-Financial Advisors	First Southwest Company
Co-Bond Counsel	Norton Rose Fulbright US LLP Burney & Foreman

FINANCING WORKING GROUP MEMBERS

Legal Department	Gary L. Wood Sameera K. Mahendru
Department of Finance	Jennifer Olenick Jaime Alvarez
Mayor's Office, Chief Financial Advisor	James Moncur
Office of the City Controller	Kendrack Lewis Asha Patnaik Vivien Nguyen
Department of Public Works and Engineering	Susan Bandy Kate Bechtold

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**Private Placement Memorandum
relating to**

[** _____ **]
CITY OF HOUSTON, TEXAS
Combined Utility System
First Lien Revenue Bonds,
Series 2015[___ **] (the "Bonds")**

INTRODUCTION

This Private Placement Memorandum, including the cover page and appendices, contains brief descriptions of the Issuer, provides certain information with respect to the issuance by the Issuer, and summaries of certain provisions of the "Bonds" pursuant to the Official Action. Except as otherwise set forth herein, capitalized terms used but not defined in this Private Placement Memorandum have the meanings assigned to them in the Official Action. See "APPENDIX B--"FORM OF OFFICIAL ACTION" attached hereto.

APPENDIX A contains the maturity schedule for the Bonds. APPENDIX B contains the Official Action and a description of the purpose for the proceeds of the Bonds. APPENDIX C contains a copy of the proposed opinion of Bond Counsel with respect to the Bonds. The summaries of the documents contained in the forepart of this Private Placement Memorandum are not complete or definitive, and every statement made in this Private Placement Memorandum concerning any provision of any document is qualified by reference to such document in its entirety.

THE BONDS

General Description

The Bonds are being issued in the aggregate principal amount set forth in APPENDIX A of this Private Placement Memorandum and will mature and be subject to redemption prior to maturity as described therein. The Bonds are being issued as fully registered bonds in denominations of \$5,000, or any integral multiple thereof. The Bonds will be dated as of the stated date of issue and will mature on the dates referenced thereon, and will bear interest at the rates per annum set forth in "APPENDIX A - MATURITY SCHEDULE."

Interest on the Bonds is payable semiannually on each Interest Payment Date, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Principal of and the redemption price with respect to the Bonds will be payable to the Owners upon presentation and surrender at the principal office of the Paying Agent/Registrar.

Purpose

See "APPENDIX B - FORM OF OFFICIAL ACTION."

Authority for Issuance

The Bonds are issued pursuant to Chapters 1371 and 1502, Texas Government Code, as amended; and the Official Action adopted by the Issuer.

Security for the Bonds

See "APPENDIX B - FORM OF OFFICIAL ACTION."

Redemption Provisions

The Bonds maturing on or after November 15, 2026 are subject to optional redemption by the City prior to maturity on November 15, 2025, or any date thereafter, in whole or in part (but if less than all the Bonds of a single maturity of a series are called for redemption, those Bonds called shall be selected by lot or other customary random

method by the Paying Agent/Registrar), at a redemption price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption.

The Bonds may be redeemed in part only in integral multiples of \$5,000 of principal amount or maturity amount, as applicable. If a Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in integral multiples of \$5,000. In selecting portions of the Bonds for redemption, the Paying Agent/Registrar shall treat each Bond as representing that number of Bonds of \$5,000 denomination, which is obtained by dividing the principal amount (or maturity amount) of such Bond by \$5,000. Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar, in accordance with the provisions of the Ordinance, shall authenticate and deliver in exchange therefore a Bond or Bonds of like maturity and interest rate in an aggregate principal amount (or maturity amount) equal to the unredeemed portion of the Bond so surrendered.

Notice of Redemption; Selection of Bonds to Be Redeemed

See "APPENDIX B - FORM OF OFFICIAL ACTION."

Notice of any such optional redemption identifying the Bonds to be redeemed shall be sent by first-class mail, postage prepaid, to the Registered Owners thereof at their addresses as shown on the books of registration kept by the Paying Agent/Registrar not less than 30 days before the date fixed for such redemption. If such notice of redemption is given, and if due provision for such payment is made, all as provided above, the Bonds which are to be so redeemed thereby automatically shall be redeemed prior to their scheduled maturities, they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the purpose of being paid by the Paying Agent/Registrar with the funds so provided for such payment.

Book-Entry-Only System

The information in this caption concerning The Depository Trust Company, New York, New York ("DTC") and DTC's book entry system has been obtained from DTC and the Issuer makes no representation or warranty nor takes any responsibility for the accuracy or completeness of such information.

DTC will act as securities depository for the 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 certificate will be issued for each maturity of the Bonds and deposited with DTC. See APPENDIX B - "FORM OF OFFICIAL ACTION."

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, corporate and municipal debt issues, and money market instrument (from over 100 countries) that DTC's participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities 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"). DTC has a Standard & Poor's rating of "AA." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

TAX MATTERS**Opinion**

Bond Counsel will deliver its opinion for the Bonds on the date of delivery of the Bonds substantially in the form as attached in "APPENDIX C - FORM OF OPINION OF BOND COUNSEL."

OTHER INFORMATION**Forward Looking Statements**

The statements contained in this Private Placement Memorandum, including the cover page, appendices, and any other information or documents provided by the Issuer, that are not purely historical, are forward-looking statements, including statements regarding the Issuer's expectations, hopes, intentions, or strategies regarding the future. Holders and beneficial owners of the Bonds have placed reliance on forward-looking statements. All forward looking statements included in this Private Placement Memorandum are based on information available to the Issuer on the date hereof. It is important to note that the Issuer's actual results could differ materially from those in such forward-looking statements.

Ratings

The Bonds are rated "AA" by Standard & Poor's Rating Services, a Standard & Poor's Services LLC Business. 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 organizations and the Issuer makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by any 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 either of them, may have an adverse effect on the market price of the Bonds.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

THE CITY AND THE SYSTEM

General

The Combined Utility System of the City of Houston, Texas (the “City”) established under the Master Ordinance currently consists of the City’s groundwater and surface water sources and conveyance, treatment and distribution facilities (the “Water Facilities”) and wastewater collection and treatment facilities (the “Sewer Facilities”). The Water Facilities and Sewer Facilities are sometimes collectively referred to as the “Water and Sewer Facilities” or the “Combined Utility System.” The Combined Utility System may include other utility systems provided for in Chapter 1502, Texas Government Code, as amended, which the City may, from time to time, elect to combine with the Combined Utility System so long as the revenues of such other utility systems are included in Gross Revenues under the Master Ordinance.

Governmental Structure

The City has a mayor-council form of government in which the Mayor and the sixteen-member City Council serve as the legislative body. Eleven council members are elected by district and five council members are elected at-large. The Mayor, all members of the City Council and the City Controller are elected for two-year terms. The present term of office for all elected officials expires in January 2016. The City Charter limits the terms of office for all elected City officials to three two-year terms.

The Mayor is the City’s chief executive officer. The Mayor exercises administrative control over the City’s government, presides over City Council meetings, establishes the City Council agenda, and appoints the heads of the various departments of the City, subject to confirmation by the City Council. The Mayor also is responsible for preparing and submitting the City’s annual budget proposals to the City Council for adoption.

The City Controller is the City’s chief financial officer. The Office of the City Controller superintends, supervises, manages and conducts the fiscal affairs of the City, maintains the books of accounts, prepares financial statements, conducts the sales of City obligations, certifies the availability of funds before the City incurs any financial obligation, and, along with the Mayor, countersigns all warrants, contracts or orders for payment of any money by the City.

City Charter Tax and Revenue Limitations

Proposition 1 and Proposition 2 (2004). In 2004, voters approved Proposition 1 in order to limit increases in (i) the City’s ad valorem tax revenues by requiring voter approval for increases in ad valorem taxes in future years above a limit equal to the lesser of the actual revenues in the preceding Fiscal Year, plus 4.5%, or a formula that is based upon the actual revenues received in Fiscal Year 2005 adjusted for the cumulative combined rates of inflation and the City’s population growth; and (ii) water and sewer rates (i.e., the City’s Combined Utility System) by limiting rate increases to the combined increases in the rates of inflation and population growth, excluding rate increases required by certain bond covenants and rates established by contract, unless approved by the voters. At the same election, the voters also approved Proposition 2, which proposed to limit increases in the City’s “combined revenues,” which would include revenues of the General Fund, Special Funds and Enterprise Funds. Based on the specific language of Proposition 1 and Proposition 2, and the language of the City Charter, the City declared that Proposition 2 was not effective. Supporters of Proposition 2 filed a lawsuit to declare Proposition 2 effective. On August 26, 2011, the Texas Supreme Court vacated the judgment of the trial court without reference to the merits and dismissed the case for want of jurisdiction. In April of 2014, the suit was refiled as Cause No. 2014-19507. The City is vigorously defending this lawsuit.

Propositions G and H. In response to Proposition 1 and Proposition 2, the City held an election on November 7, 2006, at which the voters approved Proposition G and Proposition H, which are currently effective. Proposition G amends the City Charter to exclude revenues of the City’s enterprise systems (i.e., Combined Utility System, the Houston Airport System and the Convention and Entertainment Facilities Department) from the types of revenues limited under the City Charter. Voter approval of Proposition G removed the enterprise systems from the revenue limitations of Proposition 2, although the limitation on water and sewer rate increases included in Proposition 1 remains in effect. Proposition H allows the City to collect and spend up to \$90 million of revenue, over and above any Proposition 2 limitations, for increased police, fire and emergency medical services and related

matters. The amount collected and spent in each year becomes part of the base revenue calculations for the following year. The City has incorporated Propositions G and H into its financial policies, and it anticipates collecting revenues and making expenditures for public safety purposes in compliance with Proposition H.

Proposition G and H Litigation. A voter filed suit to invalidate Propositions G and H. That action was dismissed by a state district court; however, the plaintiff appealed the ruling to the First Court of Appeals, which on April 15, 2010 overturned the district court's dismissal of the case and gave the plaintiff an opportunity to amend his pleading to establish standing to bring suit. The Texas Supreme Court has denied the City's petition for review. The case was remanded to the trial court, where a judgment of nonsuit was entered against the plaintiff in May 2014. Therefore, there is currently no active litigation relating to Propositions G and H.

Drainage and Street Proposition. In 2010, voters approved a proposition to amend the City Charter to provide for the improvement of the City's drainage and street system by imposing an assessment upon property owners that receive drainage services ("Proposition 1 (2010)"). In December 2010, a lawsuit was filed in State district court seeking to have the drainage proposition declared unlawful. On May 24, 2011, the district court granted a motion for summary judgment in favor of the City, thereby disposing of all plaintiffs' claims. The plaintiffs filed a motion for a new trial, which was denied. On August 22, 2011, the plaintiffs filed a Notice of Appeal, and the case was assigned to the Fourteenth Court of Appeals. On July 10, 2012, the Fourteenth Court of Appeals affirmed the district court's summary judgment decision. Plaintiffs then filed a motion for rehearing which was denied.

Plaintiffs filed a Petition for Review in the Texas Supreme Court, which was also denied. On October 11, 2013, plaintiffs filed a Motion for Rehearing in the Texas Supreme Court, which was granted, the denial of the petition withdrawn, and full briefing on the merits ordered. On June 12, 2015, the Supreme Court reversed the judgment of the court of appeals, finding in favor of the plaintiffs and holding that the ballot language for the drainage and street proposition did not adequately describe the chief features of the charter amendment authorizing the Drainage Utility Fee. The case has been remanded to the trial court for further proceedings, but no trial date has been set. Revenues derived from the Drainage Utility Fee are not pledged to the Notes."

In addition, in February 2012, the owners of three apartment complexes filed a lawsuit against the City and the Director of Public Works and Engineering in his official capacity challenging the validity of various aspects of Proposition 1 (2010) and alleging ultra vires actions by the Director. The City filed a plea to the court's jurisdiction to consider the ultra vires claims. The Plea was granted in part and denied in part, and the City has appealed the denial. The trial court's denial was affirmed and the City will be seeking further appellate review. The apartment complexes' declaratory judgment claims and constitutional challenges to the ordinance remain pending in the trial court, but are stayed pending appeal. Three railroad companies had intervened in the lawsuit to challenge the ordinance but, on the City's motion, the court struck the railroad companies' intervention. The railroad companies then filed their own lawsuit challenging the validity of various aspects of Proposition 1 (2010), alleging both ultra vires and constitutional claims, and asking for injunctive relief and attorneys' fees. The City filed a plea to the jurisdiction on all of the railroads' ultra vires claims, which was granted. The railroads appealed on an interlocutory basis. This ruling was affirmed in part and reversed in part by the Court of Appeals. Both the City and the railroads are currently seeking further appellate review. The railroad companies' declaratory judgment claims and constitutional challenges to the ordinance remain pending in the trial court, but are stayed pending appeal. Both appeals are currently pending in the Fourteenth Court of Appeals in Houston, Texas. The City intends to defend these cases vigorously.

LITIGATION

General Litigation, Labor and Employment, and Other Claims

The City is a defendant in various lawsuits and is aware of pending claims arising in the ordinary course of its municipal and enterprise activities, certain of which seek substantial damages. That litigation includes lawsuits claiming damages that allege that the City caused personal injuries and wrongful deaths; class actions and other lawsuits and claims alleging discriminatory hiring and promotion practices and certain civil rights violations arising under the Federal Voting Rights Act; various claims from contractors for additional amounts under construction contracts; claims involving property tax assessments; suits over the validity of City ordinances and over their enforcement; suits alleging non-compliance with certain federal and state environmental statutes; and various other

liability claims. The status of such litigation ranges from an early discovery stage to various levels of appeal of judgments both for and against the City. The amount of damages is limited in certain cases under the Texas Tort Claims Act and is subject to appeal. The City intends to defend itself vigorously against the suits; however, no prediction can be made, as of the date hereof, with respect to the liability of the City for such claims or the final outcome of such suits.

The City is also aware that various claims for inverse condemnation have been and may be asserted against the City in connection with the City's operations, the aggregate amounts of which are unknown. The City intends to defend itself vigorously against all such inverse condemnation claims; however, the City's liability with respect to these claims cannot be predicted.

The City currently is involved in two lawsuits against the Firefighters Fund. State law requires the City to conduct an audit once every five years of each Pension System and submit such audits to the Texas Pension Review Board. As of the date hereof, none of the Pension Systems complied with the City's request for data and other information necessary for the City to conduct the audits due September 2013. Consequently, the City has filed a lawsuit against the Firefighters Fund, *The City of Houston, Texas v. The Board of Trustees of the Houston Firefighters' Relief and Retirement Fund*, to compel the Firefighters Fund to provide the requested information to the City. On December 21, 2012, the district judge ruled in favor of the City and ordered the Firefighters Fund to submit the requested information to the City. The Firefighters Fund has appealed and the City intends to pursue this litigation vigorously.

The City has also filed a separate suit against the Firefighters Fund to have the governing pension statute, art. 6243e.2(1), declared unconstitutional. Essentially, the statute gives the Board of the Firefighters Fund control over the pension system to the exclusion of the City. Among many other powers, the Board has unilateral control over the contribution the City must make to the pension fund each year and can demand that the City pay into the fund whatever percentage of the firefighters' payroll the Board designates. The City has no right of consultation, review, or appeal of the Board's decision. In the lawsuit, the City and the Firefighters Fund filed competing motions for summary judgment. The trial court ruled against the City in this case. The trial court denied the City's motion for summary judgment and granted the firefighters pension system's motion for summary judgment. The City will appeal. No prediction can be made, as of the date hereof, of the final outcome of such suit.

State Legislation

Although the City is a home-rule city under the Texas Constitution, it may not adopt ordinances or charter provisions inconsistent with Texas law. The Texas Legislature may enact legislation that (i) materially increases the costs and expenditures of the City or (ii) reduces the ability of the City to collect ad valorem taxes or System revenues described herein. Under the Texas and United States Constitutions, the Texas Legislature may not, however, enact legislation that impairs the City's ability to pay principal of and interest on its indebtedness.

In between regular sessions, the Governor could elect to call one or more special sessions before the next regular session for the purpose of considering specific topics. It is currently anticipated that the Governor may call a special session to consider budget related matters.

No-Litigation Certificate

On the date of delivery of the Bonds to the initial purchasers thereof, the Issuer will execute and deliver a certificate to the effect that, except as disclosed herein, no litigation of any nature has been filed or is pending, as of that date, to restrain or enjoin the issuance or delivery of the Bonds or which would affect the provisions made for their payment or security or in any manner questioning the validity of the Bonds.

CONTINUING DISCLOSURE OF INFORMATION

In the Official Action, the Issuer has made an agreement to periodically disclose certain information for the benefit of the holders and beneficial owners of the Bonds. The Issuer is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the Issuer will be obligated to provide certain updated financial information and operating data, and timely notice of specified material events, to certain other information vendors. SEE APPENDIX B - "FORM OF OFFICIAL ACTION."

Compliance with Prior Undertakings

For information on the City's compliance with its prior undertakings, please see the City's voluntary filings under the heading "Other Event-Based Disclosures" at www.emma.msrb.org.

MISCELLANEOUS

Any statements made in this Private Placement Memorandum involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Private Placement Memorandum nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Bonds.

The information contained above is neither guaranteed as to accuracy or completeness nor to be construed as a representation by the Issuer. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Private Placement Memorandum nor any sale made hereunder is to create, under any circumstances, any implication that there has been no change in the affairs of the Issuer or the Issuer from the date hereof.

The Private Placement Memorandum is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, as a whole or in part, for any other purpose.

ADDITIONAL INFORMATION

The Private Placement Memorandum speaks only as of its date and the information contained herein is subject to change. Descriptions of the Bonds and the Official Action and any other agreements and documents contained herein constitute summaries of certain provisions thereof and do not purport to be complete. This Private Placement Memorandum was approved by the Issuer.

APPENDIX A
MATURITY SCHEDULE

SERIES 2015[_ **] BONDS**

Maturity Date (November 15)	Principal Amount	Interest Rate (%)	Cusip
2015	\$1,660,000	0.000	44244C AA5
2016	1,660,000	0.000	44244C AB3
2017	1,660,000	0.000	44244C AC1
2018	1,655,000	0.000	44244C AD9
2019	1,655,000	0.000	44244C AE7
2020	1,660,000	0.060	44244C AF4
2021	1,660,000	0.310	44244C AG2
2022	1,670,000	0.500	44244C AH0
2023	1,675,000	0.620	44244C AJ6
2024	1,690,000	0.730	44244C AK3
2025	1,700,000	0.860	44244C AL1
2026	1,715,000	0.950	44244C AM9
2027	1,735,000	1.020	44244C AN7
2028	1,755,000	1.070	44244C AP2
2029	1,770,000	1.120	44244C AQ0
2030	1,790,000	1.170	44244C AR8
2031	1,815,000	1.220	44244C AS6
2032	1,835,000	1.270	44244C AT4
2033	1,860,000	1.320	44244C AU1
2034	1,885,000	1.370	44244C AV9
2035	1,910,000	1.420	44244C AW7
2036	1,940,000	1.460	44244C AX5
2037	1,970,000	1.490	44244C AY3
2038	2,000,000	1.520	44244C AZ0
2039	2,030,000	1.550	44244C BA4
2040	2,060,000	1.580	44244C BB2
2041	2,095,000	1.610	44244C BC0
2042	2,130,000	1.630	44244C BD8
2043	2,165,000	1.640	44244C BE6
2044	2,200,000	1.650	44244C BF3

APPENDIX B
FORM OF OFFICIAL ACTION

APPENDIX C
FORM OF OPINION OF BOND COUNSEL



CITY OF HOUSTON

Public Works and Engineering
Department

Annise D. Parker

Mayor

Dale A. Rudick, P.E.,
Director
P.O. Box 1562
Houston, Texas 77251-1562
www.houstontx.gov

May 27, 2015

Kevin Patteson, Executive Administrator
Texas Water Development Board
Water Supply & Infrastructure – Regional Water Planning and Development
Stephen F. Austin Building
1700 N. Congress Avenue, 5th Floor
Austin, Texas 78711-3231

Dear Mr. Patteson:

Transmitted herewith is the Application for Assistance (SWIFT) pursuant to 31 T.A.C. Chapter 363, which relates to water system projects approved by the Texas Water Development Board under the Priority Rating System.

As instructed by the Texas Water Development Board (TWDB), this application is being submitted with the following information:

1. Letter requesting a loan commitment of SWIFT funds
2. Amortization of the new Debt (Schedule A)
3. Resolution (Schedule B)
4. Source and Use Statement (Schedule C)
5. Application Forms and Supporting Documents.


If you have any questions or require additional supporting information, please contact Dale A. Rudick, P.E., Director of Public Works and Engineering at (832)395-2500.


Sincerely,

A handwritten signature in blue ink that reads "Annise D. Parker".

Annise D. Parker
Mayor

AP:sl

cc:  Susan Bandy, City of Houston
Sophia Chang, City of Houston
Jennifer Nguyen, City of Houston

 Jun Chang, City of Houston
Daniel Menendez, City of Houston



CITY OF HOUSTON

Public Works and Engineering
Department

Annise D. Parker

Mayor

Dale A. Rudick, P.E.,
Director
P.O. Box 1562
Houston, Texas 77251-1562
www.houstontx.gov

May 27, 2015

Kevin Patteson, Executive Administrator
Texas Water Development Board
Water Supply & Infrastructure – Regional Water Planning and Development
Stephen F. Austin Building
1700 N. Congress Avenue, 5th Floor
Austin, Texas 78711-3231

Dear Mr. Patteson:

The City of Houston is requesting a loan commitment in the amount of \$183,635,000.00 under 31 T.A.C. Chapter 363 guidelines for projects that became eligible under SWIFT FY2015 priority rating system.

If you have any questions or need additional information, please contact me at (832)395-2468 or Sophia Chang at (832)395-2580.

Sincerely,

A handwritten signature in blue ink, appearing to read "Susan Bandy", written over a faint, larger version of the same signature.

Susan Bandy
Deputy Director
Department of Public Works & Engineering

SB: sl

cc: Sophia Chang, City of Houston
Jennifer Nguyen, City of Houston
Jun Chang, City of Houston
Daniel Menendez, City of Houston

SCHEDULE “A”

**City of Houston, Texas
Combined Utility System
Amortization of New Debt**

BOND DEBT SERVICE

City of Houston, Texas
Treatment Expansion

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Period Ending	Principal	Coupon	Dated Date	11/15/2016	Annual Debt Service	Bond Balance	Total Bond Value
			Delivery Date	11/15/2016			
11/15/2016						17,195,000	17,195,000
05/15/2017			292,315.00	292,315.00	292,315.00	17,195,000	17,195,000
11/15/2017	335,000	3.400%	292,315.00	627,315.00		41,195,000	41,195,000
05/15/2018			761,152.50	761,152.50	1,388,467.50	41,195,000	41,195,000
11/15/2018	780,000	** %	761,152.50	1,541,152.50		182,520,000	182,520,000
05/15/2019			3,873,115.00	3,873,115.00	5,414,267.50	182,520,000	182,520,000
11/15/2019	3,145,000	** %	3,873,115.00	7,018,115.00		179,375,000	179,375,000
05/15/2020			3,806,862.50	3,806,862.50	10,824,977.50	179,375,000	179,375,000
11/15/2020	3,275,000	** %	3,806,862.50	7,081,862.50		176,100,000	176,100,000
05/15/2021			3,737,837.50	3,737,837.50	10,819,700.00	176,100,000	176,100,000
11/15/2021	3,420,000	** %	3,737,837.50	7,157,837.50		172,680,000	172,680,000
05/15/2022			3,665,747.50	3,665,747.50	10,823,585.00	172,680,000	172,680,000
11/15/2022	3,565,000	** %	3,665,747.50	7,230,747.50		169,115,000	169,115,000
05/15/2023			3,590,567.50	3,590,567.50	10,821,315.00	169,115,000	169,115,000
11/15/2023	3,720,000	** %	3,590,567.50	7,310,567.50		165,395,000	165,395,000
05/15/2024			3,512,102.50	3,512,102.50	10,822,670.00	165,395,000	165,395,000
11/15/2024	3,880,000	** %	3,512,102.50	7,392,102.50		161,515,000	161,515,000
05/15/2025			3,430,242.50	3,430,242.50	10,822,345.00	161,515,000	161,515,000
11/15/2025	4,045,000	** %	3,430,242.50	7,475,242.50		157,470,000	157,470,000
05/15/2026			3,344,877.50	3,344,877.50	10,820,120.00	157,470,000	157,470,000
11/15/2026	4,220,000	** %	3,344,877.50	7,564,877.50		153,250,000	153,250,000
05/15/2027			3,255,800.00	3,255,800.00	10,820,677.50	153,250,000	153,250,000
11/15/2027	4,405,000	** %	3,255,800.00	7,660,800.00		148,845,000	148,845,000
05/15/2028			3,162,790.00	3,162,790.00	10,823,590.00	148,845,000	148,845,000
11/15/2028	4,590,000	** %	3,162,790.00	7,752,790.00		144,255,000	144,255,000
05/15/2029			3,065,847.50	3,065,847.50	10,818,637.50	144,255,000	144,255,000
11/15/2029	4,790,000	** %	3,065,847.50	7,855,847.50		139,465,000	139,465,000
05/15/2030			2,964,667.50	2,964,667.50	10,820,515.00	139,465,000	139,465,000
11/15/2030	4,995,000	** %	2,964,667.50	7,959,667.50		134,470,000	134,470,000
05/15/2031			2,859,115.00	2,859,115.00	10,818,782.50	134,470,000	134,470,000
11/15/2031	5,215,000	** %	2,859,115.00	8,074,115.00		129,255,000	129,255,000
05/15/2032			2,748,897.50	2,748,897.50	10,823,012.50	129,255,000	129,255,000
11/15/2032	5,440,000	** %	2,748,897.50	8,188,897.50		123,815,000	123,815,000
05/15/2033			2,633,892.50	2,633,892.50	10,822,790.00	123,815,000	123,815,000
11/15/2033	5,675,000	** %	2,633,892.50	8,308,892.50		118,140,000	118,140,000
05/15/2034			2,513,892.50	2,513,892.50	10,822,785.00	118,140,000	118,140,000
11/15/2034	5,920,000	** %	2,513,892.50	8,433,892.50		112,220,000	112,220,000
05/15/2035			2,388,677.50	2,388,677.50	10,822,570.00	112,220,000	112,220,000
11/15/2035	6,175,000	** %	2,388,677.50	8,563,677.50		106,045,000	106,045,000
05/15/2036			2,258,040.00	2,258,040.00	10,821,717.50	106,045,000	106,045,000
11/15/2036	6,440,000	** %	2,258,040.00	8,698,040.00		99,605,000	99,605,000
05/15/2037			2,121,760.00	2,121,760.00	10,819,800.00	99,605,000	99,605,000
11/15/2037	6,720,000	** %	2,121,760.00	8,841,760.00		92,885,000	92,885,000
05/15/2038			1,979,507.50	1,979,507.50	10,821,267.50	92,885,000	92,885,000
11/15/2038	7,010,000	** %	1,979,507.50	8,989,507.50		85,875,000	85,875,000
05/15/2039			1,831,087.50	1,831,087.50	10,820,595.00	85,875,000	85,875,000
11/15/2039	7,315,000	** %	1,831,087.50	9,146,087.50		78,560,000	78,560,000
05/15/2040			1,676,182.50	1,676,182.50	10,822,270.00	78,560,000	78,560,000
11/15/2040	7,630,000	** %	1,676,182.50	9,306,182.50		70,930,000	70,930,000
05/15/2041			1,514,560.00	1,514,560.00	10,820,742.50	70,930,000	70,930,000
11/15/2041	7,965,000	** %	1,514,560.00	9,479,560.00		62,965,000	62,965,000
05/15/2042			1,345,805.00	1,345,805.00	10,825,365.00	62,965,000	62,965,000
11/15/2042	8,305,000	** %	1,345,805.00	9,650,805.00		54,660,000	54,660,000
05/15/2043			1,169,795.00	1,169,795.00	10,820,600.00	54,660,000	54,660,000
11/15/2043	8,665,000	** %	1,169,795.00	9,834,795.00		45,995,000	45,995,000
05/15/2044			986,102.50	986,102.50	10,820,897.50	45,995,000	45,995,000
11/15/2044	9,040,000	** %	986,102.50	10,026,102.50		36,955,000	36,955,000
05/15/2045			794,422.50	794,422.50	10,820,525.00	36,955,000	36,955,000
11/15/2045	9,435,000	** %	794,422.50	10,229,422.50		27,520,000	27,520,000
05/15/2046			594,327.50	594,327.50	10,823,750.00	27,520,000	27,520,000
11/15/2046	9,840,000	** %	594,327.50	10,434,327.50		17,680,000	17,680,000

BOND DEBT SERVICE

City of Houston, Texas
Treatment Expansion

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value
05/15/2047			385,585.00	385,585.00	10,819,912.50	17,680,000	17,680,000
11/15/2047	9,335,000	** %	385,585.00	9,720,585.00		8,345,000	8,345,000
05/15/2048			183,590.00	183,590.00	9,904,175.00	8,345,000	8,345,000
11/15/2048	8,345,000	4.400%	183,590.00	8,528,590.00	8,528,590.00		
	183,635,000		144,898,330.00	328,533,330.00	328,533,330.00		

Notes:

Assumes 0.5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).
Assumed \$5000 maturity denominations.

BOND DEBT SERVICE BREAKDOWN

City of Houston, Texas
Treatment Expansion

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Period Ending	2016 TWDB - Treatment Expansion	2017 TWDB - Treatment Expansion	2018 TWDB - Treatment Expansion	Total
06/30/2017	292,315			292,315.00
06/30/2018	913,935	474,532.50		1,388,467.50
06/30/2019	912,375	1,375,582.50	3,126,310	5,414,267.50
06/30/2020	915,390	1,378,227.50	8,531,360	10,824,977.50
06/30/2021	912,980	1,375,190.00	8,531,530	10,819,700.00
06/30/2022	915,145	1,376,470.00	8,531,970	10,823,585.00
06/30/2023	911,885	1,376,970.00	8,532,460	10,821,315.00
06/30/2024	913,200	1,376,690.00	8,532,780	10,822,670.00
06/30/2025	914,005	1,375,630.00	8,532,710	10,822,345.00
06/30/2026	914,300	1,373,790.00	8,532,030	10,820,120.00
06/30/2027	914,085	1,376,072.50	8,530,520	10,820,677.50
06/30/2028	913,360	1,377,380.00	8,532,850	10,823,590.00
06/30/2029	912,125	1,377,712.50	8,528,800	10,818,637.50
06/30/2030	915,295	1,377,070.00	8,528,150	10,820,515.00
06/30/2031	912,870	1,375,452.50	8,530,460	10,818,782.50
06/30/2032	914,850	1,377,762.50	8,530,400	10,823,012.50
06/30/2033	916,150	1,374,000.00	8,532,640	10,822,790.00
06/30/2034	916,770	1,374,165.00	8,531,850	10,822,785.00
06/30/2035	916,710	1,373,160.00	8,532,700	10,822,570.00
06/30/2036	915,970	1,375,887.50	8,529,860	10,821,717.50
06/30/2037	914,550	1,377,250.00	8,528,000	10,819,800.00
06/30/2038	912,450	1,377,247.50	8,531,570	10,821,267.50
06/30/2039	914,585	1,375,880.00	8,530,130	10,820,595.00
06/30/2040	915,870	1,378,050.00	8,528,350	10,822,270.00
06/30/2041	916,305	1,373,757.50	8,530,680	10,820,742.50
06/30/2042	915,890	1,377,905.00	8,531,570	10,825,365.00
06/30/2043	914,625	1,375,395.00	8,530,580	10,820,600.00
06/30/2044	912,510	1,376,227.50	8,532,160	10,820,897.50
06/30/2045	914,460	1,375,305.00	8,530,760	10,820,525.00
06/30/2046	915,390	1,377,530.00	8,530,830	10,823,750.00
06/30/2047	915,300	1,372,902.50	8,531,710	10,819,912.50
06/30/2048		1,376,325.00	8,527,850	9,904,175.00
06/30/2049			8,528,590	8,528,590.00
	27,725,650	41,755,520.00	259,052,160	328,533,330.00

Notes:

Assumes 0.5% costs of issuance (ratings, bond counsel, AG fee, CU5IP5, any other.).
Assumed \$5000 maturity denominations.

SCHEDULE “B”

**City of Houston, Texas
Combined Utility System
City of Houston Council Resolution**

City of Houston Resolution No. 2015-21

A RESOLUTION AUTHORIZING LOAN APPLICATIONS TO THE TEXAS WATER DEVELOPMENT BOARD (STATE WATER IMPLEMENTATION FUND PROGRAM).

* * *

WHEREAS, the City of Houston, Texas, deems it appropriate to apply to the Texas Water Development Board for financial assistance by requesting loan commitments from the State Water Implementation Fund Program in connection with two projects for the City's NE Water Plant; and

WHEREAS, in accordance with the rules and regulations of the Texas Water Development Board, which govern the procedures of making such applications, the governing body of the City is required to adopt a resolution to accompany such applications;

NOW THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HOUSTON, TEXAS:

Section 1. That the Texas Water Development Board is hereby requested to grant financial assistance to the City of Houston by loan commitments from the State Water Implementation Fund Program, the first loan to be in the maximum amount of \$183,635,000 for the expansion of the City's NE Water Plant and the second loan to be in the maximum amount of \$112,490,000 for water transmission lines associated with such expansion, all as further described in the applications for such assistance, in substantially the form attached hereto as Exhibit "A" and incorporated herein for all purposes (the "Applications").

Section 2. That the Mayor, City Controller, City Attorney, Director of Public

Works and Engineering and/or their authorized representatives are hereby authorized to make any changes, revisions, deletions, or insertions or information (including attachments to the Applications) as may be necessary to complete the Applications or make any revisions thereto required by the Texas Water Development Board.

Section 3. That the Mayor of the City of Houston is hereby authorized to execute and submit the Applications to the Texas Water Development Board; and the Mayor, City Controller, City Attorney, Director of Public Works and Engineering, financial advisor, and consulting engineers named in such Applications, or other authorized representatives of the City are authorized to appear before the Texas Water Development Board in support of the Applications.

Section 4. That the Mayor, City Controller, City Attorney or Director of Public Works and Engineering are further specifically authorized to make the required assurances and representations to the Texas Water Development Board in accordance with the rules, regulations, and policies of the Texas Water Development Board.

Section 5. That a certified copy of this Resolution shall be attached to the Applications herein authorized to be prepared and submitted to the Texas Water Development Board.

Section 6. That this Resolution shall take effect immediately upon its passage and approval by the Mayor; however, in the event that the Mayor fails to sign this Resolution within five days after its passage and adoption, it shall take effect in accordance with Article VI, Section 6, Houston City Charter.

PASSED and ADOPTED this 27th day of May, 2015.

APPROVED this 27th day of May, 2015

Annie D. Parker
Mayor of the City of Houston

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Resolution is _____, 2015.

City Secretary

Prepared by: Guy I Wood
Senior Assistant City Attorney

5/13/15 GLW:naj

(Requested by: Dale Rudick, P.E., Director of Public Works and Engineering

LD No. 0351500038001

CAPTION PUBLISHED IN DAILY COURT
REVIEW
DATE: JUN 02 2015

AYE	NO	
✓		MAYOR PARKER
....	COUNCIL MEMBERS
✓		STARDIG
✓		DAVIS
✓		COHEN
✓		BOYKINS
	ABSENT	MARTIN
✓		NGUYEN
✓		PENNINGTON
✓		GONZALEZ
✓		GALLEGO
✓		LASTER
✓		GREEN
✓		COSTELLO
	ABSENT	ROBINSON
	ABSENT	KUBOSH
✓		BRADFORD
	ABSENT	CHRISTIE
CAPTION	ADOPTED	

I, ANNA RUSSELL, City Secretary of the City of Houston, Texas, do hereby certify that the within and foregoing is a true and correct copy of Resolution 2015-21 passed and adopted by the City Council of said City on the 27th day of May, 2015, as the same appears in the records in my office

WITNESS my hand and the Seal of said City this 2nd day of June, 2015.



Anna Russell
City Secretary of the City of Houston

SCHEDULE “C”

**City of Houston, Texas
Combined Utility System
Sources and Uses of Funds for SWIFT Loan under Section 363**

SOURCES AND USES OF FUNDS

City of Houston, Texas
Treatment Expansion

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

	Dated Date Delivery Date	11/15/2016	11/15/2017	11/15/2018	
		11/15/2016	11/15/2017	11/15/2018	
Sources:		2016 TWDB - Treatment Expansion	2017 TWDB - Treatment Expansion	2018 TWDB - Treatment Expansion	Total
Bond Proceeds:					
Par Amount		17,195,000.00	24,335,000.00	142,105,000.00	183,635,000.00
		17,195,000.00	24,335,000.00	142,105,000.00	183,635,000.00
Uses:		2016 TWDB - Treatment Expansion	2017 TWDB - Treatment Expansion	2018 TWDB - Treatment Expansion	Total
Project Fund Deposits:					
Project Fund - Treatment Expansion		17,109,025.00	24,213,325.00	141,394,475.00	182,716,825.00
Delivery Date Expenses:					
Cost of Issuance		85,975.00	121,675.00	710,525.00	918,175.00
		17,195,000.00	24,335,000.00	142,105,000.00	183,635,000.00

Notes:

Assumes 0.5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).
Assumed \$5000 maturity denominations.

**City of Houston, Texas
Combined Utility System
Application Forms and Supporting Documents**

Texas Water Development Board

1100 West 11th Street, Austin, Texas 78701

APPLICATION FOR FINANCIAL ASSISTANCE FOR WATER AND WASTEWATER INFRASTRUCTURE PROJECTS

NOTICE TO ALL APPLICANTS

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

Each applicant must submit **ONE** double-sided **ORIGINAL** and **ONE** indexed, electronic copy, via electronic storage media such as CD or flash drive using MS Word, Excel and/or Adobe Acrobat. The application must be submitted to:

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

Only **COMPLETE APPLICATIONS** for projects will be considered for funding. A **COMPLETE APPLICATION** consists of all of the applicable information and forms requested in this document.

IMPORTANT NOTICE

Applicants **MUST** use this form for application to ensure all requested information is included for review.

TWDB Use Only

Name of Applicant: _____

Date application received: _____

Date administratively complete: _____

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

Contents

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Part D: Project Information.....	17
Part E: State Water Implementation Fund for Texas (SWIFT) Applicants Only:	24
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Part G: CWSRF/DWSRF Applicants Only	26
Part H: Documentation of "Green" Projects and Project Components	29
Part I: Summary of attachments to application	30
Part J: Guidance and Forms	32

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

Part A: General Information

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

2. Applicant Name and Contact Information:

Name:	City of Houston
County:	Harris, Fort Bend, & Montgomery County
Physical Address:	611 Walker, 25th Floor, Houston, Texas 77002
Mailing Address:	611 Walker, 25th Floor, Houston, Texas 77002
Phone:	(832) 395-2468
Fax:	(832) 395-2477
Website:	http://www.houstontx.gov/

3. Brief description of the project City of Houston Northeast Water Purification Plant Expansion.

4. Applicant's Officers and Members:

<u>Name</u>	<u>Office Held</u>
Annise D. Parker	Mayor
Ronald C. Green	City Controller
Brenda Stardig	Council Member - District A
Jerry Davis	Council Member - District B
Ellen R. Cohen	Council Member - District C
Dwight A. Boykins	Council Member - District D
Dave Martin	Council Member - District E
Richard Nguyen	Council Member - District F
Oliver Pennington	Council Member - District G
Edward Gonzalez	Council Member - District H
Robert Gallegos	Council Member - District I
Mike Laster	Council Member - District J
Larry V. Green	Council Member - District K
Stephen C. Costello	Council Member - At-Large Position 1
David W. Robinson	Council Member - At-Large Position 2
Michael Kubosh	Council Member - At-Large Position 3
C.O. "Brad" Bradford	Council Member - At-Large Position 4
Jack Christie	Council Member - At-Large Position 5

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

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

Name:	Jeffrey Benjamin
Title:	Program Director
Address:	611 Walker, 19 th Floor, Houston, TX 77002
Phone:	(832) 395-2677
Fax:	
Email:	Jeffrey.Benjamin@houstontx.gov

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

- a) Applicant Engineer N/A

Firm Name:	City of Houston Department of Public Works & Engineering
Contact:	Jeffrey Benjamin
Address:	611 Walker, 19 th Floor, Houston, TX 77002
Phone:	(832) 395-2677
Fax:	
Email:	Jeffrey.Benjamin@houstontx.gov

- b) Bond Counsel N/A

Firm Name:	Norton Rose Fulbright US LLP
Contact:	Neil Thomas and Dimitri Millas
Address:	1301 McKinney, Suite 5100, Houston, TX 77010-3095
Phone:	(713) 651-3613
Fax:	(713) 651-5246
Email:	neil.thomas@nortonrosefulbright.com and dimitri.millas@nortonrosefulbright.com

- c) Financial Advisor N/A

Firm Name:	First Southwest Company
Contact:	Trey Cash
Address:	700 Milam Street, Suite 500, Houston, Texas 77002
Phone:	(713) 654-8651
Fax:	(832) 239-9015
Email:	Trey.Cash@firstsw.com

See attached Conflict of interest disclosure letter.

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

Firm Name:	McConnell & Jones LLP (M&J) & Banks, Finley, White & Co (BFW)
Contact:	
Address:	3040 Post Oak Blvd., Suite 1600, Houston, TX 77056
Phone:	(713) 968-1600
Fax:	
Email:	

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

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

Firm Name:	City of Houston Office of the City Attorney
Contact:	Gary L. Wood
Address:	900 Bagby, 4th Floor, Houston, TX 77002
Phone:	(832) 393-6440
Fax:	(832) 393-6259
Email:	Gary.Wood@houstontx.gov

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

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

7. List the counties within the Applicant's service area. Harris, Fort Bend, & Montgomery

8. Identify the Applicant's total service area population: 2,195,914

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

	PROGRAM	AMOUNT REQUESTED
a) <input type="checkbox"/>	Drinking Water State Revolving Fund (DWSRF)	\$ _____
b) <input type="checkbox"/>	Clean Water State Revolving Fund (CWSRF)	\$ _____
c) <input type="checkbox"/>	Texas Water Development Fund (DFund)	\$ _____
d) <input type="checkbox"/>	State Participation	\$ _____
e) <input type="checkbox"/>	Rural Water Assistance Fund (RWF)	\$ _____
f) <input checked="" type="checkbox"/>	State Water Implementation Fund for Texas (SWIFT)	\$ <u>183,635,000</u>
g) <input type="checkbox"/>	Economically Distressed Areas Program (EDAP)	\$ _____
h) <input type="checkbox"/>	If other please explain: _____	\$ _____

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

Funding Source	Type of Funds (Loan/Grant)	Amount (\$)	Date Applied for Funding	Anticipated or Funding Secured Date
Local Contribution		\$54,761,086		
Total				

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

Funding from All Sources		\$54,761,086		
---	--	--------------	--	--

Comments: _____

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

- Planning
- Acquisition
- Design
- Construction

12. Is Applicant requesting funding to refinance existing debt?

- Yes If yes, attach a copy of the document securing the debt to be refinanced.
 Attached document
- No

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

Part B: Legal Information

13. Cite the legal authority under which the Applicant can issue the proposed debt including the authority to make a proposed pledge of revenues. For a proposed revenue issue secured by a subordinate lien or issued on parity: This debt will be subordinate to debt issued under the Previous Bond Ordinance and on parity with debt issued under the current Master Ordinance.
14. What type of pledge will be used to repay the proposed debt?
 Systems Revenue
 Taxes
 Combination of systems revenues and taxes
 Other (Contract Revenue, etc.)
15. Provide the full legal name of the security for the proposed debt issue(s). City of Houston, Texas, Combined Utility System Revenue Bonds, Series 2016?
16. Describe the pledge being offered and any existing rate covenants. City of Houston, Texas, Combined Utility System Revenue Bonds
17. Attach the resolution from the governing body requesting financial assistance.
TWDB-0201A (<http://www.twdb.texas.gov/financial/instructions/>)
 Attached Resolution
18. Attach the Application Affidavit
TWDB-0201 (<http://www.twdb.texas.gov/financial/instructions/>)
 Attached Applicant Affidavit
19. Attach the Certificate of Secretary
TWDB-201B (<http://www.twdb.texas.gov/financial/instructions/>)
 Attached Certificate of Secretary
20. Is the applicant a Water Supply Corporation (WSC)?
 Yes If yes, attach each of the following:
 Articles of Incorporation
 Certificate of Incorporation from the Texas Secretary of State evidencing that the current Articles of Incorporation are on file with the Secretary
 By-laws and any amendments
 Certificate of Status from the Texas Secretary of State (i.e. Certificate of Existence)
 Certificate of Account Status from the Texas Comptroller of Public Accounts (certifies that the WSC is exempt from the franchise tax and that the WSC is in good standing).
 No

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

21. Is the applicant proposing to issue revenue bonds?
 Yes If yes, attach copies of the most recent resolution/ordinance(s) authorizing any outstanding parity debt. This is essential to insure outstanding bond covenants are consistent with covenants that might be required for TWDB financing.
 Attached resolution/ordinance(s)
 No
22. Does the applicant possess a Certificate of Convenience and Necessity (CCN)?
 Yes If yes, attach a copy of the CCN and service area map showing the areas the applicant is allowed to provide water or wastewater services.
 Attached CCN and service area map
 No If no, indicate the status of the CCN. _____
 N/A
23. Has the applicant been the subject of any enforcement action by the Texas Commission on Environmental Quality (TCEQ), the Environmental Protection Agency (EPA), or any other entity within the past three years?
 Yes If yes, attach a brief description of every enforcement action within the past three years and action(s) to address requirements.
 Attached
 No
24. Are any facilities to be constructed or the area to be served within the service area of a municipality or other public utility?
 Yes If yes, has the applicant obtained an affidavit stating that the utility does not object to the construction and operation of the services and facilities in its service area?
 If yes, attach a copy of the affidavit.
 Attached affidavit Agreements Attached
 If no, provide an explanation as to why not. _____
 No
25. If the assistance requested is more than \$500,000 a Water Conservation Plan (WCP) is required. The WCP cannot be more than **FIVE** years old and must have been adopted by the applicant. Has the applicant adopted a Board-approved WCP? (Check one and attach requested information, if any.)
 Yes Enter date of Applicant's WCP adoption: September 10, 2014
 No If no, attach a copy of a draft Water Conservation Plan and Drought Contingency Plan prepared in accordance with the TWDB WCP Checklist (<http://www.twdb.state.tx.us/financial/instructions/doc/TWDB-1968.pdf>)
 Attached Draft WCP and Drought Contingency Plan
 Attached Utility Profile TWDB-1965
<http://www.twdb.state.tx.us/financial/instructions/doc/TWDB-1965.pdf>
 N/A (Request is \$500,000 or less per Water Code §§ 15.106(c), 17.125(c), 17.277(c), and 17.857(c))

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

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

26. Does the applicant provide retail water services?
 Yes If yes, has the applicant already submitted to the TWDB the annual water use survey of groundwater and surface water for the last **THREE** years?
 Yes
 No If no, please download survey forms and attach a copy of the completed water use surveys to the application.
<http://www.twdb.texas.gov/waterplanning/waterusesurvey/index.asp>
 Attached Water Use Survey
- No
27. Is the applicant a retail public utility that provides potable water?
 Yes If yes, has the applicant already submitted the most recently required water loss audit to the TWDB?
 Yes
 No If no, and if applying for a water supply project, please complete the online TWDB Water Audit worksheet found at <http://www.twdb.texas.gov/conservation/resources/waterloss-resources.asp> and attach a copy to the application.
 Attached TWDB Water Audit worksheet
- No
28. Does the Applicant provide wastewater services?
 Yes
 No

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

Part C: Financial Information

Regional or wholesale providers, complete questions 29-31.

Retail providers, complete questions 32-34.

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

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

Comments: N/A

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

Customer Name	Annual Revenue(\$)	Percent of Revenue	Bankruptcy (Y/N)

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

31. Provide a summary of the wholesale contracts with customers

Contract Type	Minimum annual amount	Usage fee per 1,000 gallons	Annual Operations and Maintenance	Annual Capital Costs	Annual Debt Service	Other

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

a. **WATER**

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

Comments: See attachment

b. **WASTEWATER**

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

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

Comments: See attachment

33. Current Average Residential Usage and Rate Information

Service	Date of Last Rate Increase	Avg. Monthly Usage (gallons)	Avg. Monthly Bill (\$)	Avg. Monthly Increase Per Customer(\$)	Projected Monthly Increase Necessary (\$)
Water	04/01/2014	5.40	28.57	0.34	1.27
Wastewater	04/01/2014	5.40	34.63	0.41	1.54

34. Provide the number of customers for each of the past five years.

Year	Number of Customers
20	
20	
20	
20	
20	

Comments: See attachment

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

35. Disclose all issues that may affect the project or the applicant's ability to issue and/or repay debt (such as anticipated lawsuits, judgments, bankruptcies, major customer closings, etc.).

None

36. Has the applicant ever defaulted on any debt?

- Yes If yes, disclose all circumstances surrounding prior default(s). _____
 No

37. Does the applicant have taxing authority?

- Yes
 No

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

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

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

Comments: See attachment

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

- a) **2014 attached**
- b) **2013 attached**
- c) **2012 attached**
- d) **2011 attached**
- e) **2010 attached**

40. Attach the direct and overlapping tax rate table:

- Attached tax rate table**

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

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

Comments: See attachment

42. Provide the maximum tax rate permitted by law per \$100 of property value. \$0.63875

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

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

Fiscal Year Ending	Total Collections
20	
20	
20	
20	
20	

- No

Comments: See attachment

44. Indicate the tax status of the proposed loan?

- Tax-Exempt
 Taxable

45. Proforma (Select one of the four listed below) Please be sure the proforma reflects the schedule requested, including multi-phased funding options.

- a. System revenues are anticipated to be used to repay the proposed debt. Attach a proforma indicating the following information for each year the debt is outstanding:

- projected gross revenues
 operating and maintenance expenditures
 outstanding and proposed debt service requirements
 net revenues available for debt service and coverage of current and proposed debt paid from revenues

- b. Taxes are anticipated to be used to repay the proposed debt. Attach a pro forma indicating the following information for each year the debt is outstanding:

- outstanding and proposed debt service requirements
 the tax rate necessary to repay current and proposed debt paid from taxes
 list the assumed collection rate and tax base used to prepare the schedule

- c. Combination of system revenues and taxes to be used to repay the proposed debt. Attach a pro forma indicating the following information for each year the debt is outstanding:

- projected gross revenues, operating and maintenance expenditures, net revenues available for debt service
 outstanding and proposed debt service requirements
 the tax rate necessary to pay the current and proposed debt
 list the assumed collection rate and tax base used to prepare the schedule

- d. Another type of pledge will be used to repay the proposed debt. Attach a pro forma with information for each year the debt is outstanding, which includes projected revenues, annual expenditures, outstanding debt requirements, and revenues available for debt service.

- Attached

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

46. Attach a **FIVE** year comparative system operating statement (not condensed) including audited prior years and an unaudited year-to-date statement. Unaudited year-to-date statement must reflect the financial status for a period not exceeding the latest six months.
- Attached Operating Statement.**
47. Attach **ONE** copy of an annual audit of financial statements, including the management letter, for the preceding fiscal year prepared by a certified public accountant or firm of accountants and, if the last annual audit was more than 6 months ago, then, provide interim financial information.
- Attached Annual Audit**
 Attached Management Letter
 If applicable, attached interim financial information
48. Does the applicant have any outstanding debt? (Check all that apply)
- Yes, General obligation debt
 Yes, Revenue debt
 Yes, Authorized but unissued debt
 No
49. Attach a listing of total outstanding debt and identify the debt holder. Segregate by type (General Obligation or Revenue) and present a consolidated schedule for each, showing total annual requirements. Note any authorized but unissued debt.
- a. General Obligation Debt:
- Yes
 Attached schedule. The schedule should also identify the debt holder.
- No
- b. Revenue:
- Yes
 Attached schedule. The schedule should also identify the debt holder.
- No
- c. Authorized by Unissued Debt:
- Yes
 Attached schedule. The schedule should also identify the debt holder.
- No

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

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

Name	Number of Employees

Comments (example, any anticipated changes to the tax base, employers etc.) See attachment

51. Provide any current bond ratings with date received.

	Standard & Poor's	Date Received	Moody's	Date Received	Fitch	Date Received
G.O.	AA+	7/22/2014	Aa2	7/22/2014	N/A	
Revenue	AA	11/30/2011	Aa2	5/24/2012	AA	12/9/2013

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

Yes. If yes, the applicant must attach, at a minimum, the proposed agreement, contract, or other documentation establishing the service relationship, with the final and binding agreements provided prior to loan closing.

Attached
 No.

Comments: Please see Water Authorities' applications for copies of the contracts. North Harris County Regional Water Authority, West Harris County Regional Water Authority, Central Harris County Regional Water Authority, North Fort Bend Water Authority.

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

Part D: Project Information

53. Description of Project Need (for example, is the project needed to address a current compliance issue, avoid potential compliance issues, extend service, expand capacity, etc.):
The need for surface water treatment facility infrastructure improvements follows the passage of rules and regulations issued by the Harris-Galveston Subsidence District to decrease groundwater usage and consequently increase surface water usage in the district.

Groundwater subsidence in the greater Houston area coupled with increasing water demands requires that the City of Houston and the following regional partners expand the existing Northeast Water Purification Plant (NEWPP).

- North Harris County Regional Water Authority
- West Harris County Regional Water Authority
- Central Harris County Regional Water Authority
- North Fort Bend Water Authority

The expansion will provide the Project participants with an additional surface water supply to help achieve the regulatory requirements of the Harris-Galveston Subsidence District and the Fort Bend Subsidence District that restrict groundwater usage.

54. Description of Project, including a bulleted list of project elements/components, and alternatives considered (including existing facilities):

The Project consists of an expansion to the existing NEWPP that will increase the treated water production capacity from 80 million gallons per day (mgd) to 400 mgd. It includes the following major components:

1. A new raw water intake, pump station, and pipelines to convey water from Lake Houston to the treatment facilities, which will be located about 1.5 miles from the lake.
2. New treatment facilities. The indicative design is based on a conventional treatment approach with the facilities listed below.
 - a. Coagulation
 - b. Conventional flocculation and sedimentation basins
 - c. Granular media filtration
 - d. Disinfection with chloramines through the filtration process and in dedicated storage volume provided downstream in ground storage tanks
 - e. UV disinfection
 - f. Solids handling with mechanical dewatering
 - g. Washwater handling and recycling facilities
 - h. Powdered activated carbon for taste & odor control
 - i. Potassium permanganate for manganese control
 - j. Chemical storage and feed facilities
 - k. Associated operations and maintenance facilities

The final configuration of the facilities will be determined in collaboration with the Design-Builder during the Preliminary Services phase of the Design-Build delivery. Alternatives considered during process selection have included membranes, ozone, biological filtration,

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

high-rate processes, chlorine dioxide, and other technologies that might benefit treatment of the challenging raw water supply.

3. A new high service pump station and transmission mains to distribute water to the project participants.

A complete preliminary engineering feasibility data must include:

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

Attached

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

a) **Water** (TWDB-0555 at <http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0555.pdf>)

Attached

b) **Wastewater** (TWDB-0556 at <http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0556.pdf>)

Attached

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

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

- a. New supply 358,447 (acre-feet/year) \$1.279B (\$) capital cost
- The **increase** in the total annual volume of water supply that will be made available to the recipient(s) by the proposed project.
 - Water Plan project examples: new groundwater wells, reservoir development, pipelines to sources.
- b. New Conservation savings N/A (acre-feet/year) _____ (\$) capital cost
- Annual volume of anticipated water savings resulting from implementation of the proposed conservation project including water loss) and other conservation activities,
 - Water Plan project examples: municipal conservation, advanced Water Conservation, on-farm conservation, brush control, irrigation conservation.
- c. New Reuse supply N/A (acre-feet/year) _____ (\$) capital cost
- Increase in the annual volume of (direct or indirect) reuse water supply that will be made available to the recipient(s) by the proposed project.
 - Water Plan project examples: direct reuse, non-potable reuse, recycled water programs.
- d. Maintenance of Current Supply N/A (acre-feet/year) _____ (\$) capital cost

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

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

56. Project Location:

The Project is located in Harris County on approximately 252 acres owned by the City of Houston. The site extends from the west shore of Lake Houston to Beltway 8.

Figure A – Service Area Map illustrates the City of Houston's current and future Northeast Water Purification Plant service area and its corresponding Census Tracts.

Figure B – Location and Vicinity Maps provides an overall location map and vicinity map for the Northeast Water Purification Plant expansion project area.

Figure C – Site Plan illustrates the City of Houston's overall property boundary, as it pertains to the entirety of both the existing and proposed Northeast Water Purification Plant site.

Figure D – Indicative Design Site Plan illustrates the conceptual treatment area site plan for the proposed phased expansion of the Northeast Water Purification Plant.

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

Attached

57. Attach the Census tract numbers in which the applicant's service area is within. The Census tracts within your area may be found at:

<http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t>.

Please follow these steps:

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

Attached Census tracts

221000 (partial)	231900 (partial)	530400 (full)	533701 (partial)
221100 (partial)	232000 (partial)	530500 (full)	533801 (partial)
221200 (full)	232100 (partial)	530600 (full)	533802 (partial)

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

221300 (partial)	232200 (partial)	530700 (full)	533901 (full)
221400 (partial)	232301 (partial)	530800 (full)	533902 (partial)
221500 (full)	240100 (partial)	530900 (full)	534001 (partial)
221600 (full)	240501 (partial)	531000 (full)	534002 (full)
221700 (full)	240502 (full)	531100 (full)	534003 (partial)
221800 (full)	240600 (partial)	531200 (full)	534100 (partial)
221900 (full)	240400 (partial)	531300 (full)	534201 (partial)
222000 (full)	240701 (partial)	531400 (full)	534202 (partial)
222100 (full)	240702 (partial)	531500 (full)	534203 (partial)
222200 (full)	240902 (partial)	531600 (full)	540100 (partial)
222300 (full)	241500 (partial)	531700 (full)	540200 (partial)
222401 (full)	250100 (partial)	531800 (full)	540700 (partial)
222402 (partial)	250200 (partial)	531900 (full)	540800 (partial)
222501 (full)	250301 (partial)	532001 (full)	543200 (partial)
222502 (partial)	250302 (partial)	532002 (full)	550100 (partial)
222503 (full)	250401 (partial)	532100 (full)	550200 (partial)
222600 (full)	250402 (partial)	532200 (full)	550301 (partial)
222700 (full)	250600 (partial)	532300 (full)	550302 (partial)
222800 (full)	250701 (partial)	532400 (partial)	550401 (partial)
222900 (full)	252000 (partial)	532501 (partial)	550402 (partial)
223001 (full)	511002 (partial)	532502 (partial)	550500 (partial)
223002 (full)	511001 (partial)	532600 (partial)	550601 (partial)
223100 (full)	511100 (partial)	532700 (full)	550700 (partial)
230500 (partial)	511500 (partial)	532900 (partial)	550800 (partial)
230700 (partial)	520500 (full)	533000 (partial)	550900 (partial)
231300 (partial)	521600 (partial)	533100 (full)	551701 (partial)
231400 (partial)	521700 (full)	533200 (full)	551800 (partial)
231500 (partial)	521800 (full)	533300 (full)	551900 (partial)
231600 (partial)	530100 (full)	533400 (partial)	552001 (partial)
231700 (full)	530200 (full)	533500 (partial)	980100 (full)
231800 (full)	530300 (full)	533600 (partial)	

58. Project Schedule:
- a) Requested loan closing date.
November 2016, November 2017, November 2018
 - b) Estimated date to submit environmental planning documents.
November 2015
 - c) Estimated date to submit engineering planning documents.
December 2016
 - d) Estimated date for completion of design.
December 2018
 - e) Estimated Construction start date for first contract.
December 2017
 - f) Estimated Construction end date for last contract.
January 2025

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

59. **Attach** a copy of current and future populations and projected water use or wastewater flows. Include entities to be served.
 Attached
60. Attach the most current itemized project cost estimate (include all costs and funding sources). Utilize the budget format provided (TWDB-1201 at <http://www.twdb.texas.gov/financial/instructions/> . If applying for pre-construction costs only (i.e., P, A, D) then itemize only the relevant portions in the attached budget template
 Attached
61. Attach the appropriate Project Information Form:
 Wastewater: Attached a completed Wastewater Project Information Form WRD-253a <http://www.twdb.texas.gov/financial/instructions/index.asp>
 Water: Attached a completed Water Project Information Form WRD-253d <http://www.twdb.texas.gov/financial/instructions/index.asp>
62. If the project is for Construction only, wastewater projects that involve the construction of a new plant or the expansion of an existing plant and/or associated facilities, attach evidence that an application for a new Texas Pollution Discharge Elimination System Permit or amendment to an existing permit related to the proposed project has been filed with the Texas Commission on Environmental Quality (TCEQ). Final permit authorization must be obtained from the TCEQ before funds can be released for construction activities.
 Attached
 No. Provide explanation: N/A
63. If this project will result in: (a) an increase by the applicant in the use of groundwater, (b) drilling a new water well, or (c) an increase by the applicant in use of surface water, then the applicant must demonstrate that it has acquired – by contract, ownership or lease – the necessary property rights, groundwater permits, and/or surface water rights sufficient for the project before funds can be released for construction.
- a) Does the applicant currently own all the property rights, groundwater permits and surface water rights needed for this project?
 Yes If yes, please attach the completed, appropriate form.
1. WRD 208A (<http://www.twdb.texas.gov/financial/instructions/index.asp>) (Surface Water)
 Attached
2. WRD 208B (<http://www.twdb.texas.gov/financial/instructions/index.asp>) (Groundwater)
 Attached
 No
 N/A

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

- b) If all property rights, groundwater permits, and surface water rights, needed for this project have not yet been acquired, identify the rights and/or permits that will need to be acquired and provide the anticipated date by which the applicant expects to have acquired such rights and/or permits.

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

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

Permit	Issuing Entity	Permit Acquired (Y/N)

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

- Yes. If yes, attach the site certificate (ED-101 at <http://www.twdb.texas.gov/financial/instructions/index.asp>)
 Attached

- No. If no, **fill out the table below** and describe the land or easements that will need to be acquired, provide the anticipated date by which the applicant expects to have the land or easements, and indicate if funding from TWDB is to be used for the acquisition.

Description of Land or Easement Permit	Entity from which the permit or right must be acquired	Acquired by lease or full ownership	Expected acquisition date	To Be Funded by TWDB (Yes/No)

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

65. Has a Categorical Exclusion (CE), Determination of No Effect (DNE), Finding of No Significant Impact (FONSI), Record of Decision (ROD), or any other environmental determination been issued for this project?
- Yes
 Attach a copy of the finding.
 No
66. Is the project potentially eligible for a Categorical Exclusion (CE)/ Determination of No Effect (DNE) because it involves only minor rehabilitation or the functional replacement of existing equipment?
- Yes
 No
67. Are there potentially adverse environmental or social impacts that may require mitigation or extensive regulatory agency or public coordination (e.g. known impacts to properties eligible for listing on the National Register of Historic Places; potentially significant public controversy; need for an individual permit from the U.S. Army Corps of Engineers)?
- Yes
 If yes, attach additional information
 No

The Project is being constructed on property that was permitted and fully mitigated under a previous permit obtained from the US Army Corps of Engineers (Permit Number 22461). As part of this permit, Houston was allowed to disturb 23.87 acres of wetlands that had been identified within the site boundaries. To compensate for the loss of wetlands, Houston performed mitigation in accordance with the terms of the permit.

The original permit has expired, and a new permit is being sought for the Project. As part of the permitting process, wetlands inventories are being conducted to determine if the previous mitigation is sufficient to cover the expansion to the facilities. Consultations with the US Corps of Engineers are occurring to determine what will be required for the new permit. It is anticipated that an Individual Permit may be required.

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

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

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

- | | | |
|-------------------------------------|---------------------|---------------|
| <input type="checkbox"/> | Deferred | \$ |
| <input checked="" type="checkbox"/> | Low Interest Loan | \$183,635,000 |
| <input type="checkbox"/> | Board Participation | \$ |

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

Attached

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

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

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

71. Provide drafts of the following documents:

a. Proposed Bond Ordinance

Attached

b. Private Placement Memorandum

Attached

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

Part F: Economically Distressed Programs (EDAP) Applicants Only:

In accordance with TWDB Rules (31 TAC Chapter 363), an application for EDAP will **not** be considered until the County has adopted and is enforcing the Model Subdivision Rules (MSRs) Texas Water Code § 16.343. If the proposed project is within a municipality or its extraterritorial jurisdiction (ETJ), or if the applicant is a municipality, the municipality must also have adopted and be enforcing MSRs.

72. Describe procedures for collecting monthly customer bills (include procedures for collection of delinquent accounts)

73. Is financing being requested for a **wastewater** project?
 Yes If yes, does the applicant have the required resolution/ordinance establishing a mandatory hookup policy?
 Yes. If yes, attach a copy of the resolution/ordinance.
 Attached
 No. If no, explain _____
 No
74. Required documentation for the project area for Preliminary EDAP Eligibility (31 TAC Chapter 363)
 Attached documentation of inadequacy of water and/or wastewater services.
 Attached documentation regarding the financial resources of the residential users in the EDAP area. Census data or documentation regarding median household income should be provided.
 Attached documentation demonstrating existence of a residence in the project area prior to **June 1, 2005**. This could include tax records of residence, dated aerial maps, or, other documentation demonstrating existence of a residence.
75. Has the Department of State Health Services issued a determination stating a public health nuisance exists in the project area?
 Yes If yes, attach a copy of the determination.
 Attached
 No If no determination exists, attach documentation demonstrating a public health nuisance exists in the project area. *(Photographs may be submitted, but they **must** be labeled with location and date when taken. If the soil types are mentioned in the project area as an issue, include soil profile maps) This documentation will be used by TWDB staff to request a determination from the Department of State Health Services*
 Attached
76. Is this project providing new service?
 Yes If yes, attach plats of the affected subdivisions.
 Attached
 No
77. Attach an EDAP Facility Engineering Plan/Scope of Services report that complies with the requirements of WRD-023A. <http://www.twdb.texas.gov/financial/instructions/index.asp>
 Attached

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

Part G: CWSRF/DWSRF Applicants Only

Only applicants applying for funding from the CWSRF and DWSRF Programs must complete this section.

Pursuant to Federal Funding Accountability and Transparency Act (FFATA) the applicant is required to obtain a DUNS number that will represent a universal identifier for all federal funding assistance. DUNS numbers can be obtained from Dun and Bradstreet at <http://fedgov.dnb.com/webform/>

78. Applicant's Data Universal Number System (DUNS) Number:
DUNS _____

Pursuant to Federal Funding Accountability and Transparency Act (FFATA) the applicant is required to register with System for Award Management (SAM) and maintain current registration at all times during which the Board loan agreement is active or under consideration by the Board. Register at: <https://sam.gov>.

79. The applicant has registered and will maintain current SAM registration at all times during which a federal subaward is active or under consideration by the Board.
 Yes
 No

80. Federal Awards information:
 1. Did applicant receive over 80% of their revenue from Federal Awards last year?
 Yes
 No
 2. Did applicant receive over \$25 million in Federal Awards last year?
 Yes
 No
 3. Public does not have access to executive compensation information via SEC or IRS reports?
 Yes
 No

81. If applicant checked **YES** to **ALL** three boxes in 3 above, applicant is required to disclose the name and compensation of the five most highly compensated officers.

Officer's Name	Officer's Compensation (\$)

82. Complete form WRD 213 (<http://www.twdb.texas.gov/financial/instructions/index.asp>) - Certification Regarding Lobbying
Attached Yes
 No
 N/A

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

83. If applying for CWSRF Equivalency or DWSRF, **attach** the Certification Regarding Debarment, Suspension and Other Responsibility. SRF-404
(<http://www.twdb.texas.gov/financial/instructions/doc/SRF-404.pdf>)

Attached Yes
 No
 N/A

84. If applying for CWSRF Equivalency or DWSRF, **attach** the Assurances – Construction Programs. EPA-424D (<http://www.twdb.texas.gov/financial/doc/EPA-424D.pdf>)

Attached Yes
 No
 N/A

85. The applicant must comply with the Davis-Bacon Act regarding prevailing wage rates. The applicant acknowledges that they are aware of, and will abide by, the Davis-Bacon Act requirements.

Yes
 No

Further information on the Davis-Bacon requirement is available through the TWDB Guidance document, DB-0156 (<http://www.twdb.texas.gov/financial/instructions/index.asp>)

All project costs funded by the TWDB through CWSRF Equivalency or DWSRF must comply with the federal Disadvantaged Business Enterprise (DBE) program rules and requirements. The federal DBE program requires a good faith effort to contract with DBE's for all procurements including: professional and non-professional consulting services, equipment, supplies and construction to be funded by federal equivalency dollars. Guidance and forms are found at:

TWDB-0210 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0210.pdf>)

86. **At a minimum, you must complete and attach** the Applicant Affirmative Steps Certification and Goals. This form is required to obtain a financial assistance commitment.

TWDB-0215 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0215.pdf>)

Attached Yes
 No

87. If you have already solicited contractors, complete and attach the Affirmative Steps Solicitation Report. This form is required prior to loan closing and release of any funds; therefore, if this question is not applicable at this time, select N/A.

TWDB-216 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0216.pdf>)

Attached Yes
 No
 N/A

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

88. If you have awarded contracts to contractors, complete and attach the Loan/Grant Participation Summary. This form must be submitted for review prior to loan closing and release of funds. This form is required prior to loan closing and release of any funds; therefore, if this question is not applicable at this time, select N/A.

TWDB-0373 (<http://www.twdb.texas.gov/financial/doc/TWDB-0373.pdf>)

Attached Yes
 No
 N/A

89. All Contractors that have been awarded will need to complete and attach the Prime Contractor Affirmative Steps Certification and Goals This form is required prior to loan closing and release of any funds; therefore, if this question is not applicable at this time, select N/A.

TWDB-217 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0217.pdf>)

Attached Yes
 No
 N/A

90. **All CWSRF applicants** must be a Designated Management Agency (DMA) for wastewater collection and treatment. Please complete and attach DMA resolutions. WRD-210 (<http://www.twdb.texas.gov/financial/doc/WRD-210.pdf>) is an example of this type of resolution.

 Attached
 N/A

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

Part H: Documentation of "Green" Projects and Project Components

CWSRF and DWSRF Applicants Only

All SRF applicants must complete this section if green benefits are all or part of the project (more than an incidental benefit). Project is defined as the entire project or a stand-alone component of the project. This section is required so that the TWDB may determine whether the project qualifies as "green" pursuant to Environmental Protection Agency (EPA) Guidance.

A project (or project component) is "green" if the primary purpose qualifies under EPA Guidance as one of the following:

- a. Green Infrastructure,
- b. Water Efficiency-related,
- c. Energy Efficiency-related, or
- d. Environmentally Innovative.

You must use the Green Project Reserve guidance to complete this section. Current guidance may be found at: **Green Project Reserve: Guidance for determining project eligibility**
TWDB-0161 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0161.pdf>)

91. Does your project or a component of your project qualify as Green, per EPA guidance?
- Yes
 No

If Yes, Please complete the remainder of Section G.

92. Type of Green Project
- Water Efficiency Energy Efficiency Green Infrastructure Environmentally Innovative

93. The correct worksheets must be completed.
Green Project Reserve: CWSRF Green Project Worksheets
TWDB-0162 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0162.pdf>)
- Attached** Yes
 No
 N/A

- Green Project Reserve: DWSRF Green Project Worksheets**
TWDB-0163 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0163.pdf>)
- Attached** Yes
 No
 N/A

TWDB will make the final determination whether your project (or project component) meets federal criteria as "green". You may be required to submit a **business case, utilizing the Green guidance**

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

Part I: Summary of attachments to application

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

Check list for your convenience

Part A

- No. 6c
- No. 6c
- No. 12

General Information

- Conflict of interest disclosure letter
- Draft or executed consulting contracts (engineering, financial advisor, bond counsel)
- Existing security document for refinancing

Part B

- No. 17
- No. 18
- No. 19
- No. 20

Legal

- Resolution (TWDB-0201A)
- Application Affidavit (TWDB-0201)
- Certificate of Secretary (TWDB-201B)

Water Supply Corporations

- Articles of Incorporation
- Certificate of incorporation from the Texas Secretary of State
- By-laws and any amendments
- Certificate of status from the Texas Secretary of State
- Certificate of account status from Texas Comptroller

- No. 21
- No. 22
- No. 23
- No. 24
- No. 25
- No. 26

- Resolution/ordinance authorizing the issuance of parity debt
- Certificate of Convenience & Necessity (Service Area Map)
- Enforcement Actions
- Affidavit of No Objection (Agreements Attached)
- Two copies of the Water Conservation Plan (TWDB-1968 and TWDB-1965)
- Water use surveys

<http://www.twdb.texas.gov/waterplanning/waterusesurvey/index.asp>

- No. 27

- Water Loss Audit
- <http://www.twdb.texas.gov/conservation/resources/waterloss-resources.asp>

Part C

- No. 32a
- No. 32b
- No. 34
- No. 38
- No. 39
- No. 40
- No. 41
- No. 43
- No. 45
- No. 46
- No. 47
- No. 49
- No. 50
- No. 52

Financial

- Top ten customers of the water system.
- Top ten customers of the wastewater system.
- The number of water and wastewater customers for the past five years.
- Last five years of ad valorem tax levies and collections
- Assessed Values by Classifications
- Direct and Overlapping Tax Table
- Current top ten taxpayers
- Last five years of sales tax collection
- Proforma for each year of debt outstanding
- Five year comparative system operating statement.
- Annual audit and management letter
- Outstanding debt schedule
- Current ten largest employers
- Service provider contracts

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

- Part D Project Information**
- No. 54a Preliminary Engineering Feasibility Data (PEFD)
 - No. 54b Engineering Feasibility Report
 - Water (TWDB-0555)
 - Wastewater (TWDB-0556)
 - No. 54c Project Draw Schedule (TWDB-1202)
 - No. 56 Project Map
 - No. 57 Census Tract(s) (See application form)
 - No. 59 Current and future populations and projected water use or wastewater flows
 - No. 60 Project Cost Estimate Budget (TWDB-1201)
 - No. 61 Wastewater Project Information Form (WRD-253a)
Water Project Information Form (WRD-253d)
 - No. 62 Texas Pollution Discharge Elimination System Permit
 - No. 63a If applicant has property rights and permits
 - a. WRD-208A (Surface Water)
 - b. WRD-208B (Groundwater)
 - No. 63c Additional Permits
 - No. 64 Site certificate, evidencing land ownership for the project. (ED-101)
 - No. 65 Categorical Exclusion (CE), Finding of No Significant Impact (FONSI), Record of Decision or any other supporting document
 - No. 67 Social or environmental issues (See application form)
- Part E State Water Implementation Fund for Texas**
- No. 69 Multi-year/phased commitment schedule
 - No. 71a Draft Bond Ordinance
 - No. 71b Private Placement Memorandum
- Part F Economically Distressed Areas Program**
- No. 73 Resolution/ordinance establishing a mandatory hookup policy
 - No. 74 EDAP applicants
 - Inadequacy documentation
 - Financial resources documentation
 - Existence of residences prior to 06/01/2005
 - No. 75 Public health nuisance
 - No. 76 Plats
 - No. 77 EDAP Planning Phase – Facility Engineering Plan/Scope of Services (WRD-023A)
- Part G CWSRF/DWSRF Applicants Only**
- No. 82 Lobbying Activities (WRD-213)
 - No. 83 Certification Regarding Debarment, Suspension and Other Responsibility Requirements. (SRF-404)
 - No. 84 Assurances – Construction Programs (EPA-424D)
 - Disadvantaged Business Requirements Guidance (TWDB-0210)
 - No. 86 Affirmative Steps Certification and Goals (TWDB-0215)
 - No. 87 Affirmative Steps Solicitation Report (TWDB-216)
 - No. 88 Loan/ Grant Participation Summary (TWDB-0373)
 - No. 89 Prime Contractor Affirmative Steps Certification and Goals (TWDB-217)
 - No. 90 Designated Management Agency (WRD-210)
- Part H Green Projects**
- No. 93 Guidance (TWDB-0161)
CWSRF Green Project Worksheets (TWDB-0162)
DWSRF Green Project Worksheets (TWDB-0163)

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

Part J: Guidance and Forms

- Part A** **General Information**
CWSRF – 31 TAC 375
DWSRF – 31 TAC 371
EDAP and SWIFT - 31 TAC 363
For more information visit, <http://www.twdb.texas.gov/about/rules/index.asp>.
- Part D** **Project Information**
State Programs - 31 TAC 363
Drinking Water State Revolving Fund - 31 TAC 371
Clean Water State Revolving Fund / Equivalency - 31 TAC 375
Clean Water State Revolving Fund / Non-Equivalency - 31 TAC 375
- Guidelines for Environmental Assessment, Clean Water Non-Equivalency (ED-001A)
Clean Water EID Instructions (SRF-099)
Guidelines for Environmental Assessment, State Participation, DFund, RWAF and WIF,
(ED-001B)
Guidelines for Environmental Assessment, EDAP (ED-001C)
Drinking Water EID Instructions (DW-001)
- Part H** **Green Projects and Project Components**
Green Project Reserve: Guidance for determining project eligibility
(TWDB-0161)

Engineer and Legal Counsel Statement

The Engineer and Legal Counsel for Part A6a&e are City of Houston employees. There is no contract for consultant services.

Bond Counsel Contract Statement

City of Houston - Combined Utility System does not have a Bond Counsel Contract. City Legal assigns a law firm for each bond issue upon the closing date.

NORTON ROSE FULBRIGHT US LLP

1301 McKinney, Suite 5100
Houston, Texas 77010

BURNEY & FOREMAN

5445 Almeda, Suite 400
Houston, Texas 77004

_____, 2015

Mayor and City Council
City of Houston
City Hall Annex
901 Bagby
Houston, TX 77002

Re: Co-Bond Counsel Services for City of Houston, Texas, Combined Utility System First Lien Revenue Bonds, Series 2015 [] (the “Bonds”)

Dear Mayor and Council Members:

We are pleased to submit to you a proposed agreement for Norton Rose Fulbright US LLP and Burney & Foreman (together, “*Co-Bond Counsel*”) to serve as Co-Bond Counsel with respect to the captioned Bonds and a Loan Forgiveness Agreement. When approved by you (the “*City*”), this letter will become effective and will evidence an agreement between the City and Co-Bond Counsel, subject to all applicable provisions of the Charter and Code of Ordinances of the City.

As Co-Bond Counsel, we will prepare, or assist the City’s Legal Department in the preparation of, all required legal proceedings and will perform certain other necessary legal work in connection with the City’s authorization, issuance, and sale of the Bonds. Our services as Co-Bond Counsel will include the following, which we will carry out directly or in concert with officials and staff of the City, as directed by the City Attorney as follows:

- (1) Preparation of one or more ordinances authorizing issuance of the Bonds and all other instruments which comprise the transcript of legal proceedings pertaining to the authorization, issuance, and sale of the Bonds, as well as legal research, document preparation, and consultation with respect to related municipal finance legal issues;
- (2) Consultation with the Texas Water Development Board concerning terms and delivery;
- (3) Attendance at meetings called by the Mayor, City Controller, City Council, and various members of City staff, to the extent required or requested by the City Attorney, to discuss sale of the Bonds or other municipal finance related legal issues;
- (4) Preparation and submission of transcripts of legal proceedings pertaining to the issuance of the Bonds to the Attorney General of Texas to obtain an approving opinion;
- (5) Supervision of preparation of the initial Bonds and the delivery thereof to the purchasers;
- (6) At the closing of the sale of the Bonds, delivery of an approving opinion, based on facts and law existing as of its date, as to the due authorization of the issuance,

execution, and delivery of the Bonds, the validity of the Bonds, and the tax exempt status of the interest thereon;

- (7) Prior to and in connection with the closing of the Bonds, giving advice to the City to enable appropriate officials to comply with the arbitrage requirements of the Internal Revenue Code of 1986 as they affect the Bonds, including yield restrictions and arbitrage rebate requirements;
- (8) After the closing of the sale of the Bonds and upon specific request of the City Attorney, providing assistance to the City concerning questions and issues that may arise prior to the maturity of the Bonds.

For the services performed hereunder, Co-Bond Counsel will be paid a fee which shall be calculated on an hourly rate basis pursuant to the schedule of rates attached hereto. Each such fee shall be paid from the proceeds of the sale of the Bonds. Each invoice will include an itemization of the hours worked by each attorney and legal assistant, the rate for each individual and description of the work performed by the individual. The aggregate maximum fees paid to Co-Bond Counsel shall not exceed \$150,000. Payment of our fee shall be made after issuance and delivery of the Bonds, within 30 days after receipt by the City of an approved invoice therefor.

Co-Bond Counsel will be reimbursed for their reasonable and actual out-of-pocket expenses, such as the cost of reproduction of documents, long distance telephone, telegraph, telex and similar expenses, deliveries, filing fees, and all items paid for by Co-Bond Counsel on behalf of the City, incurred in connection with the performance of all services hereunder. All of such expenses will be reasonable and subject to approval of the City Attorney; provided, however, that aggregate maximum reimbursable expenses shall not exceed \$5,000.

Co-Bond Counsel understands further that the City's obligation to pay for our services is limited to the amount of the original allocation and any supplemental allocations that the City may make for payments for services performed under this Agreement, all as set forth in the provisions of "Limitation of the City's Duties" attached hereto. Nothing herein shall be construed as creating personal liability on the part of any officer of the City, and this Agreement may be terminated by the City by giving 30 days' written notice.

Co-Bond Counsel agrees to submit to the City Attorney at the beginning of each calendar year a schedule showing the ethnic and gender make-up of partners and associates of our respective firms. In addition, we agree that conflicts affecting the City will be resolved in the City's favor, whenever possible. In the event a conflict cannot, in our judgment, be resolved in the City's favor, we will immediately advise the City Attorney. Any such failure to resolve a conflict in the City's favor will constitute grounds for termination of this Agreement by the City Attorney with ten days' notice.

If this proposed Agreement for the services of Co-Bond Counsel is satisfactory, please evidence your acceptance and approval by signing in the space provided below.

Very truly yours,

NORTON ROSE FULBRIGHT US LLP

By _____
Neil Thomas

[BURNEY & FOREMAN]

By _____
[Peggy Foreman]

APPROVED:

Mayor, City of Houston

ATTEST:

City Secretary

(SEAL)

COUNTERSIGNED:

City Controller

Date: _____

APPROVED:

City Attorney

NORTON ROSE FULBRIGHT US LLP

Schedule of Standard Hourly Rates
for Attorneys and Legal Assistants

Norton Rose Fulbright US LLP maintains a schedule of standard hourly rates for its attorneys and legal assistants, which is subject to periodic revision. The schedule in effect as of January 1, 2015, is as follows:

	<u>Hourly Rate</u>
Associates:	\$400 - \$695
Partners:	\$800 - \$850
Paralegals:	\$205 - \$255

[BURNEY & FOREMAN]

Schedule of Standard Hourly Rates
for Attorneys and Legal Assistants

[Burney & Foreman] maintains a schedule of standard hourly rates for its attorneys and legal assistants, which is subject to periodic revision. The schedule in effect as of January 1, 2015, is as follows:

	<u>Hourly Rate</u>
Associates:	\$175 - 350
Partners	\$350 - 450
Paralegals:	\$ 85 - 125

Limitation of City's Duties

(a) The City's duties to pay money to Co-Bond Counsel for any purpose under this Agreement are limited in their entirety by the provisions of this Section.

(b) In order to comply with Article II, Sections 19 and 19A of the City's Charter and Article XI, Section 5 of the Texas Constitution, the City has appropriated and allocated the maximum sum of \$150,000 to be used to discharge its duties to pay money under this Agreement (the "Original Allocation"). The parties recognize that the executive and legislative officers of the City, in the exercise of their sound discretion, may allocate supplemental sums of money for the purpose of this Agreement. Because the City's officers are not obligated to make any such supplemental allocations, the parties have agreed to certain procedures and remedies to be followed with respect thereto.

(c) A supplemental allocation will only be deemed to be made when the City sends a notice to the firm (which notice must be signed by the City Attorney and signed by the City Controller, and for which no Council action will be required) in substantially the following form:

“NOTICE OF SUPPLEMENTAL FUNDS”

TO: [Name of Firm]

FROM: City of Houston, Texas

DATE: [Date of Notice]

SUBJECT: Supplemental allocation of funds for the purpose of that certain “[title of this Agreement]” by and between the City and [name of Firm] countersigned by the City Controller on [date of countersignature] (the “Agreement”)

I, [name of City Controller], do hereby certify that the supplemental sum of \$ _____ has been allocated for the purpose of this Agreement.

The aggregate of all sums for the purpose of such Agreement, including the Original Allocation, other supplemental allocations (if any) and the supplemental sum specified herein, as of the date of this notice, is \$ _____.

Signed:

[Signature of the City Controller]
City Controller

REQUESTED:

[Signature of the City Attorney]
City Attorney

(d) The aggregate of the Original Allocation and all supplemental allocations, if any, effective by notice from the City Controller to Firm in substantially the foregoing form shall be the Allocated Funds. The City shall never be obligated to pay any money by, through, or under this Agreement in an aggregate amount which exceeds the level of the Allocated Funds.

NORTON ROSE FULBRIGHT US LLP

1301 McKinney, Suite 5100
Houston, Texas 77010

[**Date**]

Re: City of Houston, Texas, Combined Utility System First Lien Revenue Bonds,
Series 2015[** __ **] (the "Bonds")

WE HAVE ACTED as Co-Bond Counsel for the City of Houston, Texas, a Texas home-rule city (the "City") in connection with issuance of its Combined Utility System First Lien Revenue Bonds, Series 2015[** __ **], in the respective original principal amount of \$55,005,000 with a dated date of January 1, 2015, under a master ordinance and supplemental ordinance authorizing their issuance (the "Ordinance").

WE HAVE ACTED as Co-Bond Counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the status of the interest on the Bonds under Federal income tax law. In such capacity we have examined relevant provisions of the Constitution and laws of the state of Texas and federal income tax law; a transcript of certain certified proceedings of the City Council of the City pertaining to the issuance of the Bonds; certain certifications and representations concerning the use and investment of proceeds of the Bonds, the use of other funds of the City, and other material facts within the knowledge and control of the City, upon which we rely; and certain other customary documents and instruments authorizing and relating to the issuance of the Bonds, including an executed Bond. We have not been requested to examine, and have not investigated or verified, any original proceedings, records, data, or other material, but have relied upon the transcript of certified proceedings. We have not assumed any responsibility with respect to the financial condition or capabilities of the City or the disclosure thereof in connection with the sale of the Bonds.

BASED ON SUCH EXAMINATION, it is our opinion that the transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently in effect; the Bonds are valid and legally binding obligations of the City in accordance with the terms and conditions thereof, except to the extent that the enforcement of the rights and remedies of the owners thereof may be limited by laws relating to bankruptcy, insolvency, reorganization, or moratorium or other similar laws affecting the rights of creditors, or the exercise of judicial discretion in accordance with general principles of equity; the Bonds have been authorized in accordance with law; and the Bonds, the outstanding combined utility system first lien revenue bonds, and any additional combined utility system first lien revenue bonds hereafter issued on a parity therewith are payable from and are secured by a first lien on the "Net Revenues" received and collected by the City from the operation and ownership of the "System" after making all "Required Payments" pursuant to the "Previous Ordinance," as defined and provided in the Ordinance.

IT IS FURTHER OUR OPINION, based upon the foregoing, that 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 with the provisions of the Ordinance, interest on the Bonds (1) will be excludable from the gross income, as defined on section 61 of the Code, of the owners thereof for federal income tax purposes, and (2) will not be included in computing the alternative minimum taxable income for federal income tax purposes of the owners thereof who are individuals or, except as described below, corporations. The Bonds are not private activity bonds.

WE CALL TO YOUR ATTENTION THAT, with respect to our opinion in clause (2) of the previous paragraph, interest on the Bonds owned by a corporation will be included in such corporation's adjusted current earnings for purposes of calculating the alternative minimum taxable income of such corporation, other than an S corporation, a qualified mutual fund, a real estate mortgage investment conduit (REMIC), a real estate investment trust (REIT), or a financial assets securitization investment trust (FASIT). A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by section 55 of the Code is computed.

WE EXPRESS NO OTHER 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 S corporations with subchapter C earnings and profits, certain foreign corporations doing business in the United States, owners of an interest in a FASIT, 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 hereof. We assume no duty to update or supplement our opinions to reflect any changes in any law 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.



700 Milam, 5th Floor
Houston, Texas 77002

713.654.8651 Direct
800.922.9850 Toll Free
832.239.9015 Fax

Warren P. Cash III
Sr. Vice President

trey.cash@firstsw.com

May 6, 2015

Texas Water Development Board
1700 N. Congress Avenue
Austin, Texas 78701

Re: City of Houston, Texas, Combined Utility System

I am responding to a request that we provide this letter to the Texas Water Development Board (the "Board") addressing the concern that a potential conflict of interest may exist regarding the representation of both the City of Houston Combined Utility System, (the "Houston CUS") and the Board by our firm as financial advisor. The Houston CUS is in the process of requesting financial assistance in the amount of approximately \$300 million (the aggregate amount of two loan applications under the Board's SWIFT Program (the "Program")).

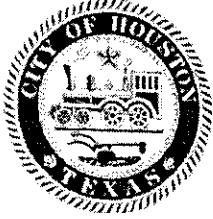
In our capacity as financial advisor to the Houston CUS, our firm is assisting the Houston CUS in its loan application process to the Board for the Houston CUS's potential issuance of bonds to be purchased by the Board through the Program. If the Houston CUS's applications are chosen by the Board, the Board will directly provide the terms of the loans to the Houston CUS. Our firm has no involvement in the ranking of loan applications by the Board or the determination of interest rates or any other terms by the Board. Moreover, in our representation of the Board in its offering debt obligations we only review numbers and terms of loan applications in the aggregate and do not review individual loan applications. This enables our firm to retain its independence in fulfilling the duties of its role as financial advisor in a transaction as described above.

Our representation of the Board as financial advisor in the issuance of its debt obligations is not substantially related to the Board's subsequent process in approving applications and funding loans from borrowers. As a result, there is no reasonable possibility that the representation of the Board and the Houston CUS will adversely limit the representation of the other. If you wish, I will be happy to discuss this in greater detail at your convenience.

Sincerely yours,

A handwritten signature in cursive script that reads "Warren P. Cash III".

Warren P. Cash III
Sr. Vice President



CITY OF HOUSTON

Finance Department

Annise D. Parker

Mayor

Kelly Dowe
Chief Business Officer
P.O. Box 1562
Houston, Texas 77251-1562

T. 832/393-9051
F. 832/393-9117
www.houstontx.gov

April 13, 2015

First Southwest Company
700 Milam St., Suite 500
Houston, TX 77002
Attn: Michael Bartolotta

Re: Renewal of Current Contract

The City of Houston would like to renew the current agreement with First Southwest Company for a period of one year, May 1, 2015 – April 30, 2016. This letter will serve as formal notice within the thirty day renewal period for the same terms and conditions under the current contract.

If you have any questions, please feel free to contact me at 832/393-9051.

Sincerely,

A handwritten signature in black ink, appearing to read "Kelly Dowe", written over a horizontal line.

Kelly Dowe
Chief Business Officer
City of Houston

Controller's Office

To the Honorable Mayor and City Council of the City of Houston, Texas:

I hereby certify, with respect to the money required for the contract, agreement, obligation or expenditure contemplated by the ordinance set out below that:

- Funds have been encumbered out of funds previously appropriated for such purpose.
- Funds have been certified and designated to be appropriated by separate ordinance to be approved prior to the approval of the ordinance set out below.
- Funds will be available out of current or general revenue prior to the maturity of any such obligation.
- No pecuniary obligation is to be incurred as a result of approving the ordinance set out below.
- The money required for the expenditure or expenditures specified below is in the treasury, in the fund or funds specified below, and is not appropriated for any other purposes.
- A certificate with respect to the money required for the expenditure or expenditures specified below is attached hereto and incorporated herein by this reference.
- Other - Grant Funds Available

Date: 12-17, 2013

Ronald C. Shaw
City Controller of the City of Houston, Texas

FUND REF: 1000-6400-520105 AMOUNT: \$600,000.00 SAO 4500191973
OR 46-12376 ENCUMB. NO.:

City of Houston, Texas Ordinance No. 2014-8

AN ORDINANCE APPROVING AND AUTHORIZING A CONTRACT BETWEEN THE CITY AND McCONNELL & JONES LLP / BANKS, FINLEY, WHITE & CO., A JOINT VENTURE PARTNERSHIP KNOWN AS M&J/BFW TEAM FOR PROFESSIONAL AUDITING SERVICES; PROVIDING A MAXIMUM CONTRACT AMOUNT; CONTAINING PROVISIONS RELATING TO THE SUBJECT; AND DECLARING AN EMERGENCY.

* * * *

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HOUSTON, TEXAS:

Section 1. The City Council hereby approves and authorizes the contract, agreement or other undertaking described in the title of this Ordinance, in substantially the form as shown in the document which is attached hereto and incorporated herein by this reference. The Mayor is hereby authorized to execute such document and all related documents on behalf of the City of

Houston. The City Secretary is hereby authorized to attest to all such signatures and to affix the seal of the City to all such documents.

Section 2. The Mayor is hereby authorized to take all actions necessary to effectuate the City's intent and objectives in approving such agreement, agreements or other undertaking described in the title of this ordinance, in the event of changed circumstances.

Section 3. The City Attorney is hereby authorized to take all action necessary to enforce all legal obligations under said contract without further authorization from Council.

Section 4. The total allocation for the contract, agreement or other undertaking approved and authorized hereby shall never exceed \$7,000,000.00, unless and until this sum is increased by ordinance of City Council.

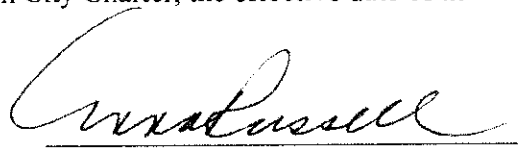
Section 5. There exists a public emergency requiring that this Ordinance be passed finally on the date of its introduction as requested in writing by the Mayor; therefore, this Ordinance shall be passed finally on such date and shall take effect immediately upon its passage and approval by the Mayor; however, in the event that the Mayor fails to sign this Ordinance within five days after its passage and adoption, it shall take effect in accordance with Article VI, Section 6, Houston City Charter.

PASSED AND ADOPTED this 8th day of January, 2014.

APPROVED this _____ day of _____, 20____.

Mayor of the City of Houston, Texas

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Ordinance is JAN 14 2014.



City Secretary

(Prepared by Legal Dept. San P. Nguyen)
(LPN:ln 10/30/1313) Senior Assistant City Attorney
(Requested by Kelly Dowe, Director, Finance Department)
(L.D. File No. 03413000139-001)

G:\CONTRACT\LPN\Ordinances\McConnell JV Team_Auditing Serv.doc

AYE	NO	
✓		MAYOR PARKER
••••	••••	COUNCIL MEMBERS
✓		STARDIG
✓		DAVIS
✓		COHEN
✓		BOYKINS
✓		MARTIN
✓		NGUYEN
✓		PENNINGTON
✓		GONZALEZ
✓		GALLEGOS
✓		LASTER
✓		GREEN
✓		COSTELLO
✓		ROBINSON
✓		KUBOSH
✓		BRADFORD
✓		CHRISTIE
CAPTION	ADOPTED	

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EXHIBITS

- A. Scope of Services
- B. Fee Schedule
- C. Equal Employment Opportunity
- D. Drug Policy Compliance Agreement
- E. Auditor's Certification of No Safety Impact Positions
- F. Drug Policy Compliance Declaration
- G. Form of Engagement Letter for Basic Services
- H. Project Team Staffing

C. Parts Incorporated

The above-described sections and exhibits are incorporated into this Agreement.

D. Controlling Parts

If a conflict among the Sections and Exhibits arises, the Sections control over the Exhibits.

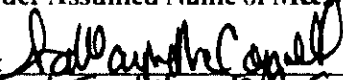
E. Signatures

The Parties have executed this Agreement in multiple copies, each of which is an original.

WITNESS:

Name: _____
Title: _____

Auditor:
MCCONNELL & JONES LLP (M&J)
& BANKS, FINLEY, WHITE & CO. (BFW)
Under Assumed Name of M&J/BFW Team

By: 
Name: Paul Wayne McConnell
Title: Managing Partner
TAX ID NO. 46-2499329

ATTEST/SEAL:


CITY OF HOUSTON, TEXAS
Signed by:

City Secretary

Mayor

APPROVED:

COUNTERSIGNED BY:



Director, Finance Department

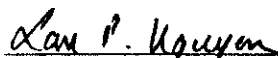
City Controller

APPROVED:

Calvin D. Wells, Deputy Director
City Purchasing Agent

APPROVED AS TO FORM:

DATE COUNTERSIGNED:



Sr. Assistant City Attorney
L.D. File No. 0341300139001

II. DEFINITIONS

As used in this Agreement, the following terms have the meanings set out below:

“Allocated Funds” is defined in Section IV(D).

“Auditor” is defined in the preamble of this Agreement, which definition includes its successors and assigns.

“Audit Committee” means the Finance Director and the City Controller or an audit committee as established by the Houston City Council.

“Basic Services” is defined in Exhibit “A”

“City” is defined in the preamble of this Agreement and includes its successors and assigns.

“City Controller” shall mean the City Controller of the City of Houston.

“City Purchasing Agent” shall mean the City Purchasing Agent of the City of Houston.

“Countersignature Date” means the date shown as the date countersigned on the signature page of this Agreement.

“Director” means the Director of Finance, or the person he or she designates.

“Document” means reports, charts, analyses, maps, letters, tabulations, exhibits, computer databases and diskettes, software, notes and other work products obtained by Auditor from the City or prepared by the Auditor as a task under this Agreement. “Document” does not include, however, the Auditor’s working papers, proprietary methodologies, software or databases.

“Fiscal Year” means the City’s Fiscal Year which runs from July 1 through June 30.

“Generally Accepted Accounting Principles” means accounting principles generally accepted in the United States of America.

' .
' .

. .

“Generally Accepted Auditing Standards” means auditing standards generally accepted in the United States of America.

“Mayor” means the Mayor of the City or his designated representative.

“Notice to Proceed” means the communication from the Director in an Engagement Letter to Auditor instructing Auditor to begin performance.

“Parties” mean all the entities set out in the Preamble who are bound by this Agreement.

“Special Services” is defined in Exhibit “A”.

III. DUTIES OF AUDITOR

A. Scope of Services

Auditor’s performance under this Agreement is divided into 2 categories of services: 1) Basic Services and 2) Special Services, as described in the attached Exhibit “A”. The Scope of Services also includes the matters set out in this section. In consideration of the payment specified in this Agreement, Auditor shall provide all labor, materials, and supervision necessary to perform the Basic Services and, if requested and agreed to by Auditor, the Special Services in each case, as set forth in a separate engagement letter in the form similar to the attached Exhibit “G” (each, an “Engagement Letter”), entered into by the City and the Auditor with respect to such services, in accordance with generally accepted auditing standards, for the fiscal years ending 2014, 2015, 2016 and for each additional year thereafter that the Auditor is engaged by the City. Engagement Letters providing for Auditor to perform Basic Services shall be substantially in the form set forth in the attached Exhibit “G”.

The Director will be responsible for requesting the specific services to be provided by the Auditor and that Auditor shall assume responsibility for performing such services and preparing the resulting report(s).

B. Coordinate Performance

Auditor shall coordinate the performance of its services with the Director. Auditor understands and agrees that the Director will be monitoring the day-to-day activities of Auditor through daily contact, meetings and formal progress reports. Auditor shall promptly report to the Director any conditions, transactions, situations or circumstances it encounters in the performance of its services, that would impede or impair the proper conduct of the services hereunder or which would seem to warrant a special investigation or report in more detail than which is necessary to perform the services under this Agreement.

C. Notice to Proceed

Auditor shall begin performance of its services under this Agreement on the date specified in a Notice to Proceed from the Director as stated in an Engagement Letter.

D. Reports

Auditor shall prepare and submit reports and provide progress updates as requested by the Director.

E. Schedule of Performance – General**1. Time of Performance**

Auditor shall commence services under this Agreement on the date specified by the Director. Such services shall be diligently performed thereafter, and shall be completed within the following specified times, as specified below under section D.2, unless an extension of time is agreed to by the Director, as specified below.

2. Due Dates

Except as specifically set forth in an Engagement Letter, due dates for subtasks and Deliverables are given in the table below. Dates are the same for each Fiscal Year that the Auditor provides Basic Services and assumes that the City's personnel provide the underlying reporting documents based on an

agreed upon timetable that allows ample time for the auditors to complete their work.

- a. Task 1 - Audit of Comprehensive Annual Financial Report (CAFR) for preceding Fiscal Year:
 - i. CAFR (Including Schedules of Federal and State Financial Assistance)
 - Draft Report: October 27
 - Issue Final Report: On or before November 15 of each year
 - ii. Houston Airport System CAFR
 - Draft Report: October 27
 - Issue Final Report: On or before November 15 of each year
 - iii. Auditor Proposed Adjusting Journal Entries
 - Submit to City Controller and Finance Director for review and approval prior to Draft CAFR
 - iv. Management Recommendation Letters
 - Draft Final Letter: On or before November 30
 - Issue Final Letter: On or before November 30 of each year
- b. Task 2 and Task 3 (Single Audit):
 - i. Evaluate the Overall Presentation of the Schedules of Federal/State Financial Assistance.
 - Completion: Same as CAFR dates
 - ii. Accountant's Reports - OMB Circular A-133
 - Draft Reports: Prepare and hold exit conference with Departments by November 15 of each year
 - Draft Reports: Prepare and hold exit conference with Director of Finance and City Controller by November 15 of each year.
 - iii. If requested by the City, **Follow-up** 90 days after issuance of the Single Audit
 - Issue Letter: **February 28 of each year**
- c. Task 4 – Agreed-upon Procedures for the Texas Commission of Environmental Quality (TCEQ)

- Draft Report: Within 60 days of the City providing the requisite information

3. Time Extensions

Upon request of the Auditor, the Director shall grant time extensions, as provided under Section V.C of this Agreement:

- to the extent of any delays caused by the City or other agencies with whom the work must be coordinated and over whom the Auditor has no control (but only to the extent that the exercise of due diligence and care on the part of the Auditor within the scope of its work under this Agreement could not have avoided such delays), and
- to the extent of any delays caused by Force Majeure as that term is defined herein.

The extension must be in writing but does not require amendment to this Agreement. Auditor is not entitled to damages for delay(s) regardless of the cause of the delay(s).

F. Subcontractors

Auditor shall be responsible for negotiating subcontracts with its subcontractors. Such agreements shall require the subcontracting parties to substantially comply with all the terms expressed herein. Also, Auditor shall notify the Director any time it utilizes a subcontractor, provide the Director with the subcontractor's professional qualifications and responsibilities, and must obtain the Director's approval prior to entering into an agreement with the subcontractor.

G. Payment of Subcontractors

Auditor's Duty to Pay

Auditor shall make timely payments to all of its subcontractors supplying labor, materials or equipment for the performance of this Agreement, in accordance with the provisions of Chapter 2251 of the Texas Government Code. AUDITOR SHALL DEFEND, INDEMNIFY AND HOLD

HARMLESS THE CITY FROM ANY CLAIMS OR LIABILITY ARISING OUT OF AUDITOR'S FAILURE TO MAKE THESE PAYMENTS.

H. RELEASE

AUDITOR AGREES TO AND SHALL RELEASE THE CITY, ITS AGENTS, EMPLOYEES, OFFICERS, AND LEGAL REPRESENTATIVES (COLLECTIVELY THE "CITY") FROM ALL LIABILITY FOR INJURY, DEATH, DAMAGE, OR LOSS TO PERSONS OR PROPERTY SUSTAINED IN CONNECTION WITH OR INCIDENTAL TO PERFORMANCE BY THE AUDITOR UNDER THIS AGREEMENT, EVEN IF THE INJURY, DEATH, DAMAGE, OR LOSS IS CAUSED BY THE CITY'S CONCURRENT NEGLIGENCE AND/OR THE CITY'S STRICT PRODUCTS LIABILITY OR STRICT STATUTORY LIABILITY.

I. INDEMNIFICATION

AUDITOR AGREES TO AND SHALL DEFEND, INDEMNIFY, AND HOLD THE CITY, ITS AGENTS, EMPLOYEES, OFFICERS, AND LEGAL REPRESENTATIVES (COLLECTIVELY THE "CITY") HARMLESS FOR ALL CLAIMS, CAUSES OF ACTION, LIABILITIES, FINES, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES, COURT COSTS, AND ALL OTHER DEFENSE COSTS AND INTEREST) FOR INJURY, DEATH, DAMAGE, OR LOSS TO PERSONS OR PROPERTY SUSTAINED IN CONNECTION WITH OR INCIDENTAL TO PERFORMANCE UNDER THIS AGREEMENT INCLUDING, WITHOUT LIMITATION, THOSE CAUSED BY:

- (I) AUDITOR'S AND/OR ITS AGENTS', EMPLOYEES', OFFICERS', DIRECTORS', CONTRACTORS', OR SUBCONTRACTORS' (COLLECTIVELY IN NUMBERED PARAGRAPHS 1-3, "AUDITOR")

ACTUAL OR ALLEGED NEGLIGENCE OR INTENTIONAL ACTS OR OMISSIONS;

(2) THE CITY'S AND AUDITOR'S ACTUAL OR ALLEGED CONCURRENT NEGLIGENCE, WHETHER AUDITOR IS IMMUNE FROM LIABILITY OR NOT; AND

(3) THE CITY'S AND AUDITOR'S ACTUAL OR ALLEGED STRICT PRODUCTS LIABILITY OR STRICT STATUTORY LIABILITY, WHETHER AUDITOR IS IMMUNE FROM LIABILITY OR NOT.

AUDITOR SHALL DEFEND, INDEMNIFY, AND HOLD THE CITY HARMLESS DURING THE TERM OF THIS AGREEMENT AND FOR FOUR YEARS AFTER THE AGREEMENT TERMINATES. AUDITOR'S INDEMNIFICATION IS LIMITED TO \$1,000,000 PER OCCURRENCE. AUDITOR SHALL NOT INDEMNIFY THE CITY FOR THE CITY'S SOLE NEGLIGENCE.

J. Insurance

Auditor shall maintain in effect certain insurance coverage and shall furnish certificates of insurance, in duplicate form, before beginning its performance under this Agreement. All policies except Professional Liability and Workers' Compensation must include the City as an additional insured. The issuer of any policy (1) shall have a Certificate of Authority to transact insurance business in Texas or (2) shall be an eligible non-admitted insurer in the State of Texas and have a Best's rating of at least B+ and a Best's Financial Size Category of Class VI or better, according to the most current edition Best's Key Rating Guide. Auditor shall maintain the following insurance coverages in the following amounts:

<u>(Coverage)</u>	<u>(Limit of Liability)</u>
Workers' Compensation	Statutory for Workers' Compensation
Employer's Liability	Bodily Injury by accident \$500,000 (each accident) Bodily Injury by Disease \$500,000 (policy limit) Bodily Injury by Disease \$500,000 (each employee)
Commercial General Liability: Including Broad Form Coverage, Contractual Liability, Bodily and Personal Injury, and Completed Operations	Bodily Injury and Property Damage, Combined Limits of \$500,000 each Occurrence and \$1,000,000 aggregate
Automobile Liability Insurance (for vehicles Auditor uses in performing under this Agreement, including Owned, Non-Owned and Hired Auto Coverage)	\$1,000,000 combined single limit per occurrence
Professional Liability Coverage	\$1,000,000 combined single limit

Defense costs are excluded from the face amount of the policy.
Aggregate Limits are per 12-month policy period,
unless otherwise indicated.

All insurance policies (except for Professional Liability) must require by endorsement that the insurance carrier waives any rights of subrogation against the City, and that Auditor shall give 30 days advance written notice to the City before any of its policies are canceled. In addition, Auditor shall give the City 30 days advance written notice of any cancellation, material changes or nonrenewal of any of its policies that would result in Auditor not maintaining insurance coverages in the amounts set forth in sub-sections (1)-(5) of this Section III.(I) during the term of this Agreement.

Within the 30 day period, Auditor shall secure other suitable policies in lieu of those about to be canceled, materially changed, or nonrenewed so as to maintain in effect the required coverage. For the avoidance of doubt, notwithstanding the cancellation, material changes or nonrenewal of any insurance policy that Auditor may have in effect as of the date hereof, Auditor shall maintain

insurance coverages in the amounts set forth in sub-sections (1)-(5) of this Section III.(I) during the term of this Agreement. If Auditor does not comply with this requirement, the Director, at his or her sole discretion, after the expiration of the 30 day period set forth in the preceding sentence, may

- (1) immediately suspend Auditor from any further performance under this Agreement and begin procedures to terminate for default, or
- (2) purchase the required insurance with City funds and deduct the cost of the premiums from amounts due to Auditor under this Agreement.

K. Warranties

Auditor's performance shall conform to the generally accepted auditing standards, applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments and Non-profit Organizations*. Auditor's performance shall also conform to the professional standards prevailing in Harris County, Texas with respect to the scope, quality, due diligence, and care of the services and products Auditor provides under this Agreement. Auditor shall perform all work using trained and skilled persons having experience performing the work required under this Agreement.

L. Confidentiality - Protection Of City's Interest

(1) Auditor, its employees, contractors, and subcontractors shall hold all City information, data, and documents (collectively, "the Information") that they receive, or to which they have access, in strictest confidence in perpetuity. Except in the performance of services hereunder or in accordance with the terms of this Agreement, Auditor, its employees, contractors, and subcontractors shall not disclose, disseminate, or use the Information unless the Director authorizes it in writing. This obligation of confidentiality shall not apply to information that (i) is or becomes

publicly available by other than a breach hereof (including, without limitation, any information filed with any governmental agency and available to the public); (ii) is required to be disclosed by order of a court of competent jurisdiction, administrative agency or governmental body, or by subpoena, summons or other legal process, or by law, rule or regulation, or by applicable regulatory or professional standards, provided that prior to such disclosure by the Auditor (to the extent permitted by applicable law, rule or regulation), that City is given reasonable advance notice of such order and an opportunity to object to such disclosure; or (iii) is disclosed by the Auditor in connection with any judicial or other proceeding involving the City and Auditor (or any partners, principals, directors, or employees of Auditor) (whether or not such proceeding involved any third party) relating to Auditor's services for the City of this Agreement.

Auditor shall obtain written agreements from its agents, employees, contractors, and subcontractors which bind them to the terms in this Section.

M. Use Of Work Products

(1) The City may use all notes, plans, computations, databases, tabulations, exhibits, photographs, reports, underlying data and other work products (collectively, the "Documents") that Auditor prepares or obtains under this Agreement. However, the City understands that the audit documentation under this Agreement is the property of the Auditor and constitutes confidential information, subject to the Texas Public Information Act. However, pursuant to authority given by law or regulation, the Auditor may be requested to make certain audit documentation available to regulators or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. Auditor will notify the Director of any such request. If requested, access to such audit documentation will be provided under the supervision of

the Auditor's personnel. Furthermore, upon request, Auditor may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by a regulator. If Auditor is aware that a federal awarding agency or auditee is contesting an audit finding, Auditor will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

In addition, upon the City's request, the Auditor shall provide the City Controller with detailed supporting schedules, flow charts or other analysis reasonably necessary to understand the reported findings and recommendations. Generally, this information is attached as exhibits to the final report, however the use of work products or Documents does not apply to the Auditor's working papers, which are considered the proprietary information of the Auditor.

(2) Auditor warrants that it owns the copyright to the Documents.

(3) Auditor shall deliver the original Documents to the Director on request. Within five working days after this Agreement terminates, Auditor shall deliver to the Director the original Documents, and all other files and materials Auditor gathers during its performance under this Agreement.

N. Licenses And Permits

Auditor shall obtain, maintain, and pay for all licenses, permits, and certificates including all professional licenses required by any statute, ordinance, rule, or regulation for the performance under this Agreement. Auditor shall immediately notify the Director of any suspension, revocation, or other detrimental action against his or her license.

O. Compliance With Laws

Auditor shall comply with all applicable state and federal laws and governmental regulations and the City Charter and Code of Ordinances in its performance under this Agreement.

P. Compliance With Equal Opportunity Ordinance

In the performance under this Agreement, Auditor shall comply with City's Equal Employment Opportunity Ordinance as set out in Exhibit "C".

Q. MWBE Compliance

In the performance under this Agreement, Auditor shall comply with the City's Minority and Women Business Enterprise ("MWBE") programs as set out in Chapter 15, Article V of the City of Houston Code of Ordinances. Auditor shall make good faith efforts to award subcontracts or supply agreements in at least 54% of the value of this Agreement to MWBEs. Auditor acknowledges that it has reviewed the requirements for good faith efforts on file with the City's Office of Business Opportunity ("OBO") and will comply with them.

R. Drug Abuse Detection And Deterrence

(1) It is the policy of the City to achieve a drug-free workforce and workplace. The manufacture, distribution, dispensation, possession, sale, or use of illegal drugs or alcohol by contractors while on City Premises is prohibited. Auditor shall comply with all the requirements and procedures set forth in the Mayor's Drug Abuse Detection and Deterrence Procedures for Contractors, Executive Order No. 1-31 ("Executive Order"), which is incorporated into this Agreement and is on file in the City Secretary's Office.

(2) Before the City signs this Agreement, Auditor shall file with the Contract Compliance Officer for Drug Testing ("CCODT"):

(a) a copy of its drug-free workplace policy,

- (b) the Drug Policy Compliance Agreement substantially in the form set forth in Exhibit "D," together with a written designation of all safety impact positions and,
- (c) if applicable (e.g. no safety impact positions), the Certification of No Safety Impact Positions, substantially in the form set forth in Exhibit "E."

If Auditor files a written designation of safety impact positions with its Drug Policy Compliance Agreement, it also shall file every 6 months during the performance of this Agreement or on completion of this Agreement if performance is less than 6 months, a Drug Policy Compliance Declaration in a form substantially similar to Exhibit "F." If applicable, Auditor shall submit the Drug Policy Compliance Declaration to the CCODT within 30 days of the expiration of each 6-month period of performance and within 30 days of completion of this Agreement. The first 6-month period begins to run on the date the City issues its Notice to Proceed or if no Notice to Proceed is issued, on the first day Auditor begins work under this Agreement.

(3) Auditor also shall file updated designations of safety impact positions with the CCODT if additional safety impact positions are added to Auditor's employee work force.

(4) Auditor shall require that its subcontractors comply with the Executive Order, and Auditor shall secure and maintain the required documents for City inspection.

S. Conflicts Of Interest

The Auditor's personnel performing services hereunder shall not represent any other client in any matter that would constitute a conflict of interest under the conflict of interest rules of the American Institute of Certified Public Accountants.

T. Pay or Play

The requirements and terms of the City of Houston Pay or Play program as set out in Executive Order 1-7, as revised from time to time, are incorporated into this Agreement for all purposes. Auditor has reviewed Executive Order No. 1-7-Revised and shall comply with its terms and conditions.

U. Staffing and Personnel of Auditor

Auditor shall commit the named individuals shown in Exhibit "H" – Project Team to oversee or perform the services under this Agreement, namely the Client Service Partner, the Engagement Partner and the Technical Partners, as detailed in the Organization Chart of Audit Team illustrated therein. In the event any of the above named individuals are no longer in the employ of Auditor, Auditor must replace them with someone at the same job classification with similar experience, job qualifications and skills, with the approval of the Director. Auditor shall replace any of its personnel or subcontractors whose work product is deemed unsatisfactory by the Director.

IV. DUTIES OF CITY**A. Payment Terms**

The City shall pay Auditor for its services at the hourly rate for each category of services performed by each applicable classification personnel as set forth in the Fee Schedule attached hereto as Exhibit "B". The hourly rates for various job classifications for the Basic Services and for Special Services listed in Exhibit "B" shall remain in effect through the Initial Term of this Agreement. For each renewal year thereafter, if any, Auditor shall be entitled to increase its hourly rates by a percentage not to exceed the increase to the United States Department of Labor Consumer Price Index – All Urban Consumers for the Houston-Galveston-Brazoria, Texas database for the first

month of the renewal year as compared to the same month of the preceding contract year, with a maximum percentage not to exceed 4% thereof.

Auditor further acknowledges that the fees set forth in Exhibit "B" represent the maximum compensation to be received by Auditor for performing the Services for each Fiscal Year, unless the Director agrees, in writing, to expand the scope of the Services and simultaneously provide additional funding for the expanded scope. All fees and expenses may only be paid from Allocated Funds, as provided in Section D. below.

B. Method Of Payment

1) Basic Services Fee.

City shall pay Auditor monthly for Basic Services rendered by Auditor pursuant to this Agreement, on the basis of valid invoices submitted by the Auditor and approved by the Director, showing the tasks performed, the hours worked in the preceding month and the corresponding hourly rate. To be effective, each invoice must include: (1) a summary progress report of hours worked by level of professional for the period covered by the invoice ("the Billing Period") expressed as a percentage of the total estimated Basic Services, with the applicable hourly rate and (2) the amount Auditor requests for payment. Payment to Auditor shall be made by the City within 30 days from receipt and approval of such an invoice by the Director.

2) Special Services Fee

(a) If the City requests any Special Services, the Auditor shall provide the Director with a written estimate of the fees it will charge to provide such services. Upon written approval of the Director and allocation of City funds therefor, Auditor shall proceed with the Special Services. Auditor shall bill

the City at the job classification rates for Special Services in accordance with the Fee Schedule in Exhibit B.

(b) Auditor shall request payment for Special Services by submitting an invoice to the City in the month following the performance of corresponding services. Invoices shall include an itemization justifying the fees charged for each task. The Special Services Fees shall be paid by the City on or about 30 days after receipt of a valid invoice submitted by the Auditor and approved by the Director and City Controller. The City agrees that it shall not unreasonably delay or withhold payment or approval for any invoice.

3) Disputed payments

If the City disputes any items in an invoice Auditor submits for any reason, including lack of supporting documentation, the Director shall temporarily delete the disputed item and pay the remaining amount of the invoice. The Director shall promptly notify the Auditor of the dispute and request clarification and/or remedial action. After the dispute is settled, the Auditor shall include the disputed amount on a subsequent regularly scheduled invoice or on a special invoice for the disputed item only.

C. Taxes

The City is exempt from payment of Federal Excise and Transportation Tax and Texas Limited Sales and Use Tax. Auditor's invoices to the City must not contain assessments of any of these taxes. The Director shall furnish the City's exemption certification and federal tax identification number to Auditor if requested.

D. Limit Of Appropriation

(1) The City's duty to pay money to Auditor under this Agreement is limited in its entirety by the provisions of this Section.

(2) In order to comply with Article II, Sections 19 and 19a of the City's Charter and Article XI, Section 5 of the Texas Constitution, the City has appropriated and allocated the sum of **\$600,000** to pay money due under this Agreement (the "Original Allocation"). The executive and legislative officers of the City, in their discretion, may allocate supplemental funds for this Agreement, but they are not obligated to do so. Therefore, the parties have agreed to the following procedures and remedies:

(3) The City makes a Supplemental Allocation by issuing to Auditor a Service Release Order, or similar form approved by the City Controller, containing the language set out below. When necessary, the Supplemental Allocation shall be approved by motion or ordinance of City Council.

NOTICE OF SUPPLEMENTAL ALLOCATION OF FUNDS

By the signature below, the City Controller certifies that, upon the request of the responsible director, the supplemental sum set out below has been allocated for the purposes of the Agreement out of funds appropriated for this purpose by the City Council of the City of Houston. This supplemental allocation has been charged to such appropriation.

\$ _____

(4) The Original Allocation plus all supplemental allocations are the Allocated Funds. The City shall never be obligated to pay any money under this Agreement in excess of the Allocated Funds. Auditor must assure itself that sufficient allocations have been made

to pay for services it provides. If Allocated Funds are exhausted, Auditor's only remedy is suspension or termination of its performance under this Agreement, and it has no other remedy in law or in equity against the City and no right to damages of any kind.

E. Suspension Of Performance

The Director may suspend Auditor's performance under this Agreement, with or without cause, by notifying Auditor in writing. For a period of fifteen days from suspension of the Auditor's performance under this Agreement and upon mutual agreement by the parties, Auditor shall resume work when directed to do so by the Director, at no additional cost to the City that is directly attributable to (i) the Director's suspension of the Auditor's performance under this Agreement or (ii) the period of suspension set forth above. The City shall not grant any compensation or extension of time under this Section if the suspension results from material non-compliance of Auditor or its subcontractors with any material requirement of this Agreement.

F. City Assistance

The City Department personnel shall be available to render all reasonable assistance and shall, to the extent permitted by law, provide all necessary books and records, supporting schedules, account reconciliations, and account analyses in the City's possession that are necessary for Auditor to perform services under this Agreement. The Director reserves the right to assign a member of the Department's staff to assist the Auditor in the performance of Services under this Agreement, as mutually agreed upon.

In addition, the City Controller's Central Financial Reporting and Accounting staff shall be available to render all possible assistance and shall respond promptly to verbal or written requests for information, provide all necessary books and records, detailed trial balances, supporting schedules, account reconciliations, and account analyses and shall provide the necessary coordination with the

Information Services Division of Finance to obtain computer support and selective access to computer files. The City Controller's Internal Audit Division shall assist the Auditor to the degree negotiated by both parties. Workpapers and reports on completed internal control evaluations shall be made available to the Auditor upon a written request to the City Controller.

G. Reproduction Services And Workspace

The City shall provide reasonable on-site reproduction services and clerical support. Costs of special or extensive reproduction shall be the responsibility of the Auditor.

The City shall provide reasonable working space to the Auditor in locations maintained by the Finance Department or Controller's Office or other City facilities.

V. TERM AND TERMINATION

A. Contract Term

This Agreement is effective on the Countersignature Date and remains in effect for three (3) years therefrom ("Initial Term"), unless sooner terminated under this Agreement.

B. Renewals

Upon expiration of the Initial Term, this Agreement may be renewed for two successive one-year terms each upon the same terms and conditions, if Director, at his or her sole discretion, makes a written request for renewal to Auditor at least thirty (30) days before expiration of the then-current term and if sufficient funds are allocated to pay for such renewal term.

C. Time Extension

If Auditor requests an extension of time to complete its performance, then the Director, may, in his or her sole discretion, extend the term so long as the extension does not exceed 180 days. The extension must be in writing but does not require amendment of this Agreement. Auditor is not entitled to damages for delay(s) regardless of the cause of the delay(s).

D. Termination for Convenience by City

The Director may terminate this Agreement at any time by giving 30 days written notice to Auditor. The City's right to terminate this Agreement for convenience is cumulative of all rights and remedies, which exist now or in the future.

On receiving the notice, Auditor shall, unless the notice directs otherwise, immediately discontinue all services under this Agreement and cancel all existing orders and subcontracts that are chargeable to this Agreement. As soon as practicable after receiving the termination notice, Auditor shall submit an invoice showing in detail the services performed under this Agreement up to the termination date. The City shall then pay the fees to Auditor for services actually performed, but not already paid for, in the same manner as prescribed in Section IV.B., unless the fees exceed the allocated funds remaining under this Agreement.

TERMINATION OF THIS AGREEMENT AND RECEIPT OF PAYMENT FOR SERVICES RENDERED ARE AUDITOR'S ONLY REMEDIES FOR THE CITY'S TERMINATION FOR CONVENIENCE, WHICH DOES NOT CONSTITUTE A DEFAULT OR BREACH OF THIS AGREEMENT. AUDITOR WAIVES ANY CLAIM (OTHER THAN ITS CLAIM FOR PAYMENT AS SPECIFIED IN THIS SECTION) IT MAY HAVE NOW OR IN THE FUTURE FOR FINANCIAL LOSSES OR OTHER DAMAGES RESULTING FROM THE CITY'S TERMINATION FOR CONVENIENCE.

E. Termination for Cause by City

If Auditor defaults under this Agreement, the Director may terminate this Agreement after providing Auditor written notice and an opportunity to cure the default as provided below. The City's right to terminate this Agreement for Auditor's default is cumulative of all rights and remedies, which exist now or in the future. Default by Auditor occurs if:

- (1) Auditor fails to perform any of its material duties under this Agreement;
- (2) Auditor becomes insolvent;
- (3) all or a substantial part of Auditor's assets are assigned for the benefit of its creditors;
- or
- (4) a receiver or trustee is appointed for Auditor.

If a default occurs, the Director shall deliver a written notice to Auditor describing the default and the termination date. The Director, at his sole option, may, but is not obligated to, allow Auditor a time to cure the default, or extend the termination date to a later date by a written notice to Auditor.

If the Director allows the Auditor to cure the default and Auditor does so to the Director's satisfaction before the termination date, then the termination is ineffective. If Auditor does not cure the default before the termination date, then the Director may terminate this Agreement on the termination date, at no further obligation of the City.

To effect final termination, the Director must notify Auditor in writing. After receiving the notice, Auditor shall, unless the notice directs otherwise, immediately discontinue all services under this Agreement, and promptly cancel all orders or subcontracts chargeable to this Agreement.

F. Termination for Cause by Auditor

Auditor may terminate its performance under this Agreement only if the City defaults and fails to cure the default after receiving written notice of it. Default by the City occurs if the City fails to perform one or more of its material duties under this Agreement. If a default occurs and Auditor wishes to terminate the Agreement, then Auditor must deliver a written notice to the Director describing the default and the proposed termination date. The date must be at least 30 days after the Director receives the notice. Auditor, at its sole option, may extend the proposed termination date to a later date. If the City cures the default before the proposed termination date,

then the proposed termination is ineffective. If the City does not cure the default before the proposed termination date, then Auditor may terminate its performance under this Agreement on the termination date.

G. Effects of Termination

Upon termination, Auditor shall immediately turn over all work in progress and final Deliverables to the Director.

VI. MISCELLANEOUS

A. Independent Contractor

Auditor is an independent contractor and shall perform the services provided for in this Agreement in that capacity. The City has no control or supervisory powers over the manner or method of Auditor's performance under this Agreement. All personnel Auditor uses or provides are its personnel, employees or subcontractors and not the City's employees, agents, or subcontractors for any purpose whatsoever. Auditor is solely responsible for the compensation of its personnel, including but not limited to: the withholding of income, social security, and other payroll taxes and all worker's compensation benefits coverage.

B. Force Majeure

1. Neither party is liable for delays or other failures to perform its obligations under this Agreement to the extent the delay or failure is caused by Force Majeure. Force Majeure means fires, floods, explosions, and other acts of God, war, terrorist acts, riots, court orders, and the acts of superior governmental or military authority.

2. This relief is not applicable unless the affected party does the following:

(a) uses due diligence to remove the Force Majeure as quickly as possible;

- (b) provides the other party with prompt written notice of the cause and its anticipated effect (unless the Force Majeure prevents such party from providing such notice); and
- (c) provides the other party with written notice describing the actual delay or non-performance incurred within 7 days after the Force Majeure ceases.

3. If the Force Majeure continues for more than ten days, the Director may terminate this Agreement by giving 7 days written notice to Auditor. This termination is not a default or breach of this Agreement. AUDITOR WAIVES ANY CLAIM IT MAY HAVE FOR FINANCIAL LOSSES OR OTHER DAMAGES RESULTING DIRECTLY FROM TERMINATION IN ACCORDANCE WITH THIS SECTION VI (B), EXCEPT FOR AMOUNTS DUE UNDER THE AGREEMENT AT THE TIME OF THE TERMINATION.

4. Auditor is not relieved from performing its obligations under this Agreement due to a strike or work slowdown of its employees. Auditor shall employ only competent and qualified personnel during a strike.

C. Severability

If any part of this Agreement is for any reason found to be unenforceable, all other parts remain enforceable unless the result materially prejudices either party.

D. Entire Agreement

This Agreement merges the prior negotiations and understandings of the Parties and embodies the entire agreement of the Parties. No other agreements, assurances, conditions, covenants (express or implied), or other terms of any kind, exist between the Parties regarding this Agreement.

E. Written Amendment

Unless otherwise specified elsewhere in this Agreement, this Agreement may be amended only by written instrument executed on behalf of the City (by authority of an ordinance adopted by the City Council) and Auditor. The Director is only authorized to perform the functions specifically delegated to him or her in this Agreement.

F. Applicable Laws

This Agreement is subject to the laws of the State of Texas, the City Charter and Ordinances, the laws of the federal government of the United States, and all rules and regulations of any regulatory body or officer having jurisdiction.

Venue for any litigation relating to this Agreement is Harris County, Texas.

G. Notices

All notices to either party to the Agreement must be in writing and must be delivered by hand, facsimile, United States registered or certified mail, return receipt requested, United States Express Mail, Federal Express, Airborne Express, UPS or any other national overnight express delivery service. The notice must be addressed to the party to whom the notice is given at its address set out in Section I of this Agreement or other address the receiving party has designated previously by proper notice to the sending party. Postage or delivery charges must be paid by the party giving the notice.

H. Captions

Captions contained in this Agreement are for reference only, and, therefore, have no effect in construing this Agreement. The captions are not restrictive of the subject matter of any section in this Agreement.

I. Non-Waiver

If either party fails to require the other to perform a term of this Agreement, that failure does not prevent the party from later enforcing that term and all other terms. If either party waives the other's breach of a term, that waiver does not waive a later breach of this Agreement.

An approval by the Director, or by any other employee or agent of the City, of any part of Auditor's performance does not waive compliance with this Agreement or establish a standard of performance other than that required by this Agreement and by law. The Director is not authorized to vary the terms of this Agreement.

J. Inspections and Audits

City representatives may perform, or have performed, (1) audits of Auditor's books and records relating to Auditor's performance under this Agreement, and (2) inspections of all places where work is undertaken in connection with this Agreement. Auditor shall keep its books and records available for this purpose for at least 5 years after this Agreement terminates. This provision does not affect the applicable statute of limitations.

K. Enforcement

The City Attorney or his or her designee may enforce all legal rights and obligations of the City under this Agreement without further authorization from the City Council. Auditor shall provide the City Attorney all documents and records that the City Attorney requests to assist in determining Auditor's compliance with this Agreement, with the exception of those documents made confidential by federal or State law or regulation.

L. Ambiguities

If any term of this Agreement is ambiguous, it shall not be construed for or against any party on the basis that the party did or did not write it.

M. Survival

Auditor shall remain obligated to the City under all clauses of this Agreement that expressly or by their nature extend beyond the expiration or termination of this Agreement, including but not limited to, the indemnity provisions.

N. Publicity

Auditor shall make no announcement or release of information concerning this Agreement unless the release has been submitted to and approved, in writing, by the Director.

O. Parties In Interest

This Agreement does not bestow any rights upon any third party, but binds and benefits the City and Auditor only.

P. Successors and Assigns

This Agreement binds and benefits the Parties and their legal successors and permitted assigns; however, this provision does not alter the restrictions on assignment and disposal of assets set out in the following paragraph. This Agreement does not create any personal liability on the part of any officer or agent of the City.

Q. Business Structure and Assignments

Auditor shall not assign this Agreement at law or otherwise or dispose of all or substantially all of its assets without the Director's prior written consent. Nothing in this clause, however, prevents the assignment of accounts receivable or the creation of a security interest as described in §9.406 of the Texas Business & Commerce Code. In the case of such an assignment, Auditor shall immediately furnish the City with proof of the assignment and the name, telephone number, and address of the Assignee and a clear identification of the fees to be paid to the Assignee.

Auditor shall not delegate any portion of its performance under this Agreement without the Director's prior written consent.

R. Remedies Cumulative

Unless otherwise specified elsewhere in this Agreement, the rights and remedies contained in this Agreement are not exclusive, but are cumulative of all rights and remedies which exist now or in the future. Neither party may terminate its duties under this Agreement except in accordance with its provisions.

S. AUDITOR DEBT

IF AUDITOR, AT ANY TIME DURING THE TERM OF THIS AGREEMENT, INCURS A DEBT, AS THE WORD IS DEFINED IN SECTION 15-122 OF THE HOUSTON CITY CODE OF ORDINANCES, IT SHALL IMMEDIATELY NOTIFY THE CITY CONTROLLER IN WRITING UPON THE AUDITOR'S ENGAGEMENT LEADER BECOMES AWARE OF SUCH DEBT. IF THE CITY CONTROLLER BECOMES AWARE THAT AUDITOR HAS INCURRED A DEBT, HE/SHE SHALL IMMEDIATELY NOTIFY AUDITOR IN WRITING. IF AUDITOR DOES NOT PAY THE DEBT WITHIN 30 DAYS OF EITHER SUCH NOTIFICATION, THE CITY CONTROLLER MAY DEDUCT FUNDS IN AN AMOUNT EQUAL TO THE DEBT FROM ANY PAYMENTS OWED TO AUDITOR UNDER THIS AGREEMENT, AND AUDITOR WAIVES ANY RECOURSE THEREFOR.

AUDITOR SHALL FILE A NEW AFFIDAVIT OF OWNERSHIP USING THE FORM DESIGNATED BY CITY, BETWEEN FEBRUARY 1 AND MARCH 1 OF EVERY YEAR DURING THE TERM OF THIS AGREEMENT.

EXHIBIT "A"**SCOPE OF SERVICES**

- I. **BASIC SERVICES** The Basic Services to be performed under any Engagement Letter shall be set forth in such Engagement Letter. Such Basic Services may include, but are not necessarily limited to:

Task 1: Audit of Comprehensive Annual Financial Report (CAFR) commencing with fiscal year beginning July 1, 2013.

1.1 Auditor shall conduct annual financial audits of the COH's basic financial statements for the fiscal years ending June 30, 2014, 2015 and 2016. These audits shall be performed in accordance with generally accepted auditing standards; standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments and Non-profit Organizations, as amended*.

1.2 The Auditor shall plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements, whether caused by error or fraud, and shall perform tests of the COH's compliance with certain provisions of laws, regulations, contract, and grants. However, because of the characteristics of fraud, particularly those involving concealment and falsified documentation (including forgery), a properly planned and performed audit may not detect a material misstatement. Therefore, an audit conducted in accordance with generally accepted auditing standards is designed to obtain reasonable, rather than absolute, assurance that the financial statements are free of material misstatements. An audit is not designed to detect error or fraud that is immaterial to the financial statements or to detect immaterial instances of noncompliance.

1.3 In conjunction with its annual financial audit, the Auditor shall perform a compliance audit of management controls on investments, adherence to the City's established investment policies and the quarterly reports prepared by the investment manager. The results of the review shall be reported to the Audit Committee.

1.4 As part of the audit, the Auditor shall consider the COH internal control process and assess control risk, as required by generally accepted auditing standards and standards applicable to financial audits contained in *Government Auditing Standards*, for the purpose of establishing a basis for determining the

nature, timing, and extent of auditing procedures necessary for expressing an opinion on the financial statements, and not as a means for providing assurance on the COH's internal control process or to identify reportable conditions.

1.5 The auditing procedures shall include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. The Auditor shall make audit inquiries and request written responses from the COH's attorneys as part of the engagement.

1.6 As part of the audit of compliance with the requirements of major federal programs, the Auditor shall obtain an understanding of the COH internal control process related to administering major federal programs and the Auditor shall assess risk as required by OMB Circular A-133 for the purpose of establishing the nature, timing, and extent of auditing procedures necessary for expressing an opinion concerning compliance with laws and regulations related to major federal award programs.

1.7 As required by OMB Circular A-133, the compliance audit shall also include tests of transactions related to federal award programs for compliance with applicable laws and regulations. However, because of the concept of reasonable assurance and because the Auditor shall not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or illegal acts may exist and not be detected by the Auditor. The Auditor shall advise the City however, of any related matters that come to the Auditor's attention, and shall include such matters in the reports required for an audit in accordance with OMB Circular A-133. The Auditor's responsibility as Auditor is limited to the periods for which the Auditor has been engaged as auditor or for which the Auditor has performed substantive auditing procedures.

1.8 The report on the Auditor's understanding of the City's internal control process and the assessment of control risk made as part of the City financial statement audit shall include: (1) the scope of our work in obtaining an understanding of the City's internal control and in assessing the control risk; and (2) the deficiencies in internal control, including the identification of significant deficiencies and material weaknesses identified as a result of the Auditor's work in understanding and assessing the control risk.

1.9 The Auditor shall complete and sign one copy of the Auditor's information section of the Data Collection form. COH management must prepare all other

sections of the form and sign the form prior to its submission to the Federal Audit Clearinghouse.

1.10 The Auditor's ability to express an opinion and render those reports and the wording of the Auditor's opinion and reports, will be dependent on the facts and circumstances at the date of such reports. If, for any reason, the Auditor is unable to complete the audit or is unable to form or has not formed an opinion, the Auditor may decline to express an opinion or decline to issue a report as a result of this engagement. If the Auditor is unable to complete the audit or if the auditor's reports require modification, the Auditor shall discuss the reasons with the Director.

1.11 The Auditor understands that the Auditor's reports on the City's internal control (as part of the financial statement audit and in compliance with laws and regulations) are intended for the information of the management and others within the City and applicable federal and statute granting organizations.

1.12 The Auditor shall advise the City Controller as the City Controller prepares and compiles the Comprehensive Annual Financial Report (CAFR) in accordance with Governmental Accounting and Financial Reporting Standards which is published and issued by the Governmental Accounting Standards Board (GASB) and all eligibility requirements of the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program.

1.13 The Auditor shall determine and issue reports including opinions on:

1.13.1 The entity-wide financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, which collectively comprise the City's basic financial statements as of the year end, and the respective changes in financial position and cash flows, where applicable, for the year then ended.

1.13.2 The financial statements of the Houston Airport System at year end, and the changes in financial position and cash flows thereof for the year then ended.

1.13.3 Whether the COH meets the financial assurance requirements of the Texas Commission on Environmental Quality (TCEQ).

1.13.4 Auditor shall prepare a management recommendation letter. The letter may communicate opportunities for the City to improve the economy and efficiencies of the City financial management practices that come to the Auditors attention during the audit process. The letter shall contain the responses from the responsible City Department Directors. Prior to issuance, the Auditor shall review the proposed draft letter with the Director of Finance and the City Controller. Subsequent to issuance, the Auditor shall review the final letter with the Mayor and City Council, if requested to do so. At the request of the City and, within 90 days after the issuance of the management recommendation letter, the Auditor shall evaluate the quality of the implementation of all agreed-to recommendations and submit a report on the status and condition of implementation to the Director of Finance and the City Controller.

Task 2: Single Audit Report including the Schedule of Expenditures of Federal Awards (SEFA)

2.1 In conjunction with the CAFR financial audit, the Auditor shall perform an audit of federal awards under the Single Audit Act, 1996, as amended, Office of Management and Budget (OMB) Circular A-133, and any amendments or supplements thereto. Successor publications will also apply in addition to the auditor requirements of OMB Circular A-133; the Auditor shall perform the following tasks:

2.2 The Auditor shall assist the City, up to a maximum of 20 hours, in its efforts to obtain acceptance of the Plan for Corrective Action by the Federal Cognizant Agency.

2.3 At the request of the Director, the Auditor shall conduct follow-up on corrective actions taken by the City ninety (90) days after issuance of the final audit report, evaluate the City's progress in correcting the problems, and separately report the findings to the Director of Finance and to the City Controller.

2.4 At the request of the Director, the Auditor shall follow-up on single-audit findings and recommendations to ascertain that resolution has been achieved. The Auditor shall, by the end of each month, submit a report to the Director and City Controller on the quality and timeliness of individual resolution decisions.

Task 3: State of Texas Single Audit Circular (Uniform Grant Management Standard)

3.1 In conjunction with the CAFR audit, the Auditor shall also perform auditing procedures on the City state programs in accordance with the provisions

of the State of Texas Single Audit Circular (Uniform Grant Management Standard)

3.2 Prior to the City publication of the State Single Audit Report, the Auditor shall review and evaluate the proposed Plan for Corrective Action.

3.3 The Auditor shall assist the City, up to a maximum of 20 hours, in its efforts to obtain acceptance of the Plan for Corrective Action by the State Cognizant Agency.

3.4 At the request of the Director, the Auditor shall conduct follow-up on corrective actions taken by the City ninety (90) days after issuance of the final audit report, evaluate the City's progress in correcting the problems and report separate findings to the Director of Finance and the City Controller.

3.5 At the request of the Director, the Auditor shall be responsible for follow-up on State single audit findings and recommendations to ascertain that resolution has been achieved. The Auditor shall, by the end of each month, submit a report to the Director and City Controller on the quality and timeliness of individual resolution decisions.

Task 4: Reports to be issued: Following the completion of the audit of each fiscal year's financial statements, the Auditor shall issue:

4.1 A report on the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America.

4.2 A report on internal control over financial reporting and on compliance and other matters based on an audit of the financial statements performed in accordance with Government Auditing Standards.

4.3 A report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with OMB Circular A-133.

Task 5: Special Services

Special Services shall be requested in a written notice signed by the Mayor or designee only if City Council has allocated sufficient funds to pay for these Services.

5.1 Determine whether the COH is in substantial compliance with the significant financial and accounting requirements of ordinances pertaining to the revenue bonds associated with the various enterprise funds. The documents requiring opinions are:

5.1.1 Convention & Entertainment Facilities Department -Schedule of Pledged Revenues and Debt Service Requirements;

5.1.2 Airport - Schedule of Overhead and Direct Charges; Schedule of Gross Revenues, Net Revenues, and Debt Service Requirements;

5.1.3 Water and Sewer - Schedule of Gross Revenues, Net Revenues and Debt Service Requirements;

5.2 Selected Audits/Reviews/Corrective Action Plans. The Auditor may be requested to conduct various financial audits, and/or corrective action plans and reviews of City activities and funds.

5.3 Other Audits. The Auditor shall furnish all services and materials necessary for the performance of financial and compliance audits of any fund, department, or division operations of the City not included in the Scope of Services for Basic Services.

5.4 Travel. The Auditor shall journey to places outside Harris County, Texas in connection with any Special Services, if needed.

5.5 Expert Witness. The Auditor may be requested to assist the City as an expert witness in litigation with third parties or administrative proceedings.

5.6 Special Investigations or Studies. The Auditor shall conduct special investigations or studies within the Auditor's expertise, but not specified as a Basic Service.

5.7 Bond and Note Offerings. The Auditor shall furnish all services and materials necessary to render consents, to date reviews or other requested services for use in connection with the sale of bonds, notes, etc.; prepare and submit written reports with respect to such funds; advise and assist the COH in connection with such work and in connection with the preparation of various official statements relating thereto. In a typical year, the City will have four to six offerings, including, but not limited to:

5.7.1 A tax and revenue anticipation note for General Fund cash flow;

5.7.2 A public improvement bond issue;

5.7.3 Two utility system issues; and

5.7.4 An airport system and/or convention and entertainment system issue.

5.8 Conferences. The Auditor shall attend periodic conferences with City officials and regulatory officials.

5.9 Quality Control Review (QCR). The Auditor shall review and evaluate the work of other CPA firms engaged by the City. Such QCR will be provided for within the other CPA firm's contract with the City and may be performed in conjunction with members of the City Auditor's or federal cognizant audit agency staffs.

5.10 Governmental Accounting Standards Board. The Auditor shall furnish services and materials necessary or proper for the performance of reviewing the City's planning, preparation and implementation of GASB pronouncements.

5.11 Training for Finance Department and Other City Staff. Each year of the contract, the Auditor shall provide training as outlined below:

5.11.1 Accounting and Auditing Updates Provide a one-day seminar (equivalent to 8 CPE credits, including 2 credits of ethics) discussing accounting principles generally accepted in the United States of America, issues related to the City, recently issued, recently adopted and/or proposed GASB pronouncements of significance to the City, and ethics. This seminar will be provided to the Finance Department personnel and other City personnel designated by the Finance Director.

5.12 Any other services requested.

EXHIBT "B"
BASIC SERVICES

YEAR 1

Position	Rate	Estimated No. of Hours	Total
Partner	\$ 300	800	\$ 240,000
Manager	\$ 225	1,200	\$ 270,000
Senior	\$ 150	5,000	\$ 750,000
Staff	\$ 125	3,000	\$ 375,000
Total			\$ 1,635,000
Discount			\$ (435,000)
Base Year (FY2014) Fee			\$ 1,200,000

YEAR 2

Position	Rate	Estimated No. of Hours	Total
Partner	\$ 309	800	\$ 247,200
Manager	\$ 232	1,200	\$ 278,400
Senior	\$ 155	5,000	\$ 775,000
Staff	\$ 129	3,000	\$ 387,000
Total			\$ 1,687,600
Discount			\$ (451,600)
Base Year (FY2015) Fee			\$ 1,236,000

YEAR 3

Position	Rate	Estimated No. of Hours	Total
Partner	\$ 318	800	\$ 254,400
Manager	\$ 239	1,200	\$ 286,800
Senior	\$ 159	5,000	\$ 795,000
Staff	\$ 133	3,000	\$ 399,000
Total			\$ 1,735,200
Discount			\$ (461,200)
Base Year (FY2016) Fee			\$ 1,274,000

*Fees for Option Renewal Years with a 4% increase: FY2017 (\$1,325,000) and FY2018 (\$1,378,000)

SPECIAL SERVICES
HOURLY RATES
DURING AGREEMENT INITIAL TERM

<u>POSITION</u>	<u>RATE</u>
PARTNER	\$300/hour
SENIOR MANAGER/MANAGER	\$225/hour
SENIOR AUDITOR	\$150/hour
STAFF AUDITOR	\$125/hour

*Rates for Special Services for Option Renewal Years (FY2017 and FY2018) may have a 4% increase, as mutually agreed to between the Parties.

EXHIBIT "C"**EQUAL EMPLOYMENT OPPORTUNITY**

1. The contractor, subcontractor, vendor, supplier, or lessee will not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, or age. The contractor, subcontractor, vendor, supplier, or lessee will take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, religion, color, sex, national origin, or age. Such action will include, but not be limited to, the following: employment; upgrading; demotion or transfer; recruitment advertising; layoff or termination; rates of pay or other forms of compensation and selection for training, including apprenticeship. The contractor, subcontractor, vendor, supplier or lessee agrees to post in conspicuous places available to employees, and applicants for employment, notices to be provided by the City setting forth the provisions of this Equal Employment Opportunity Clause.

2. The contractor, subcontractor, vendor, supplier, or lessee states that all qualified applicants will receive consideration for employment without regard to race, religion, color, sex, national origin or age.

3. The contractor, subcontractor, vendor, supplier, or lessee will send to each labor union or representatives of workers with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided by the agency contracting officer advising the said labor union or worker's representative of the contractor's and subcontractor's commitments under Section 202 of Executive Order No. 11246, as amended and superseded, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

4. The contractor, subcontractor, vendor, supplier, or lessee will comply with all provisions of Executive Order No. 11246, as amended and superseded, and the rules, regulations, and relevant orders of the Secretary of Labor or other Federal Agency responsible for enforcement of the equal employment opportunity and affirmative action provisions applicable and will likewise furnish all information and reports required by the Mayor and/or Contractor Compliance Officer(s) for purposes of investigation to ascertain and effect compliance with this program.

5. The contractor, subcontractor, vendor, supplier, or lessee will furnish all information and reports required by Executive Order No. 11246, as amended and superseded, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to all books, records, and accounts by the appropriate City and Federal Officials for purposes of investigations to ascertain compliance with such rules, regulations, and orders. Compliance reports filed at such times as directed shall contain information as to the employment practice policies, program, and work force statistics of the contractor, subcontractor, vendor, supplier, or lessee.

6. In the event of the contractor's, subcontractor's, vendor's, supplier's, or lessee's non-compliance with the non-discrimination clause of this contract or with any of such rules, regulations, or orders, this contract may be canceled, terminated, or suspended in whole or in part, and the contractor, subcontractor, vendor, supplier, or lessee may be declared ineligible for further City contracts in accordance with procedures provided in Executive Order No. 11246, as amended and superseded, and such other sanctions may be imposed and remedies invoked as provided in the said Executive Order, or by rule, regulation, or order of the Secretary of Labor, or as may otherwise be provided by law.

7. The contractor shall include the provisions of paragraphs 1-8 of this Equal Employment Opportunity Clause in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, as amended and superseded, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontractor or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event the contractor becomes involved in, or is threatened with litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

8. The contractor shall file and shall cause his or her subcontractors, if any, to file compliance reports with the City in the form and to the extent as may be prescribed by the Mayor. Compliance reports filed at such times as directed shall contain information as to the practices, policies, programs, and employment policies and employment statistics of the contractor and each subcontractor.

EXHIBIT "D"

DRUG POLICY COMPLIANCE AGREEMENT

I, _____ as an owner or officer of
(Name) (Print/Type) (Title)

(Name of Company) (Contractor)

have authority to bind Contractor with respect to its bid, offer or performance of any and all contracts it may enter into with the City of Houston; and that by making this Agreement, I affirm that Contractor be bound by and agree to designate appropriate safety impact positions for company employee positions and to comply with the following requirements before the City issues a notice to proceed:

1. Develop and implement a written Drug Free Workplace Policy and related drug testing procedures for the Contractor that meet the criteria and requirements established by the Mayor's Amended Policy on Drug Detection and Deterrence (Mayor's Drug Policy) and the Mayor's Drug Detection and Deterrence Procedures for Contractors (Executive Order No. 1-31).]
 4. Obtain a facility to collect urine samples consistent with Health and Human Services (HHS) guidelines and a HHS certified drug testing laboratory to perform the drug tests.
 5. Monitor and keep records of drug tests given and the results; and upon request from the City of Houston, provide confirmation of such testing and results.
 6. Submit semi-annual Drug Policy Compliance Declarations.

I affirm on behalf of the Contractor that full compliance with the Mayor's Drug Policy and Executive Order No. 1-31 is a material condition of the contract with the City of Houston.

I further acknowledge that falsification, failure to comply with or failure to timely submit declarations and/or documentation in compliance with the Mayor's Drug Policy and/or Executive Order No. 1-31 will be considered a breach of the contract with the City and may result in non-award or termination of the contract by the City of Houston.

Date

Contractor Name

Signature

Title

EXHIBIT "E"

**CONTRACTOR'S CERTIFICATION
OF NO SAFETY IMPACT POSITIONS
IN PERFORMANCE OF A CITY CONTRACT**

I, _____,
(Name) (Title)

as an owner or officer of _____ (Contractor)
(Name of Company)

have authority to bind the Contractor with respect to its bid, and hereby certify that Contractor has no employee safety impact positions, as defined in §5.18 of Executive Order No. 1-31, that will be involved

in performing _____.
(Project)

Contractor agrees and covenants that it shall immediately notify the City of Houston Director of Human Resources if any safety impact positions are established to provide services in performing this City Contract.

(Date)

(Typed or Printed Name)

(Signature)

(Title)

EXHIBIT "F"

DRUG POLICY COMPLIANCE DECLARATION

I, _____ as an owner or officer of
 _____ (Name) (Print/Type) (Title)
 _____ (Contractor)
 _____ (Name of Company)

have personal knowledge and full authority to make the following declarations:
 This reporting period covers the preceding 6 months from _____ to _____, 20____.

_____ A written Drug Free Workplace Policy has been implemented and employees notified.
 Initials The policy meets the criteria established by the Mayor's Amended Policy on Drug Detection and Deterrence (Mayor's Policy).

_____ Written drug testing procedures have been implemented in conformity with the Mayor's
 Initials Drug Detection and Deterrence Procedures for Contractors, Executive Order No. 1-31. Employees have been notified of such procedures.

_____ Collection/testing has been conducted in compliance with federal Health and Human
 Initials Services (HHS) guidelines.

_____ Appropriate safety impact positions have been designated for employee positions
 Initials performing on the City of Houston contract. The number of employees in safety impact positions during this reporting period is _____.

_____ From _____ to _____ the following test has occurred
 Initials (Start date) (End date)

	<u>Random</u>	<u>Reasonable Suspicion</u>	<u>Post Accident</u>	<u>Total</u>
Number Employees Tested	_____	_____	_____	_____
Number Employees Positive	_____	_____	_____	_____
Percent Employees Positive	_____	_____	_____	_____

_____ Any employee who tested positive was immediately removed from the City worksite
 Initials consistent with the Mayor's Policy and executive Order No.1.-31.

_____ I affirm that falsification or failure to submit this declaration timely in accordance
 Initials with established guidelines will be considered a breach of contract.

_____ Date _____ (Typed or Printed Name)
 _____ (Signature)
 _____ (Title)

EXHIBIT "G"

Form of Engagement Letter for Basic Services

Date
Mayor
City of Houston, Texas
P.O. Box 1562
Houston, TX 77251

Director of Finance
City of Houston, Texas
611 Walker, 10th Floor
Houston, Texas 77002

Dear Mayor,

McConnell & Jones LLP (M&J) & Banks, Finley, White and Company (BFW), a Joint Venture Partnership doing business in Texas under the assumed name of J&J/BFW Team ("M&J/BFW Team" or "Auditor" or "we" or "us") are pleased to confirm our understanding of the services we are to provide the City of Houston, Texas (the "City") for the year ended June 30, _____. M&J/BFW Team will be responsible for the services that we perform for the City hereunder.

The services to be performed by M&J/BFW Team pursuant to this engagement are subject to the terms and conditions of the Agreement for Professional Auditing Services (Contract No. _____), dated effective _____ between the City and M&J/BFW Team ("the Agreement") and the terms and conditions set forth herein and in the accompanying appendices hereto. The terms and conditions hereof shall be effective as of the date of the commencement of services described herein.

We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements, of the City as of and for the year ended June 30, _____. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the City's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the City's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) General Operating Fund – Budget to Actual
- 3) Pension System Supplementary Information
- 4) Other Post Employment Retirement Benefits Supplementary Information

We have also been engaged to report on supplementary information other than RSI that accompanies the City's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole:

- 1) Schedule of Expenditures of Federal Awards (Federal and State of Texas)
- 2) Combining and Individual Fund financial statements in preparation of Comprehensive Annual Financial Report (CAFR)

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

- 1) Introductory Section of CAFR
- 2) Statistical Section of CAFR

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on:

- Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single

Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The reports on internal control and compliance will each include a paragraph that states that the purpose of the report is solely to describe (1) the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, (2) the scope of testing internal control over compliance for major programs and major program compliance and the result of that testing and to provide an opinion on compliance but not to provide an opinion on the effectiveness of internal control over compliance, and (3) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance and OMB Circular A-133 in considering internal control over compliance and major program compliance. The paragraph will also state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; the State of Texas Single Audit Act (Uniform Grant Management Standards); and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133, and other procedures we consider necessary to enable us to express such opinions and to render the required reports. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements or the Single Audit compliance opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

Management Responsibilities

Management is responsible for the basic financial statements, schedule of expenditures of federal and state awards, and all accompanying information as well as all representations contained therein. Management is also responsible for identifying government award programs and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal and state awards in accordance with the requirements of OMB Circular A-133 and the State of Texas Uniform Grant Management Standards. As part of the audit, we will assist with preparation of your financial statements, schedule of expenditures of federal and state awards, and related notes. You will be required to acknowledge in the written representation letter our assistance with preparation of the financial statements and schedule of expenditures of federal and state awards and that you have reviewed and approved the financial statements, schedule of expenditures of federal and state awards, and related notes prior to their issuance and have accepted responsibility for them. You agree to assume all management responsibilities for any nonaudit services we provide; oversee the services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met and that there is reasonable assurance that government programs are administered in compliance with compliance requirements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for ensuring that management is reliable and financial information is reliable and properly recorded. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government, (4) access to information of components and/or component auditors relative to facilitating group audit requirements under GAAS.

Management responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants.

Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for our review during the preliminary phase of the audit.

Management is responsible for preparation of the schedule of expenditures of federal awards in conformity with OMB Circular A-133. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to [include the audited financial statements with any presentation of the schedule of expenditures of federal and state awards that includes our report thereon OR make the audited financial statements readily available to intended

users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon]. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with OMB Circular A-133; (2) that you believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with OMB Circular A-133; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

Management is also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies.

You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to using the auditor's report, you understand that you must obtain our prior written consent to reproduce or use our report in bond offering official statements or other documents.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial

statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors are limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions.

In connection with the audit of the City, we will serve as the *group auditor* in connection with *components* of the City, both terms as defined by generally accepted auditing standards. During the planning phase of the City's audit, we will make a decision whether to make reference to component auditor's work in our auditor's report on the City's financial statements or perform additional audit procedures on the respective components in order to opine on the group financial statements. Under the capacity as group auditor and with the assistance of City management, we will request the following from component auditors:

- A copy of the financial statements of the respective components for the most recent audit period in relation to the City's fiscal year end.
- To advise us of other related parties not included on the list of City related parties as provided them and any related party transactions as they become known to the component auditors and of transactions with related parties that differ from any we may describe to them.
- To update their subsequent events procedures from the date of their report on the financial statements of respective components to the expected date of our report on the City's financial statements, and advise us of any subsequent events they identify that may require adjustment to, or disclosure in, the City's financial statements

We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by OMB Circular A-133, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and OMB Circular A-133.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OMB Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Circular A-133 Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the City's major programs. The purpose of these procedures will be to express an opinion on

the City's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Circular A-133.

Engagement Administration, Fees, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash, accounts receivable, or other confirmations and schedules we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

The audit documentation for this engagement is the property of the M&J/BFW Team and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to the Cognizant or Oversight Agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of the M&J/BFW Team personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the federal cognizant agency for the City. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit

finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit upon signing of this engagement letter and to issue our reports no later than December 1, _____. Gregory Ellison is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be \$_____ consistent with the fee set forth in Exhibit B of the Agreement with the City. Our invoices for these fees will be rendered each month in accordance with Section IV.B of the Agreement. The above fee is based on anticipated cooperation from City personnel and the assumption that unexpected circumstances will not be encountered during the audit.

We appreciate the opportunity to be of service to the City of Houston, Texas and believe this letter accurately summarizes the significant terms of our engagement under generally accepted auditing standards in addition to other provisions set forth in the Agreement.

If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

You have requested that we provide you with a copy of our most recent external peer review reports and any subsequent reports received during the contract period. Accordingly, our _____ peer review report accompanies this letter.

Very truly yours,

McConnell & Jones LLP (M&J)
& Banks, Finley, White and Company (BFW)
Under Assumed Name of M&J/BFW Team

Wayne McConnell, CPA
Partner

RESPONSE:

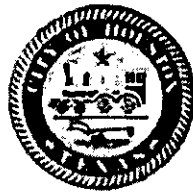
This letter correctly sets forth the understanding of the City of Houston, Texas.

Acknowledged and approved on behalf of
The Mayor of the City of Houston, Texas:

Signature: _____
Title: Finance Director
Date: _____

EXHIBIT "H"
PROJECT TEAM
(See attached)

Organization Chart of Audit Team



Wayne McConnell, CPA
Client Service Partner

Gregory Ellison, CPA
Engagement Partner

Technical Partners

Jim White, CPA
Gov't Funds/
Financial Reporting

Jeff White, CPA
Utility Systems

L. Michael Forsythe,
CPA, CFE
Airport Systems

Enterprise Funds	Governmental Funds	Other Funds/ Component Units	Single Audit
Wandalyn Wright, CPA	Shintasha Brock, CPA	Godwin Okoye, CPA	Imran Khimani, CPA

City of Houston Resolution No. 2015-21

A RESOLUTION AUTHORIZING LOAN APPLICATIONS TO THE TEXAS WATER DEVELOPMENT BOARD (STATE WATER IMPLEMENTATION FUND PROGRAM).

* * *

WHEREAS, the City of Houston, Texas, deems it appropriate to apply to the Texas Water Development Board for financial assistance by requesting loan commitments from the State Water Implementation Fund Program in connection with two projects for the City's NE Water Plant; and

WHEREAS, in accordance with the rules and regulations of the Texas Water Development Board, which govern the procedures of making such applications, the governing body of the City is required to adopt a resolution to accompany such applications;

NOW THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HOUSTON, TEXAS:

Section 1. That the Texas Water Development Board is hereby requested to grant financial assistance to the City of Houston by loan commitments from the State Water Implementation Fund Program, the first loan to be in the maximum amount of \$183,635,000 for the expansion of the City's NE Water Plant and the second loan to be in the maximum amount of \$112,490,000 for water transmission lines associated with such expansion, all as further described in the applications for such assistance, in substantially the form attached hereto as Exhibit "A" and incorporated herein for all purposes (the "Applications").

Section 2. That the Mayor, City Controller, City Attorney, Director of Public

Works and Engineering and/or their authorized representatives are hereby authorized to make any changes, revisions, deletions, or insertions or information (including attachments to the Applications) as may be necessary to complete the Applications or make any revisions thereto required by the Texas Water Development Board.

Section 3. That the Mayor of the City of Houston is hereby authorized to execute and submit the Applications to the Texas Water Development Board; and the Mayor, City Controller, City Attorney, Director of Public Works and Engineering, financial advisor, and consulting engineers named in such Applications, or other authorized representatives of the City are authorized to appear before the Texas Water Development Board in support of the Applications.

Section 4. That the Mayor, City Controller, City Attorney or Director of Public Works and Engineering are further specifically authorized to make the required assurances and representations to the Texas Water Development Board in accordance with the rules, regulations, and policies of the Texas Water Development Board.

Section 5. That a certified copy of this Resolution shall be attached to the Applications herein authorized to be prepared and submitted to the Texas Water Development Board.

Section 6. That this Resolution shall take effect immediately upon its passage and approval by the Mayor; however, in the event that the Mayor fails to sign this Resolution within five days after its passage and adoption, it shall take effect in accordance with Article VI, Section 6, Houston City Charter.

PASSED and ADOPTED this 27th day of May, 2015.

APPROVED this 27th day of May, 2015

Annise D. Parker
Mayor of the City of Houston

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Resolution is _____, 2015.

City Secretary

Prepared by: Guy J Wood
Senior Assistant City Attorney

5/13/15 GLW:naj
(Requested by: Dale Rudick, P.E., Director of Public Works and Engineering
LD No. 0351500038001)

CAPTION PUBLISHED IN DAILY COURT
REVIEW
DATE: JUN 02 2015

AYE	NO	
✓		MAYOR PARKER
••••	••••	COUNCIL MEMBERS
✓		STARDIG
/		DAVIS
✓		COHEN
/		BOYKINS
	ABSENT	MARTIN
/		NGUYEN
/		PENNINGTON
/		GONZALEZ
/		GALLEGO
/		LASTER
/		GREEN
✓		COSTELLO
	ABSENT	ROBINSON
	ABSENT	KUBOSH
✓		BRADFORD
	ABSENT	CHRISTIE
CAPTION	ADOPTED	

APPLICATION AFFIDAVIT

THE STATE OF TEXAS §
COUNTY OF HARRIS §
CITY OF HOUSTON, TEXAS §

BEFORE ME, the undersigned, a Notary Public in and for the State of Texas, on this day personally appeared Dale A. Rudick, P.E., Director of Public Works and Engineering, as the Authorized Representative of the City of Houston, Texas, who being by me duly sworn, upon oath says that:

- 1. the decision by the City to request financial assistance from the Texas Water Development Board ("Board") was made in a public meeting held in accordance with the Open Meetings Act (Government Code, §551.001, et. seq.) and after providing all such notice as required by such Act as is applicable to the City;
2. the information submitted in the application is true and correct according to my best knowledge and belief;
3. the City has no pending, or outstanding judgments, orders, fines, penalties, taxes, assessment or other enforcement or compliance issue of any kind or nature by the Environmental Protection Agency, Texas Commission on Environmental Quality, Texas Comptroller, Texas Secretary of State, or any other federal, state or local government, with the exception under an agreed order with the TCEQ since 2004, which requires the City to make certain repairs and replacements to the City's sanitary sewer facilities over a 10 year period. The repairs and replacements are included in the CUS Capital Improvement Program;
4. the City warrants compliance with the representations made in the application in the event that the Board provides the financial assistance; and
5. the City will comply with all applicable federal laws, rules, and regulations as well as the laws of this state and the rules and regulations of the Board.

[Signature]
Dale A. Rudick, P.E.
Director of Public Works and Engineering

SWORN TO AND SUBSCRIBED BEFORE ME, by Dale A. Rudick, P.E., Director of Public Works and Engineering, this 17th day of May, 2015.



[Signature]
Notary Public, State of Texas

I, ANNA RUSSELL, City Secretary of the City of Houston, Texas, do hereby certify that the within and foregoing is a true and correct copy of Resolution 2015-21 passed and adopted by the City Council of said City on the 27th day of May, 2015, as the same appears in the records in my office

WITNESS my hand and the Seal of said City this 2nd day of June, 2015.

A handwritten signature in black ink, appearing to read "Anna Russell", written in a cursive style. The signature is positioned above a horizontal line.

Anna Russell
City Secretary of the City of Houston

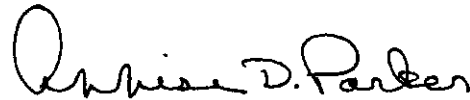
MAYOR'S OFFICE

HOUSTON, TEXAS

January 7, 2015

To the Honorable City Council of the City of Houston, Texas

In accordance with the provisions of Article VII, Section 7 of the Charter of the City of Houston, Texas, I submit and introduce to you the Ordinance set out as attached with the request that it be passed finally on the date of its introduction. There exists a public emergency requiring such action, and I accordingly request that you pass the same if it meets with your approval.



Mayor, City of Houston, Texas

City of Houston Ordinance No. 2015- 1

CITY OF HOUSTON ORDINANCE NO. *2015-1*

AN ORDINANCE SUPPLEMENTING THE CITY OF HOUSTON, TEXAS MASTER ORDINANCE NO. 2004-299; PROVIDING FOR THE ISSUANCE OF THE CITY OF HOUSTON, TEXAS, COMBINED UTILITY SYSTEM FIRST LIEN REVENUE BONDS, SERIES 2015A, PROVIDING FOR THE AMOUNTS, INTEREST RATES, PRICES, AND TERMS THEREOF AND OTHER MATTERS RELATING THERETO; PROVIDING FOR THE PAYMENT THEREOF; MAKING OTHER PROVISIONS REGARDING SUCH BONDS AND MATTERS INCIDENT THERETO; AUTHORIZING A CO-BOND COUNSEL AGREEMENT, AUTHORIZING EXECUTION AND DELIVERY OF A PAYING AGENT/REGISTRAR AGREEMENT; AND DECLARING AN EMERGENCY

PASSED AND APPROVED THIS 7th day of January, 2015.

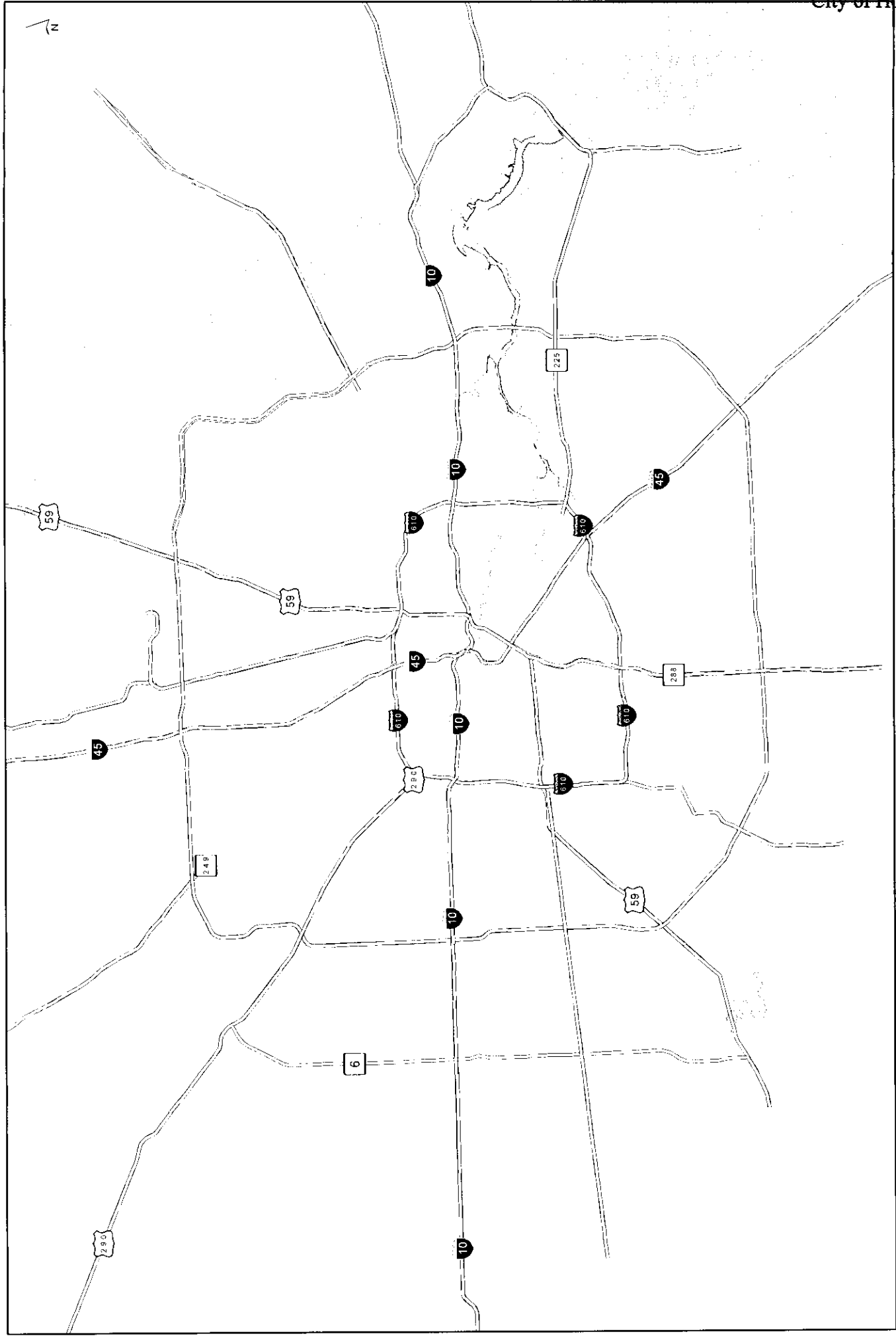
Annise D. Parker
Mayor

Approved as to Form:

Gary L Wood
Senior Assistant City Attorney
(Requested by Dale A. Rudick, P. E.)
Director of Department of
Public Works and Engineering)
(L.D. File No. 0341400306001)

AYE	NO	
✓		MAYOR PARKER
....	COUNCIL MEMBERS
✓		STARDIG
✓		DAVIS
✓		COHEN
✓		BOYKINS
✓		MARTIN
✓		NGUYEN
✓		PENNINGTON
		ABSENT-OUT OF CITY CITY BUSINESS GONZALEZ
✓		GALLEGOS
✓		LASTER
✓		GREEN
✓		COSTELLO
✓		ROBINSON
✓		KUBOSH
✓		BRADFORD
✓		CHRISTIE
CAPTION	ADOPTED	

CAPTION PUBLISHED IN DAILY COURT
REVIEW
DATE **JAN 13 2014**
JAN 13 2014

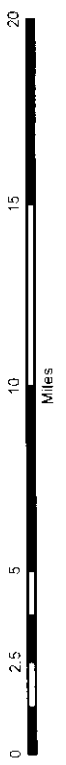


CITY OF HOUSTON WATER SYSTEM (MAIN SYSTEM)

Freeways

Water Bodies

City of Houston Water System (Main System)



SWIFT Application for NEWPP EXPANSION

Item 23

Enforcement action for the past 3 years (water related only): One, as described below.

In December of 2012, the City of Houston received a Notice of Enforcement for the Petroleum Energy Act Investigation for Release Detection, Corrosion Prevention, Financial Assurance, and Delivery Certificate at the Katy Addicks Plant, located at 11500 Old Katy Road, Houston, Texas 77542 PST Facility No.:59125 RN:102393915. There were 3 outstanding alleged violations associated with this enforcement.

Investigation No. 1049698

1. Track No. 485024 – Failure to have corrosion protection for UST system.
2. Track No. 485025 – Failure to provide proper release detection for USTs.
3. Track No. 485026 – Failure to maintain records for the UST system.

To correct Track No. 485024, the City of Houston contracted a licensed engineering firm to certify the material of construction to comply with corrosion protection requirements. To correct Track No. 485025 and 485026, Petroleum Express was contracted to remove the diesel fuel from the UST located at 11500 Old Katy Road on 01/13/13, and then the UST was removed from service. A registration of this was filed with TCEQ. The final fine for this Notice of Enforcement was \$4,000.00.

C76189
2015-0139

SECOND SUPPLEMENT TO WATER SUPPLY CONTRACT BETWEEN THE CITY OF HOUSTON, TEXAS AND THE NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

FOR THE NORTHEAST WATER PURIFICATION PLANT EXPANSION

THIS SECOND SUPPLEMENT TO WATER SUPPLY CONTRACT (this "Second Supplement") is by and between the CITY OF HOUSTON ("Houston") and NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY (the "Authority"), and is for the purpose of providing for the expansion of the Northeast Water Purification Plant located at 12121 North Sam Houston Parkway East, Humble, Texas 77396 ("NEWPP"). This Second Supplement is effective on the date of countersignature hereof by the Houston Controller ("Second Supplement Effective Date"). For and in consideration of the premises and the mutual covenants and agreements herein contained, the parties hereto do mutually agree as follows:

TABLE OF CONTENTS

I. RECITALS..... 2

II. DEFINITIONS..... 3

III. COST SHARING & FUNDING..... 12

IV. WORK & SCHEDULE..... 24

V. PROJECT DELIVERY..... 26

VI. CONSENSUS PROCESS..... 29

VII. NON-PAYMENT..... 33

VIII. ACCOUNTING & FINAL STATEMENT..... 35

IX. TERM..... 38

X. MISCELLANEOUS..... 39

XI. EFFECT ON AND AMENDMENTS TO THE ORIGINAL CONTRACT..... 42

XII. SIGNATURES..... 44

EXHIBITS

- "A" PARTICIPATION TABLE**
- "B" BUDGET**
- "C" SCHEDULE**
- "D" ESCROW AGREEMENT**
- "E" CASH CALL NO. 1**

ARTICLE XII

SIGNATURES

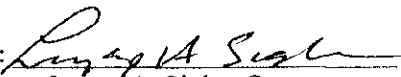
IN WITNESS WHEREOF, Participants have executed this Second Supplement in multiple copies, each of which shall be deemed to be an original, as of the date of countersignature by the City Controller of Houston.

NORTH HARRIS COUNTY
REGIONAL WATER AUTHORITY

By: 
Alan J. Rend, President

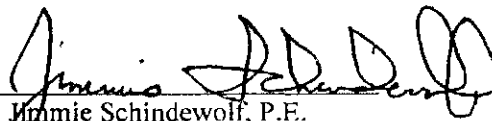
ATTEST:

DATE APPROVED:

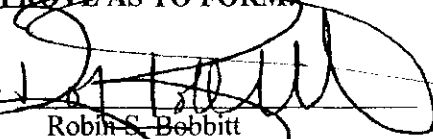
By: 
Lenox A. Sigler, Secretary

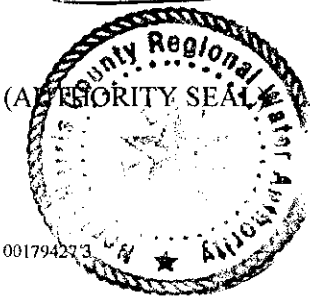
02-12-15

APPROVED:

By: 
Jimmie Schindewolf, P.E.
General Manager

APPROVE AS TO FORM

By: 
Roblin S. Bobbitt
General Counsel



CITY OF HOUSTON, TEXAS

Annise D. Parker
Bernarda Washington

Annise D. Parker
Mayor

ATTEST/SEAL:

Anna Russell

Anna Russell
City Secretary

DATE COUNTERSIGNED:

2-25-15

("Second Supplement Effective Date")

APPROVED:

Dale A. Redick
Director, *Public Works & Eng*
Department

APPROVED AS TO FORM:

L.D. G. Bell
Assistant City Attorney
L.D. File No. _____

COUNTERSIGNED BY:

Ronald C. Green
Ronald C. Green *Green*
City Controller

076187
3015-0137

**SECOND SUPPLEMENT TO WATER SUPPLY CONTRACT BETWEEN THE
CITY OF HOUSTON, TEXAS AND THE CENTRAL HARRIS COUNTY
REGIONAL WATER AUTHORITY**

FOR THE NORTHEAST WATER PURIFICATION PLANT EXPANSION

THIS SECOND SUPPLEMENT TO WATER SUPPLY CONTRACT (this "Second Supplement") is by and between the **CITY OF HOUSTON** ("Houston") and the **CENTRAL HARRIS COUNTY REGIONAL WATER AUTHORITY** (the "Authority"), and is for the purpose of providing for the expansion of the Northeast Water Purification Plant located at 12121 North Sam Houston Parkway East, Humble, Texas 77396 ("NEWPP"). This Second Supplement is effective on the date of countersignature hereof by the Houston Controller ("Second Supplement Effective Date"). For and in consideration of the premises and the mutual covenants and agreements herein contained, the parties hereto do mutually agree as follows:

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- "D" ESCROW AGREEMENT**
- "E" CASH CALL NO. 1**

ARTICLE XII

SIGNATURES

IN WITNESS WHEREOF, Participants have executed this Second Supplement in multiple copies, each of which shall be deemed to be an original, as of the date of countersignature by the City Controller of Houston.

**ATTEST/SEAL (if a corporation):
WITNESS (if not a corporation):**

**CENTRAL HARRIS COUNTY
REGIONAL WATER AUTHORITY**

By: Judge Costan
Name: Judge Costan
Title: Secretary, Board of Directors

By: Julian F. Boddy
Name: Julian Boddy
Title: Vice President, Board of Directors

ATTEST/SEAL:

W. Russell
City Secretary

CITY OF HOUSTON, TEXAS

Signed by:

Amanda D. Washington
Mayor

APPROVED:

Jack A. Rudick
III Director, Public Works & Eng.
Department

COUNTERSIGNED BY:

Ronald C. Grew
City Controller *General Polk*

APPROVED AS TO FORM:

Luigi Celli
Assistant City Attorney
L.D. File No. _____

DATE COUNTERSIGNED:

2-25-15
("Second Supplement Countersignature Date")

C76188
2015-0138

**SECOND SUPPLEMENT TO WATER SUPPLY CONTRACT
BETWEEN THE CITY OF HOUSTON, TEXAS AND THE
NORTH FORT BEND WATER AUTHORITY**

FOR THE NORTHEAST WATER PURIFICATION PLANT EXPANSION

THIS SECOND SUPPLEMENT TO WATER SUPPLY CONTRACT (this "Second Supplement") is by and between the **CITY OF HOUSTON** ("Houston") and **NORTH FORT BEND WATER AUTHORITY** (the "Authority"), and is for the purpose of providing for the expansion of the Northeast Water Purification Plant located at 12121 North Sam Houston Parkway East, Humble, Texas 77396 ("NEWPP"). This Second Supplement is effective on the date of countersignature hereof by the Houston Controller ("Second Supplement Effective Date"). For and in consideration of the premises and the mutual covenants and agreements herein contained, the parties hereto do mutually agree as follows:

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- "B" BUDGET**
- "C" SCHEDULE**
- "D" ESCROW AGREEMENT**
- "E" CASH CALL NO. 1**
- "F" POINT OF DELIVERY AND POINT OF MEASUREMENT FOR EXPANSION PROJECT**
- "G" FORM OF EASEMENT**

IN WITNESS WHEREOF, Participants have executed this Second Supplement in multiple copies, each of which shall be deemed to be an original, as of the date of countersignature by the City Controller of Houston.


WITNESS:

NORTH FORT BEND
WATER AUTHORITY

By: Melony Gay
Name: Melony Gay
Title: Secretary


By: Peter C. Houghton
Name: Peter C. Houghton
Title: President

ATTEST/SEAL:



City Secretary

CITY OF HOUSTON, TEXAS

Signed by:


Mayor Amanda Washington

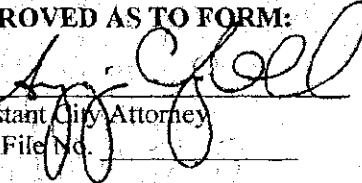
APPROVED:


~~DI~~ Director, Public Works + Eng
Department

COUNTERSIGNED BY:


City Controller James Pelt

APPROVED AS TO FORM:


Assistant City Attorney
I.D. File No. _____

DATE COUNTERSIGNED:

2-25-15
("Second Supplement Countersignature Date")

C76190
2015-0140

**SECOND SUPPLEMENT TO WATER SUPPLY CONTRACT
BETWEEN THE CITY OF HOUSTON, TEXAS AND THE
WEST HARRIS COUNTY REGIONAL WATER AUTHORITY**

FOR THE NORTHEAST WATER PURIFICATION PLANT EXPANSION

THIS SECOND SUPPLEMENT TO WATER SUPPLY CONTRACT (this "Second Supplement") is by and between the **CITY OF HOUSTON** ("Houston") and **WEST HARRIS COUNTY REGIONAL WATER AUTHORITY** (the "Authority"), and is for the purpose of providing for the expansion of the Northeast Water Purification Plant located at 12121 North Sam Houston Parkway East, Humble, Texas 77396 ("NEWPP"). This Second Supplement is effective on the date of countersignature hereof by the Houston Controller ("Second Supplement Effective Date"). For and in consideration of the premises and the mutual covenants and agreements herein contained, the parties hereto do mutually agree as follows:

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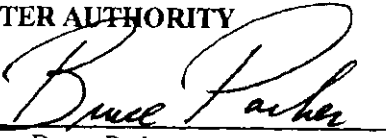
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EXPANSION PROJECT**
- "G" FORM OF EASEMENT**

IN WITNESS WHEREOF, Participants have executed this Second Supplement in multiple copies, each of which shall be deemed to be an original, as of the date of countersignature by the City Controller of Houston.

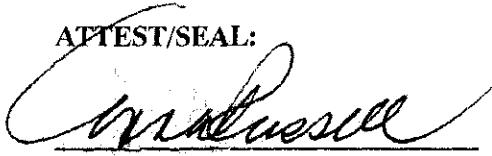
WITNESS:

WEST HARRIS COUNTY REGIONAL
WATER AUTHORITY

By: 
Name: Douglas C. Postle
Title: Secretary


By: 
Name: Bruce Parker
Title: President

ATTEST/SEAL:

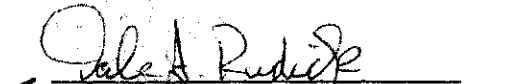

City Secretary

CITY OF HOUSTON, TEXAS


Signed by:


Mayor


APPROVED:


Director, Public Works & Eng
Department

COUNTERSIGNED BY:

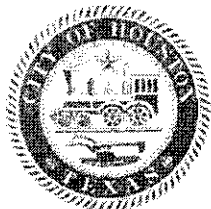

City Controller Jerry Pitt

APPROVED AS TO FORM:


Assistant City Attorney
L.D. File No. _____

DATE COUNTERSIGNED:

2-25-15
("Second Supplement Countersignature Date")



CITY OF HOUSTON
Department of Public Works & Engineering

Annise D. Parker

Mayor

Dale A. Rudick, P.E.
Director
P.O. Box 1562
Houston, Texas 77251-1562

T. 832 395-2500
F.
www.houstontx.gov

June 26, 2015

Kevin Patteson, Executive Administrator
Texas Water Development Board
Water Supply & Infrastructure – Regional Water Planning and Development
Stephen F. Austin Building
1700 N. Congress Avenue, 5th Floor
Austin, Texas 78711-3231

Dear Mr. Patteson:

The City of Houston’s Combined Utility System (CUS) is working on several fronts to decrease the water loss in our system. This is an important issue and the CUS has made it one of our top strategic objectives. Some of the most significant things we are currently doing include:

- Process improvements to decrease the amount of time it takes us to fix leaks;
- Recently closing on a Drinking Water loan from TWDB this year that included \$6 million for meter replacement; and
- Began negotiations with a company to have a water loss audit conducted of the CUS. This will give us significantly more information which will be used to find additional ways to reduce water loss.

As we are already using TWDB funding to mitigate water loss as described above, we are requesting a waiver from Texas Water Code Section 16.012(g).

If you have any questions, please do not hesitate to contact me.

Sincerely,

Susan Bandy
Deputy Director

Cc: Nancy Richards, TWDB
Amanda Lavin, TWDB
Sophia Chang, City of Houston

Council Members: Brenda Stardig Jerry Davis Ellen R. Cohen Dwight A. Boykins Dave Martin Richard Nguyen Oliver Pennington Edward Gonzalez
Robert Gallegos Mike Laster Larry V. Green Stephen C. Costello David W. Robinson Michael Kubosh C.O. "Brad" Bradford Jack Christie
Comptroller: Ronald C. Green

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM STATISTICS
June 30, 2014
Water Supply
unaudited

Largest Treated Water Customers

The following schedule presents information concerning the ten largest treated water customers of the System for the twelve month period ended June 30, 2014. The total charges to such customers during such period represent approximately 5.46% of the System Gross Revenues and 10.92% of total water sales revenues for such period.

<u>Customers</u>	<u>Gross Charges</u>	<u>Consumption (1000 gal)</u>
1. North Harris Co. Regional Water Authority	\$14,664,078	10,084,247
2. North Fort Bend County Water Authority	8,631,052	4,618,955
3. West Harris Co. Regional Water Authority	7,746,876	7,949,312
4. North Channel Water Authority	6,315,829	2,299,019
5. City of Pasadena	4,612,713	6,825,575
6. Anheuser Busch, Inc	3,353,549	1,212,550
7. Gulf Coast Water Authority (Galveston)	3,119,213	4,494,289
8. Clear Lake City	2,362,127	3,430,187
9. City of Pearland	2,061,151	709,301
10. Memorial Villages Water Authority	1,722,227	602,657
	<u>\$54,588,816</u>	<u>42,226,092</u>

Largest Untreated Water Customers

The following schedule presents information concerning the ten largest untreated water customers of the System for a twelve month period ended June 30, 2014. The total of the contract payments by these ten customers during such period represents approximately 3.3% of the System Gross Revenues and 6.61% of total water sales revenues for such period.

<u>Customers</u>	<u>Gross Charges</u>	<u>consumption (1000 gal)</u>
1. Equistar Chemicals LP	\$ 7,075,794	11,464,830
2. Shell Oil	\$ 4,722,631	7,653,813
3. Air Liquide America Corp.	\$ 3,782,934	6,128,469
4. Battleground Water Company	\$ 3,600,881	5,835,808
5. Baytown Area	\$ 3,092,767	5,014,298
6. Houston Refining, LP (Lyondell -Citgo)	\$ 2,960,033	4,797,454
7. Chevron Phillips Chemical Company	\$ 2,748,417	4,452,534
8. Hoescht Celanese	\$ 2,026,709	3,310,230
9. Occidental Chemical	\$ 1,709,612	2,770,611
10. E.I. Dupont & Company	\$ 1,308,716	2,121,147
	<u>\$ 33,028,493</u>	<u>\$ 53,549,194</u>

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM STATISTICS
June 30, 2014
(unaudited)
Largest Sewer Customers

The following schedule presents information concerning the ten largest customers of the Sewer Facilities for the twelve month period ended June 30, 2014. The total charges to such customers represent approximately 2.61 % of the System Gross Revenues and 5.91% of Sewer Facilities gross charges during such period.

	FY14 Gross Charges	Consumption (1000 gal)
1	\$ 4,164,213	664,963
2	4,032,244	725,511
3	3,695,925	915,367
4	2,936,357	518,332
5	2,790,050	502,167
6	2,154,286	87,286
7	1,947,153	154,660
8	1,661,057	299,747
9	1,644,795	294,330
10	1,072,051	191,664
	\$ 26,098,131	4,354,027

**CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM****Number of Water and Wasterwater Customers**

Fiscal Year	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Water	434,857	436,133	450,315	453,750	457,536
Waster Water	417,668	418,416	433,771	436,424	439,495

City of Houston, Texas
AD VALOREM TAX LEVIES AND COLLECTIONS
(amounts expressed in thousands)
(unaudited)

Fiscal Year	Tax Rate ^(a)			Net Current Year Tax Levy ^{(b)(d)} (in thousands)	Current Collections Prior to End of Fiscal Year ^{(c)(d)(e)} (in thousands)	Prior Years' Delinquent Collections ^(e) (in thousands)	Total Collection ^{(c)(d)(e)} (in thousands)	Total Collections Percentage of Net Levy ^(d)
	General Purposes	Debt Service	Total					
2006	0.46359	0.18391	0.64750	719,287	688,486	31,718	720,204	100.1
2007	0.45927	0.18573	0.64500	777,841	751,882	36,007	787,889	101.3
2008	0.46198	0.18178	0.64375	874,230	845,817	34,772	880,589	100.7
2009	0.45460	0.18415	0.63875	961,059	926,956	32,395	959,351	99.8
2010	0.45728	0.18147	0.63875	960,083	932,952	23,672	956,624	99.6
2011	0.46336	0.17539	0.63875	912,808	891,910	27,684	919,594	100.7
2012	0.48071	0.15804	0.63875	927,886	907,472	24,177	931,649	100.4
2013	0.46221	0.17654	0.63875	970,157	949,784	30,555	980,339	101.0
2014	0.47709	0.16166	0.63875	1,071,503	1,053,287	25,100	1,078,387	100.6
2015	0.47464	0.15644	0.63108	1,172,951	1,145,974	25,078	1,171,052	99.8

^(a) The Texas Constitution limits the maximum ad valorem tax rate to \$2.50 per \$100 of assessed valuation for home-rule cities such as the City; however, for a discussion of the more restrictive City Charter Limitations, see "PROPERTY TAXES – City Charter Tax and Revenue Limitations."

^(b) The figures represent net adjusted levies, including the late certification and correction rolls from the Appraisal District, through June 30 of each Fiscal Year, except for Fiscal Year 2015, which is as of August 15, 2014.

^(c) These amounts do not include revenues from various types of Industrial District Contracts entered into by the City with industrial property owners outside of the City's corporate limits totaled \$0.00 million in Fiscal Year 2014. Such Industrial District Contracts have a term of fifteen years (currently scheduled to terminate in Tax Year 2027) and allow property owners to make payments to the City in lieu of paying ad valorem taxes.

^(d) Includes all ad valorem tax receipts received by the City, including tax increment revenues that are deposited into special funds designated for various tax increment reinvestment zones. By virtue of contracts among the City, the Zones and the local government corporations that manage the zones, the tax increments are transferred to the respective local government corporation and are available to fund authorized projects in the Zone and to be pledged to obligations issued by the local government corporation on behalf of the Zone. Bonds and other obligations issued by the local government are not debt of the City. In Fiscal Year 2015, the City has budgeted approximately \$100 million of tax increments to be transferred to special funds for such zones, as required by State law, of which approximately \$8 million will be transferred back to the City for affordable housing projects and an administrative fee attributable to development in such Zones. Much of the tax increments transferred to the zones are used to promote economic developments through the acquisition and construction of public improvements to spur development in certain areas of the City. Additionally, the zones provide affordable housing and funds for certain City capital improvement projects.

^(e) The City's Fiscal Year 2015 Budget includes a proposed tax rate of \$0.63108 (per \$100 assessed valuation) for Tax Year 2014 (Fiscal Year 2015). The City Charter provides that, in preparing the City's budget, provision shall first be made for the payment of debt service on the City's outstanding bond indebtedness, with the remaining revenues to be apportioned among the City's respective departments.

City of Houston, Texas
AD VALOREM TAX OBLIGATION PERCENTAGES
(amounts expressed in thousands)
(unaudited)

Tax Year	Fiscal Year	Tax-Supported Debt at December 31 (in thousands)^(f)	Tax Roll^(a) (in thousands)	Tax-Supported Debt as a Percentage of Tax Roll	Tax-Supported Per Capita Debt^(b)	Debt Service Requirement Payable from Taxes^{(c)(d)} (in thousands)	Tax Levy for Debt Service^(e) (in thousands)^(e)
2004	2005	2,432,724	105,881,225	2.30%	1,181	233,354	188,000
2005	2006	2,644,366	111,225,839	2.38%	1,274	248,105	195,000
2006	2007	2,833,037	120,595,451	2.35%	1,306	262,523	209,000
2007	2008	3,016,248	135,764,121	2.22%	1,365	279,277	229,600
2008	2009	3,174,023	149,627,515	2.12%	1,418	254,513	251,700
2009	2010	3,324,065	150,270,904	2.21%	1,472	308,113	254,600
2010	2011	3,440,075	142,964,244	2.41%	1,639	342,966	232,545
2011	2012	3,471,590	145,042,978	2.39%	1,617	297,923	229,700
2012	2013	3,469,360	152,801,703	2.27%	1,613	300,124	241,100
2013	2014	3,392,510	167,460,662	2.03%	1,545	304,267	243,813

(a) With the exception of Tax Year 2011, the tax roll represents the total appraised value of property, after subtracting all exemptions, and reflects all adjustments made by the Appraisal Districts as of June 30 of each Fiscal Year. The Tax Year 2013 amount represents the Appraisal Districts' estimate of certified taxable valuations based on tax rolls available as of July 11, 2014. As of July 11, 2014, the total assessed value for Tax Year 2013 (including exempt property values) was approximately \$221 billion, which is the appraised value used to determine the statutory limitation of approximately \$22 billion relating to total bond indebtedness.

(b) Per capita figures are based on population estimates according to the U.S. Census Bureau.

(c) These amounts have not been reduced by the combined ending fund balances in the General Debt Service Fund.

(d) These amounts include principal and interest payments for Tax Obligations, except it only includes interest for Commercial Paper Notes at an assumed rate appropriate for each Fiscal Year.

(e) Sources of funds for the general obligation debt service requirement include the tax levy and transfers from Enterprise and Special Revenue Funds.

(f) Information as reported in the City's Monthly Operations and Financial Report dated as of December 31 of each Fiscal Year.

CITY OF HOUSTON
ASSESSED VALUE AND ESTIMATED VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2005	\$ 67,298,102	\$ 44,051,724	\$ 7,923,377	\$ 2,532,851	\$ 15,924,828	\$ 105,881,226	6.5000
2006	\$ 71,997,166	\$ 60,214,783	\$ 8,149,890	\$ 2,023,823	\$ 31,298,860	\$ 111,086,802	6.4750
2007	\$ 76,997,953	\$ 65,711,310	\$ 9,198,065	\$ 2,568,995	\$ 33,880,872	\$ 120,595,451	6.4500
2008	\$ 84,322,788	\$ 75,245,892	\$ 11,740,472	\$ 2,515,631	\$ 38,060,662	\$ 135,764,121	6.4375
2009	\$ 90,065,098	\$ 88,374,034	\$ 12,148,055	\$ 2,380,333	\$ 44,198,187	\$ 148,769,333	6.3875
2010	\$ 91,451,713	\$ 89,110,300	\$ 12,911,034	\$ 2,344,315	\$ 46,805,799	\$ 149,011,563	6.3875
2011	\$ 89,957,336	\$ 84,250,876	\$ 11,500,552	\$ 2,276,946	\$ 46,201,271	\$ 141,784,439	6.3875
2012	\$ 90,484,912	\$ 86,617,837	\$ 11,826,503	\$ 2,159,964	\$ 47,104,376	\$ 143,984,840	6.3875
2013	\$ 91,402,063	\$ 93,629,148	\$ 14,232,884	\$ 2,143,660	\$ 50,417,778	\$ 150,989,977	6.3875
2014	\$ 96,665,925	\$ 103,323,330	\$ 17,601,808	\$ 2,341,556	\$ 52,006,243	\$ 167,926,376	6.3108

The tax rates are based on a 100% assessment ratio. Tax rates are stated per \$1,000 assessed value.

CITY OF HOUSTON, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years
(unaudited)

Purpose	2014	2013	2012	2011	2010
City					
General Purposes	4.74635	4.6221	4.8071	4.6336	4.5728
Debt Service	<u>1.56445</u>	<u>1.7654</u>	<u>1.5804</u>	<u>1.7539</u>	<u>1.8147</u>
City of Houston (1)	6.31080	6.3875	6.3875	6.3875	6.3875
County					
Fort Bend County	4.9976	4.9976	4.9976	4.9976	5.0660
Harris County (2)	4.4300	4.2830	4.1926	4.1728	4.2146
Montgomery County	4.8380	4.8380	4.8380	4.8380	4.8380
School District					
Aldine I.S.D.	13.0580	13.2839	13.2839	13.0054	13.0054
Alief I.S.D.	12.9000	13.2000	13.3000	13.4000	13.4000
Clear Creek I.S.D.	14.0000	13.6000	13.6000	13.6000	13.6000
Conroe I.S.D.	12.9000	12.9500	12.9500	12.9500	12.8500
Crosby I.S.D.	16.7000	14.4000	14.4000	14.4000	14.4000
Cypress-Fairbanks I.S.D.	14.5000	14.5000	14.3000	14.3000	14.1000
Deer Park I.S.D.	15.5670	15.2670	13.9670	13.9670	13.6670
Fort Bend I. S. D.	13.4000	13.4000	13.4000	12.7000	12.7000
Galena Park I.S.D.	15.1340	15.1340	15.1340	15.1340	14.7840
Goose Creek I.S.D.	13.3213	13.3213	13.3213	13.0213	12.8213
Houston I.S.D.	11.5670	11.5670	11.5670	11.5670	11.5670
Huffman I.S.D.	14.2000	14.4500	14.7000	14.7000	14.7000
Humble I.S.D.	15.2000	15.2000	15.2000	15.2000	15.2000
Katy I.S.D.	15.2660	15.2660	15.2660	15.2660	15.2660
Klein I.S.D.	14.3000	14.4000	14.3000	14.1000	13.6000
New Caney I.S.D.	15.4000	15.4000	15.4000	15.4000	14.8000
North Forest I.S.D. (3)			14.6929	13.7000	13.5000
Pasadena I.S.D.	13.5000	13.5000	13.5000	13.5000	13.5000
Sheldon I.S.D.	14.3000	14.3000	14.3000	14.3000	14.3000
Spring I.S.D.	15.7000	15.7000	15.7000	14.6000	14.6000
Spring Branch I.S.D.	13.9450	13.9450	13.9450	13.9450	13.9450
Municipal Utility District					
Harris County MUD # 355	2.0000	2.3500	2.3500	2.5500	2.9500
Harris County MUD # 359	3.0000	3.0500	3.0500	3.0500	2.9500
Harris County MUD # 366	2.5000	2.5000	2.5000	2.5000	2.5000
Harris County MUD # 372	1.9000	1.9000	1.9000	1.9000	1.9000
Harris County MUD # 390	7.0000	7.0000	7.0000	7.0000	7.0000
Harris County MUD # 450	7.6125	7.6125	7.7125	7.6125	7.6125
Northwood MUD #1	12.5000	12.5000	12.5000	12.5000	12.5000
Other Jurisdictions					
Clear Lake City Water Authority	2.8000	2.8000	2.8000	2.8000	2.8000
Fort Bend Parkway Road	(4)	0.5443	0.5443	0.5443	0.5443
Harris County Dept. of Education	0.0636	0.0658	0.0658	0.0658	0.0605
Houston Community College	0.2012	0.1750	0.1382	0.9222	0.9222
Lee College District	2.6070	2.4100	2.5200	2.5200	2.2120
Lone Star College System	1.1600	1.2100	1.2100	1.1760	1.1010
Harris County Port of Houston Authority	0.1716	0.1952	0.1856	0.2054	0.1636
San Jacinto Jr. College	1.8560	1.8560	1.8560	1.7628	1.7080

(1) The tax rates are based on a 100% assessment ratio. Tax rates are stated per \$1,000 assessed value.

(2) Harris County includes the Harris County Flood Control District and the Harris County Toll Road. The Toll Road rate is zero.

(3) North Forest I.S.D. was closed and merged with Houston I.S.D.

(4) Debt has been paid off.

**CITY OF HOUSTON, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
June 30, 2014
Current Year and Nine Years Ago
(amounts expressed in thousands)
(unaudited)**

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Centerpoint Energy, Inc. (Reliant H L & P)	\$ 1,654,700	1	0.99%	\$ 1,527,791	1	1.44%
Chevron Chemical Company	1,013,970	2	0.60%	307,238	7	0.29%
Crescent HC Investors LP	776,216	3	0.46%	868,962	2	0.82%
Shell Oil Company	770,380	4	0.46%			
United Airlines, Inc.	714,957	5	0.43%			
Busycon Properties LLC	536,990	6	0.32%			
1000 Louisiana LP	504,064	7	0.30%			
Texas Tower Ltd	499,469	8	0.30%			
Amoco Chemical Company	497,306	9	0.30%			
HG Galleria I II III, LP	475,504	10	0.28%	266,443	10	0.25%
Hines Interests Ltd Partnership				851,876	3	0.80%
Southwestern Bell				689,507	4	0.65%
Anheuser Busch, Inc.				473,881	5	0.45%
Frizechahn Allen Center LP				415,503	6	0.39%
Lyondell-Citgo Refining L.P.				305,048	8	0.29%
Continental Airlines, Inc.				302,384	9	0.29%
Total	\$ 7,443,556		4.44%	\$ 6,008,633		5.67%

CITY OF HOUSTON, TEXAS
TAX REVENUE BY SOURCE - GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)
(unaudited)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Industrial Assessments	Mixed Beverage Tax	Bingo Tax	Total Tax Collections
2005	\$ 664,831	\$ 370,583	\$ 162,263	\$ 14,635	\$ 8,343	\$ 270	\$ 1,220,925
2006	\$ 700,788	\$ 422,598	\$ 186,508	\$ 14,314	\$ 9,000	\$ 279	\$ 1,333,487
2007	\$ 738,578	\$ 461,417	\$ 189,551	\$ 15,823	\$ 9,713	\$ 279	\$ 1,415,361
2008	\$ 829,837	\$ 495,173	\$ 190,518	\$ 17,787	\$ 10,479	\$ 256	\$ 1,544,050
2009	\$ 890,308	\$ 507,103	\$ 190,800	\$ 19,133	\$ 10,587	\$ 226	\$ 1,618,157
2010	\$ 895,779	\$ 468,965	\$ 191,292	\$ 15,817	\$ 10,382	\$ 195	\$ 1,582,430
2011	\$ 853,277	\$ 492,824	\$ 190,911	\$ 14,458	\$ 10,283	\$ 167	\$ 1,561,920
2012	\$ 866,143	\$ 546,543	\$ 193,153	\$ 37	\$ 9,525	\$ 193	\$ 1,615,594
2013	\$ 906,761	\$ 600,256	\$ 195,664	\$ 29,845	\$ 9,887	\$ 196	\$ 1,742,609
2014	\$ 973,902	\$ 629,441	\$ 190,368	\$ 16,534	\$ 13,869	\$ 187	\$ 1,824,301

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City of Houston, Texas
Treatment Expansion

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SOURCES AND USES OF FUNDS

City of Houston, Texas
Treatment Expansion

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

	Dated Date Delivery Date	11/15/2016 11/15/2016	11/15/2017 11/15/2017	11/15/2018 11/15/2018	
Sources:		2016 TWDB - Treatment Expansion	2017 TWDB - Treatment Expansion	2018 TWDB - Treatment Expansion	Total
Bond Proceeds:					
Par Amount		17,195,000.00	24,335,000.00	142,105,000.00	183,635,000.00
		17,195,000.00	24,335,000.00	142,105,000.00	183,635,000.00
Uses:		2016 TWDB - Treatment Expansion	2017 TWDB - Treatment Expansion	2018 TWDB - Treatment Expansion	Total
Project Fund Deposits:					
Project Fund - Treatment Expansion		17,109,025.00	24,213,325.00	141,394,475.00	182,716,825.00
Delivery Date Expenses:					
Cost of Issuance		85,975.00	121,675.00	710,525.00	918,175.00
		17,195,000.00	24,335,000.00	142,105,000.00	183,635,000.00

Notes:

Assumes 0.5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).
Assumed \$5000 maturity denominations.

BOND DEBT SERVICE BREAKDOWN

City of Houston, Texas
Treatment Expansion

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Period Ending	2016 TWDB - Treatment Expansion	2017 TWDB - Treatment Expansion	2018 TWDB - Treatment Expansion	Total
06/30/2017	292,315			292,315.00
06/30/2018	913,935	474,532.50		1,388,467.50
06/30/2019	912,375	1,375,582.50	3,126,310	5,414,267.50
06/30/2020	915,390	1,378,227.50	8,531,360	10,824,977.50
06/30/2021	912,980	1,375,190.00	8,531,530	10,819,700.00
06/30/2022	915,145	1,376,470.00	8,531,970	10,823,585.00
06/30/2023	911,885	1,376,970.00	8,532,460	10,821,315.00
06/30/2024	913,200	1,376,690.00	8,532,780	10,822,670.00
06/30/2025	914,005	1,375,630.00	8,532,710	10,822,345.00
06/30/2026	914,300	1,373,790.00	8,532,030	10,820,120.00
06/30/2027	914,085	1,376,072.50	8,530,520	10,820,677.50
06/30/2028	913,360	1,377,380.00	8,532,850	10,823,590.00
06/30/2029	912,125	1,377,712.50	8,528,800	10,818,637.50
06/30/2030	915,295	1,377,070.00	8,528,150	10,820,515.00
06/30/2031	912,870	1,375,452.50	8,530,460	10,818,782.50
06/30/2032	914,850	1,377,762.50	8,530,400	10,823,012.50
06/30/2033	916,150	1,374,000.00	8,532,640	10,822,790.00
06/30/2034	916,770	1,374,165.00	8,531,850	10,822,785.00
06/30/2035	916,710	1,373,160.00	8,532,700	10,822,570.00
06/30/2036	915,970	1,375,887.50	8,529,860	10,821,717.50
06/30/2037	914,550	1,377,250.00	8,528,000	10,819,800.00
06/30/2038	912,450	1,377,247.50	8,531,570	10,821,267.50
06/30/2039	914,585	1,375,880.00	8,530,130	10,820,595.00
06/30/2040	915,870	1,378,050.00	8,528,350	10,822,270.00
06/30/2041	916,305	1,373,757.50	8,530,680	10,820,742.50
06/30/2042	915,890	1,377,905.00	8,531,570	10,825,365.00
06/30/2043	914,625	1,375,395.00	8,530,580	10,820,600.00
06/30/2044	912,510	1,376,227.50	8,532,160	10,820,897.50
06/30/2045	914,460	1,375,305.00	8,530,760	10,820,525.00
06/30/2046	915,390	1,377,530.00	8,530,830	10,823,750.00
06/30/2047	915,300	1,372,902.50	8,531,710	10,819,912.50
06/30/2048		1,376,325.00	8,527,850	9,904,175.00
06/30/2049			8,528,590	8,528,590.00
	27,725,650	41,755,520.00	259,052,160	328,533,330.00

Notes:

Assumes 0.5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).
Assumed \$5000 maturity denominations.

BOND DEBT SERVICE

City of Houston, Texas
Treatment Expansion

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Period Ending	Principal	Coupon	Interest	Dated Date	11/15/2016	Annual Debt Service	Bond Balance	Total Bond Value
				Delivery Date	11/15/2016			
11/15/2016							17,195,000	17,195,000
05/15/2017			292,315.00		292,315.00	292,315.00	17,195,000	17,195,000
11/15/2017	335,000	3.400%	292,315.00		627,315.00		41,195,000	41,195,000
05/15/2018			761,152.50		761,152.50	1,388,467.50	41,195,000	41,195,000
11/15/2018	780,000	** %	761,152.50		1,541,152.50		182,520,000	182,520,000
05/15/2019			3,873,115.00		3,873,115.00	5,414,267.50	182,520,000	182,520,000
11/15/2019	3,145,000	** %	3,873,115.00		7,018,115.00		179,375,000	179,375,000
05/15/2020			3,806,862.50		3,806,862.50	10,824,977.50	179,375,000	179,375,000
11/15/2020	3,275,000	** %	3,806,862.50		7,081,862.50		176,100,000	176,100,000
05/15/2021			3,737,837.50		3,737,837.50	10,819,700.00	176,100,000	176,100,000
11/15/2021	3,420,000	** %	3,737,837.50		7,157,837.50		172,680,000	172,680,000
05/15/2022			3,665,747.50		3,665,747.50	10,823,585.00	172,680,000	172,680,000
11/15/2022	3,565,000	** %	3,665,747.50		7,230,747.50		169,115,000	169,115,000
05/15/2023			3,590,567.50		3,590,567.50	10,821,315.00	169,115,000	169,115,000
11/15/2023	3,720,000	** %	3,590,567.50		7,310,567.50		165,395,000	165,395,000
05/15/2024			3,512,102.50		3,512,102.50	10,822,670.00	165,395,000	165,395,000
11/15/2024	3,880,000	** %	3,512,102.50		7,392,102.50		161,515,000	161,515,000
05/15/2025			3,430,242.50		3,430,242.50	10,822,345.00	161,515,000	161,515,000
11/15/2025	4,045,000	** %	3,430,242.50		7,475,242.50		157,470,000	157,470,000
05/15/2026			3,344,877.50		3,344,877.50	10,820,120.00	157,470,000	157,470,000
11/15/2026	4,220,000	** %	3,344,877.50		7,564,877.50		153,250,000	153,250,000
05/15/2027			3,255,800.00		3,255,800.00	10,820,677.50	153,250,000	153,250,000
11/15/2027	4,405,000	** %	3,255,800.00		7,660,800.00		148,845,000	148,845,000
05/15/2028			3,162,790.00		3,162,790.00	10,823,590.00	148,845,000	148,845,000
11/15/2028	4,590,000	** %	3,162,790.00		7,752,790.00		144,255,000	144,255,000
05/15/2029			3,065,847.50		3,065,847.50	10,818,637.50	144,255,000	144,255,000
11/15/2029	4,790,000	** %	3,065,847.50		7,855,847.50		139,465,000	139,465,000
05/15/2030			2,964,667.50		2,964,667.50	10,820,515.00	139,465,000	139,465,000
11/15/2030	4,995,000	** %	2,964,667.50		7,959,667.50		134,470,000	134,470,000
05/15/2031			2,859,115.00		2,859,115.00	10,818,782.50	134,470,000	134,470,000
11/15/2031	5,215,000	** %	2,859,115.00		8,074,115.00		129,255,000	129,255,000
05/15/2032			2,748,897.50		2,748,897.50	10,823,012.50	129,255,000	129,255,000
11/15/2032	5,440,000	** %	2,748,897.50		8,188,897.50		123,815,000	123,815,000
05/15/2033			2,633,892.50		2,633,892.50	10,822,790.00	123,815,000	123,815,000
11/15/2033	5,675,000	** %	2,633,892.50		8,308,892.50		118,140,000	118,140,000
05/15/2034			2,513,892.50		2,513,892.50	10,822,785.00	118,140,000	118,140,000
11/15/2034	5,920,000	** %	2,513,892.50		8,433,892.50		112,220,000	112,220,000
05/15/2035			2,388,677.50		2,388,677.50	10,822,570.00	112,220,000	112,220,000
11/15/2035	6,175,000	** %	2,388,677.50		8,563,677.50		106,045,000	106,045,000
05/15/2036			2,258,040.00		2,258,040.00	10,821,717.50	106,045,000	106,045,000
11/15/2036	6,440,000	** %	2,258,040.00		8,698,040.00		99,605,000	99,605,000
05/15/2037			2,121,760.00		2,121,760.00	10,819,800.00	99,605,000	99,605,000
11/15/2037	6,720,000	** %	2,121,760.00		8,841,760.00		92,885,000	92,885,000
05/15/2038			1,979,507.50		1,979,507.50	10,821,267.50	92,885,000	92,885,000
11/15/2038	7,010,000	** %	1,979,507.50		8,989,507.50		85,875,000	85,875,000
05/15/2039			1,831,087.50		1,831,087.50	10,820,595.00	85,875,000	85,875,000
11/15/2039	7,315,000	** %	1,831,087.50		9,146,087.50		78,560,000	78,560,000
05/15/2040			1,676,182.50		1,676,182.50	10,822,270.00	78,560,000	78,560,000
11/15/2040	7,630,000	** %	1,676,182.50		9,306,182.50		70,930,000	70,930,000
05/15/2041			1,514,560.00		1,514,560.00	10,820,742.50	70,930,000	70,930,000
11/15/2041	7,965,000	** %	1,514,560.00		9,479,560.00		62,965,000	62,965,000
05/15/2042			1,345,805.00		1,345,805.00	10,825,365.00	62,965,000	62,965,000
11/15/2042	8,305,000	** %	1,345,805.00		9,650,805.00		54,660,000	54,660,000
05/15/2043			1,169,795.00		1,169,795.00	10,820,600.00	54,660,000	54,660,000
11/15/2043	8,665,000	** %	1,169,795.00		9,834,795.00		45,995,000	45,995,000
05/15/2044			986,102.50		986,102.50	10,820,897.50	45,995,000	45,995,000
11/15/2044	9,040,000	** %	986,102.50		10,026,102.50		36,955,000	36,955,000
05/15/2045			794,422.50		794,422.50	10,820,525.00	36,955,000	36,955,000
11/15/2045	9,435,000	** %	794,422.50		10,229,422.50		27,520,000	27,520,000
05/15/2046			594,327.50		594,327.50	10,823,750.00	27,520,000	27,520,000
11/15/2046	9,840,000	** %	594,327.50		10,434,327.50		17,680,000	17,680,000

BOND DEBT SERVICE

City of Houston, Texas
Treatment Expansion

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value
05/15/2047			385,585.00	385,585.00	10,819,912.50	17,680,000	17,680,000
11/15/2047	9,335,000	** %	385,585.00	9,720,585.00		8,345,000	8,345,000
05/15/2048			183,590.00	183,590.00	9,904,175.00	8,345,000	8,345,000
11/15/2048	8,345,000	4.400%	183,590.00	8,528,590.00	8,528,590.00		
	183,635,000		144,898,330.00	328,533,330.00	328,533,330.00		

Notes:

Assumes 0.5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).
Assumed \$5000 maturity denominations.

BOND PRICING

City of Houston, Texas
Treatment Expansion

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Bond Component	Maturity Date	Amount	Rate	Yield	Price
2016 TWDB - Treatment Expansion, Serial Bond (2016), 11/15/2016:					
	11/15/2017	335,000	3.400%	3.400%	100.000
	11/15/2018	345,000	3.400%	3.400%	100.000
	11/15/2019	360,000	3.400%	3.400%	100.000
	11/15/2020	370,000	3.400%	3.400%	100.000
	11/15/2021	385,000	3.400%	3.400%	100.000
	11/15/2022	395,000	3.400%	3.400%	100.000
	11/15/2023	410,000	3.400%	3.400%	100.000
	11/15/2024	425,000	3.400%	3.400%	100.000
	11/15/2025	440,000	3.400%	3.400%	100.000
	11/15/2026	455,000	3.400%	3.400%	100.000
	11/15/2027	470,000	3.400%	3.400%	100.000
	11/15/2028	485,000	3.400%	3.400%	100.000
	11/15/2029	505,000	3.400%	3.400%	100.000
	11/15/2030	520,000	3.400%	3.400%	100.000
	11/15/2031	540,000	3.400%	3.400%	100.000
	11/15/2032	560,000	3.400%	3.400%	100.000
	11/15/2033	580,000	3.400%	3.400%	100.000
	11/15/2034	600,000	3.400%	3.400%	100.000
	11/15/2035	620,000	3.400%	3.400%	100.000
	11/15/2036	640,000	3.400%	3.400%	100.000
	11/15/2037	660,000	3.400%	3.400%	100.000
	11/15/2038	685,000	3.400%	3.400%	100.000
	11/15/2039	710,000	3.400%	3.400%	100.000
	11/15/2040	735,000	3.400%	3.400%	100.000
	11/15/2041	760,000	3.400%	3.400%	100.000
	11/15/2042	785,000	3.400%	3.400%	100.000
	11/15/2043	810,000	3.400%	3.400%	100.000
	11/15/2044	840,000	3.400%	3.400%	100.000
	11/15/2045	870,000	3.400%	3.400%	100.000
	11/15/2046	900,000	3.400%	3.400%	100.000
		17,195,000			
2017 TWDB - Treatment Expansion, Serial Bond (2017), 11/15/2017:					
	11/15/2018	435,000	3.900%	3.900%	100.000
	11/15/2019	455,000	3.900%	3.900%	100.000
	11/15/2020	470,000	3.900%	3.900%	100.000
	11/15/2021	490,000	3.900%	3.900%	100.000
	11/15/2022	510,000	3.900%	3.900%	100.000
	11/15/2023	530,000	3.900%	3.900%	100.000
	11/15/2024	550,000	3.900%	3.900%	100.000
	11/15/2025	570,000	3.900%	3.900%	100.000
	11/15/2026	595,000	3.900%	3.900%	100.000
	11/15/2027	620,000	3.900%	3.900%	100.000
	11/15/2028	645,000	3.900%	3.900%	100.000
	11/15/2029	670,000	3.900%	3.900%	100.000
	11/15/2030	695,000	3.900%	3.900%	100.000
	11/15/2031	725,000	3.900%	3.900%	100.000
	11/15/2032	750,000	3.900%	3.900%	100.000
	11/15/2033	780,000	3.900%	3.900%	100.000
	11/15/2034	810,000	3.900%	3.900%	100.000
	11/15/2035	845,000	3.900%	3.900%	100.000
	11/15/2036	880,000	3.900%	3.900%	100.000
	11/15/2037	915,000	3.900%	3.900%	100.000
	11/15/2038	950,000	3.900%	3.900%	100.000
	11/15/2039	990,000	3.900%	3.900%	100.000
	11/15/2040	1,025,000	3.900%	3.900%	100.000
	11/15/2041	1,070,000	3.900%	3.900%	100.000
	11/15/2042	1,110,000	3.900%	3.900%	100.000
	11/15/2043	1,155,000	3.900%	3.900%	100.000
	11/15/2044	1,200,000	3.900%	3.900%	100.000
	11/15/2045	1,250,000	3.900%	3.900%	100.000
	11/15/2046	1,295,000	3.900%	3.900%	100.000
	11/15/2047	1,350,000	3.900%	3.900%	100.000
		24,335,000			
2018 TWDB - Treatment Expansion, Serial Bond (2018), 11/15/2018:					
	11/15/2019	2,330,000	4.400%	4.400%	100.000
	11/15/2020	2,435,000	4.400%	4.400%	100.000

BOND PRICING

City of Houston, Texas
Treatment Expansion

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Bond Component	Maturity Date	Amount	Rate	Yield	Price
2018 TWDB - Treatment Expansion, Serial Bond (2018), 11/15/2018:					
	11/15/2021	2,545,000	4.400%	4.400%	100.000
	11/15/2022	2,660,000	4.400%	4.400%	100.000
	11/15/2023	2,780,000	4.400%	4.400%	100.000
	11/15/2024	2,905,000	4.400%	4.400%	100.000
	11/15/2025	3,035,000	4.400%	4.400%	100.000
	11/15/2026	3,170,000	4.400%	4.400%	100.000
	11/15/2027	3,315,000	4.400%	4.400%	100.000
	11/15/2028	3,460,000	4.400%	4.400%	100.000
	11/15/2029	3,615,000	4.400%	4.400%	100.000
	11/15/2030	3,780,000	4.400%	4.400%	100.000
	11/15/2031	3,950,000	4.400%	4.400%	100.000
	11/15/2032	4,130,000	4.400%	4.400%	100.000
	11/15/2033	4,315,000	4.400%	4.400%	100.000
	11/15/2034	4,510,000	4.400%	4.400%	100.000
	11/15/2035	4,710,000	4.400%	4.400%	100.000
	11/15/2036	4,920,000	4.400%	4.400%	100.000
	11/15/2037	5,145,000	4.400%	4.400%	100.000
	11/15/2038	5,375,000	4.400%	4.400%	100.000
	11/15/2039	5,615,000	4.400%	4.400%	100.000
	11/15/2040	5,870,000	4.400%	4.400%	100.000
	11/15/2041	6,135,000	4.400%	4.400%	100.000
	11/15/2042	6,410,000	4.400%	4.400%	100.000
	11/15/2043	6,700,000	4.400%	4.400%	100.000
	11/15/2044	7,000,000	4.400%	4.400%	100.000
	11/15/2045	7,315,000	4.400%	4.400%	100.000
	11/15/2046	7,645,000	4.400%	4.400%	100.000
	11/15/2047	7,985,000	4.400%	4.400%	100.000
	11/15/2048	8,345,000	4.400%	4.400%	100.000
		142,105,000			
		183,635,000			

Dated Date	11/15/2016		
Delivery Date	11/15/2016		
Par Amount	183,635,000.00		
Original Issue Discount			
Production	183,635,000.00	100.000000%	
Underwriter's Discount			
Purchase Price	183,635,000.00	100.000000%	
Accrued Interest			
Net Proceeds	183,635,000.00		

Notes:

Assumes 0.5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).
Assumed \$5000 maturity denominations.

BOND SUMMARY STATISTICS

City of Houston, Texas
Treatment Expansion

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Earliest Dated Date	11/15/2016
Earliest Delivery Date	11/15/2016
Last Maturity	11/15/2048
Arbitrage Yield	4.234529%
True Interest Cost (TIC)	4.234529%
Net Interest Cost (NIC)	3.892145%
All-In TIC	4.276018%
Average Coupon	3.892145%
Average Life (years)	20.273
Par Amount	183,635,000.00
Bond Proceeds	183,635,000.00
Total Interest	144,898,330.00
Net Interest	144,898,330.00
Bond Years from Dated Date	3,722,840,000.00
Bond Years from Delivery Date	3,722,840,000.00
Total Debt Service	328,533,330.00
Maximum Annual Debt Service	10,825,365.00
Average Annual Debt Service	10,266,666.56
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bond (2016)	17,195,000.00	100.000	3.400%	18.013	21,919.35
Serial Bond (2017)	24,335,000.00	100.000	3.900%	18.355	30,090.65
Serial Bond (2018)	142,105,000.00	100.000	4.400%	18.704	170,194.45
	183,635,000.00			18.593	222,204.45

	TIC	All-In TIC	Arbitrage Yield
Par Value	183,635,000.00	183,635,000.00	183,635,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-918,175.00	
- Other Amounts			
Target Value	183,635,000.00	182,716,825.00	183,635,000.00
Target Date	Multiple	Multiple	Multiple
Yield	4.234529%	4.276018%	4.234529%

Notes:

Assumes 0.5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).
Assumed \$5000 maturity denominations.

SOURCES AND USES OF FUNDS

City of Houston, Texas
 2016 TWDB - Treatment Expansion
 *** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***
 Interest Rate Estimated Using 3.40%

Dated Date 11/15/2016
 Delivery Date 11/15/2016

Sources:

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Bond Proceeds:	
Par Amount	17,195,000.00
<hr/>	
	17,195,000.00
<hr/> <hr/>	

Uses:

<hr/>	
Project Fund Deposits:	
Project Fund - Treatment Expansion	17,109,025.00
Delivery Date Expenses:	
Cost of Issuance	85,975.00
<hr/>	
	17,195,000.00
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Note: Assumes .5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).

BOND PRICING

City of Houston, Texas
 2016 TWDB - Treatment Expansion
 *** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***
 Interest Rate Estimated Using 3.40%

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bond (2016):					
	11/15/2017	335,000	3.400%	3.400%	100.000
	11/15/2018	345,000	3.400%	3.400%	100.000
	11/15/2019	360,000	3.400%	3.400%	100.000
	11/15/2020	370,000	3.400%	3.400%	100.000
	11/15/2021	385,000	3.400%	3.400%	100.000
	11/15/2022	395,000	3.400%	3.400%	100.000
	11/15/2023	410,000	3.400%	3.400%	100.000
	11/15/2024	425,000	3.400%	3.400%	100.000
	11/15/2025	440,000	3.400%	3.400%	100.000
	11/15/2026	455,000	3.400%	3.400%	100.000
	11/15/2027	470,000	3.400%	3.400%	100.000
	11/15/2028	485,000	3.400%	3.400%	100.000
	11/15/2029	505,000	3.400%	3.400%	100.000
	11/15/2030	520,000	3.400%	3.400%	100.000
	11/15/2031	540,000	3.400%	3.400%	100.000
	11/15/2032	560,000	3.400%	3.400%	100.000
	11/15/2033	580,000	3.400%	3.400%	100.000
	11/15/2034	600,000	3.400%	3.400%	100.000
	11/15/2035	620,000	3.400%	3.400%	100.000
	11/15/2036	640,000	3.400%	3.400%	100.000
	11/15/2037	660,000	3.400%	3.400%	100.000
	11/15/2038	685,000	3.400%	3.400%	100.000
	11/15/2039	710,000	3.400%	3.400%	100.000
	11/15/2040	735,000	3.400%	3.400%	100.000
	11/15/2041	760,000	3.400%	3.400%	100.000
	11/15/2042	785,000	3.400%	3.400%	100.000
	11/15/2043	810,000	3.400%	3.400%	100.000
	11/15/2044	840,000	3.400%	3.400%	100.000
	11/15/2045	870,000	3.400%	3.400%	100.000
	11/15/2046	900,000	3.400%	3.400%	100.000
		17,195,000			

Dated Date	11/15/2016	
Delivery Date	11/15/2016	
First Coupon	05/15/2017	
Par Amount	17,195,000.00	
Original Issue Discount		
Production	17,195,000.00	100.000000%
Underwriter's Discount		
Purchase Price	17,195,000.00	100.000000%
Accrued Interest		
Net Proceeds	17,195,000.00	

Note: Assumes .5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).

BOND DEBT SERVICE

City of Houston, Texas

2016 TWDB - Treatment Expansion

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Interest Rate Estimated Using 3.40%

			Dated Date	11/15/2016			
			Delivery Date	11/15/2016			
Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value
11/15/2016						17,195,000	17,195,000
05/15/2017			292,315	292,315	292,315	17,195,000	17,195,000
11/15/2017	335,000	3.400%	292,315	627,315		16,860,000	16,860,000
05/15/2018			286,620	286,620	913,935	16,860,000	16,860,000
11/15/2018	345,000	3.400%	286,620	631,620		16,515,000	16,515,000
05/15/2019			280,755	280,755	912,375	16,515,000	16,515,000
11/15/2019	360,000	3.400%	280,755	640,755		16,155,000	16,155,000
05/15/2020			274,635	274,635	915,390	16,155,000	16,155,000
11/15/2020	370,000	3.400%	274,635	644,635		15,785,000	15,785,000
05/15/2021			268,345	268,345	912,980	15,785,000	15,785,000
11/15/2021	385,000	3.400%	268,345	653,345		15,400,000	15,400,000
05/15/2022			261,800	261,800	915,145	15,400,000	15,400,000
11/15/2022	395,000	3.400%	261,800	656,800		15,005,000	15,005,000
05/15/2023			255,085	255,085	911,885	15,005,000	15,005,000
11/15/2023	410,000	3.400%	255,085	665,085		14,595,000	14,595,000
05/15/2024			248,115	248,115	913,200	14,595,000	14,595,000
11/15/2024	425,000	3.400%	248,115	673,115		14,170,000	14,170,000
05/15/2025			240,890	240,890	914,005	14,170,000	14,170,000
11/15/2025	440,000	3.400%	240,890	680,890		13,730,000	13,730,000
05/15/2026			233,410	233,410	914,300	13,730,000	13,730,000
11/15/2026	455,000	3.400%	233,410	688,410		13,275,000	13,275,000
05/15/2027			225,675	225,675	914,085	13,275,000	13,275,000
11/15/2027	470,000	3.400%	225,675	695,675		12,805,000	12,805,000
05/15/2028			217,685	217,685	913,360	12,805,000	12,805,000
11/15/2028	485,000	3.400%	217,685	702,685		12,320,000	12,320,000
05/15/2029			209,440	209,440	912,125	12,320,000	12,320,000
11/15/2029	505,000	3.400%	209,440	714,440		11,815,000	11,815,000
05/15/2030			200,855	200,855	915,295	11,815,000	11,815,000
11/15/2030	520,000	3.400%	200,855	720,855		11,295,000	11,295,000
05/15/2031			192,015	192,015	912,870	11,295,000	11,295,000
11/15/2031	540,000	3.400%	192,015	732,015		10,755,000	10,755,000
05/15/2032			182,835	182,835	914,850	10,755,000	10,755,000
11/15/2032	560,000	3.400%	182,835	742,835		10,195,000	10,195,000
05/15/2033			173,315	173,315	916,150	10,195,000	10,195,000
11/15/2033	580,000	3.400%	173,315	753,315		9,615,000	9,615,000
05/15/2034			163,455	163,455	916,770	9,615,000	9,615,000
11/15/2034	600,000	3.400%	163,455	763,455		9,015,000	9,015,000
05/15/2035			153,255	153,255	916,710	9,015,000	9,015,000
11/15/2035	620,000	3.400%	153,255	773,255		8,395,000	8,395,000
05/15/2036			142,715	142,715	915,970	8,395,000	8,395,000
11/15/2036	640,000	3.400%	142,715	782,715		7,755,000	7,755,000
05/15/2037			131,835	131,835	914,550	7,755,000	7,755,000
11/15/2037	660,000	3.400%	131,835	791,835		7,095,000	7,095,000
05/15/2038			120,615	120,615	912,450	7,095,000	7,095,000
11/15/2038	685,000	3.400%	120,615	805,615		6,410,000	6,410,000
05/15/2039			108,970	108,970	914,585	6,410,000	6,410,000
11/15/2039	710,000	3.400%	108,970	818,970		5,700,000	5,700,000
05/15/2040			96,900	96,900	915,870	5,700,000	5,700,000
11/15/2040	735,000	3.400%	96,900	831,900		4,965,000	4,965,000
05/15/2041			84,405	84,405	916,305	4,965,000	4,965,000
11/15/2041	760,000	3.400%	84,405	844,405		4,205,000	4,205,000
05/15/2042			71,485	71,485	915,890	4,205,000	4,205,000
11/15/2042	785,000	3.400%	71,485	856,485		3,420,000	3,420,000
05/15/2043			58,140	58,140	914,625	3,420,000	3,420,000
11/15/2043	810,000	3.400%	58,140	868,140		2,610,000	2,610,000
05/15/2044			44,370	44,370	912,510	2,610,000	2,610,000
11/15/2044	840,000	3.400%	44,370	884,370		1,770,000	1,770,000

BOND DEBT SERVICE

City of Houston, Texas
 2016 TWDB - Treatment Expansion
 *** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***
 Interest Rate Estimated Using 3.40%

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value
05/15/2045			30,090	30,090	914,460	1,770,000	1,770,000
11/15/2045	870,000	3.400%	30,090	900,090		900,000	900,000
05/15/2046			15,300	15,300	915,390	900,000	900,000
11/15/2046	900,000	3.400%	15,300	915,300	915,300		
	17,195,000		10,530,650	27,725,650	27,725,650		

Note: Assumes .5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).

BOND SUMMARY STATISTICS

City of Houston, Texas
 2016 TWDB - Treatment Expansion
 *** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***
 Interest Rate Estimated Using 3.40%

Dated Date	11/15/2016
Delivery Date	11/15/2016
Last Maturity	11/15/2046
Arbitrage Yield	4.234529%
True Interest Cost (TIC)	3.400000%
Net Interest Cost (NIC)	3.400000%
All-In TIC	3.439488%
Average Coupon	3.400000%
Average Life (years)	18.013
Duration of Issue (years)	12.925
Par Amount	17,195,000.00
Bond Proceeds	17,195,000.00
Total Interest	10,530,650.00
Net Interest	10,530,650.00
Bond Years from Dated Date	309,725,000.00
Bond Years from Delivery Date	309,725,000.00
Total Debt Service	27,725,650.00
Maximum Annual Debt Service	916,770.00
Average Annual Debt Service	924,188.33
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bond (2016)	17,195,000.00	100.000	3.400%	18.013	21,919.35
	17,195,000.00			18.013	21,919.35

	TIC	All-In TIC	Arbitrage Yield
Par Value	17,195,000.00	17,195,000.00	17,195,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-85,975.00	
- Other Amounts			
Target Value	17,195,000.00	17,109,025.00	17,195,000.00
Target Date	11/15/2016	11/15/2016	11/15/2016
Yield	3.400000%	3.439488%	4.234529%

Note: Assumes .5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).

SOURCES AND USES OF FUNDS

City of Houston, Texas
 2017 TWDB - Treatment Expansion
 *** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***
 Interest Rate Estimated Using 3.90%

Dated Date 11/15/2017
 Delivery Date 11/15/2017

Sources:

Bond Proceeds:	
Par Amount	24,335,000.00
<hr/>	
	24,335,000.00
<hr/>	

Uses:

Project Fund Deposits:	
Project Fund - Treatment Expansion	24,213,325.00
<hr/>	
Delivery Date Expenses:	
Cost of Issuance	121,675.00
<hr/>	
	24,335,000.00
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Note: Assumes .5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).

BOND PRICING

City of Houston, Texas
 2017 TWDB - Treatment Expansion
 *** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***
 Interest Rate Estimated Using 3.90%

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bond (2017):					
	11/15/2018	435,000	3.900%	3.900%	100.000
	11/15/2019	455,000	3.900%	3.900%	100.000
	11/15/2020	470,000	3.900%	3.900%	100.000
	11/15/2021	490,000	3.900%	3.900%	100.000
	11/15/2022	510,000	3.900%	3.900%	100.000
	11/15/2023	530,000	3.900%	3.900%	100.000
	11/15/2024	550,000	3.900%	3.900%	100.000
	11/15/2025	570,000	3.900%	3.900%	100.000
	11/15/2026	595,000	3.900%	3.900%	100.000
	11/15/2027	620,000	3.900%	3.900%	100.000
	11/15/2028	645,000	3.900%	3.900%	100.000
	11/15/2029	670,000	3.900%	3.900%	100.000
	11/15/2030	695,000	3.900%	3.900%	100.000
	11/15/2031	725,000	3.900%	3.900%	100.000
	11/15/2032	750,000	3.900%	3.900%	100.000
	11/15/2033	780,000	3.900%	3.900%	100.000
	11/15/2034	810,000	3.900%	3.900%	100.000
	11/15/2035	845,000	3.900%	3.900%	100.000
	11/15/2036	880,000	3.900%	3.900%	100.000
	11/15/2037	915,000	3.900%	3.900%	100.000
	11/15/2038	950,000	3.900%	3.900%	100.000
	11/15/2039	990,000	3.900%	3.900%	100.000
	11/15/2040	1,025,000	3.900%	3.900%	100.000
	11/15/2041	1,070,000	3.900%	3.900%	100.000
	11/15/2042	1,110,000	3.900%	3.900%	100.000
	11/15/2043	1,155,000	3.900%	3.900%	100.000
	11/15/2044	1,200,000	3.900%	3.900%	100.000
	11/15/2045	1,250,000	3.900%	3.900%	100.000
	11/15/2046	1,295,000	3.900%	3.900%	100.000
	11/15/2047	1,350,000	3.900%	3.900%	100.000
		24,335,000			

Dated Date	11/15/2017	
Delivery Date	11/15/2017	
First Coupon	05/15/2018	
Par Amount	24,335,000.00	
Original Issue Discount		
Production	24,335,000.00	100.000000%
Underwriter's Discount		
Purchase Price	24,335,000.00	100.000000%
Accrued Interest		
Net Proceeds	24,335,000.00	

Note: Assumes .5% costs of issuance (ratings, bond counsel, AG fee, CUSIP5, any other.).

BOND DEBT SERVICE

City of Houston, Texas

2017 TWDB - Treatment Expansion

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Interest Rate Estimated Using 3.90%

Period Ending	Principal	Coupon	Interest	Dated Date	11/15/2017	Annual Debt Service	Bond Balance	Total Bond Value
				Delivery Date	11/15/2017			
11/15/2017							24,335,000	24,335,000
05/15/2018			474,532.50		474,532.50	474,532.50	24,335,000	24,335,000
11/15/2018	435,000	3.900%	474,532.50		909,532.50		23,900,000	23,900,000
05/15/2019			466,050.00		466,050.00	1,375,582.50	23,900,000	23,900,000
11/15/2019	455,000	3.900%	466,050.00		921,050.00		23,445,000	23,445,000
05/15/2020			457,177.50		457,177.50	1,378,227.50	23,445,000	23,445,000
11/15/2020	470,000	3.900%	457,177.50		927,177.50		22,975,000	22,975,000
05/15/2021			448,012.50		448,012.50	1,375,190.00	22,975,000	22,975,000
11/15/2021	490,000	3.900%	448,012.50		938,012.50		22,485,000	22,485,000
05/15/2022			438,457.50		438,457.50	1,376,470.00	22,485,000	22,485,000
11/15/2022	510,000	3.900%	438,457.50		948,457.50		21,975,000	21,975,000
05/15/2023			428,512.50		428,512.50	1,376,970.00	21,975,000	21,975,000
11/15/2023	530,000	3.900%	428,512.50		958,512.50		21,445,000	21,445,000
05/15/2024			418,177.50		418,177.50	1,376,690.00	21,445,000	21,445,000
11/15/2024	550,000	3.900%	418,177.50		968,177.50		20,895,000	20,895,000
05/15/2025			407,452.50		407,452.50	1,375,630.00	20,895,000	20,895,000
11/15/2025	570,000	3.900%	407,452.50		977,452.50		20,325,000	20,325,000
05/15/2026			396,337.50		396,337.50	1,373,790.00	20,325,000	20,325,000
11/15/2026	595,000	3.900%	396,337.50		991,337.50		19,730,000	19,730,000
05/15/2027			384,735.00		384,735.00	1,376,072.50	19,730,000	19,730,000
11/15/2027	620,000	3.900%	384,735.00		1,004,735.00		19,110,000	19,110,000
05/15/2028			372,645.00		372,645.00	1,377,380.00	19,110,000	19,110,000
11/15/2028	645,000	3.900%	372,645.00		1,017,645.00		18,465,000	18,465,000
05/15/2029			360,067.50		360,067.50	1,377,712.50	18,465,000	18,465,000
11/15/2029	670,000	3.900%	360,067.50		1,030,067.50		17,795,000	17,795,000
05/15/2030			347,002.50		347,002.50	1,377,070.00	17,795,000	17,795,000
11/15/2030	695,000	3.900%	347,002.50		1,042,002.50		17,100,000	17,100,000
05/15/2031			333,450.00		333,450.00	1,375,452.50	17,100,000	17,100,000
11/15/2031	725,000	3.900%	333,450.00		1,058,450.00		16,375,000	16,375,000
05/15/2032			319,312.50		319,312.50	1,377,762.50	16,375,000	16,375,000
11/15/2032	750,000	3.900%	319,312.50		1,069,312.50		15,625,000	15,625,000
05/15/2033			304,687.50		304,687.50	1,374,000.00	15,625,000	15,625,000
11/15/2033	780,000	3.900%	304,687.50		1,084,687.50		14,845,000	14,845,000
05/15/2034			289,477.50		289,477.50	1,374,165.00	14,845,000	14,845,000
11/15/2034	810,000	3.900%	289,477.50		1,099,477.50		14,035,000	14,035,000
05/15/2035			273,682.50		273,682.50	1,373,160.00	14,035,000	14,035,000
11/15/2035	845,000	3.900%	273,682.50		1,118,682.50		13,190,000	13,190,000
05/15/2036			257,205.00		257,205.00	1,375,887.50	13,190,000	13,190,000
11/15/2036	880,000	3.900%	257,205.00		1,137,205.00		12,310,000	12,310,000
05/15/2037			240,045.00		240,045.00	1,377,250.00	12,310,000	12,310,000
11/15/2037	915,000	3.900%	240,045.00		1,155,045.00		11,395,000	11,395,000
05/15/2038			222,202.50		222,202.50	1,377,247.50	11,395,000	11,395,000
11/15/2038	950,000	3.900%	222,202.50		1,172,202.50		10,445,000	10,445,000
05/15/2039			203,677.50		203,677.50	1,375,880.00	10,445,000	10,445,000
11/15/2039	990,000	3.900%	203,677.50		1,193,677.50		9,455,000	9,455,000
05/15/2040			184,372.50		184,372.50	1,378,050.00	9,455,000	9,455,000
11/15/2040	1,025,000	3.900%	184,372.50		1,209,372.50		8,430,000	8,430,000
05/15/2041			164,385.00		164,385.00	1,373,757.50	8,430,000	8,430,000
11/15/2041	1,070,000	3.900%	164,385.00		1,234,385.00		7,360,000	7,360,000
05/15/2042			143,520.00		143,520.00	1,377,905.00	7,360,000	7,360,000
11/15/2042	1,110,000	3.900%	143,520.00		1,253,520.00		6,250,000	6,250,000
05/15/2043			121,875.00		121,875.00	1,375,395.00	6,250,000	6,250,000
11/15/2043	1,155,000	3.900%	121,875.00		1,276,875.00		5,095,000	5,095,000
05/15/2044			99,352.50		99,352.50	1,376,227.50	5,095,000	5,095,000
11/15/2044	1,200,000	3.900%	99,352.50		1,299,352.50		3,895,000	3,895,000
05/15/2045			75,952.50		75,952.50	1,375,305.00	3,895,000	3,895,000
11/15/2045	1,250,000	3.900%	75,952.50		1,325,952.50		2,645,000	2,645,000
05/15/2046			51,577.50		51,577.50	1,377,530.00	2,645,000	2,645,000
11/15/2046	1,295,000	3.900%	51,577.50		1,346,577.50		1,350,000	1,350,000
05/15/2047			26,325.00		26,325.00	1,372,902.50	1,350,000	1,350,000
11/15/2047	1,350,000	3.900%	26,325.00		1,376,325.00		1,350,000	1,350,000
	24,335,000		17,420,520.00		41,755,520.00	41,755,520.00		

BOND DEBT SERVICE

City of Houston, Texas

2017 TWDB - Treatment Expansion

***** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY *****

Interest Rate Estimated Using 3.90%

Note: Assumes .5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).

BOND SUMMARY STATISTICS

City of Houston, Texas
 2017 TWDB - Treatment Expansion
 *** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***
 Interest Rate Estimated Using 3.90%

Dated Date	11/15/2017
Delivery Date	11/15/2017
Last Maturity	11/15/2047
Arbitrage Yield	4.234529%
True Interest Cost (TIC)	3.900000%
Net Interest Cost (NIC)	3.900000%
All-In TIC	3.940732%
Average Coupon	3.900000%
Average Life (years)	18.355
Duration of Issue (years)	12.561
Par Amount	24,335,000.00
Bond Proceeds	24,335,000.00
Total Interest	17,420,520.00
Net Interest	17,420,520.00
Bond Years from Dated Date	446,680,000.00
Bond Years from Delivery Date	446,680,000.00
Total Debt Service	41,755,520.00
Maximum Annual Debt Service	1,378,227.50
Average Annual Debt Service	1,391,850.67
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bond (2017)	24,335,000.00	100.000	3.900%	18.355	30,090.65
	24,335,000.00			18.355	30,090.65

	TIC	All-In TIC	Arbitrage Yield
Par Value	24,335,000.00	24,335,000.00	24,335,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-121,675.00	
- Other Amounts			
Target Value	24,335,000.00	24,213,325.00	24,335,000.00
Target Date	11/15/2017	11/15/2017	11/15/2017
Yield	3.900000%	3.940732%	4.234529%

Note: Assumes .5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).

SOURCES AND USES OF FUNDS

City of Houston, Texas
 2018 TWDB - Treatment Expansion
***** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY *****
 Interest Rate Estimated Using 4.40%

Dated Date 11/15/2018
 Delivery Date 11/15/2018

Sources:

Bond Proceeds:	
Par Amount	142,105,000.00
<hr/>	
	142,105,000.00
<hr/>	

Uses:

Project Fund Deposits:	
Project Fund - Treatment Expansion	141,394,475.00
Delivery Date Expenses:	
Cost of Issuance	710,525.00
<hr/>	
	142,105,000.00
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Note: Assumes .5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).

BOND PRICING

City of Houston, Texas
 2018 TWDB - Treatment Expansion
 *** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***
 Interest Rate Estimated Using 4.40%

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bond (2018):					
	11/15/2019	2,330,000	4.400%	4.400%	100.000
	11/15/2020	2,435,000	4.400%	4.400%	100.000
	11/15/2021	2,545,000	4.400%	4.400%	100.000
	11/15/2022	2,660,000	4.400%	4.400%	100.000
	11/15/2023	2,780,000	4.400%	4.400%	100.000
	11/15/2024	2,905,000	4.400%	4.400%	100.000
	11/15/2025	3,035,000	4.400%	4.400%	100.000
	11/15/2026	3,170,000	4.400%	4.400%	100.000
	11/15/2027	3,315,000	4.400%	4.400%	100.000
	11/15/2028	3,460,000	4.400%	4.400%	100.000
	11/15/2029	3,615,000	4.400%	4.400%	100.000
	11/15/2030	3,780,000	4.400%	4.400%	100.000
	11/15/2031	3,950,000	4.400%	4.400%	100.000
	11/15/2032	4,130,000	4.400%	4.400%	100.000
	11/15/2033	4,315,000	4.400%	4.400%	100.000
	11/15/2034	4,510,000	4.400%	4.400%	100.000
	11/15/2035	4,710,000	4.400%	4.400%	100.000
	11/15/2036	4,920,000	4.400%	4.400%	100.000
	11/15/2037	5,145,000	4.400%	4.400%	100.000
	11/15/2038	5,375,000	4.400%	4.400%	100.000
	11/15/2039	5,615,000	4.400%	4.400%	100.000
	11/15/2040	5,870,000	4.400%	4.400%	100.000
	11/15/2041	6,135,000	4.400%	4.400%	100.000
	11/15/2042	6,410,000	4.400%	4.400%	100.000
	11/15/2043	6,700,000	4.400%	4.400%	100.000
	11/15/2044	7,000,000	4.400%	4.400%	100.000
	11/15/2045	7,315,000	4.400%	4.400%	100.000
	11/15/2046	7,645,000	4.400%	4.400%	100.000
	11/15/2047	7,985,000	4.400%	4.400%	100.000
	11/15/2048	8,345,000	4.400%	4.400%	100.000
		142,105,000			

Dated Date	11/15/2018	
Delivery Date	11/15/2018	
First Coupon	05/15/2019	
Par Amount	142,105,000.00	
Original Issue Discount		
Production	142,105,000.00	100.000000%
Underwriter's Discount		
Purchase Price	142,105,000.00	100.000000%
Accrued Interest		
Net Proceeds	142,105,000.00	

Note: Assumes .5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).

BOND DEBT SERVICE

City of Houston, Texas
 2018 TWDB - Treatment Expansion
 *** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***
 Interest Rate Estimated Using 4.40%

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value
11/15/2018						142,105,000	142,105,000
05/15/2019			3,126,310	3,126,310	3,126,310	142,105,000	142,105,000
11/15/2019	2,330,000	4.400%	3,126,310	5,456,310		139,775,000	139,775,000
05/15/2020			3,075,050	3,075,050	8,531,360	139,775,000	139,775,000
11/15/2020	2,435,000	4.400%	3,075,050	5,510,050		137,340,000	137,340,000
05/15/2021			3,021,480	3,021,480	8,531,530	137,340,000	137,340,000
11/15/2021	2,545,000	4.400%	3,021,480	5,566,480		134,795,000	134,795,000
05/15/2022			2,965,490	2,965,490	8,531,970	134,795,000	134,795,000
11/15/2022	2,660,000	4.400%	2,965,490	5,625,490		132,135,000	132,135,000
05/15/2023			2,906,970	2,906,970	8,532,460	132,135,000	132,135,000
11/15/2023	2,780,000	4.400%	2,906,970	5,686,970		129,355,000	129,355,000
05/15/2024			2,845,810	2,845,810	8,532,780	129,355,000	129,355,000
11/15/2024	2,905,000	4.400%	2,845,810	5,750,810		126,450,000	126,450,000
05/15/2025			2,781,900	2,781,900	8,532,710	126,450,000	126,450,000
11/15/2025	3,035,000	4.400%	2,781,900	5,816,900		123,415,000	123,415,000
05/15/2026			2,715,130	2,715,130	8,532,030	123,415,000	123,415,000
11/15/2026	3,170,000	4.400%	2,715,130	5,885,130		120,245,000	120,245,000
05/15/2027			2,645,390	2,645,390	8,530,520	120,245,000	120,245,000
11/15/2027	3,315,000	4.400%	2,645,390	5,960,390		116,930,000	116,930,000
05/15/2028			2,572,460	2,572,460	8,532,850	116,930,000	116,930,000
11/15/2028	3,460,000	4.400%	2,572,460	6,032,460		113,470,000	113,470,000
05/15/2029			2,496,340	2,496,340	8,528,800	113,470,000	113,470,000
11/15/2029	3,615,000	4.400%	2,496,340	6,111,340		109,855,000	109,855,000
05/15/2030			2,416,810	2,416,810	8,528,150	109,855,000	109,855,000
11/15/2030	3,780,000	4.400%	2,416,810	6,196,810		106,075,000	106,075,000
05/15/2031			2,333,650	2,333,650	8,530,460	106,075,000	106,075,000
11/15/2031	3,950,000	4.400%	2,333,650	6,283,650		102,125,000	102,125,000
05/15/2032			2,246,750	2,246,750	8,530,400	102,125,000	102,125,000
11/15/2032	4,130,000	4.400%	2,246,750	6,376,750		97,995,000	97,995,000
05/15/2033			2,155,890	2,155,890	8,532,640	97,995,000	97,995,000
11/15/2033	4,315,000	4.400%	2,155,890	6,470,890		93,680,000	93,680,000
05/15/2034			2,060,960	2,060,960	8,531,850	93,680,000	93,680,000
11/15/2034	4,510,000	4.400%	2,060,960	6,570,960		89,170,000	89,170,000
05/15/2035			1,961,740	1,961,740	8,532,700	89,170,000	89,170,000
11/15/2035	4,710,000	4.400%	1,961,740	6,671,740		84,460,000	84,460,000
05/15/2036			1,858,120	1,858,120	8,529,860	84,460,000	84,460,000
11/15/2036	4,920,000	4.400%	1,858,120	6,778,120		79,540,000	79,540,000
05/15/2037			1,749,880	1,749,880	8,528,000	79,540,000	79,540,000
11/15/2037	5,145,000	4.400%	1,749,880	6,894,880		74,395,000	74,395,000
05/15/2038			1,636,690	1,636,690	8,531,570	74,395,000	74,395,000
11/15/2038	5,375,000	4.400%	1,636,690	7,011,690		69,020,000	69,020,000
05/15/2039			1,518,440	1,518,440	8,530,130	69,020,000	69,020,000
11/15/2039	5,615,000	4.400%	1,518,440	7,133,440		63,405,000	63,405,000
05/15/2040			1,394,910	1,394,910	8,528,350	63,405,000	63,405,000
11/15/2040	5,870,000	4.400%	1,394,910	7,264,910		57,535,000	57,535,000
05/15/2041			1,265,770	1,265,770	8,530,680	57,535,000	57,535,000
11/15/2041	6,135,000	4.400%	1,265,770	7,400,770		51,400,000	51,400,000
05/15/2042			1,130,800	1,130,800	8,531,570	51,400,000	51,400,000
11/15/2042	6,410,000	4.400%	1,130,800	7,540,800		44,990,000	44,990,000
05/15/2043			989,780	989,780	8,530,580	44,990,000	44,990,000
11/15/2043	6,700,000	4.400%	989,780	7,689,780		38,290,000	38,290,000
05/15/2044			842,380	842,380	8,532,160	38,290,000	38,290,000
11/15/2044	7,000,000	4.400%	842,380	7,842,380		31,290,000	31,290,000
05/15/2045			688,380	688,380	8,530,760	31,290,000	31,290,000
11/15/2045	7,315,000	4.400%	688,380	8,003,380		23,975,000	23,975,000
05/15/2046			527,450	527,450	8,530,830	23,975,000	23,975,000
11/15/2046	7,645,000	4.400%	527,450	8,172,450		16,330,000	16,330,000

BOND DEBT SERVICE

City of Houston, Texas
 2018 TWDB - Treatment Expansion
 *** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***
 Interest Rate Estimated Using 4.40%

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value
05/15/2047			359,260	359,260	8,531,710	16,330,000	16,330,000
11/15/2047	7,985,000	4.400%	359,260	8,344,260		8,345,000	8,345,000
05/15/2048			183,590	183,590	8,527,850	8,345,000	8,345,000
11/15/2048	8,345,000	4.400%	183,590	8,528,590	8,528,590		
	142,105,000		116,947,160	259,052,160	259,052,160		

Note: Assumes .5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).

BOND SUMMARY STATISTICS

City of Houston, Texas
 2018 TWDB - Treatment Expansion
 *** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***
 Interest Rate Estimated Using 4.40%

Dated Date	11/15/2018
Delivery Date	11/15/2018
Last Maturity	11/15/2048
Arbitrage Yield	4.234529%
True Interest Cost (TIC)	4.400000%
Net Interest Cost (NIC)	4.400000%
All-In TIC	4.442002%
Average Coupon	4.400000%
Average Life (years)	18.704
Duration of Issue (years)	12.212
Par Amount	142,105,000.00
Bond Proceeds	142,105,000.00
Total Interest	116,947,160.00
Net Interest	116,947,160.00
Bond Years from Dated Date	2,657,890,000.00
Bond Years from Delivery Date	2,657,890,000.00
Total Debt Service	259,052,160.00
Maximum Annual Debt Service	8,532,850.00
Average Annual Debt Service	8,635,072.00
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bond (2018)	142,105,000.00	100.000	4.400%	18.704	170,194.45
	142,105,000.00			18.704	170,194.45

	TIC	All-In TIC	Arbitrage Yield
Par Value	142,105,000.00	142,105,000.00	142,105,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-710,525.00	
- Other Amounts			
Target Value	142,105,000.00	141,394,475.00	142,105,000.00
Target Date	11/15/2018	11/15/2018	11/15/2018
Yield	4.400000%	4.442002%	4.234529%

Note: Assumes .5% costs of issuance (ratings, bond counsel, AG fee, CUSIPS, any other.).

**City of Houston (CUS)
Draft - Interim Version
as of April 13, 2015**

Summary of Model Results

	Fiscal Year 2014 (Actual)	Fiscal Year 2015 (Projected)	Fiscal Year 2016 (Projected)	Fiscal Year 2017 (Projected)	Fiscal Year 2018 (Projected)	Fiscal Year 2019 (Projected)
Projected Revenues						
Total Projected Net Service Charge Revenues	\$ 961,742,912	\$ 960,131,576	\$ 1,016,462,300	\$ 1,052,038,481	\$ 1,088,859,827	\$ 1,139,635,716
Other Revenues	42,332,485	57,559,581	46,246,100	43,220,000	43,220,000	43,220,000
Transfer from General Purpose Fund	-	-	38,000,000	38,000,000	38,000,000	-
Deferred Revenues	-	-	-	-	-	-
Total Projected Revenues	1,004,075,397	1,017,731,157	1,100,708,400	1,133,258,481	1,170,079,827	1,202,855,716
Total Service Revenue Increase	3.37%	-0.17%	5.87%	3.50%	3.50%	6.50%
Estimated Operating Expenditures	410,600,574	435,692,929	507,235,935	506,459,605	515,550,598	525,628,800
Net Revenue Available for Debt Service	593,474,823	582,038,228	593,472,465	626,798,875	654,529,229	677,226,916
Debt Service Requirements (Including Fees)	403,943,095	411,469,083	440,342,302	478,104,022	498,825,880	520,772,206
Other Non-Operating Expenditures	54,375,913	28,652,724	43,542,165	44,539,665	45,368,057	41,717,989
TOTAL Non Operating Expenditures	437,319,008	440,101,807	483,884,468	522,643,688	544,193,937	562,490,195
Revenues Less Expenditures	155,955,815	141,936,421	109,587,998	104,155,188	110,335,292	114,736,720
Annual Debt Service Coverage (Cashflow)	1.47 x	1.41 x	1.34 x	1.31 x	1.31 x	1.30 x
Additional Bonds Test						
Additional Bonds Test 1 (Prior Year Net Revs at least = Max Annual						
Prior FY Revenue / Max Annual at Fixed Rate	1.31 x	1.28 x	1.20 x	1.17 x	1.19 x	1.20 x
Prior FY Revenue / Max Annual at Fixed Rate	1.31 x	1.28 x	1.20 x	1.17 x	1.19 x	1.20 x
Prior FY Revenue / Max Annual at Fixed Rate	1.31 x	1.28 x	1.20 x	1.17 x	1.19 x	1.20 x
Additional Bonds Test 2 (Prior Year Net Revs Plus GP Fund at least =						
Total FY Revenue / Max Annual at Fixed Rate	2.46 x	2.38 x	2.31 x	2.15 x	2.04 x	1.93 x
Total FY Revenue / Max Annual at Fixed Rate	2.46 x	2.38 x	2.31 x	2.15 x	2.04 x	1.93 x
Total FY Revenue / Max Annual at Fixed Rate	2.46 x	2.38 x	2.31 x	2.15 x	2.04 x	1.93 x
Projected Total W&S CIP Appropriations	\$ 476,060,585	\$ 415,000,000	\$ 409,000,000	\$ 390,627,000	\$ 370,000,000	\$ 370,000,000
Contributed Capital from Others	12,454,000	35,000,000	39,000,000	20,627,000	-	-
Projected W&S CIP - CUS Funding Only	\$ 463,606,585	\$ 380,000,000	\$ 370,000,000	\$ 370,000,000	\$ 370,000,000	\$ 370,000,000
Projected Water and Sewer Spending	\$ 360,000,000	\$ 360,000,000	\$ 365,000,000	\$ 365,000,000	\$ 360,000,000	\$ 360,000,000
Funding Sources						
TWDB Available Proceeds	\$ 84,900,000	\$ 45,000,000	\$ 58,750,000	\$ 50,000,000	\$ 44,000,000	\$ 40,000,000
General Purpose Fund (Pay as You go)	110,000,000	65,000,000	65,000,000	70,000,000	70,000,000	75,000,000
Construction Funds on Hand (Bond Proceeds)	-	100,000,000	-	-	-	-
Projected Funding from Commercial Paper	165,100,000	150,000,000	241,250,000	245,000,000	246,000,000	245,000,000
Total Fund Available	\$ 360,000,000	\$ 360,000,000	\$ 365,000,000	\$ 365,000,000	\$ 360,000,000	\$ 360,000,000
Projected Market Bond Issues	260,140,000	160,000,000	247,240,000	258,935,000	260,225,000	259,345,000
Projected TWDB Bond Issues	65,000,000	125,585,000	90,000,000	40,000,000	40,000,000	40,000,000

Note: All Additional Bonds Test calculations include "Other Revenues" (ie. new water contracts, water authority capital contributions).

Excluding these revenues in the calculation of Net Revenue Available for Debt Service produces significantly different results.

(1) Additional Bonds Test requires the prior fiscal year's net revenue be at least equal to 1.0 times projected maximum annual debt service (excludes general purpose fund balance).

(2) Additional Bonds Test requires that prior fiscal year's net revenue and general purpose fund balance be equal to at least 1.20 times maximum annual debt service.

**City of Houston (CUS)
Draft - Interim Version
as of April 13, 2015**

Projected Cash Flow

	Fiscal Year 2014 (Actual)	Fiscal Year 2015 (Projected)	Fiscal Year 2016 (Projected)	Fiscal Year 2017 (Projected)	Fiscal Year 2018 (Projected)	Fiscal Year 2019 (Projected)
Projected Revenues						
(1) Service Charge Revenues	\$ 961,742,912	\$ 960,131,576	\$ 1,016,462,300	\$ 1,052,038,481	\$ 1,088,859,827	\$ 1,159,635,716
(2) Deferred Revenues	-	-	-	-	-	-
(3) Transfer From General Purpose Fund	-	-	38,000,000	38,000,000	38,000,000	-
(4) Other Revenues	8,738,008	16,252,525	16,026,100	16,000,000	16,000,000	16,000,000
(5) Incent Income Earned	6,356,654	7,459,496	7,220,000	7,220,000	7,220,000	7,220,000
(6) Impact Fees	27,237,823	33,907,560	23,000,000	20,000,000	20,000,000	20,000,000
TOTAL Projected Revenues	1,004,075,397	1,017,731,157	1,100,708,400	1,133,258,481	1,170,079,827	1,202,855,716
Estimated Operating Expenditures						
(7) O&M Expenditures **	\$ 387,020,786	\$ 412,897,568	\$ 484,649,700	\$ 494,342,694	\$ 504,229,548	\$ 514,314,139
(8) Bonds payable from gross revenues	18,875,214	18,063,946	17,851,148	7,372,240	6,571,513	6,554,975
(9) Pension Bond Debt Service	4,704,574	4,731,415	4,735,087	4,744,671	4,749,538	4,759,687
TOTAL Estimated Operating Expenditures	410,600,574	435,692,929	507,235,935	506,459,605	515,550,598	525,628,800
NET REVENUES Available for Debt Service	\$ 593,474,823	\$ 582,038,228	\$ 593,472,465	\$ 626,798,875	\$ 654,529,229	\$ 677,226,916
Non Operating Expenditures						
(10) Capital Transfer (Equipment Acquisition)	\$ 15,942,388	\$ 13,269,310	\$ 29,206,400	\$ 29,790,528	\$ 30,386,339	\$ 30,994,065
(11) Bond Debt Service Requirements	403,043,895	407,239,387	436,112,606	473,874,326	494,596,184	516,542,510
Variable Rate Bond Fees	-	4,229,696	4,229,696	4,229,696	4,229,696	4,229,696
(12) Commercial Paper Debt Service	36,705	873,950	1,295,181	1,400,185	1,408,539	1,404,711
Commercial Paper Fees	5,402,843	2,450,000	3,150,000	4,200,000	5,230,000	5,230,000
Discretionary Debt Service	13,093,977	12,039,464	9,890,584	9,148,952	8,323,179	4,069,213
TOTAL Non Operating Expenditures	\$ 437,519,008	\$ 440,101,807	\$ 483,884,468	\$ 522,643,688	\$ 544,193,937	\$ 562,490,195
Revenues Less Expenditures						
Beginning Operating Reserve Balance	\$ 69,602,541	\$ 69,602,541	\$ 72,615,488	\$ 84,539,322	\$ 84,539,322	\$ 85,925,100
Operating Reserve Requirement (2 Months O&M)	68,433,429	72,615,488	84,539,322	84,409,934	85,925,100	87,604,800
Operating Reserve Funding Requirement	-	3,012,947	11,923,834	-	1,385,777	1,679,700
Ending Balance	69,602,541	72,615,488	84,539,322	84,539,322	85,925,100	87,604,800
Transfers to General Purpose Fund	\$155,955,815	\$138,923,474	\$87,664,163	\$104,155,188	\$108,949,515	\$113,057,020
Transfers net of GP Transfer to Revenue	155,955,815	138,923,474	59,664,163	66,155,188	70,949,515	113,057,020
CWA - Luce Bayou (General Purpose Outflow net of Wtr Auth pants)	-	59,249	120,422	152,901	372,181	1,386,391
TWDB Loans - NE Plant (GP Outflow - CUS portion only)	-	-	-	292,315	1,388,468	5,414,268
TWDB Loans - Dist Lines (GP Outflow - CUS portion only)	-	-	322,587	1,525,890	2,443,745	3,640,812
Transfers net of GP Outflows for Luce/NE Plant/Dist. Lines	155,955,815	138,864,225	59,221,155	64,184,082	66,745,122	102,615,550
Total Service Revenue Increase	3.37%	-0.17%	5.87%	3.50%	3.50%	6.50%
** O & M Increase Factor	2.68%	6.69%	17.38%	2.00%	2.00%	2.00%

(1) Base Revenue Projections (prior to increases in rate) provided by the Public Works & Engineering Department of the City of Houston includes estimated revenue from water sales to WPCRWA, CECRWA, NERWA, and NICKRWA contracts to provide water.
 (2) Estimated payments from WPCRWA, CECRWA, NERWA, and NICKRWA. Expected to be large lump sum capital contributions for capital expenditures, the System has or will fund.
 (3) Transfers made from the General Purpose Fund to the "Revenue Fund" of the System. These transfers flow to "Net Revenue Available for Debt Service" and the debt coverage ratios.
 (4) Includes other operating revenue and sale of property.
 (5) Estimates provided by the Public Works & Engineering Department of the City of Houston.
 (6) Fees received by the system from new development. Projections provided by Public Works.
 (7) O & M increased by a factor consistent with the rate study projections.
 (8) Bonds payable from Gross System revenues, include CWA debt service.

City of Houston (CUS)
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 as of April 13, 2015

Bond Issue Schedule

	Fiscal Year 2014 (Actual)	Fiscal Year 2015 (Projected)	Fiscal Year 2016 (Projected)	Fiscal Year 2017 (Projected)	Fiscal Year 2018 (Projected)	Fiscal Year 2019 (Projected)
Sources of Funds						
TWDB Bonds	65,000,000	125,585,000	90,000,000	40,000,000	40,000,000	40,000,000
CUS Lien Bonds (Open Market)	260,140,000	160,060,000	247,240,000	258,935,000	260,225,000	259,345,000
TOTAL Sources of Funds	\$ 325,140,000	\$ 285,645,000	\$ 337,240,000	\$ 298,935,000	\$ 300,225,000	\$ 299,345,000
Uses of Funds						
Commercial Paper Redemption	151,335,000	151,260,000	233,645,000	244,690,000	245,915,000	245,085,000
Deposit to Construction Fund (TWDB)	62,209,600	118,923,975	85,840,000	38,120,000	38,120,000	38,120,000
Deposit to Construction Fund (Open Market)	100,000,000	-	-	-	-	-
Reserve Fund Deposits or Surety Policy	8,780,400	11,236,025	13,650,000	12,810,000	12,865,000	12,825,000
Issuance Expenses	2,815,000	4,225,000	4,105,000	3,315,000	3,325,000	3,315,000
TOTAL Uses of Funds	\$ 325,140,000	\$ 285,645,000	\$ 337,240,000	\$ 298,935,000	\$ 300,225,000	\$ 299,345,000
TWDB Funds						
Carryover Balance	49,900,000	27,209,600	101,133,575	128,223,575	116,343,575	110,463,575
New Funds	62,209,600	118,923,975	85,840,000	38,120,000	38,120,000	38,120,000
Total	112,109,600	146,133,575	186,973,575	166,343,575	154,463,575	148,583,575
Spending - Carryover Balance	49,900,000	27,209,600	58,750,000	50,000,000	44,000,000	40,000,000
Spending - Current Yr Funds	35,000,000	17,790,400	-	-	-	-
Spending	84,900,000	45,000,000	58,750,000	50,000,000	44,000,000	40,000,000
Remaining Balance (Carryover to next FY)	27,209,600	101,133,575	128,223,575	116,343,575	110,463,575	108,583,575

*** PROFORMA - FOR DISCUSSION PURPOSES ONLY ***

City of Houston, Combined Utility System
 Projected Coverage of SWIFT Loans

All amounts are projected and estimated; actual results can and will vary.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
		Operating Revenue	Net Revenue Less Oper. Expenses	Existing and Projected Debt Service and Fees	Operating Reserve Funding	Net Contract Pmts to Coastal Wtr Auth (Luce Bayou)	Net Available for Houston SWIFT Loans	SWIFT Loans - NE Plant	SWIFT Loans - Distribution Lines	Total SWIFT Loans	All Projected Debt (including fees and SWIFT loans)	All Debt Projected Coverage
			(3)-(2)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
			=(3)-(2)				=(5)-(4)-(5)-(6)				=(4)+(9)-(10)	=(3)/(11)
6/30/2016	1,100,708,400	507,235,935	593,472,465	454,678,068	11,923,934	120,422	126,750,141	322,587	322,587	322,587	455,121,076.28	1.30
6/30/2017	1,118,011,546	506,459,905	611,551,941	492,853,160	-	152,901	118,545,881	293,315	1,525,890	1,819,205	494,824,263.35	1.24
6/30/2018	1,154,299,250	515,550,598	638,748,652	513,807,998	1,385,777	348,793	123,206,483	1,388,468	2,443,745	3,832,122	517,988,603.59	1.23
6/30/2019	1,186,043,901	525,628,800	660,420,601	531,496,130	1,679,700	1,501,836	125,742,934	5,414,268	3,640,812	9,055,079	542,053,045.52	1.22
6/30/2020	1,280,248,430	535,924,611	744,325,820	543,805,098	1,715,635	4,035,406	194,769,680	10,824,978	4,700,222	15,525,199	563,365,703.38	1.32
6/30/2021	1,267,447,425	547,868,086	719,579,340	564,045,826	1,890,912	4,591,616	148,950,985	10,819,700	5,656,492	16,476,192	585,113,633.93	1.23
6/30/2022	1,310,295,385	558,553,978	751,741,407	581,111,559	1,780,982	5,354,196	163,494,670	10,823,585	6,315,594	17,139,179	603,604,933.20	1.25
6/30/2023	1,354,648,024	569,448,896	785,194,127	600,946,677	1,815,920	6,255,622	176,276,009	10,821,315	6,313,164	17,139,479	624,236,777.26	1.26
6/30/2024	1,400,542,830	580,580,167	819,962,663	618,786,587	1,855,212	7,300,962	192,019,993	10,822,670	6,306,588	17,129,258	643,216,806.07	1.27
6/30/2025	1,448,049,129	591,935,162	856,113,967	638,206,130	1,892,499	8,686,961	207,338,376	10,822,345	6,315,496	17,137,841	664,030,931.78	1.29
6/30/2026	1,497,218,148	607,962,768	889,255,381	654,440,902	2,671,268	11,409,438	220,733,773	10,820,120	6,314,689	17,134,809	682,985,148.85	1.30
6/30/2027	1,548,108,083	612,385,022	935,723,061	672,265,297	737,042	12,289,401	250,431,321	10,820,678	6,309,517	17,130,195	701,684,892.41	1.33
6/30/2028	1,600,779,166	624,437,176	976,341,990	691,588,735	2,008,692	12,562,215	270,182,348	10,823,590	6,309,875	17,133,465	711,284,415.23	1.34
6/30/2029	1,655,293,737	637,226,050	1,018,067,688	719,177,983	2,131,479	14,092,661	272,665,565	10,818,638	6,315,225	17,133,862	760,404,506.34	1.34
6/30/2030	1,711,716,318	649,771,260	1,061,945,058	749,530,037	2,090,868	14,884,785	295,439,367	10,820,515	6,315,361	17,135,876	781,550,698.58	1.36
6/30/2031	1,770,113,689	662,565,539	1,107,548,150	770,359,729	2,132,380	17,393,550	317,662,491	10,818,783	6,310,472	17,129,255	804,882,534.27	1.38
6/30/2032	1,830,554,968	675,613,582	1,154,941,387	793,536,679	2,174,674	17,203,062	342,024,972	10,823,013	6,315,456	17,138,469	827,880,208.83	1.40
6/30/2033	1,893,111,692	682,834,242	1,210,277,450	815,223,497	1,203,443	17,847,484	376,003,025	10,822,790	6,310,145	17,132,935	850,203,915.68	1.42
6/30/2034	1,957,857,901	695,765,060	1,262,092,841	837,244,436	2,155,136	17,985,691	404,709,517	10,822,785	6,314,367	17,137,152	872,365,279.41	1.45
6/30/2035	2,024,870,228	710,247,996	1,314,622,232	864,843,400	2,413,823	18,118,660	419,246,249	10,822,570	6,312,907	17,135,477	710,097,637.28	1.85
6/30/2036	2,094,227,985	720,163,960	1,374,064,026	898,246,843	1,652,661	18,945,486	655,319,037	10,821,718	6,310,731	17,132,448	734,224,776.90	1.87
6/30/2037	2,166,013,165	734,567,239	1,431,446,026	927,078,502	2,400,547	18,313,444	713,653,534	10,819,800	6,317,402	17,137,202	732,529,147.87	1.95
6/30/2038	2,240,311,030	749,258,594	1,491,052,446	956,217,104	2,448,557	19,703,371	832,683,414	10,821,268	6,312,739	17,134,006	673,054,481.09	2.22
6/30/2039	2,317,209,216	764,243,755	1,552,965,460	985,558,224	2,497,529	19,843,460	875,066,248	10,820,595	6,311,697	17,132,292	692,533,975.43	2.24
6/30/2040	2,396,798,838	779,528,650	1,617,270,208	1,011,377,802	2,547,479	19,983,705	983,361,222	10,822,270	6,318,777	17,141,047	648,502,553.92	2.49
6/30/2041	2,479,174,098	795,119,203	1,684,054,895	1,034,956,176	2,598,429	20,129,330	1,026,370,960	10,820,743	6,308,906	17,129,648	672,215,153.93	2.51
6/30/2042	2,564,432,491	811,021,587	1,753,410,904	1,061,117,748	2,703,405	20,405,429	1,107,510,024	10,825,365	6,307,009	17,132,374	660,379,856.94	2.66
6/30/2043	2,652,674,928	827,242,019	1,825,432,909	1,088,792,138	2,757,473	20,535,612	1,259,593,430	10,820,898	6,315,180	17,136,077	655,064,164.75	2.90
6/30/2044	2,744,005,855	843,786,859	1,900,218,991	1,117,392,476	2,812,623	20,671,159	1,350,145,896	10,820,525	6,309,767	17,130,292	642,042,532.59	3.08
6/30/2045	2,838,533,355	860,662,596	1,977,870,759	1,149,241,081	2,868,875	20,804,768	1,455,838,006	10,823,750	6,310,954	17,134,704	616,921,296.35	3.34
6/30/2046	2,936,369,323	877,875,848	2,058,493,475	1,188,381,825	2,916,253	20,933,385	1,563,859,946	10,819,913	5,033,928	15,853,840	591,263,825.44	3.62
6/30/2047	3,037,629,549	895,433,365	2,144,196,184	1,234,969,675	2,964,778	19,234,103	1,671,903,294	9,904,175	4,272,330	14,176,505	568,380,283.44	3.92
6/30/2048	3,142,483,883	913,342,033	2,229,091,851	1,289,343,175	3,044,473	18,252,259	1,782,653,588	8,528,590	3,089,860	11,615,450	545,217,884.36	4.25
6/30/2049	3,250,906,369	931,608,873	2,319,297,496	1,345,992,477	3,105,363	18,263,477	1,895,773,364	-	1,945,140	1,945,140	516,000,754.72	4.68
6/30/2050	3,363,175,392	950,241,051	2,412,934,342	1,409,722,735	3,167,470	13,998,332	2,015,758,382	328,533,330	1,027,110	1,027,110	492,229,216.88	5.10
6/30/2051	3,479,373,831	969,245,873	2,510,127,959	1,477,203,775	3,167,470	13,998,332	2,015,758,382	328,533,330	1,027,110	1,027,110	492,229,216.88	5.10

Base Revenue Projections provided by the Public Works & Engineering Department of the City of Houston through 2016, and growing 2% in FY17, 3.5% in FY18, 6.5% in FY19, and 3.5% thereafter.
 Base Revenue Projections for FY16-FY18 include \$38 million annually pulled from the General Purpose Fund to cover increased operational expenses.
 O&M estimated by Public Works through 2017 and increased by a factor consistent with the rate study projections (2%).

O&M includes debt service payable from gross revenues and pension bond debt service.
 Existing and Projected Debt Service includes additional bond financing related to expected ongoing capital construction and capital maintenance.

Existing and Projected Debt Service includes discretionary debt service paid from the General Purpose Fund; that discretionary debt service is expected to continue until FY 2025.
 Existing Reserve Funding is based on maintaining a 2-month reserve, as provided in existing bond indentures.
 Operating Reserve - Coastal Water Authority includes offset for payments to be received from regional water authorities. Includes CWA's applied for SWIFT loans.

Texas Water Development Board

P.O. Box 13231, 1700 N. Congress Ave.
Austin, TX 78711-3231 www.twdb.texas.gov
Phone (512) 463-7847. Fax (512) 475-2053

Ms. Susan Bandy, Deputy Director, Resource Management
City of Houston
611 Walker, 25th Floor
Houston, TX 77002

May 6, 2015
via email

RE: City of Houston
TWDB PIF# 11049 & 11050
State Water Implementation Fund for Texas – Invitation to Apply

Dear Ms. Bandy: *Susan*

Thank you for submitting abridged applications for financial assistance through the State Water Implementation Fund for Texas (SWIFT) program on behalf of the City of Houston. Your interest in the first round of funding from this new program is very much appreciated.

On May 6, 2015, the Texas Water Development Board (Board) approved prioritization of the abridged applications according to criteria outlined in 31 TAC §363.1304. We are pleased to extend an invitation for the City of Houston to submit a full application for financial assistance through the SWIFT program. The amount and type of SWIFT funding approved by the Board is referenced below. The deadline for receipt of the complete application is 5:00 p.m. central time on June 5, 2015.

- Amount and Type of Funding Approved:
- \$296,141,261 (\$112,498,722; 183,642,539)
 - Low-Interest Loan. Multi-Year Commitments (2015 – 2020)

The TWDB continues to strive to improve its services and has recently released a new On-Line Financial Assistance Application for our customers. The new On-Line Application link is on the TWDB website at: <http://www.twdb.texas.gov/financial/applications/index.asp>. If you prefer to submit a hard copy version, it is available at: <http://www.twdb.texas.gov/financial/applications/index.asp>.

Due to the unique nature of the SWIFT and the short timeframes associated with loan closings scheduled for this fall, there are several documents and processes that each applicant will need to complete in a timely manner. We have made drafts and templates of several key documents available on the website that will be required during the application phase. These documents are very similar to what are normally required, but generally not until the closing phase. We will continue to update the SWIFT website with information you may find helpful as we process the applications. The documents may be found on the website (under item #14) at: <http://www.twdb.texas.gov/financial/programs/SWIFT/index.asp>.

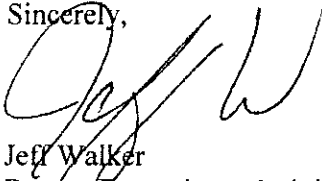
<p>Our Mission : To provide leadership, information, education, and support for planning, financial assistance, and outreach for the conservation and responsible development of water for Texas</p>	<p>Board Members : Carlos Rubinstein, Chairman Bech Bruun, Member Kathleen Jackson, Member Kevin Patteson, Executive Administrator</p>
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Ms. Susan Bandy
May 6, 2015
Page 2

Please direct questions or concerns regarding the application, commitment and closing process to Nancy Richards, Manager of Regional Water Planning & Development Team 4, whose team will be working with you throughout the life of the project. Please contact Nancy to discuss your project in greater detail and to schedule a pre-application meeting if you have not already. Nancy can be reached at (512) 463-0250 or Nancy.Richards@twdb.texas.gov.

We look forward to working with the City of Houston on the next steps toward implementing this very important water supply project. Thank you again for your interest in the SWIFT program.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jeff Walker', is written over the typed name.

Jeff Walker
Deputy Executive Administrator
Texas Water Development Board

cc: Nancy Richards, RWPD Team 4 Manager

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM FUND REVENUES AND EXPENSES
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

Total Annual Revenues Last Ten Fiscal Years	2005	2006	2007	2008	2009
Operating Revenues					
Water sales	\$ 301,227	\$ 324,878	\$ 308,046	\$ 328,435	\$ 351,608
Waste water system user charges	288,459	307,764	295,423	305,748	323,301
Penalties	4,605	5,085	6,736	7,760	6,651
Other services and charges	4,583	4,935	5,260	6,324	5,678
Total Operating Revenues	598,874	642,662	615,465	648,267	687,238
Nonoperating Revenues					
Interest	12,972	18,650	36,014	35,436	33,436
Other income	24,707	26,557	54,572	84,228	51,262
Total Nonoperating Revenues	37,679	45,207	90,586	119,664	84,698
Total Revenues	\$ 636,553	\$ 687,869	\$ 706,051	\$ 767,931	\$ 771,936
Total Annual Expenses Last Ten Fiscal Years					
Operating Expenses					
Maintenance and operating	\$ 332,800	\$ 302,955	\$ 315,348	\$ 346,652	\$ 371,770
Depreciation and Amortization	224,074	228,665	257,722	220,202	204,919
Total Operating Expenses	556,874	531,620	573,070	566,854	576,689
Nonoperating Expenses					
Interest on long-term debt	201,142	214,880	242,282	267,505	260,396
Other expenses	4,193	5,622	3,478	19,515	5,432
Total Nonoperating Expenses	205,335	220,502	245,760	287,020	265,828
Total Expenses	\$ 762,209	\$ 752,122	\$ 818,830	\$ 853,874	\$ 842,517

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 356,046	\$ 459,261	\$ 480,676	\$ 485,485	\$ 499,913
320,722	410,941	421,370	426,888	441,300
8,391	9,871	10,004	9,456	9,456
5,979	3,949	5,188	2,861	2,739
<u>691,138</u>	<u>884,022</u>	<u>917,238</u>	<u>924,690</u>	<u>953,408</u>
15,160	10,090	5,696	(507)	10,688
65,077	20,453	45,448	41,521	69,370
<u>80,237</u>	<u>30,543</u>	<u>51,144</u>	<u>41,014</u>	<u>80,058</u>
<u>\$ 771,375</u>	<u>\$ 914,565</u>	<u>\$ 968,382</u>	<u>\$ 965,704</u>	<u>\$ 1,033,466</u>

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 372,365	\$ 363,260	\$ 410,781	\$ 395,439	\$ 399,647
203,695	214,956	211,170	217,622	223,381
<u>576,060</u>	<u>578,216</u>	<u>621,951</u>	<u>613,061</u>	<u>623,028</u>
273,609	-	290,882	282,465	295,254
-	12,273	670	286	5,397
<u>273,609</u>	<u>12,273</u>	<u>291,552</u>	<u>282,751</u>	<u>300,651</u>
<u>\$ 849,669</u>	<u>\$ 590,489</u>	<u>\$ 913,503</u>	<u>\$ 895,812</u>	<u>\$ 923,679</u>

Combined Utility System Fund
For the period ending March 31, 2015
(amounts expressed in thousands)

	FY2014 Actual	FY2015				Controller's Projection	Finance Projection
		Adopted Budget	Current Budget	YTD			
Operating Revenues							
Water Sales	\$ 499,912	\$ 510,712	\$ 510,712	\$ 369,211	\$ 501,260	\$ 501,260	
Sewer Sales	441,300	449,414	449,414	324,628	438,562	438,562	
Penalties	9,456	16,000	16,000	6,333	10,000	10,000	
Other	10,650	10,310	10,310	7,864	10,310	10,310	
Total Operating Revenues	<u>961,318</u>	<u>986,436</u>	<u>986,436</u>	<u>708,036</u>	<u>960,132</u>	<u>960,132</u>	
Operating Expenses							
Personnel	157,463	176,418	174,605	122,220	166,138	166,138	
Supplies	40,200	45,653	45,638	30,826	42,112	42,112	
Electricity and Gas	47,224	51,123	51,123	37,157	50,857	50,857	
Contracts & Other Payments	137,687	153,301	155,274	90,019	150,118	150,118	
Non-Capital Equipment	2,562	4,371	4,376	1,657	3,674	3,674	
Total Operating Expenses	<u>385,138</u>	<u>430,868</u>	<u>431,016</u>	<u>281,879</u>	<u>412,899</u>	<u>412,899</u>	
Operating Income (Loss)	<u>576,182</u>	<u>555,570</u>	<u>555,420</u>	<u>426,157</u>	<u>547,233</u>	<u>547,233</u>	
Non-Operating Revenues (Expenses)							
Interest Income	4,958	5,519	5,519	3,887	5,519	5,519	
Sale of Property, Mains and Scrap	2,713	400	400	1,944	1,937	1,937	
Other	6,449	14,441	14,441	10,662	14,316	14,316	
Impact Fees	27,238	21,000	21,000	15,279	33,908	33,908	
CWA & TRA Contracts (P & I)	(18,875)	(18,064)	(18,064)	(17,002)	(18,064)	(18,064)	
Total Non-Operating Rev (Exp)	<u>22,481</u>	<u>23,296</u>	<u>23,296</u>	<u>14,770</u>	<u>37,616</u>	<u>37,616</u>	
Income (Loss) Before Operating Transfers	<u>598,663</u>	<u>578,866</u>	<u>578,716</u>	<u>440,927</u>	<u>584,849</u>	<u>584,849</u>	
Operating Transfers							
Debt Service Transfer	395,911	428,210	428,210	235,749	423,710	423,710	
Interfund Transfer	784	0	0	0	0	0	
Transfer to PIB - Water & Sewer	13,094	12,039	12,039	12,039	12,039	12,039	
Transfer to Capital Project Fund	110,000	65,000	65,000	65,000	65,000	65,000	
Pension Liability Interest	4,705	4,732	4,732	3,479	4,732	4,732	
Equipment Acquisition	17,046	25,593	25,443	8,352	19,269	19,269	
Transfer to Stormwater	27,564	42,002	42,002	24,829	42,002	42,002	
Total Operating Transfers	<u>569,104</u>	<u>577,576</u>	<u>577,426</u>	<u>349,548</u>	<u>566,752</u>	<u>566,752</u>	
Net Current Activity							
Operating Fund Only	<u>\$ 29,559</u>	<u>\$ 1,290</u>	<u>\$ 1,290</u>	<u>\$ 91,379</u>	<u>\$ 18,097</u>	<u>\$ 18,097</u>	

About the Fund:

The Combined Utility System Fund, which includes Fund 8300, Fund 8301, and Fund 8305, is an enterprise fund which accounts for operation of the City's water and wastewater facilities. The fund provides for the operation of the City's treated and untreated water, as well as, receives and process wastewater generated in a service area that includes the City, certain municipalities and unincorporated communities in the Houston metropolitan area. Some of the City's largest customers are other cities and water authorities which supply water to their own customers.

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM STATISTICS
Debt Service Schedule
(unaudited)

The following schedule sets forth the principal and interest requirements on all outstanding bonds payable from revenues of the System for each of the City's fiscal years ending June 30 as shown below, based on footnoted assumptions. The following schedule also does not include Discretionary Debt Service Payments or interest on Commercial Paper notes issued as Third Lien Obligations under the Master Ordinance.

Fiscal Year Ending June 30	Total Payable From System Gross Revenues(1)	Payable From System Net Revenues		Total Payable From System Net Revenues	Total Debt Service (1) (2)
		Previous Ordinance Bonds	First Lien Bonds(2)		
2015	18,063,946	15,343,435	410,349,068	425,692,503	443,756,449
2016	17,851,148	15,385,120	430,343,581	445,728,701	463,579,849
2017	7,372,240	15,430,576	446,755,761	462,186,337	469,558,577
2018	6,571,513	15,463,558	447,405,933	462,869,491	469,441,004
2019	6,554,975	15,478,113	449,754,222	465,232,335	471,787,310
2020	6,552,700	39,011,315	424,789,830	463,801,145	470,353,845
2021	6,567,025	37,892,053	429,207,537	467,099,590	473,666,615
2022	6,547,850	30,954,474	436,073,807	467,028,281	473,576,131
2023	6,525,300	32,797,360	434,828,575	467,625,935	474,151,235
2024	6,518,050	34,425,914	433,557,491	467,983,405	474,501,455
2025	6,510,050	33,357,575	434,820,428	468,178,003	474,688,053
2026	10,951,675	18,155,000	440,193,309	458,348,309	469,299,984
2027	3,551,050	30,815,000	426,255,940	457,070,940	460,621,990
2028	3,550,050	30,810,000	424,705,068	455,515,068	459,065,118
2029	3,547,925	44,095,000	428,027,720	472,122,720	475,670,645
2030	3,547,844		471,069,261	471,069,261	474,617,105
2031	3,544,844		469,871,166	469,871,166	473,416,010
2032	3,540,550		464,457,729	464,457,729	467,998,279
2033	3,534,725		463,011,206	463,011,206	466,545,931
2034	3,532,013		463,100,359	463,100,359	466,632,372
2035	3,531,938		275,871,900	275,871,900	279,403,838
2036			276,135,545	276,135,545	276,135,545
2037			237,778,871	237,778,871	237,778,871
2038			151,897,991	151,897,991	151,897,991
2039			146,188,630	146,188,630	146,188,630
2040			76,930,808	76,930,808	76,930,808
2041			76,211,158	76,211,158	76,211,158
2042			41,404,154	41,404,154	41,404,154
2043			41,404,709	41,404,709	41,404,709
2044			28,361,463	28,361,463	28,361,463
2045			14,877,875	14,877,875	14,877,875
Total	\$ 138,467,411	\$ 409,414,493	\$ 10,195,641,095	\$ 10,605,055,588	\$ 10,743,522,999

1) Includes CWA Bonds.

(2) Series 2008D-1 variable rate bond debt service is calculated using current market fixed rates. Debt service is calculated based on an assumed taxable rate with a maturity on the expected tax-exempt conversion date, December 1, 2012. After the applicable tax-exempt conversion date, debt service is calculated using a long term tax-exempt rate to maturity. \$249,075,000 of the Series 2010B variable rate bond debt service is calculated at the rate of 5.061% through March 2013 and thereafter at the fixed rate payor swap rate of 3.761%. Series 2004B debt service is adjusted to take into account expected payments under the Series 2004B Qualified Hedge Agreements.

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

D. Schedule for Debt Service Requirements to Maturity:

The following debt service schedules have been adjusted to include refundings that occurred subsequent to June 30, 2014.

1. General Long-Term Tax Obligation Debt (adjusted for Capital Appreciation and Deferred Interest Bonds reclassification of principal & interest) (in thousands):

Year Ending June 30	Public Improvement Bonds		Pension Obligation Bonds	
	Principal	Interest	Principal	Interest
2015	\$ 172,305	\$ 118,218	\$ 5,750	\$ 31,797
2016	177,645	117,988	6,160	31,435
2017	211,265	110,401	6,585	31,048
2018	222,945	101,833	7,050	30,633
2019	207,885	91,646	7,540	30,190
2020-2024	859,460	318,980	83,195	139,826
2025-2029	530,145	142,471	131,851	107,741
2030-2034	167,560	38,583	12,900	25,799
2035-2039	55,455	10,983	101,116	14,412
2040-2044	14,980	1,740	20,250	1,761
Total	<u>\$ 2,619,645</u>	<u>\$ 1,052,843</u>	<u>\$ 382,397</u>	<u>\$ 444,641</u>

Year Ending June 30	General Obligation Commercial Paper		Tax and Revenue Certificates of Obligation	
	Principal	Interest	Principal	Interest
2015	\$ 227,350	\$ 847	\$ 2,300	\$ 871
2016	30,000	156	-	756
2017	-	-	-	756
2018	-	-	1,080	756
2019	-	-	1,135	702
2020-2024	-	-	14,145	2,404
2025-2029	-	-	-	-
2030-2034	-	-	-	-
2035-2039	-	-	-	-
2040-2044	-	-	-	-
Total	<u>\$ 257,350</u>	<u>\$ 1,003</u>	<u>\$ 18,660</u>	<u>\$ 6,245</u>

Year Ending June 30	Total Future Requirements		
	Principal	Interest	Total Future Requirements
2015	\$ 407,705	\$ 151,733	\$ 559,438
2016	213,805	150,335	364,140
2017	217,850	142,205	360,055
2018	231,075	133,222	364,297
2019	216,560	122,538	339,098
2020-2024	956,800	461,210	1,418,010
2025-2029	661,996	250,212	912,208
2030-2034	180,460	64,382	244,842
2035-2039	156,571	25,395	181,966
2040-2044	35,230	3,501	38,731
Total	<u>\$ 3,278,052</u>	<u>\$ 1,504,733</u>	<u>\$ 4,782,785</u>

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

2. HUD Section 108 Loans (in thousands):

Year Ending June 30	HUD Section 108 Loans (in thousands)		Total Future Requirements
	Principal	Interest	
2015	\$ 659	\$ 306	\$ 965
2016	659	271	930
2017	659	235	894
2018	672	198	870
2019	672	160	832
2020-2024	2,492	296	2,788
2025-2029	-	-	-
Total	<u>\$ 5,813</u>	<u>\$ 1,466</u>	<u>\$ 7,279</u>

3. Note Payable CWA

Year Ending June 30	Note Payable CWA (in thousands)		Total Future Requirements
	Principal	Interest	
2015	\$ -	\$ 386	\$ 386
2016	-	386	386
2017	11,629	386	12,015
2018	-	-	-
2019	-	-	-
2020-2024	-	-	-
2025-2029	-	-	-
Total	<u>\$ 11,629</u>	<u>\$ 1,158</u>	<u>\$ 12,787</u>

4. Enterprise Funds (adjusted for capital appreciation and deferred reclassification of principal and interest) (in thousands):

Year Ending June 30	Airport System Senior Lien Revenue Bonds		Airport System Senior Lien Commercial Paper		Airport System Subordinate Lien Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ -	\$ 23,819	\$ -	\$ 2	\$ 54,965	\$ 69,993
2016	9,275	23,587	-	1	56,455	67,689
2017	9,740	23,112	1,200	1	64,925	65,141
2018	10,225	22,613	-	-	67,630	62,398
2019	10,735	22,089	-	-	67,785	59,510
2020-2024	62,295	101,618	-	-	411,045	248,784
2025-2029	79,530	83,933	-	-	531,265	153,803
2030-2034	102,535	60,138	-	-	502,040	45,482
2035-2039	133,955	27,834	-	-	-	-
2040-2044	31,370	862	-	-	-	-
Total	<u>\$ 449,660</u>	<u>\$ 389,605</u>	<u>\$ 1,200</u>	<u>\$ 4</u>	<u>\$ 1,756,110</u>	<u>\$ 772,800</u>

Year Ending June 30	Airport System Inferior Lien Contract		Airport System Pension Obligations	
	Principal	Interest	Principal	Interest
2015	\$ 5,315	\$ 1,123	\$ -	\$ 106
2016	5,605	823	-	107
2017	5,915	506	-	106
2018	6,240	171	-	107
2019	-	-	-	106
2020-2024	-	-	-	533
2025-2029	-	-	293	533
2030-2034	-	-	1,334	282
2035-2039	-	-	379	20
2040-2044	-	-	-	-
Total	<u>\$ 23,075</u>	<u>\$ 2,623</u>	<u>\$ 2,006</u>	<u>\$ 1,900</u>

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

Year Ending June 30	Airport System Total Future Requirements		
	Principal	Interest	Total
2015	\$ 60,280	\$ 95,043	\$ 155,323
2016	71,335	92,207	163,542
2017	81,780	88,866	170,646
2018	84,095	85,289	169,384
2019	78,520	81,705	160,225
2020-2024	473,340	350,935	824,275
2025-2029	611,088	238,269	849,357
2030-2034	605,909	105,902	711,811
2035-2039	134,334	27,854	162,188
2040-2044	31,370	862	32,232
Total	<u>\$ 2,232,051</u>	<u>\$ 1,166,932</u>	<u>\$ 3,398,983</u>

Year Ending June 30	Convention and Entertainment Facilities Revenue Bonds		Convention and Entertainment Facilities Commercial Paper		Convention and Entertainment Pension Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 25,835	\$ 11,900	\$ 42,000	\$ 331	\$ 65	\$ 239
2016	23,474	14,158	-	-	65	235
2017	18,871	19,893	-	-	70	230
2018	19,750	19,634	-	-	75	226
2019	20,659	19,255	-	-	80	221
2020-2024	104,260	106,817	-	-	900	986
2025-2029	109,661	124,641	-	-	1,373	640
2030-2034	114,639	131,528	-	-	1,161	159
2035-2039	-	-	-	-	36	2
2040-2044	-	-	-	-	-	-
Total	-	-	-	-	-	-
Total	<u>\$ 437,149</u>	<u>\$ 447,826</u>	<u>\$ 42,000</u>	<u>\$ 331</u>	<u>\$ 3,825</u>	<u>\$ 2,938</u>

Year Ending June 30	Convention and Entertainment Total Future Requirements		
	Principal	Interest	Total Future Requirements
2015	\$ 67,900	\$ 12,470	\$ 80,370
2016	23,539	14,393	37,932
2017	18,941	20,123	39,064
2018	19,825	19,860	39,685
2019	20,739	19,476	40,215
2020-2024	105,160	107,803	212,963
2025-2029	111,034	125,281	236,315
2030-2034	115,800	131,687	247,487
2035-2039	36	2	38
2040-2044	-	-	-
Total	<u>\$ 482,974</u>	<u>\$ 451,095</u>	<u>\$ 934,069</u>

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

Year Ending June 30	Combined Utility System Revenue Bonds		Combined Utility System Swap Agreement	Combined Utility System Commercial Paper	
	Principal	Interest	Net Swap Payment	Principal	Interest
2015	129,615	248,450	32,284	180,000	
2016	156,525	241,598	32,221		
2017	179,675	234,851	32,230		
2018	190,310	226,361	30,735		
2019	201,610	217,409	30,735		
2020-2024	1,030,565	974,234	153,659		
2025-2029	1,275,355	725,272	153,376		
2030-2034	1,804,275	445,348	81,887		
2035-2039	928,110	159,763	-		
2040-2044	238,335	25,977	-		
2045-2049	14,515	363	-		
Total	<u>\$ 6,148,890</u>	<u>\$ 3,499,625</u>	<u>\$ 547,126</u>	<u>\$ 180,000</u>	<u>\$ -</u>

Year Ending June 30	Water and Sewer Jr. Lien Revenue Bonds		Combined Utility System Pension Obligations	
	Principal	Interest	Principal	Interest
2015	11,070	4,273	975	3,756
2016	11,410	3,975	1,040	3,695
2017	11,775	3,656	1,115	3,630
2018	12,150	3,314	1,190	3,560
2019	12,530	2,948	1,275	3,485
2020-2024	96,618	78,463	14,080	15,541
2025-2029	44,681	112,552	21,538	10,110
2030-2034			18,395	2,549
2035-2039			639	34
2040-2044				
2045-2049				
Total	<u>\$ 200,234</u>	<u>\$ 209,181</u>	<u>\$ 60,247</u>	<u>\$ 46,360</u>

Year Ending June 30	Combined Utility System Total Future Requirements			
	Principal	Interest	Net Swap Payment	Total Future Requirements
2015	321,660	256,480	32,284	610,424
2016	168,975	249,268	32,221	450,464
2017	192,565	242,137	32,230	466,931
2018	203,650	233,234	30,735	467,619
2019	215,415	223,842	30,735	469,992
2020-2024	1,141,263	1,068,238	153,659	2,363,159
2025-2029	1,341,574	847,933	153,376	2,342,883
2030-2034	1,822,670	447,897	81,887	2,352,454
2035-2039	928,749	159,797	-	1,088,546
2040-2044	238,335	25,977	-	264,312
2045-2049	14,515	363	-	14,878
Total	<u>\$ 6,589,371</u>	<u>\$ 3,755,165</u>	<u>\$ 547,126</u>	<u>\$ 10,891,663</u>

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

5. Long-Term Contracts-Water and Sewer System (in thousands):

Year Ending June 30	Coastal Water Authority Maintenance & Operation Lien		
	Principal	Interest	Total Future Requirements
	2015	\$ 13,410	\$ 4,654
2016	14,025	3,826	17,851
2017	4,060	3,312	7,372
2018	3,420	3,152	6,572
2019	3,550	3,005	6,555
2020-2024	20,375	12,336	32,711
2025-2029	21,580	6,531	28,111
2030-2034	15,030	2,669	17,699
2035-2039	3,450	82	3,532
2040-2044	-	-	-
Total	\$ 98,900	\$ 39,567	\$ 138,467

Year Ending June 30	Other Water & Sewer System Contracts				Other Contracts Total Future Requirements	
	US Army Corps of Engineers		Texas Water Development Board		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 121	\$ 295	\$ -	\$ 818	\$ 121	\$ 1,113
2016	124	291	-	1,497	124	1,788
2017	128	287	-	1,497	128	1,784
2018	133	283	-	1,497	133	1,780
2019	136	278	-	1,497	136	1,775
2020-2024	754	1,323	1,255	6,092	2,009	7,415
2025-2029	883	1,194	3,830	3,309	4,713	4,503
2030-2034	1,035	1,041	5,090	2,054	6,125	3,095
2035-2039	1,213	864	3,825	458	5,038	1,322
2040-2044	1,421	656	-	-	1,421	656
2045-2049	1,665	412	-	-	1,665	412
2050-2054	1,536	126	-	-	1,536	126
Total	\$ 9,149	\$ 7,050	\$ 14,000	\$ 18,719	\$ 23,149	\$ 25,769

E. Debt Issuances and Refundings

Throughout its history, the City has issued refunding bonds from time to time when there has been an operational or economic gain for the City. These refundings have been structured as legal defeasances of the old debt as ruled by the Texas Attorney General, and such debt, including the debt balances refunded during fiscal 2014 described below, has been removed from the City's books.

Public Improvement Refunding Bonds

On October 17, 2013, the City issued 9,000,000 in Tax and Revenue Certificate of Obligation Series 2013Q with coupon of 4.31%. The obligation will mature in September 1, 2023, the proceeds of the obligation will be used to acquire, construct, equip, retrofit, repair, renovate, rehabilitate and / or install equipment, machinery and improvements to enhance and improve energy efficiency of certain systems of building including particularly lighting fixtures and water conservation fixtures in the City's libraries and government buildings.

City of Houston, Texas
Total Outstanding Debt
For the period ended March 31, 2015
(amounts expressed in thousands)

	March 31, 2015	March 31, 2014
Payable from Ad Valorem Taxes		
Public Improvement Bonds ^(a)	2,447,340	2,422,445
Commercial Paper Notes ^(b)	111,900	212,350
Pension Obligations	594,640	601,430
Certificates of Obligations	16,360	18,660
Subtotal	3,170,240	3,254,885
Payable from Sources Other Than Ad Valorem Taxes		
Combined Utility System		
Combined Utility System Revenue Bonds	5,956,560	5,755,330
Combined Utility System Commercial Paper Notes ^(c)	0	115,000
Water and Sewer System Revenue Bonds ^(d)	142,616	278,015
Contract Revenue Obligations - CWA	85,925	98,900
Airport System		
Airport System Sr. Lien Bonds ^(e)	449,660	449,660
Airport System Subordinate Lien	1,711,170	1,766,285
Airport System Sr. Lien Commercial Paper Notes ^(f)	49,500	1,000
Airport System Inferior Lien Contracts ^(g)	17,760	23,075
Airport Special Facilities Revenue Bonds ^(h)	828,845	662,730
Hotel Occupancy Tax and Civic Parking		
Facilities Revenue Bonds ⁽ⁱ⁾	641,047	560,238
Hotel Occupancy Tax And Parking Revenue Commercial Paper ^(j)	0	42,000
Subtotal	9,883,083	9,752,232
Total Debt Payable by the City	\$13,053,323	\$13,007,117

- (a) In Nov 2001 voters authorized \$776 million in tax bonds. In Nov 2006 voters authorized \$625million in tax bonds. In Nov 2012 voters authorized an additional \$410 million in tax bonds.
- (b) The City has authorized maximum issuance of General Obligation Commercial Paper Programs Series E-1: \$100 million, E-2: \$100 million, G-1: \$75 million, G-2: \$125 million, H-2: \$100 million, J: \$125 million, K1: \$150 million and K2: \$100 million.
- (c) The City has authorized \$700 million in Combined Utility System Commercial Paper Notes.
- (d) Includes \$ 85.3 million accreted value of capital appreciation bonds at this date and \$77.8million last year.
- (e) The Houston Airport System issued Senior Lien Revenue bonds on August 20, 2009.
- (f) City Council has authorized \$150 million of Airport Senior Lien Commercial Paper Notes Series A and B.
- (g) Under a sublease agreement, the Houston Airport System has agreed to make sublease payments that include the debt service payments on the Series 1997A Special Facilities Bonds that financed the Automated People Mover ("APM") at George Bush Airport. These sublease payments constitute Inferior Lien Obligations under the Airport bond ordinances.
- (h) All Special Facility Revenue Bonds are secured solely from Special Facility Lease Revenues. Does not include \$17.8 million for Series 1997A Special Facilities Bonds. See footnote (g).
- (i) Includes \$135.7 million accreted value of capital appreciation bonds at this date and \$123.1 million last year.
- (j) The City has authorized \$75 million of Subordinate Lien Hotel Occupancy Tax and Parking Revenue Commercial Paper.

CITY OF HOUSTON, TEXAS
PRINCIPAL AND INTEREST PAYABLE FROM AD VALOREM TAXES
(EXCLUDING COMMERCIAL PAPER NOTES)
(unaudited)

The following schedule presents the City's debt service requirements for Fiscal Years 2015 through 2044 for the outstanding Tax Bonds, Pension Obligations, and Tax Certificates. Debt service on commercial paper notes is not reflected in the schedule below.

Fiscal Year Ended June 30	Tax Bonds ^{(b)(e)}	Pension Obligations ^(c)	Tax Certificates ^(d)	Total Debt Service ^(f)
2015	\$ 286,964,377	\$ 42,688,252	\$ 3,954,651	\$ 333,607,280
2016	286,329,161	42,736,161	1,539,651	330,604,973
2017	312,362,286	42,784,193	1,539,651	356,686,130
2018	315,473,690	42,840,460	2,619,651	360,933,801
2019	274,981,568	42,897,446	2,620,651	320,499,665
2020	267,826,371	42,962,951	2,623,901	313,413,223
2021	224,899,880	52,989,143	2,624,151	280,513,174
2022	205,900,515	53,017,022	2,621,401	261,538,938
2023	210,620,857	53,033,446	2,620,651	266,274,954
2024	153,547,317	53,059,012	977,701	207,584,030
2025	152,322,635	53,087,743		205,410,378
2026	114,843,698	53,118,665		167,962,363
2027	131,184,075	53,150,488		184,334,563
2028	124,771,888	53,176,606		177,948,494
2029	87,503,009	61,545,416		149,048,425
2030	49,420,858	61,591,516		111,012,374
2031	27,350,299	73,050,274		100,400,573
2032	28,576,643	73,088,498		101,665,141
2033	19,895,653	30,715,357		50,611,010
2034	17,167,380	6,505,750		23,673,130
2035	18,491,899	50,850,750		69,342,649
2036	17,110,820	39,478,572		56,589,392
2037	13,679,887	24,547,367		38,227,254
2038	10,078,990	880,470		10,959,460
2039	7,076,574	880,470		7,957,044
2040	4,521,200	880,470		5,401,670
2041	4,522,800	21,130,470		25,653,270
2042	4,520,900			4,520,900
2043	3,155,250			3,155,250
2044				
Total	<u>\$ 3,375,100,480</u>	<u>\$ 1,126,686,968</u>	<u>\$ 23,742,060</u>	<u>\$ 4,525,529,508</u>

- (a) Each Fiscal Year the City budgets for Commercial Paper Notes debt service and related reserve funds based on a calculation that assumes a certain amount of Commercial Paper Notes is expected to be issued during that Fiscal Year at an assumed rate of interest.
- (b) Total debt service does not include payments related to various leases for office space and equipment, which are not considered debt under Texas law. The terms and conditions of such leases and agreements vary.
- (c) A portion of the debt service for the Pension Obligations is paid by the City's Combined Utility System and Airport System.
- (d) The City's \$9,000,000 Certificate of Obligation (Demolition Program), Series 2014Q, is reflected at an assumed rate of 4.310%.
- (e) Excludes estimated federal Build America Bond subsidy payment of 35% of interest paid in connection with the City's Public Improvement Refunding Bonds, Taxable Series 2009B and 2010B (Direct Subsidy-Build America Bonds).
- (f) Totals may reflect a variance due to rounding.

BOND DEBT SERVICE

City of Houston, Texas

CUS - TWDB Loan 31 CWSRF

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

Interest Rate Estimated at 3.7%

Period Ending	Principal	Coupon	Interest	Debt Service
05/15/2016			782,365.00	782,365.00
11/15/2016	1,175,000	3.700%	1,173,547.50	2,348,547.50
05/15/2017			1,151,810.00	1,151,810.00
11/15/2017	1,220,000	3.700%	1,151,810.00	2,371,810.00
05/15/2018			1,129,240.00	1,129,240.00
11/15/2018	1,265,000	3.700%	1,129,240.00	2,394,240.00
05/15/2019			1,105,837.50	1,105,837.50
11/15/2019	1,315,000	3.700%	1,105,837.50	2,420,837.50
05/15/2020			1,081,510.00	1,081,510.00
11/15/2020	1,365,000	3.700%	1,081,510.00	2,446,510.00
05/15/2021			1,056,257.50	1,056,257.50
11/15/2021	1,415,000	3.700%	1,056,257.50	2,471,257.50
05/15/2022			1,030,080.00	1,030,080.00
11/15/2022	1,465,000	3.700%	1,030,080.00	2,495,080.00
05/15/2023			1,002,977.50	1,002,977.50
11/15/2023	1,525,000	3.700%	1,002,977.50	2,527,977.50
05/15/2024			974,765.00	974,765.00
11/15/2024	1,580,000	3.700%	974,765.00	2,554,765.00
05/15/2025			945,535.00	945,535.00
11/15/2025	1,640,000	3.700%	945,535.00	2,585,535.00
05/15/2026			915,195.00	915,195.00
11/15/2026	1,700,000	3.700%	915,195.00	2,615,195.00
05/15/2027			883,745.00	883,745.00
11/15/2027	1,765,000	3.700%	883,745.00	2,648,745.00
05/15/2028			851,092.50	851,092.50
11/15/2028	1,830,000	3.700%	851,092.50	2,681,092.50
05/15/2029			817,237.50	817,237.50
11/15/2029	1,900,000	3.700%	817,237.50	2,717,237.50
05/15/2030			782,087.50	782,087.50
11/15/2030	1,975,000	3.700%	782,087.50	2,757,087.50
05/15/2031			745,550.00	745,550.00
11/15/2031	2,045,000	3.700%	745,550.00	2,790,550.00
05/15/2032			707,717.50	707,717.50
11/15/2032	2,125,000	3.700%	707,717.50	2,832,717.50
05/15/2033			668,405.00	668,405.00
11/15/2033	2,205,000	3.700%	668,405.00	2,873,405.00
05/15/2034			627,612.50	627,612.50
11/15/2034	2,290,000	3.700%	627,612.50	2,917,612.50
05/15/2035			585,247.50	585,247.50
11/15/2035	2,375,000	3.700%	585,247.50	2,960,247.50
05/15/2036			541,310.00	541,310.00
11/15/2036	2,465,000	3.700%	541,310.00	3,006,310.00
05/15/2037			495,707.50	495,707.50
11/15/2037	2,555,000	3.700%	495,707.50	3,050,707.50
05/15/2038			448,440.00	448,440.00
11/15/2038	2,655,000	3.700%	448,440.00	3,103,440.00
05/15/2039			399,322.50	399,322.50
11/15/2039	2,755,000	3.700%	399,322.50	3,154,322.50
05/15/2040			348,355.00	348,355.00
11/15/2040	2,855,000	3.700%	348,355.00	3,203,355.00
05/15/2041			295,537.50	295,537.50
11/15/2041	2,965,000	3.700%	295,537.50	3,260,537.50
05/15/2042			240,685.00	240,685.00
11/15/2042	3,075,000	3.700%	240,685.00	3,315,685.00
05/15/2043			183,797.50	183,797.50
11/15/2043	3,190,000	3.700%	183,797.50	3,373,797.50
05/15/2044			124,782.50	124,782.50
11/15/2044	3,310,000	3.700%	124,782.50	3,434,782.50
05/15/2045			63,547.50	63,547.50
11/15/2045	3,435,000	3.700%	63,547.50	3,498,547.50
	63,435,000		42,362,687.50	105,797,687.50

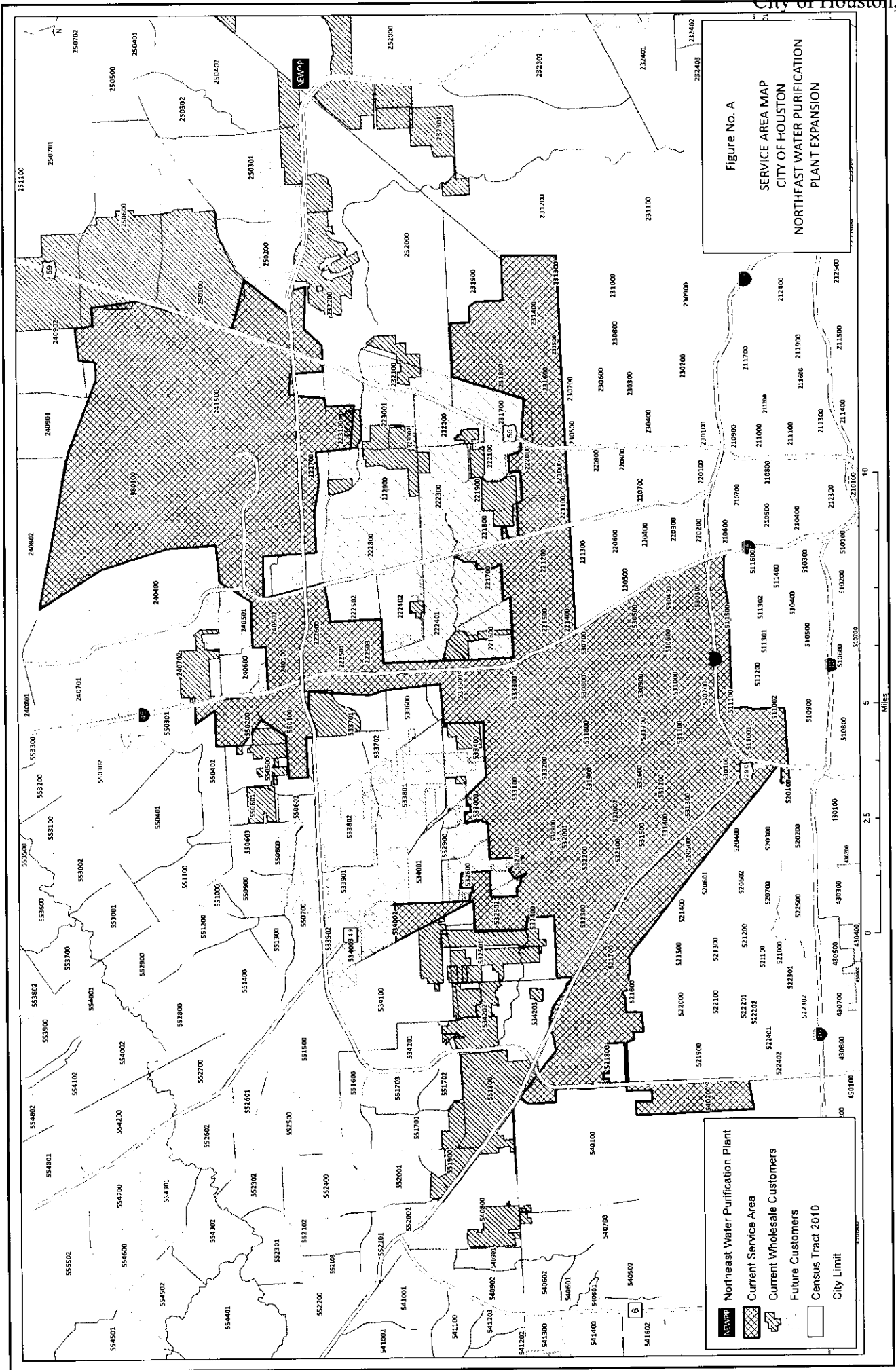
**CITY OF HOUSTON, TEXAS
PRINCIPAL EMPLOYERS
June 30, 2014
Current Year and Nine Years Ago
(unaudited)**

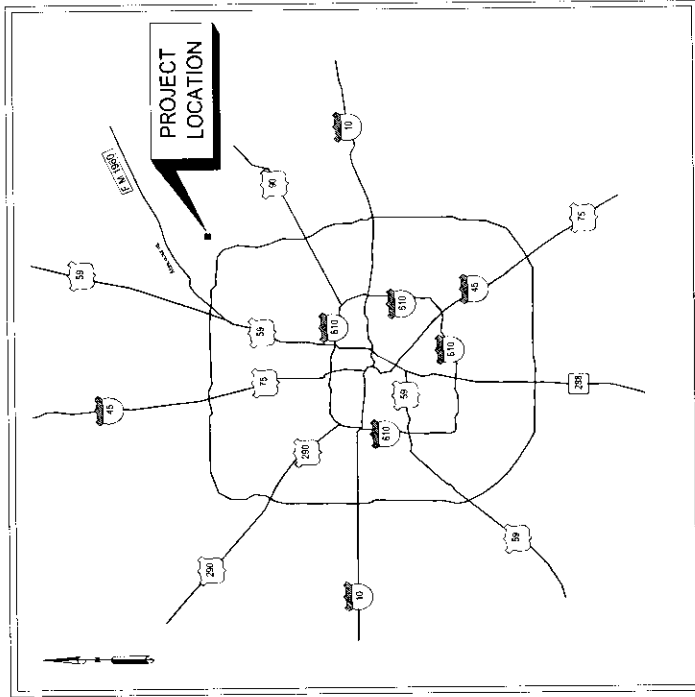
Employer	2014			2005		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Memorial Hermann Health System	19,500	1	1.92%	16,300	1	1.72%
Univ of Tx M. D. Anderson Cancer Center	19,290	2	1.90%	16,000	3	1.68%
United Airways	17,000	3	1.67%	16,000	2	1.68%
ExxonMobil Corporation	13,191	4	1.30%			
Shell Oil Company	13,000	5	1.28%			
The Houston Methodist Hospital System	13,000	6	1.28%	8,598	10	0.91%
Kroger Company	12,000	7	1.18%	12,000	6	1.26%
National Oilwell Varco	10,000	8	0.98%			
Schlumberger Limited	10,000	9	0.98%			
B. P. America, Inc.	9,537	10	0.94%			
Halliburton K. B. R.				14,000	4	1.47%
Univ of Tx Medical Branch in Galveston				12,318	5	1.30%
ARAMARK Corp.				10,000	7	1.05%
H. C. A. Health				9,000	8	0.95%
Hewlett-Packard Corporation				9,000	9	0.95%
Total :	<u>136,518</u>		<u>13.43%</u>	<u>123,216</u>		<u>12.97%</u>

Employers excludes school districts and city, county, state and federal governments.
Employee numbers are for the ten-county region, not the city only.
Employee may live outside the City

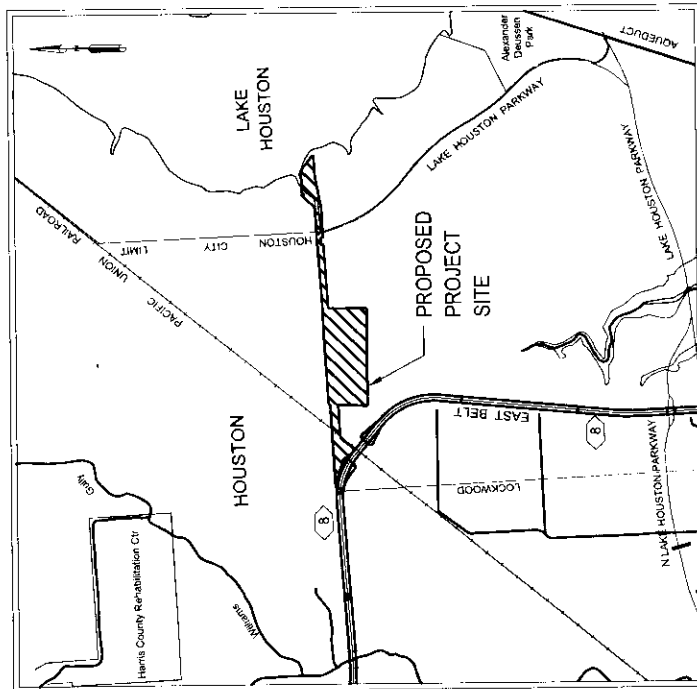
Total Houston Residents employed regardless of where they work:

Source:	2014	1,015,817
Bureau of Labor Statistics	2005	949,998





LOCATION MAP
NOT TO SCALE

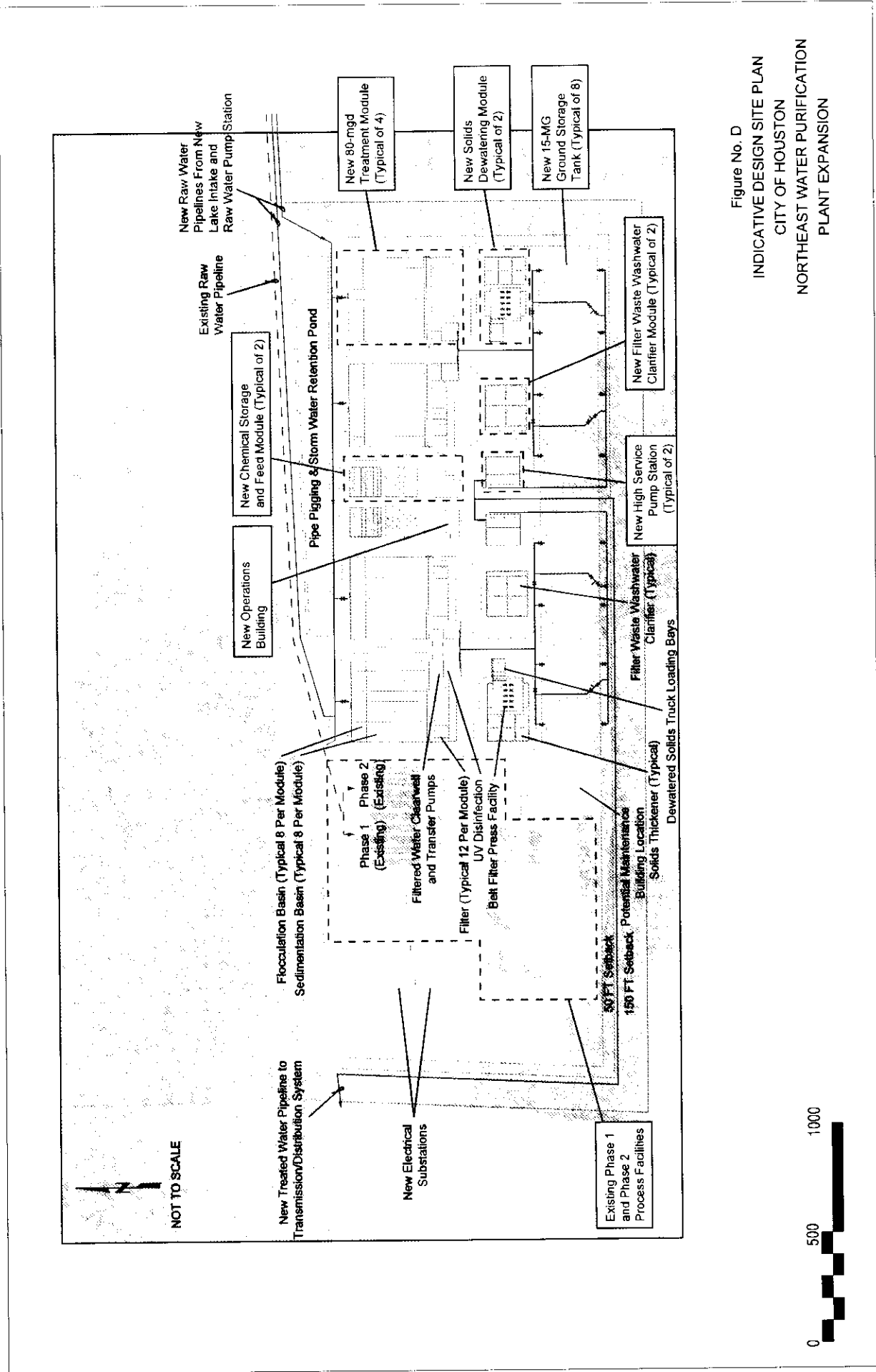


VICINITY MAP
NOT TO SCALE

Figure No. B
LOCATION AND VICINITY MAPS
CITY OF HOUSTON
NORTHEAST WATER PURIFICATION
PLANT EXPANSION



Figure No. C
 SITE PLAN
 CITY OF HOUSTON
 NORTHEAST WATER PURIFICATION
 PLANT EXPANSION



SWIFT Application for NEWPP EXPANSIONItem 59

Current and future populations and projected water use (City of Houston Service Area Only)

Population	2010	2020	2030	2040
NEWPP Service Area	116,960	124,418	135,875	146,281

Note 1 H-GAC Projection Database (2010-2040)

Note 2 Base year is 2010

Treated Water Service Area by Customer Category	2010	2015	2020	2025	2030	2035	2040
NEWPP Service Area	24	26	28	72	75	77	78
Retail	18	18	19	25	25	26	27
Wholesale	6	6	6	19	19	19	19
GRP	0	0	0	24	24	25	25
Cost-Share	1	2	3	5	7	7	7

PROJECT BUDGET - Entity Name <u>City of Houston (NEWPP)</u>						
Uses	TWDB Funds (Houston; 80% of 15.26%)	TWDB Funds (Water Authorities; 80% of 84.74%)	Total TWDB Cost (80%)	Other Funds (Houston; 20% of 15.26%)	Other Funds (Water Authorities; 20% of 84.74%)	Total Cost (100%)
Construction						
Construction	\$164,613,118	\$751,267,244	\$915,880,362	\$49,335,320	\$187,816,811	\$1,153,032,493
Subtotal Construction	\$164,613,118	\$751,267,244	\$915,880,362	\$49,335,320	\$187,816,811	\$1,153,032,493
Basic Engineering Fees						
Planning +	\$1,441,185	\$6,516,753	\$7,957,938	\$434,973	\$1,629,188	\$10,022,099
Design	\$12,423,339	\$56,698,080	\$69,121,420	\$3,723,333	\$14,174,520	\$87,019,272
Construction Engineering	\$4,177,947	\$19,067,464	\$23,245,412	\$1,252,150	\$4,766,866	\$29,264,428
Basic Engineering Other **	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Basic Engineering Fees	\$18,042,471	\$82,282,298	\$100,324,769	\$5,410,457	\$20,570,574	\$126,305,800
Special Services						
Application	\$0	\$0	\$0	\$0	\$0	\$0
Environmental	\$61,236	\$340,048	\$401,284	\$15,309	\$85,012	\$501,605
Water Conservation Plan	\$0	\$0	\$0	\$0	\$0	\$0
I/I Studies/Sewer	\$0	\$0	\$0	\$0	\$0	\$0
Surveying	\$0	\$0	\$0	\$0	\$0	\$0
Geotechnical	\$0	\$0	\$0	\$0	\$0	\$0
Testing	\$0	\$0	\$0	\$0	\$0	\$0
Permits	\$0	\$0	\$0	\$0	\$0	\$0
Inspection	\$0	\$0	\$0	\$0	\$0	\$0
O&M Manual	\$0	\$0	\$0	\$0	\$0	\$0
Project Management (by engineer)	\$0	\$0	\$0	\$0	\$0	\$0
Pilot Testing	\$0	\$0	\$0	\$0	\$0	\$0
Water Distribution	\$0	\$0	\$0	\$0	\$0	\$0
Special Services Other **	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Special Services	\$61,236	\$340,048	\$401,284	\$15,309	\$85,012	\$501,605
Other						
Administration	\$0	\$0	\$0	\$0	\$0	\$0
Land/Easements	\$0	\$0	\$0	\$0	\$0	\$0
Water Rights Purchase (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0
Capacity Buy-In (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0
Project Legal Expenses	\$0	\$0	\$0	\$0	\$0	\$0
Other **	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Other Services	\$0	\$0	\$0	\$0	\$0	\$0
Fiscal Services						
Financial Advisor	\$0	\$0	\$0	\$0	\$0	\$0
Bond Counsel	\$0	\$0	\$0	\$0	\$0	\$0
Issuance Cost	\$918,175	\$0	\$918,175	\$0	\$0	\$918,175
Bond Insurance/Surety	\$0	\$0	\$0	\$0	\$0	\$0
Fiscal/Legal	\$0	\$0	\$0	\$0	\$0	\$0
Capitalized Interest	\$0	\$0	\$0	\$0	\$0	\$0
Bond Reserve Fund	\$0	\$0	\$0	\$0	\$0	\$0
Loan Origination Fee	\$0	\$0	\$0	\$0	\$0	\$0
City Admin/PATC/Legal	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Fiscal Services	\$918,175	\$0	\$918,175	\$0	\$0	\$918,175
Contingency						
Contingency	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Contingency	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL COSTS	\$183,635,000	\$833,889,590	\$1,017,524,590	\$54,761,086	\$208,472,397	\$1,280,758,073

Other ** description must be entered

+ For Planning applications under the EDAP Program, please break down Planning costs as follows:

Category A					0
Category B					0
Category C					0
Category D					0
Total Planning Costs			0	0	0

Texas Water Development Board Water Project Information							
A. Project Name NEWPP Expansion		B. Project No.		C. County Harris		D. Regional Planning Group (A-P) H	
E. Program(s) SWIFT		F. Loan <input checked="" type="checkbox"/> / Grant <input type="checkbox"/> Amount:		G. Loan Term: 30 Years			
H. Water Project Description: (Multiphase project, new or expansion; plant, well, storage, pump station, distribution system, etc) Expansion of NEWPP to increase treated water production capacity from 80 MGD to 400 MGD. Attach map of service area affected by Project or other documentation.							
I. Is an Inter Basin Transfer potentially involved? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>				J. Is project located in a Groundwater District (If yes, identify District by name)? Yes <input checked="" type="checkbox"/> Harris-Galveston Subsidence District No <input type="checkbox"/>			
K. Projected Population from application for at least a 20 year period. Attach justification and list service area populations if different from Planning Area.	Year	Reference Year	2010	2020	2030	2040	
	Population Projection	2010	474,195	514,055	557,717	598,356	
Project Design Year	2040		Design Population	598,356			
L. Is the proposed project included in a current Regional Water Plan? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Don't Know <input type="checkbox"/> (If Yes, please specify on what page in the Regional Water Plan - Regional Water Plan Page Number: <u>4-7</u>)							
M. What type of water source is associated directly with the proposed project? Surface Water <input checked="" type="checkbox"/> Groundwater <input type="checkbox"/> Reuse <input type="checkbox"/>							
N. Will the project increase the volume of water supply? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>							
O. What volume of water is the project anticipated to deliver/ treat per year? <u>358,500</u> Acre-Feet/Year							
P. Current Water Supply Information							
Surface Water Supply Source / Provider Names		Certificate No.		Source County		Annual Volume and Unit	
San Jacinto River Basin (Lake Houston & Lake Conroe)		WR#: 4963, 4965, 5807, 5808		Harris		288,767 acre-ft/yr	
Groundwater Source Aquifer		Well Field location		Source County		Annual Volume and Unit	
N/A		N/A		N/A		N/A	
Q. Proposed Water Supply Associated Directly with the Proposed Project							
Surface Water Supply Source / Provider Names		Certificate No.		Source County		Annual Volume and Unit	
Trinity River Basin (Lake Livingston)		WR#: 4261, 4277		Polk		1,023,800 acre-ft/yr	
Groundwater Source Aquifer		Well Field location:		Source County		Annual Volume and Unit	
N/A		N/A		N/A		N/A	
R. Consulting Engineer Name			Telephone No.		E-mail address		
S. Applicant Contact Name, Title			Telephone No.		E-mail address		
Jeffrey Benjamin, P.E., Program Director			832-395-2677		jeffrey.benjamin@houstontx.gov		

STATE OF TEXAS

§

COUNTY OF HARRIS

§
§

**SURFACE WATER
AFFIDAVIT**

Before me, the undersigned notary, on this day personally appeared Dale A. Rudick, a person whose identity is known to me. After I administered an oath to him/her, upon his/her oath he/she said:

- 1. I am over 18 years of age, of sound mind, and capable of making this affidavit. The facts stated in this affidavit are within my personal knowledge and are true and correct.
- 2. I am an authorized representative of the City of Houston, an entity that has filed an application for financial assistance with the Texas Water Development Board for a project that proposes the development of a new surface water supply source.
- 3. Does the applicant possess a Certificate of Adjudication and/or Water Rights Permit(s) issued by the Texas Commission on Environmental Quality or a predecessor agency authorizing the appropriation and use of the surface water needed for the Project?

Yes No

Please attach a copy of the Certificate(s) of Adjudication and Water Rights Permit(s).

Item attached: Yes No

- 4. Does the applicant have the contractual right to use the surface water from an entity that enjoys the right to appropriate and use the surface water needed for the project?

Yes No

Please attach a copy of any draft or executed water supply contract, lease or other legal instrument providing contractual authorization to use the surface water needed for the Project.

Item attached: Yes No

Please identify the Certificate of Adjudication(s) and Water Rights Permit(s) possessed by the wholesale water provider pursuant to which the contract, lease or other legal instrument has been or will be executed.

Certificate of Adjudications: _____

Item attached: Yes No

Water Rights Permit(s): 4261, 4261A, 4261B, 4277, 4277A, 4963, 4963A, 4965, 4965A, 5807, 5808

Item attached: Yes No

Signed the 17 day of May, 2015.

Dale A. Rudick
Name
Director, Public Works Engineering
Title

Sworn to and subscribed before me by Dale A Rudick on May 17,
2015.



Laurie A Carter
Notary Public in and for the State of Texas
My Commission expires: Aug 30, 2016

CERTIFICATE OF ADJUDICATION

CERTIFICATE OF ADJUDICATION: 08-4261 OWNER: City of Houston
 Water Division Dept.
 of Public Works
 P. O. Box 1562
 Houston, Texas 77002

COUNTIES: Harris, Polk, Liberty, PRIORITY DATE: December 30, 1913,
 Chambers, Trinity and San and September 23,
 Jacinto 1959

WATERCOURSE: Old River, tributary of BASIN: Trinity River
 the Trinity River and
 the Trinity River

WHEREAS, by final decree of the 344th Judicial District Court of Chambers County, in Cause No. 344-10865, In Re; The Adjudication of Water Rights in the Lower Trinity River Segment of the Trinity River Basin and the western portion of the Neches-Trinity Coastal Basin dated October 30, 1985 a right was recognized under Certified Filing 71ABCD, Permit 1970C, Permit 1974A and Permit 2621 to appropriate waters of the State of Texas as set forth below;

NOW, THEREFORE, this certificate of adjudication to appropriate waters of the State of Texas in the Trinity River Basin is issued to the City of Houston, subject to the following terms and conditions:

1. IMPOUNDMENT

- A. Owner, in conjunction with the Trinity River Authority of Texas under Certificate of Adjudication 08-4248, is authorized to maintain an existing dam and reservoir (Lake Livingston) on the Trinity River and impound therein not to exceed 1,750,000 acre-feet of water. The east end of the dam is located in the Thomas Bradley Survey, Abstract 98, Polk County, Texas.
- B. Owner, in conjunction with the Trinity River Authority of Texas under Certificate of Adjudication 08-4248, is authorized to complete construction of a dam and reservoir (Lake Wallisville) on the Trinity River and impound therein not to exceed 51,600 acre-feet of water. Station 0 + 00 on the centerline of dam bears S 32°29'54"W, 13,906.24 feet from the northwest corner of the S. Burney Grant, Abstract 7, Chambers County, Texas.
- C. Owner is authorized to maintain an existing 4700 acre-foot capacity off-channel reservoir (Lynchburg Reservoir). The levee creating said reservoir is located in the Nathaniel Lynch Grant, Abstract 44, Harris County.
- D. Owner is authorized to temporarily store water diverted from the Trinity River, in Lake Houston located on the San Jacinto River in the San Jacinto River Basin.

2. USE

- A. Owner is authorized to divert and use not to exceed 444,000 acre-feet of water per annum from the Trinity River (Lake Livingston) and 10,000 acre-feet of water from the Trinity River (Lake Wallisville-when completed) for municipal purposes.
- B. Owner is also authorized to divert and use not to exceed 458,800 acre-feet of water per annum from the Trinity River (Lake Livingston), 28,000 acre-feet of water per annum from the Trinity River (Lake Wallisville-when completed) and 31,600 acre-feet of water per annum directly from the Trinity River for industrial purposes.
- C. Owner is authorized to divert and use 13,400 acre-feet of water per annum from the Trinity River and Old River to irrigate a maximum of 9350 acres of land within Chambers and Liberty Counties.

Certificate of Adjudication 08-4261

- D. Owner is authorized to divert and use water authorized under this certificate and stored in Lake Houston and Lynchburg Reservoir for municipal and industrial purposes only.
- E. Owner is authorized to use the water impounded in the aforesaid on-channel reservoirs for recreation purposes.

3. DIVERSION

A. Location and rate:

- (1) At a point on the Trinity River in the John A. Williams Grant, Abstract 119, Liberty County, Texas, at a maximum rate of not to exceed 1700 cfs (765,000 gpm).
- (2) At a point on the Trinity River in the Theodore Dorsett Grant, Abstract 27, Liberty County, Texas, at a maximum rate of not to exceed 775 cfs (348,750 gpm).
- (3) At a point on the Old River in the Henry Griffith Grant, Abstract 12, Chambers County, Texas, at a maximum rate of 288 cfs (129,600 gpm).
- (4) At a point on the Trinity River in the B.B.B. & C. RR Co. Survey, Abstract 58, Chambers County, Texas, at a unspecified rate.

- B. Maximum combined rate: 3400 cfs (1,530,000 gpm) upon completion of Lake Wallisville Dam.

4. PRIORITY

- A. The time priority of owner's right is December 30, 1913 to divert and use 31,600 acre-feet of water per annum for industrial purposes; 13,400 acre-feet of water per annum for irrigation purposes at a diversion rate of 288 cfs (129,600 gpm) at diversion point No. 3.
- B. The time priority of owner's right is September 23, 1959 to divert and use 444,000 acre-feet of water per annum for municipal purposes and 458,800 acre-feet of water per annum for industrial purposes at a diversion rate of 1700 cfs (765,000 gpm) at diversion point No. 1 and 775 cfs (348,750 gpm) at diversion point No. 2.
- C. Upon completion of Lake Wallisville Dam and Reservoir the time priority of owner's right is September 23, 1959 to divert the remaining 10,000 acre-feet of water per annum for municipal purposes; the remaining 28,000 acre-feet of water for industrial purpose and the maximum combined diversion rate of 3400 cfs (1,530,000 gpm).

5. SPECIAL CONDITIONS

- A. Owners shall maintain a sluiceway in the aforesaid Lake Livingston Dam at a bottom elevation of not more than seventy (70) feet above mean sea level, having an opening of not less than ninety-six (96) inches in diameter and equipped with a regulating gate for the purpose of allowing the free passage through the dam at all times of those waters to which lower users are lawfully entitled. Whenever the Commission finds that the owners are storing any waters to which downstream appropriators or lawful diverters are entitled, the owners shall release same to said appropriators or lawful diverters on the order of the Texas Water Commission.
- B. Owners are authorized and required to operate the Lake Livingston dam and reservoir described in this certificate of adjudication in conjunction with the Lake Wallisville dam and reservoir which are required to be constructed on the Trinity River in Chambers County, Texas. The total water available

Certificate of Adjudication 08-4261

from both projects shall be divided between the owners so that the City shall receive seventy per cent (70%) and the Authority shall receive thirty per cent (30%) thereof and that the specific quantities for each shall, if necessary, be adjusted so as to divide the total available water between the owners in such proportions.

- C. Owner shall install and maintain a metering instrument at each diversion point which will automatically record the total amount of water diverted. Owner shall make determinations of water surface elevations in Lake Livingston Reservoir by means of recording gauges set to U. S. Coast and Geodetic Survey datum, each of which shall be protected by a well house designed for such purposes and the Commission shall be furnished complete records of such determinations. Owners shall relocate, or cause to be relocated, all existing stream flow stations which may be inundated or impaired by the reservoir and establish, or cause to be established, such other recording stream flow stations as the Commission may deem necessary to record inflows into the reservoir. Owner shall maintain daily records of waters released through the reservoir authorized herein for downstream use. All stream flow stations shall be set to the same datum described above and the Commission shall be furnished complete records of the data herein required to be kept. The metering instruments, the gauges for well houses, and the stream flow stations and the installation, design and operation thereof shall be subject to approval of the Commission.
- D. Owner is authorized to use the bed and banks of the Trinity River, below the aforesaid dams (Lake Livingston and Lake Wallisville), to convey and deliver water to be appropriated hereunder to downstream diversion points.
- E. Owner is authorized to use all of the water diverted from the Trinity River Basin in the San Jacinto River Basin, the Trinity-San Jacinto, the San Jacinto-Brazos, and the western portion of the Neches-Trinity Coastal Basins, excluding Bolivar Peninsula.
- F. Owner is authorized to convey the water diverted from the Trinity River at Diversion Point No. 1 authorized herein by pipeline, canal and the bed and banks of Luce Bayou, for temporary storage in Lake Houston located on the San Jacinto River in the San Jacinto River Basin.
- G. Owner's use of the bed and banks of Luce Bayou as authorized herein shall not interfere with any rights held under Certificate of Adjudication 10-3979 in the San Jacinto River Basin issued by the Commission. Any plans and specifications in connection with such use shall make all necessary and specific provisions for the protection of the on-channel reservoir, the off-channel reservoir and the pumping facilities authorized by such certificate of adjudication and all other rights in connection therewith.
- H. Owner's right is subordinate to any claim on waters of the Trinity River Basin imported into and/or originating in and above Lake Lewisville Reservoir, Grapevine Reservoir, Lake Worth Reservoir, and Lake Ray Hubbard Reservoir, and shall not constitute any limitation upon the granting of permits by the Commission for the impoundment and use of waters above the said four named reservoirs.
- I. This certificate is further subordinate to any claim on waters imported and/or originating in the Trinity River Basin above Lake Livingston reservoir authorized herein, that could be impounded by: 1) existing reservoirs; 2) by reservoirs for which permits have been granted or certificates of adjudication issued and the construction of such reservoirs is

Certificate of Adjudication 08-4261

incomplete; 3) by reservoirs for which applications are now pending before the Commission; or 4) by the following proposed reservoirs as shown in the Master Plan Report of the Trinity River Authority of Texas dated April 18, 1958, but only to the extent necessary to insure a dependable yield from each such proposed reservoir as shown opposite the respective names, to-wit:

<u>Reservoir Name</u>	<u>Dependable Yield (MGD)*</u>
Big Fossil	0.5
Tehuacana	61.0
Tennessee Colony	362.0
Upper Keechi	13.6
Lower Keechi	20.5
Big Elkhart	11.0
Little Elkhart	6.2
Hurricane Bayou	15.6
Bedias	95.5
Nelson	14.6
Harmon	7.4
Gail	16.6
Mustang	13.2
Canay	13.5
Long King	18.5

*Million Gallons per Day

It is the intent herein that this certificate of adjudication shall not constitute a prior claim against upstream flows necessary to produce dependable yields in the aggregate amount from future reservoirs hereinabove listed. Except for the Tennessee Colony Reservoir, nothing herein shall prohibit the construction of future reservoirs at different locations, of different dimensions, or the combination of reservoirs as substitutes for the above-listed future reservoirs; provided, however, that such modifications in dimensions, locations or the combination of reservoirs shall not diminish the dependable yield of the reservoir authorized herein in excess of the diminution which would be occasioned by the construction of such reservoirs with the respective dependable yields as hereinabove listed. Tennessee Colony Reservoir may be modified as to location and dimension provided that any such modification shall likewise not further diminish the dependable yield of the reservoir authorized herein.

- J. This certificate of adjudication is specifically subordinate to the present and future use and reuse and consumptive use of any return flows from waters impounded in each of the existing and above described proposed reservoirs and the return flows from water imported into the river basin, for municipal and industrial purposes within the Trinity River Basin above Lake Livingston notwithstanding the re-entry of such return flows into a public stream they may nevertheless be used again, diverted and routed through such treatment facilities as may be considered necessary for their purification, under authority of permits heretofore or hereafter issued by the Texas Water Commission for such purposes in the upstream watershed. This certificate is also subordinate to the present and future use and reuse for navigation purposes of the return flows from the metropolitan areas of Dallas and Fort Worth in their natural flowing state and by impoundment in pools created by locks and appurtenances within the river and navigation channels; and further, such return flows shall be allowed to pass through the reservoir authorized herein to the extent necessary to provide navigation below said reservoir and the rights hereby acquired shall be subordinate to such uses.

Certificate of Adjudication 08-4261

- K. Owner may divert water from Diversion Point No. 1 not to exceed 902,800 acre-feet of water per annum. Owner may divert from Diversion Point No. 2 up to 450,000 acre-feet of water per annum, provided that the total amount diverted at both diversion points must not exceed a total of 902,800 acre-feet of water per annum.
- L. Owner may not exercise the right to divert and use that portion of the water authorized herein which is to be diverted from Lake Wallisville for any purposes until construction of the aforesaid reservoir is complete and owner applies for and is granted a diversion point or points and a rate of diversion from said reservoir.
- M. Construction of the Wallisville dam, reservoir and related facilities authorized or required by this certificate of adjudication shall be in accordance with plans approved by the Texas Water Commission and shall be started and completed within the time limits established by the Commission.
- N. Owner shall maintain a suitable outlet in the aforesaid dams authorized herein to allow the free passage of water that owner is not entitled to divert or impound.
- O. Owner shall make no diversions of water from the diversion points, downstream of the Lake Wallisville dam, except to the extent that water for such diversions is released from the aforesaid reservoir.

The locations of pertinent features related to this certificate are shown on Pages 16, 18, 20 and 21 of the Lower Trinity River Segment Certificate of Adjudication Maps, copies of which are located in the offices of the Texas Water Commission, Austin, Texas and the Harris, Polk, Liberty, Chambers, Trinity and San Jacinto County Clerks.

This certificate of adjudication is issued subject to all terms, conditions and provisions in the final decree of the 344th Judicial District Court of Chambers County, Texas, in Cause No. 344-10865, In Re: The Adjudication of Water Rights in the Lower Trinity River Segment of the Trinity River Basin and the western portion of the Neches-Trinity Coastal Basin dated October 30, 1985 and supersedes all rights of the owner asserted in that cause.

This certificate of adjudication is issued subject to senior and superior water rights in the Trinity River Basin.

This certificate of adjudication is issued subject to the Rules of the Texas Water Commission and its continuing right of supervision of State water resources consistent with the public policy of the State as set forth in the Texas Water Code.

TEXAS WATER COMMISSION

Paul Hopkins
 Paul Hopkins, Chairman

DATE ISSUED:

JUN 9 1986

ATTEST:

Mary Ann Befner
 Mary Ann Befner, Chief Clerk

2010 - 1739 - 760

2260

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



THE STATE OF TEXAS
 COUNTY OF TRAVIS
 I hereby certify that this is a true and correct copy of a
 Texas Commission on Environmental Quality document,
 which is filed in the permanent records of the Commission.
 Given under my hand and the seal of office on

LaDonna Castanuela MAR 19 2010
 LaDonna Castanuela, Chief Clerk
 Texas Commission on Environmental Quality

AMENDMENT TO
 CERTIFICATE OF ADJUDICATION

CERTIFICATE NO. 08-4261A

TYPE: 11.122

Owner:	City of Houston	Address:	611 Walker Houston, Texas 77002
Filed:	September 23, 2009	Granted:	MAR 15 2010
Purpose:	Hydroelectric Power	County:	Polk and San Jacinto
Watercourse:	The Trinity River	Watershed:	Trinity River Basin

WHEREAS, Certificate of Adjudication No. 08-4261 authorizes the City of Houston (City), in conjunction with the Trinity River Authority, Owner of Certificate of Adjudication No. 08-4248, to maintain an existing dam and reservoir (Lake Livingston) on the Trinity River, Trinity River Basin, and impound therein not to exceed 1,750,000 acre-feet of water; and

WHEREAS, multiple special conditions and time priorities apply; and

WHEREAS, an amendment to Certificate of Adjudication No. 08-4261, designated Certificate of Adjudication No. 08-4261B was granted on May 5, 2009, which corrected Certificate of Adjudication No. 08-4261 to include an additional fifth diversion point which was included in the final determination, but was inadvertently excluded from the Certificate of Adjudication; and

WHEREAS, the City seeks to amend Certificate of Adjudication No. 08-4261 to add non-consumptive hydroelectric power generation as an additional authorized use; and

WHEREAS, the City indicates hydroelectric power generation will only be conducted when water is released from Lake Livingston for another authorized purpose such as water released from Lake Livingston for downstream use, to meet priority calls, or to pass inflows when the conservation storage of Lake Livingston is full; and

2010 - 1739 - 761

WHEREAS, the Texas Commission on Environmental Quality finds that jurisdiction over the application is established; and

WHEREAS, the Executive Director recommends special conditions be included; and

WHEREAS, no requests for a contested case hearing were received for this application; and

WHEREAS, the Commission has complied with the requirements of the Texas Water Code and Rules of the Texas Commission on Environmental Quality in issuing this amendment;

NOW, THEREFORE, this amendment to Certificate of Adjudication No. 08-4261, designated Certificate of Adjudication No. 08-4261A, is issued to the City of Houston, subject to the following terms and conditions:

1. USE

In addition to the previous authorization, Owner is also authorized to use the water released from Lake Livingston for non-consumptive hydroelectric power generation purposes.

2. TIME LIMITATIONS

- A. Construction of the hydroelectric facility must be in accordance with the plans and specifications approved by the Executive Director. Construction of the hydroelectric facility without final approval of the plans and specifications is a violation of this authorization.
- B. Construction shall begin within two years and be completed within five years of the latter of issuance of this amendment, the issuance of the Federal Energy Regulatory Commission operating permit for the proposed hydroelectric facility, and the Texas Commission on Environmental Quality's certificate of the Federal Energy Regulatory Commission operating permit for the proposed hydroelectric facility, unless Owner applies for and is subsequently granted an extension of time before the expiration of these time limitations.
- C. Failure to commence construction of the hydroelectric facility within the period stated above shall subject all rights to this amendment to forfeiture, subject to notice and hearing. After beginning construction, failure to timely construct the hydroelectric facility stated above shall subject this amendment to cancellation in whole or in part, subject to notice and hearing.

This amendment is issued subject to all terms, conditions, and provisions contained in Certificate of Adjudication No. 08-4261, as amended, except as specifically amended herein.

2010 - 1739 - 762

This amendment is issued subject to all superior and senior water rights in the Trinity River Basin.

Owner agrees to be bound by the terms, conditions and provisions contained herein and such agreement is a condition precedent to the granting of this amendment.

All other matters requested in the application which are not specifically granted by this amendment are denied.

This amendment is issued subject to the Rules of the Texas Commission on Environmental Quality and to the right of continuing supervision of State water resources exercised by the Commission.

Max Wiley
For the Commission

ISSUED: MAR 15 2010

FILED FOR RECORD

2010 MAR 25 PM 1:03

St. helana Walker
SHELANA WALKER

State of Texas }
County of Polk }
I, SHELANA WALKER hereby certify that this instrument
was FILED in the file number sequence on the date and at the time
stamped herein by me and was duly RECORDED in the Official
Public Records in Volume and Page of the named RECORDS OF
Polk County, T.

St. helana Walker
MAR 25 2010
SHELANA WALKER
COUNTY CLERK
POLK COUNTY, TEXAS

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



THE STATE OF TEXAS
COUNTY OF TRAVIS

I hereby certify that this is a true and correct copy of a
Texas Commission on Environmental Quality document,
which is filed in the permanent records of the Commission.
Given under my hand and the seal of office on

LaDonna Castanuela MAY 12 2009

AMENDMENT TO A
CERTIFICATE OF ADJUDICATION

LaDonna Castanuela, Chief Clerk
Texas Commission on Environmental Quality

CERTIFICATE NO. 08-4261B

TYPE § 11.122

Owner: City of Houston

Address: 611 Walker
Houston, Texas
77002

Filed: April 29, 2009

Granted: **MAY 05 2009**

Purposes: Municipal, Agricultural,
Industrial, and Recreation

Counties: Harris, Polk, Liberty,
Chambers, Trinity,
and San Jacinto

Watercourse: Trinity River

Watershed: Trinity River Basin

WHEREAS, Certificate of Adjudication No. 08-4261 authorizes the City of Houston to maintain multiple dams and reservoirs on the Trinity River, Trinity River Basin, and an off channel reservoir for recreation purposes. Certificate of Adjudication No. 08-4261 also authorizes the City of Houston divert and use water from three points on the Trinity River, and one point on the Old River for municipal, agricultural and industrial purposes at a maximum combined diversion rate of 3,400 cfs (1,530,000 gpm). Multiple Special Conditions apply; and

WHEREAS, the City of Houston has a concurrent pending application, designated as application No 08-4261A; and

WHEREAS, the Owner requests a correction to Certificate of Adjudication No. 08-4261 to include a fifth diversion point which was inadvertently omitted during the drafting of the Certificate, but was included in the Final Determination and the Final Judgement of the City's adjudication of it's water right; and

WHEREAS, pursuant to 30 Texas Administrative Code § 50.145, the Executive Director, on his own motion or at the request of a permittee, may make a nonsubstantive correction to a permit without formal amendment and public notice procedures to correct a clerical error and to describe more accurately the point of diversion; and

WHEREAS, the Texas Commission on Environmental Quality finds that jurisdiction over the application is established; and

WHEREAS, no requests for a contested case hearing were received for this application; and

WHEREAS, the Commission has complied with the requirements of the Texas Water Code and rules of the Texas Commission on Environmental Quality in issuing this amendment;

NOW, THEREFORE, this amendment to Certificate of Adjudication No. 08-4261 designated Certificate of Adjudication No. 08-4261B, is issued to the City of Houston, subject to the following conditions:

1. DIVERSION

- a) In addition to the previous authorization, Owner is now authorized to divert water from a point on the Trinity River which bears S 48° 19'W, 1109 feet from the northeast corner of the William Whitlock Survey, Abstract No 118, in Liberty County, Texas.
- b) In addition to the previous authorization, Owner is authorized to divert the water from the new diversion point at a maximum rate of 775.0 cfs (348,750gpm), and a combined maximum diversion rate of 3400.0 cfs (1,530,000 gpm) for all points authorized by the Certificate.

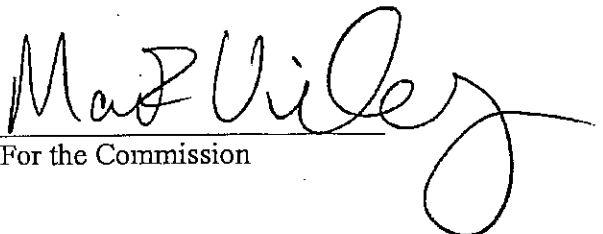
This amendment is issued subject to all terms, conditions and provisions contained in Certificate of Adjudication No. 08-4261, except as specifically amended herein.

This amendment is issued subject to all superior and senior water rights in the Trinity River Basin.

Owner agrees to be bound by the terms, conditions and provisions contained herein and such agreement is a condition precedent to the granting of this amendment.

All other matters requested in the application which are not specifically granted by this amendment are denied.

This amendment is issued subject to the Rules of the Texas Commission on Environmental Quality and to the right of continuing supervision of State water resources exercised by the Commission.


For the Commission

Date issued: **MAY 05 2009**

B. Maximum rates are as shown:

- (1) Maximum rate from Diversion Point No. 1: 140.00 cfs
(63,000 gpm).
- (2) Maximum rate from Diversion Point No. 2: 22.22 cfs
(10,000 gpm)
- (3) Maximum rate from Diversion Point No. 3: 17.78 cfs
(8,000 gpm)
- (4) Maximum rate from Diversion Point No. 4: 35.56 cfs
(16,000 gpm)

4. PRIORITY

- A. The time priority of owner's right is July 2, 1913 for the diversion and use of 33,000 acre-feet of water per annum from the Trinity River, the East Prong Old River and Big Ditch and all of the diversion rate at Diversion Points No. 1, 2 and 3 for the irrigation of 9238.04 acres of land.
- B. The time priority of owner's right is August 25, 1969 for the impoundment of water in the reservoir on Big Ditch and the diversion and use of 5,000 acre-feet of water per annum therefrom and all of the diversion rate at Diversion Point No. 4 for irrigation purposes.

5. SPECIAL CONDITIONS

- A. Owner shall maintain a suitable outlet in the aforesaid dam authorized herein to allow the free passage of water that owner is not entitled to divert or impound.
- B. The authorized irrigated area under this certificate of adjudication shall be coterminous with the service area of the Dayton Canal Company. The company shall notify the Commission of all changes in its service area.

The locations of pertinent features related to this certificate are shown on Page 18 of the Lower Trinity River Segment Certificates of Adjudication Maps, copies of which are located in the offices of the Texas Water Commission, Austin, Texas and the Liberty County Clerk.

This certificate of adjudication is issued subject to all terms, conditions and provisions in the final decree of the 344th Judicial District Court of Chambers County, Texas, in Cause No. 344-10865, In Re: The Adjudication of Water Rights in the Lower Trinity River Segment of the Trinity River Basin and the Western Portion of the Neches-Trinity Coastal Basin dated October 30, 1985 and supersedes all rights of the owner asserted in that cause.

This certificate of adjudication is issued subject to senior and superior water rights in the Trinity River Basin.

~~Certificate of Adjudication 05-4277~~

This certificate of adjudication is issued subject to the Rules of the Texas Water Commission and its continuing right of supervision of State water resources consistent with the public policy of the State as set forth in the Texas Water Code.

TEXAS WATER COMMISSION

Paul Hopkins

Paul Hopkins, Chairman

DATE ISSUED:

JUN 9 1956

ATTEST:

Mary Ann Hefner

Mary Ann Hefner, Chief Clerk

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



THE STATE OF TEXAS
COUNTY OF TRAVIS

I hereby certify that this is a true and correct copy of a Texas Commission on Environmental Quality document, which is filed in the permanent records of the Commission. Given under my hand and the seal of office on

LaDonna Castaneda NOV 19 2009

LaDonna Castaneda, Chief Clerk
Texas Commission on Environmental Quality

AMENDMENT TO
A CERTIFICATE OF ADJUDICATION

CERTIFICATE NO.08-4277A

TYPE: 11.122 & 11.085

Owner:	American Rice Growers Cooperative Association-Dayton Division	Address:	P.O. Box 129 Dayton, Texas 77535
Accepted for Filing:	March 1, 2000	Granted:	NOV 13 2009
Purposes:	Municipal, Industrial, Mining, and Agricultural (Irrigation)	Counties:	Liberty, Chambers, Harris, Galveston, Brazoria, Fort Bend, San Jacinto, Walker, Grimes, Waller, Montgomery, and
Watercourse:	Big Ditch and the East Prong Old River, Tributaries of the Trinity River and the Trinity River	Watersheds:	Trinity River Basin, San Jacinto River Basin, Trinity-San Jacinto Coastal Basin, and San Jacinto-Brazos Coastal Basin

WHEREAS, Certificate of Adjudication No. 08-4277 is owned by the American Rice Growers Cooperative-Dayton Division (American Rice) and authorizes, with a time priority of August 25, 1969, the maintenance of a dam and reservoir with a capacity of 65 acre-feet on Big Ditch, tributary of the Trinity River in the Louis Davis Grant, Abstract No. 18, Liberty County and the diversion and use of not to exceed 5,000 acre-feet of water per year from the perimeter of the reservoir at a maximum rate of 35.56 cubic feet per second (cfs) for the irrigation of 9,238.04 acres of land within its service area; and

WHEREAS, the Certificate also authorizes, with a time priority of July 2, 1913, the diversion and use of not to exceed a total of 33,000 acre-feet of water per year from a point on the Trinity River; a point on the East Prong Old River, tributary of the Trinity River; and a point on Big Ditch for irrigation of the above-described land; and

WHEREAS, the point on the Trinity River is in the John A. Williams Grant, Abstract No.119, Liberty County and includes a maximum diversion rate of 140 cfs; and

WHEREAS, the point on the East Prong Old River is in the William D. Smith Grant, Abstract No. 106, Liberty County and includes a maximum diversion rate of 22.22 cfs; and

WHEREAS, the point on Big Ditch is in the William Bloodgood Grant, Abstract No. 3, Liberty County and includes a maximum diversion rate of 17.78 cfs; and

WHEREAS, the Certificate includes a special condition requiring the Owner to maintain a suitable outlet in the dam on Big Ditch to allow passage of water that the Owner is not entitled to divert or impound and a special condition requiring the Owner to notify the Texas Commission on Environmental Quality of any changes in their service area; and

WHEREAS, pursuant to an August 21, 1997 agreement between the Owner and the City of Houston, which includes Owner's agreement to sell the water rights authorized by Certificate of Adjudication No. 08-4277 to the City subject to certain conditions, the Owner and the City of Houston seek to amend the certificate to:

- (1) authorize additional places of use for all of the water authorized in the Certificate to anywhere within the following areas (interbasin transfer):
 - (a) Liberty, Harris, Galveston, Brazoria, Fort Bend and Chambers Counties;
 - (b) the Trinity-San Jacinto Coastal Basin;
 - (c) the San Jacinto River Basin; and
 - (d) the San Jacinto-Brazos Coastal Basin;
- (2) authorize the use of all water included in the Certificate for municipal, industrial, mining and agricultural purposes;
- (3) authorize the diversion of all water included in the Certificate at an additional diversion point on the Trinity River included in the City of Houston's Certificate of Adjudication No. 08-4261, as amended, which is immediately downstream of the point currently authorized on the river;
- (4) authorize the diversion of all of the water included in the Certificate at the requested additional diversion point at a maximum rate of 215.6 cfs with a condition that diversion under the certificate at all authorized points of diversion would not exceed a combined maximum rate of 215.6 cfs at any time;
- (5) confirm, expressly on the face of the amendment, that the amended Certificate retains for all purposes the July 2, 1913 priority date currently included for the authorization to divert and use 33,000 acre-feet of water per year from the Trinity River, Big Ditch and East Prong Old River and the August 25, 1969 priority date currently included for the authorization to divert and use 5,000 acre-feet of water per year from the reservoir on Big Ditch; and
- (6) reflect that upon Closing as provided in the aforesaid August 21, 1997 agreement between the applicants, the amended Certificate, will be owned by the City of Houston; and

WHEREAS, the place of use requested by the applicants includes land in Liberty, Chambers, San Jacinto, Walker, Grimes, Waller, Harris, Fort Bend, Montgomery, Galveston and Brazoria Counties and in the Trinity River Basin, the San Jacinto River Basin, the Trinity-San Jacinto Coastal Basin, the San Jacinto-Brazos Coastal Basin; and

WHEREAS, the Texas Commission on Environmental Quality finds that jurisdiction over the application is established; and

WHEREAS, upon Closing as provided in the aforesaid August 21, 1997 agreement between the applicants, this amended Certificate will be owned by the City of Houston, Texas; and

WHEREAS, this application is subject to the Texas Coastal Management Program (CMP) and must be consistent with the CMP goals and policies; and

WHEREAS, when the diversion of water is intended for an interbasin transfer, the Executive Director recommends that special conditions be included in order to maintain downstream environmental conditions during times of low flow;

WHEREAS, the Texas Commission on Environmental Quality finds that the issuance of this amendment is consistent with the goals and policies of the Texas Coastal Management Plan; and

WHEREAS, the Commission has complied with the requirements of the Texas Water Code and Rules of the Texas Commission on Environmental Quality in issuing this amendment; and

NOW, THEREFORE, this amendment to Certificate of Adjudication No. 08-4277, designated as Certificate of Adjudication No. 08-4277A, is issued to American Rice Growers Cooperative Association-Dayton Division, subject to the following terms and conditions:

1. USE

- A. In addition to the previous authorization in Certificate of Adjudication No. 08-4277, Use paragraph 2, A & B, Owner is now authorized to use the 38,000 acre-feet of water per year for agricultural, municipal, industrial, and mining purposes.
- B. In addition to the previous place of use, Owner is now authorized an interbasin transfer for diversion and use of the 38,000 acre-feet of water per year within the City of Houston's service area Liberty, Chambers, San Jacinto, Walker, Grimes, Waller, Harris, Fort Bend, Montgomery, Galveston and Brazoria Counties within the Trinity River Basin, the San Jacinto River Basin, the Trinity-San Jacinto Coastal Basin, and the San Jacinto-Brazos Coastal Basin.

2. DIVERSION

In addition to the previously authorized diversion points, Owner is authorized:

- A. Diversion Point No. 5, at a point on the Trinity River in the John A. Williams Grant, Abstract 119, Liberty County, Texas which is also authorized in Certificate of Adjudication No. 08-4261, as amended. Said point also being Located at 29.962°N Latitude and 94.809°W Longitude.
- B. The maximum combined diversion rate is 215.6 cfs (96,761.28 gpm).

3. PRIORITY

The time priority of the Owner's Right under this Certificate of Adjudication No. 08-4277A is July 2, 1913 for the 33,000 acre-feet of water and August 25, 1969 for 5,000 acre-feet of water.

4. CONSERVATION

Owner shall maintain a water conservation plan that provides for the utilization of those practices, techniques and technologies that reduce or maintain the consumption of water, prevent or reduce the loss or waste of water, maintain or improve the efficiency in the use of water, increase the recycling and reuse of water, or prevent the pollution of water, so that a water supply is made available for future or alternative uses.

5. SPECIAL CONDITION

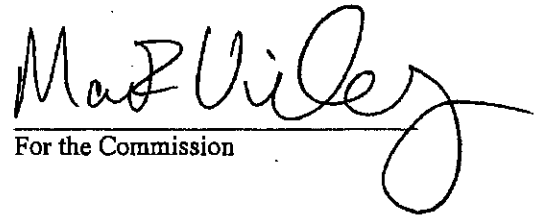
- A. Prior to diversion, from Diversion Point No. 5 authorized herein, of water for transport and use outside the Trinity River Basin, Owner shall install a reference marker, with an accuracy of +/- 5%, immediately downstream of that diversion point.
- B. For transport and use outside the Trinity River Basin, Owner shall only divert authorized water when the remaining streamflow of the Trinity River equals or exceeds 404 cfs at the referenced point downstream of Diversion Point No. 5. This special condition is subject to adjustment by the Commission if the Commission determines, through an expedited public review process, that such adjustment is appropriate to achieve compliance with applicable environmental flow standards adopted pursuant to Texas Water Code § 11.1471. Any adjustment shall be made in accordance with the provisions of Texas Water Code § 11.147(e-1).
- C. Unless written waiver of this restriction is obtained from the Executive Director, transport of water under this Certificate for use in areas outside the Trinity River Basin, other than areas within the Trinity -San Jacinto Coastal Basin, is restricted to a canal, pipeline or similar conveyance facility from a diversion point authorized under this Certificate to the intended water treatment facilities, including any intermediate storage, pumping, or other transportation devices, isolated from natural drainage.
- D. Owner shall submit the proper ownership documents to reflect the City of Houston as the Owner of this amendment to Certificate of Adjudication No. 08-4277 within 90 days of issuance of this amendment.

This amendment is issued subject to all superior and senior water rights in the Trinity River Basin.

Owner agrees to be bound by the terms, conditions and provisions contained herein and such agreement is a condition precedent to the granting of this amendment.

All other matters requested in the application which are not specifically granted by this amendment are denied.

This amendment is issued subject to the Rules of the Texas Commission on Environmental Quality and to the right of continuing supervision of State water resource exercised by the Commission.


For the Commission

Date Issued: **NOV 13 2009**

Bryan W. Shaw, Ph.D., *Chairman*
Buddy Garcia, *Commissioner*
Carlos Rubinstein, *Commissioner*
Mark R. Vickery, P.G., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

November 19, 2009

Ed McCarthy
Jackson, Sjoberg, McCarthy & Wilson, L.L.P.
711 West 7th Street
Austin, Texas 78701-2785

RE: American Rice Growers Cooperative Association-Dayton Division and City of Houston
ADJ 4277
Application No. 08-4277A to amend Certificate of Adjudication No. 08-4277
TWC §§ 11.122 & 11.085, Requiring Published and Mailed Notice
Big Ditch, the East Prong Old River, and the Trinity River, Trinity River Basin, San Jacinto River
Basin, Trinity- San Jacinto Coastal Basin, and San Jacinto-Brazos Coastal Basin
Liberty, Chambers, Harris, Galveston, Brazoria, Fort Bend, San Jacinto, Walker, Grimes, Waller,
Montgomery Counties

Dear Mr. McCarthy:

Enclosed is a certified copy of the above referenced document.

The applicants, American Rice Growers Cooperative Association-Dayton Division and City of Houston, are instructed to ensure that the official record of this water right is filed with the County Clerk of the county in which the appropriation is to be made.

The applicant is responsible for making payment arrangements with the **Liberty** County Clerk's Office for filing its documents in the official records. An additional certified copy is enclosed for the purpose of filing with the appropriate County Clerk.

As proof of filing, please ensure that the enclosed card is completed by the Liberty County Clerk's Office and returned to the Water Rights Permitting & Availability Section (MC 160), Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

This action is taken under the authority delegated by the Executive Director of the Texas Commission on Environmental Quality.

Should you have questions, please contact Mr. Esteban (Steve) Ramos of the Texas Commission on Environmental Quality's Water Rights Permitting & Availability Section at (512) 239-6538, or if by correspondence, include MC 160 in the letterhead address below.

Sincerely,

Handwritten signature of Todd Chenoweth in black ink.

Todd Chenoweth, Director
Water Supply Division

TC/er

Enclosures

P.O. Box 13087

Austin, Texas 78711-3087

512-239-1000

Internet address: www.tceq.state.tx.us

Bryan W. Shaw, Ph.D., *Chairman*
Buddy Garcia, *Commissioner*
Carlos Rubinstein, *Commissioner*
Mark R. Vickery, P.G., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

November 19, 2009

TO: Persons on the attached mailing list.

RE: American Rice Grower Cooperative Association-Dayton Division
Certificate of Adjudication No. 08-4277A

This letter is your notice that the Texas Commission on Environmental Quality (TCEQ) executive director (ED) has issued final approval of the above-named application. According to 30 Texas Administrative Code (TAC) Section 50.135 the approval became effective on November 13, 2009, the date the ED signed the permit or other approval unless otherwise specified in the permit or other approval.

You may file a **motion to overturn** with the chief clerk. A motion to overturn is a request for the commission to review the TCEQ ED's approval of the application. Any motion must explain why the commission should review the TCEQ executive director's action. According to 30 TAC Section 50.139 an action by the ED is not affected by a motion to overturn filed under this section unless expressly ordered by the commission.

A motion to overturn must be received by the chief clerk within 23 days after the date of this letter. An original and 7 copies of a motion must be filed with the chief clerk in person, or by mail to the chief clerk's address on the attached mailing list. On the same day the motion is transmitted to the chief clerk, please provide copies to the applicant, the ED's attorney, and the Public Interest Counsel at the addresses listed on the attached mailing list. If a motion to overturn is not acted on by the commission within 45 days after the date of this letter, then the motion shall be deemed overruled.

You may also request **judicial review** of the ED's approval. According to Texas Water Code Section 5.351 a person affected by the ED's approval must file a petition appealing the ED's approval in Travis County district court within 30 days after the effective date of the approval. Even if you request judicial review, you still must exhaust your administrative remedies, which includes filing a motion to overturn in accordance with the previous paragraphs.

Individual members of the public may seek further information by calling the TCEQ Office of Public Assistance, toll free, at 1-800-687-4040.

Sincerely,

A handwritten signature in black ink, appearing to read "LaDonna Castañuela".

LaDonna Castañuela
Chief Clerk

LDC/er

MAILING LIST
for
American Rice Grower Cooperative Association-Dayton Division
Certificate of Adjudication No. 08-4277A

FOR THE APPLICANT:

Ed McCarthy
Jackson, Sjoberg, McCarthy & Wilson, L.L.P.
711 West 7th Street
Austin, Texas 78701-2785

American Rice Growers Cooperative
Association
P.O. Box 129
Dayton, Texas 77535-0003

Carl Pickett
P.O. Box 10225
Liberty, Texas 77575

City of Houston
P.O. Box 1562
Houston, Texas 77251-1562

PROTESTANTS/INTERESTED PERSONS:

See attached list.

FOR THE EXECUTIVE DIRECTOR
via electronic mail:

Robin Smith, Staff Attorney
Texas Commission on Environmental Quality
Environmental Law Division MC 173
P.O. Box 13087
Austin, Texas 78711-3087

Steve Ramos, Technical Staff
Texas Commission on Environmental Quality
Water Supply Division MC 160
P.O. Box 13087
Austin, Texas 78711-3087

FOR OFFICE OF PUBLIC ASSISTANCE
via electronic mail:

Bridget Bohac, Director
Texas Commission on Environmental Quality
Office of Public Assistance MC 108
P.O. Box 13087
Austin, Texas 78711-3087

FOR PUBLIC INTEREST COUNSEL
via electronic mail:

Blas J. Coy, Jr., Attorney
Texas Commission on Environmental Quality
Public Interest Counsel MC 103
P.O. Box 13087
Austin, Texas 78711-3087

FOR THE CHIEF CLERK
via electronic mail:

LaDonna Castañuela
Texas Commission on Environmental Quality
Office of Chief Clerk MC 105
P.O. Box 13087
Austin, Texas 78711-3087

BELLATTI, LAWRENCE L
ANDREWS KURTH LLP
STE 4200
600 TRAVIS ST
HOUSTON TX 77002-3009

MUNZ, LEE
TX STATE SOIL & WATER CONSERVATION BD
PO BOX 658
TEMPLE TX 76503-0658

FROST, FORD J VICE PRESIDENT
FPL FARMINO LTD
STE 1C50
1331 LAMAR ST
HOUSTON TX 77010-3025

STOVER, JOHN D
PO BOX 1728
LUFKIN TX 75902-1728

ISTRE, ROBERT GENERAL MANAGER
GULF COAST WATER AUTHORITY
3630 FM 1763
TEXAS CITY TX 77591-3677

WERKENTHIN JR, FRED B
BOOTH AHRENS & WERKENTHIN PC
STE 1515
515 CONGRESS AVE
AUSTIN TX 78701-3504

CERTIFICATE OF ADJUDICATION

CERTIFICATE OF ADJUDICATION: 10-4963 OWNERS: San Jacinto River Authority
P. O. Box 329
Conroe, Texas 77305.

City of Houston
Attn: Department of Public
Works
P. O. Box 1562
Houston, Texas 77007

Texas Water Development
Board
Water Availability Data &
Studies
P. O. Box 13231, Capitol
Station
Austin, Texas 78711

COUNTIES: Montgomery and Harris

PRIORITY DATES: January 12, 1959
and June 28, 1965

WATERCOURSE: West Fork San Jacinto
River, tributary of the
San Jacinto River

BASIN: San Jacinto River

WHEREAS, by final decree of the 155th Judicial District Court of Waller County, in Cause No. 10,023A, In Re: The Exceptions of the San Jacinto River Authority to the Adjudication of Water Rights in the San Jacinto River Basin dated December 1, 1986, a right was recognized under Permit 1962B authorizing the San Jacinto River Authority, the City of Houston and the Texas Water Development Board to appropriate waters of the State of Texas as set forth below;

NOW, THEREFORE, this certificate of adjudication to appropriate waters of the State of Texas in the San Jacinto River Basin is issued to the San Jacinto River Authority, the City of Houston and the Texas Water Development Board, subject to the following terms and conditions:

1. IMPOUNDMENT

Owners are authorized to maintain an existing dam and reservoir on the West Fork San Jacinto River (Lake Conroe) and impound therein not to exceed 430,260 acre-feet of water. The dam is located in the James Smith Grant; Abstract 37; the James Edwards Survey, Abstract 189; the James Edwards Survey, Abstract 190; the Robert Marsh Survey, Abstract 355 and the James W. Singleton Survey, Abstract 496, Montgomery County, Texas.

Certificate of Adjudication 10-4963

2. USE

A. Owners are authorized to divert or release and use not to exceed 100,000 acre-feet of water per annum from the aforesaid Lake Conroe for purposes as follows:

Municipal Purposes - - - - - 66,000 acre-feet

Industrial Purposes - - - - - 28,500 acre-feet

Mining Purposes - - - - - 5,500 acre-feet

B. Owners are also authorized to use the impounded water for recreation purposes.

3. DIVERSION

A. Location
At the perimeter of the aforesaid reservoir.

B. Maximum rate: 700.00 cfs (315,000 gpm).

4. PRIORITY

A. The time priority of owners' right is January 12, 1959 for the impoundment of 380,430 acre-feet of water and the diversion and use of water for purposes authorized herein.

B. The time priority of owners' right is June 28, 1965 for the impoundment of the additional 49,830 acre-feet of water.

5. SPECIAL CONDITIONS

A. Owners are authorized to use the bed and banks of the West Fork San Jacinto River for the purpose of conveying all or any part of the water authorized to be diverted hereunder from the place of impoundment (Lake Conroe) downstream to Lake Houston in Harris County.

B. Owners shall maintain a suitable outlet in the aforesaid dam authorized herein to allow the free passage of water that the owners are not entitled to divert or impound.

C. Owners shall install a metering instrument at each diversion point which will automatically record to within five percent of accuracy the total amount of water diverted. Owners shall make daily determinations of water surface elevations in the reservoir by means of a recording gage, set to mean sea level datum, which shall be protected by a wall house designed for such purposes. Owners shall also install a recording

Certificate of Adjudication 10-4963

streamflow station, set to mean sea level datum, to measure the inflow from the West Fork San Jacinto River into the reservoir. The Commission shall be furnished complete records of all determinations required herein.

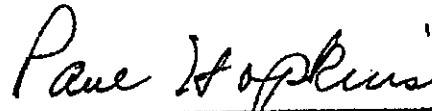
The locations of pertinent features related to this certificate are shown on Pages 5 and 15 of the San Jacinto River Basin Certificates of Adjudication Maps, copies of which are located in the offices of the Texas Water Commission, Austin, Texas.

This certificate of adjudication is issued subject to all terms, conditions and provisions in the final decree of the 155th Judicial District Court of Waller County, Texas, in Cause No. 10,023A, In Re: The Exceptions of the San Jacinto River Authority to the Adjudication of Water Rights in the San Jacinto River Basin dated December 1, 1986 and supersedes all rights of the owner asserted in that cause, provided, however, that no attempt has been made to adjudicate private contractual rights.

This certificate of adjudication is issued subject to senior and superior water rights in the San Jacinto River Basin.

This certificate of adjudication is issued subject to the Rules of the Texas Water Commission and its continuing right of supervision of State water resources consistent with the public policy of the State as set forth in the Texas Water Code.

TEXAS WATER COMMISSION



Paul Hopkins, Chairman

DATE ISSUED:

FEB 25 1987

ATTEST:

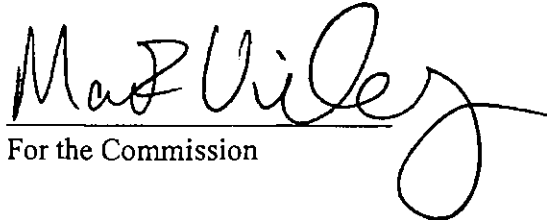


Mary Ann Hefner, Chief Clerk

Owners agree to be bound by the terms, conditions and provisions contained herein and such agreement is a condition precedent to the granting of this amendment.

All other matters requested in the application which are not specifically granted by this amendment are denied.

This amendment is issued subject to the Rules of the Texas Commission on Environmental Quality and to the right of continuing supervision of State water resources exercised by the Commission.


For the Commission

ISSUED: JUL 20 2010

- C. In order to provide sufficient flow for instream uses of the San Jacinto River, diversions from Lake Houston should be limited to times when streamflow at USGS Gage 08072000 equals or exceeds the following values:

Recommended Monthly Flows (cfs)

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
791	930	752	658	542	658	297	175	175	175	198	615

This special condition is subject to adjustment by the Commission if the Commission determines, through an expedited public review process, that such adjustment is appropriate to achieve compliance with applicable environmental flow standards adopted pursuant to Texas Water Code § 11.1471. Any adjustment shall be made in accordance with the provisions of Texas Water Code § 11.147(e-1).

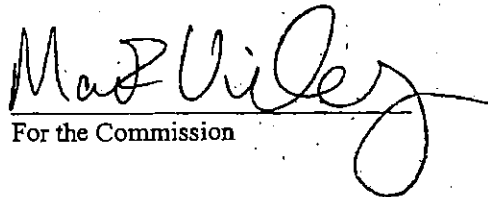
- D. Should the rating curve for Lake Houston be updated by USGS/TWDB to reflect revised information and data, the streamflow restrictions listed in Special Condition C may be adjusted. Should the rating curve, or other elements of the accounting plan, such as the streamflow restrictions listed in Special Condition C be adjusted, Permittees shall submit revisions to the most recent approved *Lake Houston Reservoir Accounting Plan* to the Executive Director for approval.

This permit is issued subject to all superior and senior water rights in the San Jacinto River Basin.

Permittees agree to be bound by the terms, conditions, and provisions contained herein and such agreement is a condition precedent to the granting of this permit.

All other matters requested in the application which are not specifically granted by this permit are denied.

This permit is issued subject to the Rules of the Texas Commission on Environmental Quality and to the right of continuing supervision of State water resources exercised by the Commission.


For the Commission

ISSUED: **SEP 22 2009**

STATE OF TEXAS

§

COUNTY OF HARRIS

§

§

SITE CERTIFICATE

Before me, the undersigned notary, on this day personally appeared Jeffrey L. Benjamin, P.E., Program Director, NEWPP Expnasion, a person whose identify is known to me or who has presented to me a satisfactory proof of identity. After I administered an oath, this person swore to the following:

- (1) My name is Jeffrey L. Benjamin, P.E. I am over 18 years of age and I am of sound mind, and capable of swearing to the facts contained in this Site Certificate. The facts stated in this certificate are within my personal knowledge and are true and correct.
- (2) I am an authorized representative of City of Houston, Texas, an entity that has filed an application for financial assistance with the Texas Water Development Board for a WATER project.

LEGAL CERTIFICATION – OWNERSHIP INTEREST

This is to certify that City of Houston, Texas

(Legal Name of Applicant, i.e., City, District, etc.)

has acquired or is in the process of acquiring the necessary real property interest, as evidenced by fee simple purchase or fully executed earnest money contracts, firm option agreements to purchase the subject property or the initiation of eminent domain procedures, that such acquisition will guarantee access and egress and such interest will contain the necessary easements, rights of way or unrestricted use as is required for the project being financed by the Texas Water Development Board. The legal description is referenced below:
Northeast Water Purification Plant Expansion Site

(Location, and Description of Property Interests acquired for Project)

Any deeds or other instruments required to be recorded to protect the title(s) held by City of Houston, Texas

(Legal Name of Applicant)

have been recorded or filed for the record in the County deed records or other required location.

LEGAL CERTIFICATION – LEASE/CONTRACT

In the alternative, I certify that _____
(Legal Name of Applicant, i.e., City, District, etc.)


has executed a written lease or other contractual agreement to use the property needed for this (water) (wastewater) project that extends through _____, the life of the Texas Water Development Board loan or grant that will be used to finance this project, either in whole or in part. A copy of this lease or agreement is attached hereto.

LEGAL CERTIFICATION – PROPERTY EASEMENT

In the alternative, I certify that _____
(Legal Name of Applicant, i.e., City, District, etc.)

has executed an express easement to use the property needed for this (water) (wastewater) project that extends through _____, the life of the Texas Water Development Board loan or grant that will be used to finance this project, either in whole or in part. A copy of the express easement agreement is attached hereto.

EXECUTED this 6th day of May, 2015.

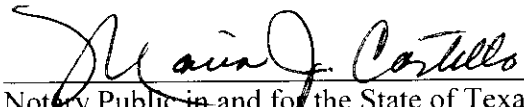


(Signature)

Jeffrey L. Benjamin, P.E.
(Print Name)

Program Director, NEWPP Expansion
(Title)

Sworn to and subscribed before me by Jeffrey L. Benjamin on 6, May, 2015.



Notary Public in and for the State of Texas

[SEAL]

My Commission expires: Dec. 16, 2015



SOURCES AND USES OF FUNDS

City of Houston, Texas
Treatment Expansion

*** PRELIMINARY - FOR DISCUSSION PURPOSES ONLY ***

	Dated Date Delivery Date	11/15/2016 11/15/2016	11/15/2017 11/15/2017	11/15/2018 11/15/2018	
Sources:		2016 TWDB - Treatment Expansion	2017 TWDB - Treatment Expansion	2018 TWDB - Treatment Expansion	Total
Bond Proceeds:					
Par Amount		17,195,000.00	24,335,000.00	142,105,000.00	183,635,000.00
		17,195,000.00	24,335,000.00	142,105,000.00	183,635,000.00
Uses:		2016 TWDB - Treatment Expansion	2017 TWDB - Treatment Expansion	2018 TWDB - Treatment Expansion	Total
Project Fund Deposits:					
Project Fund - Treatment Expansion		17,109,025.00	24,213,325.00	141,394,475.00	182,716,825.00
Delivery Date Expenses:					
Cost of Issuance		85,975.00	121,675.00	710,525.00	918,175.00
		17,195,000.00	24,335,000.00	142,105,000.00	183,635,000.00

Notes:

Assumes 0.5% costs of issuance (ratings, bond counsel, AG fee, CUSIP5, any other.).
Assumed \$5000 maturity denominations.

CITY OF HOUSTON ORDINANCE NO. [_____ **]**

AN ORDINANCE SUPPLEMENTING THE CITY OF HOUSTON, TEXAS MASTER ORDINANCE NO. 2004-299; PROVIDING FOR THE ISSUANCE OF THE CITY OF HOUSTON, TEXAS, COMBINED UTILITY SYSTEM FIRST LIEN REVENUE BONDS, SERIES 2015[**__**], PROVIDING FOR THE AMOUNTS, INTEREST RATES, PRICES, AND TERMS THEREOF AND OTHER MATTERS RELATING THERETO; PROVIDING FOR THE PAYMENT THEREOF; MAKING OTHER PROVISIONS REGARDING SUCH BONDS AND MATTERS INCIDENT THERETO; AUTHORIZING A CO-BOND COUNSEL AGREEMENT, AUTHORIZING EXECUTION AND DELIVERY OF A PAYING AGENT/REGISTRAR AGREEMENT; AND DECLARING AN EMERGENCY

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CITY OF HOUSTON ORDINANCE NO. [_____ **]**

AN ORDINANCE SUPPLEMENTING THE CITY OF HOUSTON, TEXAS MASTER ORDINANCE NO. 2004-299; PROVIDING FOR THE ISSUANCE OF THE CITY OF HOUSTON, TEXAS, COMBINED UTILITY SYSTEM FIRST LIEN REVENUE BONDS, SERIES 2015[** __ **], PROVIDING FOR THE AMOUNTS, INTEREST RATES, PRICES, AND TERMS THEREOF AND OTHER MATTERS RELATING THERETO; PROVIDING FOR THE PAYMENT THEREOF; MAKING OTHER PROVISIONS REGARDING SUCH BONDS AND MATTERS INCIDENT THERETO; AUTHORIZING A CO-BOND COUNSEL AGREEMENT, AUTHORIZING EXECUTION AND DELIVERY OF A PAYING AGENT/REGISTRAR AGREEMENT; AND DECLARING AN EMERGENCY

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HOUSTON:

ARTICLE I

FINDINGS AND DETERMINATIONS

Section 1.I. Findings and Determinations. It is officially found and determined that:

(a) The City of Houston, Texas (the “*City*”) is an incorporated city operating under a home-rule charter adopted pursuant to Article XI, Section 5, of the Constitution of Texas having a population according to the latest federal decennial census of 50,000 or more and is an “issuer” pursuant to Chapter 1371, Texas Government Code, as amended, and having outstanding long-term debt secured by the Net Revenues of the System which is rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for long-term obligations.

(b) The City has adopted a Master Ordinance providing for the issuance of bonds and other obligations to be secured by revenues from the City’s combined utility system (the “*Master Ordinance*”).

(c) The Texas Water Development Board (the “*Board*”) approved an application of the City for financial assistance through a commitment dated [** _____ **] in the amount of [** _____ **] from the Clean Water State Revolving Fund, to be evidenced by the Board’s purchase of [** _____ **] City of Houston Combined Utility System First Lien Revenue Bonds, Series 2015[** __ **] (the “*Series 2015[** __ **] Bonds*”).

(d) Pursuant to the commitment described in subsection (c) above (the “*Commitment*”), the City now desires to sell the Series 2015[** __ **] Bonds to the Board.

(e) The conditions precedent to the issuance of First Lien Bonds which are contained in the Master Ordinance have been met, and the City is authorized to issue the Series 2015[** __ **] Bonds and make the pledges and covenants set forth herein.

(f) The provisions of the City of Houston Charter, Article VI-A, Section 7, do not operate to limit total revenues of the City or the issuance of the First Lien Bonds secured hereby, as contemplated by this Ordinance.

(g) The City is authorized by Chapters 1371 and 1502, Texas Government Code, as amended, to issue the Series 2015[**__**] Bonds substantially in the form set forth in *Exhibit A* attached hereto to and payable from the City's combined utility system (the "*System*"), for the purpose of financing drinking water supply system improvements.

(h) The City finds that the issuance of the Series 2015[**__**] Bonds is in its best interests. The City desires to finance improvements, additions, or extensions to the System.

ARTICLE II

DEFINITIONS AND INTERPRETATIONS

Section 2.1. Definitions Generally. Any capitalized term used herein but not defined in Section 2.2 or elsewhere in this Supplemental Ordinance has the meaning assigned to such term in the Master Ordinance.

Section 2.2. Definitions. In this Supplemental Ordinance, the following terms have the following meanings, unless the context clearly indicates otherwise:

"*Board*" means the Texas Water Development Board or any successor agency thereto.

"*Bonds*" means any or all of the obligations issued as First Lien Bonds or Second Lien Bonds, or both, as the context may require.

"*Business Day*" means, for purposes of this Supplemental Ordinance, a day other than (i) a Saturday or Sunday, (ii) a day on which the Paying Agent/Registrar, or if applicable, the Tender Agent, the Auction Agent, the Broker-Dealers, the Bond Insurer, or banks and trust companies in New York, New York are authorized or required to remain closed, or (iii) a day on which the New York Stock Exchange is closed.

"*Commitment*" means the Commitment described in Section 1.1(c) hereof.

"*DTC*" means The Depository Trust Company of New York, New York, or any successor securities company.

"*DTC Participant*" means securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations on whose behalf DTC was created to hold securities and to facilitate the clearance and settlement of securities transactions among DTC Participants through electronic book-entry changes in the accounts of the DTC Participants, thereby eliminating the need for physical movement of definitive certificates.

"*Ordinance*" means collectively, the Master Ordinance, this Supplemental Ordinance, and all amendments hereof and supplements hereto.

“*Paying Agent/Registrar*” means The Bank of New York Mellon Trust Company, N.A., and its successors in that capacity.

“*Series 2015[** __ **] Bond Reserve Fund Requirement*” means an amount equal to 50% of the Maximum Annual Debt Service Requirements on (i) all First Lien Bonds issued through the date of this Supplemental Ordinance, and (ii) all subsequent issues of First Lien Bonds for which the City elects that such First Lien Bonds will be Reserve Fund Participants in the shared First Lien Bond Reserve Fund established for all such First Lien Bonds in Supplemental Ordinance No. 2004-300; such amount which shall be accumulated as provided in Section 5.6 of the City’s Ordinance 2004-299. To date, the City has elected that all First Lien Bonds issued to date are Reserve Fund Participants in such shared First Lien Bond Reserve Fund, and all such Reserve Fund Participants together with the Series 2015[** __ **] Bonds, and all future First Lien Bonds for which such election is made are entitled to a parity claim on the funds deposited in the shared First Lien Bond Reserve Fund.

“*Series 2015[** __ **] Bonds*” means the Bonds issued hereunder and so designated by Article III.

ARTICLE III TERMS OF THE SERIES 2015[** __ **] BONDS

Section 3.1. Name, Amount, Purpose, Authorization. The Series 2015[** __ **] Bonds, to be known and designated as the “CITY OF HOUSTON, TEXAS, COMBINED UTILITY SYSTEM FIRST LIEN REVENUE BONDS, SERIES 2015[** __ **],” in the aggregate principal amount of [** _____ **], will be issued in fully registered form, without coupons. The Series 2015[** __ **] Bonds are being issued for the purpose of (a) financing certain improvements to the City’s drinking water supply system; (b) funding its respective portion of the Series 2015[** __ **] Bond Reserve Fund Requirement; and (c) paying the costs of issuance of the Series 2015[** __ **] Bonds, all under and pursuant to the authority of Chapters 1371 and 1502, Texas Government Code, as amended, and all other applicable law.

Section 3.2. Numbers, Date, and Denomination. The Bonds are numbered separately from R-1 upward, are dated December 1, 2015, and are in the denominations of \$5,000 or any integral multiple thereof. The initial Bonds to be delivered to the Attorney General may be issued as one bond for each stated maturity in the applicable principal amount and denomination and are to be numbered consecutively from T-1 and upward (hereinafter called the “*Initial Bond(s)*”)

Section 3.3. Interest Payment Dates, Interest Rates, and Maturities. The Series 2015[** __ **] Bonds will bear interest from their Issue Date, or the most recent Interest Payment Date to which interest has been paid or duly provided for, at the rates per annum set forth below, calculated on the basis of a 360-day year composed of twelve 30-day months and payable semiannually on May 15 and November 15 of each year, commencing May 15, 2016, until maturity or prior redemption.

[Remainder of This Page Intentionally Left Blank]

The Series 2015[** __ **] Bonds bear interest, mature and become payable on November 15 in the years and in the principal amounts set forth below, subject to prior redemption, as set forth in the FORM OF SERIES 2015[** __ **] BOND in *Exhibit A* hereof:

<u>Maturity Date</u> (November 15)	<u>Principal Amount</u>	<u>Interest Rate (%)</u>
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
2038		
2039		
2040		
2041		
2042		
2043		
2044		

Section 3.4. Redemption Prior to Maturity. The Series 2015[** __ **] Bonds are subject to redemption in the manner provided in the FORM OF BOND set forth in *Exhibit A*.

Section 3.5. Manner of Payment, Characteristics, Execution, and Authentication. The Paying Agent/Registrar is the paying agent for the Series 2015[** __ **] Bonds. The Series 2015[** __ **] Bonds are payable, have the characteristics, are signed and executed, and are authenticated, all as provided and in the manner indicated in the FORMS OF SERIES 2015[** __ **] BOND set forth in *Exhibit A* of this Supplemental Ordinance. The Series 2015[** __ **] Bonds are not required to be sealed except as required under Texas law, but may

be sealed with the seal of the City in original or facsimile. The Initial Bonds shall be in the form set forth in *Exhibit A*.

Section 3.6. The Depository Trust Company of New York.

(a) Notwithstanding any provision of this Supplemental Ordinance to the contrary, unless the City otherwise directs, all Series 2015[** __ **] Bonds issued hereunder will be registered in the name of Cede & Co., as nominee of DTC, as the Registered Owner of the Series 2015[** __ **] Bonds, and held in the custody of DTC. Unless otherwise requested by DTC, a single certificate will be issued and delivered to DTC for each maturity of the Series 2015[** __ **] Bonds. Beneficial owners of Series 2015[** __ **] Bonds will not receive physical delivery of Series 2015[** __ **] Bond certificates except as provided hereinafter as long as DTC continues to serve as securities depository for the Series 2015[** __ **] Bonds as provided herein, all transfers of beneficial ownership interests in the Series 2015[** __ **] Bonds will be made by book-entry only, and no investor or other party purchasing, selling, or otherwise transferring beneficial ownership interests in Series 2015[** __ **] Bonds is to receive, hold, or deliver any Series 2015[** __ **] Bond certificate; provided, that, if DTC fails or refuses to act as securities depository for the Series 2015[** __ **] Bonds, the City takes the actions necessary to provide for the issuance of Series 2015[** __ **] Bond certificates to the Registered Owners of such Series 2015[** __ **] Bonds.

With respect to Series 2015[** __ **] Bonds registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar have no responsibility or obligation to any DTC Participant or to any person on behalf of whom a DTC Participant holds an interest in the Series 2015[** __ **] Bonds. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Series 2015[** __ **] Bonds, (ii) the delivery to any DTC Participant or any other person, other than a Registered Owner, as shown on the Register, of any notice with respect to the Series 2015[** __ **] Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than a Registered Owner, as shown in the Register, of any amount with respect to the principal of, premium, if any, or interest on the Series 2015[** __ **] Bonds.

(b) If (i) DTC determines not to continue to act as securities depository for the Series 2015[** __ **] Bonds (which determination becomes effective no less than 90 days after written notice to such effect to the City and the Paying Agent/Registrar); (ii) the City or the Paying Agent/Registrar determines (which determination is conclusive as to DTC and the beneficial owners of the Series 2015[** __ **] Bonds) that DTC is incapable of discharging its responsibilities described herein; or (iii) the City or the Paying Agent/Registrar determines (which determination is conclusive as to DTC and the beneficial owners of the Series 2015[** __ **] Bonds) that it is in the best interests of the beneficial owners of the Series 2015[** __ **] Bonds not to continue DTC's book-entry only system of transfer for the Series 2015[** __ **] Bonds, then the City shall use its best efforts to appoint a successor securities depository, qualified to act as such under Section 17A of the Securities Exchange Act of 1934, as amended; provided, however, that neither the City nor the Paying Agent/Registrar appoints a successor securities depository for the Series 2015[** __ **] Bonds to replace DTC without the

approval of the Board so long as the Board is the beneficial owner of the Series 2015[** ___**] Bonds. In the event of such an appointment, the City shall notify DTC of the appointment of such successor securities depository and transfer one or more separate Series 2015[** ___**] Bonds to such successor securities depository or notify DTC Participants of the availability through DTC of Series 2015[** ___**] Bonds and transfer one or more separate Series 2015[** ___**] Bonds to DTC Participants having Series 2015[** ___**] Bonds credited to their DTC accounts. In such event, the Series 2015[** ___**] Bonds are no longer restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Registered Owners transferring or exchanging Series 2015[** ___**] Bonds designate, in accordance with the provisions of this Supplemental Ordinance.

If the City fails to appoint a successor securities depository for the Series 2015[** ___**] Bonds, the City shall cause to be authenticated and delivered replacement Series 2015[** ___**] Bonds, in certificated form, to the beneficial owners of the Series 2015[** ___**] Bonds.

(c) Notwithstanding any other provision of this Supplemental Ordinance to the contrary, as long as any Series 2015[** ___**] Bonds are registered in the name of Cede & Co., as nominee of DTC, (i) all payments with respect to the principal of, premium, if any, and interest on the Series 2015[** ___**] Bonds and all notices with respect to such Series 2015[** ___**] Bonds shall be made and given, respectively, in accordance with DTC's Operational Arrangements, as provided in the Blanket Letter of Representations between DTC and the City; (ii) the requirements of this Supplemental Ordinance of holding, delivering or transferring Series 2015[** ___**] Bonds shall be deemed modified to require the appropriate person or entity to meet the requirements of DTC; and (iii) delivery of the Series 2015[** ___**] Bonds will be in accordance with arrangements among the City, the Paying Agent/Registrar, and DTC.

(d) If at any time DTC ceases to hold the Series 2015[** ___**] Bonds in book-entry only form, all references herein to DTC have no further force or effect.

(e) The City covenants and agrees to not discontinue the use of book-entry only system for the Series 2015[** ___**] Bonds without the prior written approval of the Board.

ARTICLE IV

PLEDGE AND SOURCE OF PAYMENT FOR THE BONDS

Section 4.1. Pledge and Source of Payment. In the Master Ordinance, the City covenants and agrees that Gross Revenues (as defined in the Previous Ordinance), as collected and received by the City, must be applied first to provide for the payment of all Required Payments and then Gross Revenues must be deposited and paid into the special funds established by the Master Ordinance, to provide for the payment of all remaining Maintenance and Operation Expenses that are not paid as Required Payments. Under the Master Ordinance, Net Revenues are applied to provide for the payment of all principal of, interest on and any redemption premiums on the First Lien Bonds (including the Series 2015[** ___**] Bonds), any

parity Obligations under Qualified Hedge Agreements and Credit Agreements, and all expenses of paying same. Remaining Net Revenues thereafter are applied as set forth in the Master Ordinance. The First Lien Bonds, including the Series 2015[** __ **] Bonds, constitute special obligations of the City payable solely from and equally and ratably secured by a lien on the Net Revenues as collected and received by the City from the operation and ownership of the System, which Net Revenues must, in the manner provided by the Master Ordinance, be set aside for and pledged to the payment of the First Lien Bonds and parity Obligations in the First Lien Bond Interest and Sinking Fund and the First Lien Bond Reserve Fund as provided by the Master Ordinance, and the First Lien Bonds are, in all respects, on a parity with and of equal dignity with one another and are Reserve Fund Participants in the First Lien Bond Reserve Fund. The Owners of the First Lien Bonds never have the right to demand payment of either the principal of, interest on or any redemption premium on the First Lien Bonds out of any funds raised or to be raised by taxation.

ARTICLE V

CONCERNING THE PAYING AGENT/REGISTRAR

Section 5.1. Acceptance. The Bank of New York Mellon Trust Company, N.A. is appointed as the initial Paying Agent/Registrar for the Series 2015[** __ **] Bonds. The initial Paying Agent/Registrar and any successor Paying Agent/Registrar, by undertaking the performance of the duties of the Paying Agent/Registrar hereunder, and in consideration of the payment of fees and/or deposits of money pursuant to this Supplemental Ordinance, are deemed to accept and agree to abide by the terms of this Supplemental Ordinance.

Section 5.2. Fiduciary Account. All money transferred to the Paying Agent/Registrar under this Supplemental Ordinance (except sums representing Paying Agent/Registrar's fees) must be held in a fiduciary account for the benefit of the City, is the property of the City, and must be disbursed in accordance with this Supplemental Ordinance.

Section 5.3. Bonds Presented. Subject to the provisions of Section 5.4, all matured Series 2015[** __ **] Bonds presented to the Paying Agent/Registrar for payment will be paid without the necessity of further instructions from the City. The Paying Agent/Registrar will cancel such Series 2015[** __ **] Bonds as provided herein.

Section 5.4. Bonds Not Timely Presented. The Paying Agent/Registrar agrees to remit to the City, upon receipt of the certificate provided for herein, a sum equal to the aggregate face amount of all Series 2015[** __ **] Bonds which have not been presented for payment prior to the date specified in such certificate. Such certificate will:

- (a) Specify the Series 2015[** __ **] Bonds or portions thereof to which it applies and the amount of each;
- (b) Specify the date on which the City believes itself to be no longer obligated to pay such Series 2015[** __ **] Bonds or portions thereof by virtue of the expiration of the applicable statute of limitations under the laws of the State of Texas; and
- (c) Be signed by the Mayor and attested by the City Secretary.

Funds held by the Paying Agent/Registrar that represent principal of and interest on the Series 2015[** __ **] Bonds remaining unclaimed by any Registered Owner after the expiration of three years from the date such funds have become due and payable (a) will be reported and disposed of by the Paying Agent/Registrar in accordance with the provisions of Title 6 of the Texas Property Code, as amended, to the extent such provisions are applicable to such funds, or (b) to the extent such provisions do not apply to the funds, such funds must be paid by the Paying Agent/Registrar to the City upon receipt by the Paying Agent/Registrar of a written request therefor from the City.

The Paying Agent/Registrar has no liability to the Owners of Series 2015[** __ **] Bonds by virtue of actions taken in compliance with this Section.

Section 5.5. Paying Agent/Registrar May Own Bonds. The Paying Agent/Registrar in its individual or any other capacity, may become the owner or pledgee of Series 2015[** __ **] Bonds with the same rights it would have if it were not the Paying Agent/Registrar.

Section 5.6. Successor Paying Agents/Registrars. The City covenants that at all times while the Series 2015[** __ **] Bonds are Outstanding it will provide a legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar for the Series 2015[** __ **] Bonds. If the Paying Agent/Registrar or its successor for any reason no longer acts as Paying Agent/Registrar hereunder, the City covenants that it will appoint a bank in the same city as the Paying Agent/Registrar initially appointed to perform the duties of Paying Agent/Registrar hereunder. Any successor Paying Agent/Registrar must be either a national or state banking institution and a corporation organized and doing business under the laws of the United States of America or any state, which is authorized under such laws to exercise trust powers and is subject to supervision or examination by federal or state authority.

The City reserves the right to change the Paying Agent/Registrar for the Series 2015[** __ **] Bonds on not less than 60 days written notice to the Paying Agent/Registrar, as long as any such notice is effective not less than 60 days prior to the next succeeding principal or interest payment date on the Series 2015[** __ **] Bonds. Promptly upon the appointment of any successor Paying Agent/Registrar and the payment by the City of any fees due to be paid to the previous Paying Agent/Registrar, the previous Paying Agent/Registrar must deliver the Register or a copy thereof to the new Paying Agent/Registrar and the new Paying Agent/Registrar will notify each Registered Owner, by first-class mail, postage prepaid, of such change and of the address of the new Paying Agent/Registrar. Each Paying Agent/Registrar hereunder, by acting in that capacity, is deemed to have agreed to the provisions of this Supplemental Ordinance.

ARTICLE VI

PROVISIONS CONCERNING SALE AND APPLICATION OF PROCEEDS OF THE BONDS

Section 6.1. Sale of the Series 2015[** __ **] Bonds. The Commitment of the Board to purchase the Series 2015[** __ **] Bonds is accepted and the sale of the Series

2015[** __ **] Bonds to the Board, as the initial Purchaser of the Series 2015[** __ **] Bonds, for a price equal to 100% of the principal amount of the Series 2015[** __ **] Bonds, is authorized in accordance with the terms thereof. The City will pay any payments related to the Series 2015[** __ **] Bonds to the Board by wire transfer at no charge. It is found and declared that the above price and terms of sale of the Series 2015[** __ **] Bonds are the most advantageous reasonably obtainable by the City.

Section 6.2. Approval, Registration, and Delivery. The Mayor and the City Controller are authorized to have control and custody of the Series 2015[** __ **] Bonds and all necessary records and proceedings pertaining thereto pending their delivery, and the Mayor, the City Controller, and the City Secretary and other officers and employees of the City are authorized, directed and instructed to make such certifications and to execute such instruments (including by facsimile signature) as may be necessary to accomplish the delivery of the Series 2015[** __ **] Bonds and to assure the investigation, examination, and approval thereof by the Attorney General of Texas and the registration of the initial Series 2015[** __ **] Bonds by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Series 2015[** __ **] Bonds, the Comptroller of Public Accounts of the State of Texas (or a deputy designated in writing to act for the Comptroller) is requested to sign manually the registration certificate prescribed herein to be attached or affixed to each Series 2015[** __ **] Bond initially delivered and to impresser print the seal of the Comptroller of Public Accounts of the State of Texas thereon. Delivery of the Series 2015[** __ **] Bonds is subject to the unqualified approving opinions as to the legality of the Series 2015[** __ **] Bonds of the Attorney General of Texas and of Fulbright & Jaworski LLP, a member of Norton Rose Fulbright, Houston, Texas, and Burney & Foreman, Houston, Texas as Co-Bond Counsel.

Section 6.3. Application of Proceeds of the Series 2015[** __ **] Bonds.

Proceeds from the sale of the Series 2015[** __ **] Bonds, promptly upon receipt by the city, will be applied as follows:

- (a) Proceeds of the Series 2015[** __ **] Bonds will be applied to fund the Bond Reserve Fund Requirement for the Series 2015[** __ **] Bonds in the amount of \$[** _____ **]; and
- (b) The remaining proceeds of the Series 2015[** __ **] Bonds will be deposited into the Project Accounts described in Section 8.1 hereof.

Section 6.4. Covenants to Maintain Tax Exempt Status.

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

“Code” means the Internal Revenue Code of 1986, as amended by all legislation, if any, enacted on or before the Issue Date.

“Computation Date” has the meaning stated in section 1.148-1(b) of the Regulations.

“Gross Proceeds” has the meaning stated in section 1.148-1(b) of the Regulations.

“Investment” has the meaning stated in section 1.148-1(b) of the Regulations.

“Issue Date” is the date on which the Series 2015[** ___ **] Bonds are first delivered against payment therefor.

“Nonpurpose Investment” has the meaning stated in section 1.148-1(b) of the Regulations.

“Proceeds” has the meaning stated in section 1.148-1(b) of the Regulations.

“Rebate Amount” has the meaning stated in section 1.148-3 of the Regulations.

“Regulations” means the temporary or final Income Tax Regulations applicable to the Series 2015[** ___ **] Bonds issued pursuant to sections 141 through 150 of the Code. Any reference to a section of the Regulations shall also refer to any successor provision to such section hereafter promulgated by the Internal Revenue Service pursuant to sections 141 through 150 of the Code and applicable to the Series 2015[** ___ **] Bonds.

“Yield of”

(1) any Investment shall be computed in accordance with section 1.148-5 of the Regulations, and

(2) the Series 2015[** ___ **] Bonds shall be computed in accordance with section 1.148-4 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The City shall not use, permit the use of or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which, if made or omitted, respectively, or take any other action which would cause the interest on any Series 2015[** ___ **] Bond to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the City shall have received a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Series 2015[** ___ **] Bond, the City shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by section 141 of the Code and the regulations and rulings thereunder, the City shall, at all times prior to the last stated maturity of the Series 2015[** ___ **] Bonds,

(1) exclusively own, operate, and possess all property the acquisition, construction, or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Series 2015[** ___ **] Bonds and not use or permit

the use of such Gross Proceeds or any property acquired, constructed, or improved with such Gross Proceeds in any activity carried on by any person or entity other than a state or local government, unless such use is solely as a member of the general public, or in a manner that would otherwise cause the Bonds to be “Private Activity Bonds” within the meaning of section 141 of the Code or the regulations promulgated thereunder, or

(2) not directly or indirectly impose or accept any charge or other payment for use of Gross Proceeds of the Series 2015[**__**] Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds other than taxes of general application and interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan. Except to the extent permitted by section 141 of the Code and the regulations and rulings thereunder, the City shall not use Gross Proceeds of the Series 2015[**__**] Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, Gross Proceeds are considered to be “loaned” to a person or entity if (1) property acquired, constructed or improved with Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes, (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output, or similar contract or arrangement, or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or such property are otherwise transferred in a transaction which is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except to the extent permitted by section 148 of the Code and the regulations and rulings thereunder, the City shall not, at any time prior to the earlier of the final stated maturity or final payment of the Series 2015[**__**] Bonds, directly or indirectly invest Gross Proceeds of such Series 2015[**__**] Bonds in any Investment (or use such Gross Proceeds to replace money so invested), if as a result of such investment the Yield of all Investments allocated to such Gross Proceeds whether then held or previously disposed of, exceeds the Yield on the Series 2015[**__**] Bonds. No portion of the proceeds of the loan will be used, directly or indirectly, in a manner that would cause the Series 2015[**__**] Bonds to be “arbitrage bonds” within the meaning of a section 148(a) of the Code and Regulations, including to acquire or to replace funds which were used, directly or indirectly, to acquire Nonpurpose Investments (as defined in the Code and Regulations) which produce a yield materially higher than the yield on any Board bonds that are issued to provide finance for the loan (the “*Source Series Bonds*”), other than Nonpurpose Investments acquired with: (i) proceeds of the Source Series Bonds invested for a reasonable temporary period of up to three years after the issue date of the Source Series Bonds until such proceeds are needed for the facilities to be financed; (ii) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Regulations; and (iii) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed the least of maximum annual debt service on the Series 2015[**__**] Bonds, 125% of average annual debt service on the Series 2015[**__**] Bonds, or 10% of the stated principal amount (or, in the case of a discount, the issue price) of the Series 2015[**__**] Bonds.

(f) Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the regulations and rulings thereunder, the City shall not take or omit to take any action which would cause the Series 2015[** __ **] Bonds to be federally guaranteed within the meaning of section 149(b) of the Code and the regulations and rulings thereunder.

(g) Information Report. The City shall timely file with the Secretary of the Treasury the information required by section 149(e) of the Code with respect to the Series 2015[** __ **] Bonds on such forms and in such place as such Secretary of the Treasury may prescribe.

(h) Payment of Rebate Amount. Except to the extent otherwise provided in section 148(f) of the Code and the regulations and rulings thereunder, the City shall:

(1) account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of such accounting for at least six years after the final Computation Date. The City may, however, to the extent permitted by law, commingle Gross Proceeds of the Series 2015[** __ **] Bonds with other money of the City, provided that the City separately accounts for each receipt and expenditure of such Gross Proceeds and the obligations acquired therewith,

(2) calculate the Rebate Amount with respect to the Series 2015[** __ **] Bonds, not less frequently than each Computation Date, in accordance with rules set forth in section 148(f) of the Code, section 1.148-3 of the Regulations, and the rulings thereunder. The City shall maintain a copy of such calculations for at least six years after the final Computation Date,

(3) as additional consideration for the purchase of the Series 2015[** __ **] Bonds by the initial purchaser thereof and the loan of the money represented thereby, and in order to induce such purchase by measures designed to ensure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, pay to the United States the amount described in paragraph (2) above at the times, in the installments, to the place, in the manner and accompanied by such forms or other information as is or may be required by section 148(f) of the Code and the regulations and rulings thereunder, and

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

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the regulations and rulings thereunder, the City shall not, at any time prior to the earlier of the final stated maturity or final payment of the Series 2015[** __ **] Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to

Subsection (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Series 2015[** __ **] Bonds not been relevant to either party.

(j) Elections. The City hereby directs and authorizes the City Controller, or his representative, or either or any combination of them, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Series 2015[** __ **] Bonds, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

(k) The Board's Source Series Bonds. The City shall not acquire any of the Source Series Bonds that are issued to provide financing for the Board's purchase of the Series 2015[** __ **] Bonds.

Section 6.5. Paying Agent/Registrar Agreement. The registration of and payment of the principal of, premium, if any, and interest on the Series 2015[** __ **] Bonds when due will be effectuated pursuant to the terms of a Paying Agent/Registrar Agreement to be entered into by and between the City and the Paying Agent/Registrar, which will be substantially in the form attached hereto as **Exhibit B**, the terms and provisions of which are approved, and the Mayor and the City Controller are authorized to execute and deliver such Paying Agent/Registrar Agreement on behalf of the City in multiple counterparts and the City Secretary is authorized to attest thereto and may affix the City's seal.

Section 6.6. Professional Services. Co-Bond Counsel services, in connection with the issuance of the Series 2015[** __ **] Bonds and other matters pertaining thereto, are provided pursuant to the terms of a Co-Bond Counsel Letter Agreement to be entered into by and between the City and Fulbright & Jaworski LLP, a member of Norton Rose Fulbright, Houston, Texas, and Burney & Foreman, Houston, Texas, which will be substantially in the form attached hereto as **Exhibit C**, the terms and provisions of which are approved. The Mayor and the City Controller are hereby authorized to execute and deliver such Co-Bond Counsel Letter Agreement on behalf of the City in multiple counterparts and the City Secretary is hereby authorized to attest thereto and may affix the City's seal. As provided in the closing memorandum for the Series 2015[** __ **] Bonds, the Deputy Director of the Combined Utility System, or her designee, is hereby authorized to pay any miscellaneous costs of the transaction contemplated hereby from any authorized funds of the System provided such costs do not exceed \$25,000.

Section 6.7. Related Matters. In order that the City may satisfy in a timely manner all of its obligations under the Ordinance, the Mayor, the City Secretary, and the City Controller of the City and all other appropriate officers and agents of the City are authorized and directed to take all other actions that are reasonably necessary to provide for issuance and delivery of the Series 2015[** __ **] Bonds, including without limitation, executing by manual or facsimile signature and delivering on behalf of the City all certificates, consents, receipts, requests, notices, investment agreements, trust agreements, and other documents as may be reasonably necessary to satisfy the City's obligations under the Ordinance, and paying costs incurred in connection with the issuance of the Series 2015[** __ **] Bonds, to direct the transfer and application of funds of the City consistent with this Supplemental Ordinance, and issue a Private Placement Memorandum in the form attached hereto as **Exhibit D**. If requested by the Attorney General of

Texas or his representatives, the City Attorney or his designee may authorize such ministerial changes in the written text of this Supplemental Ordinance as are necessary to obtain the Attorney General's approval and as he determines are consistent with the intent and purposes of this Supplemental Ordinance, which determination is final, as evidenced by delivery of the final Supplemental Ordinance to the Attorney General.

ARTICLE VII

CONTINUING DISCLOSURE UNDERTAKING

Section 7.1. Annual Reports. The City agrees to provide annually to the MSRB, within six months after the end of each fiscal year ending in or after 2015, financial information and operating data with respect to the City of the general type included in the City's Audited Financial Statements and Supplementary Schedules for the City's Combined Utility System Fund. Any financial statements so to be provided will be (1) prepared in accordance with generally accepted accounting principles currently in effect for governmental units as prescribed by the Government Accounting Standards Board, which principles are subject to change from time to time to comply with state law or regulation and (2) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If audited financial statements are not so provided, then the City will provide audited financial statements for the applicable fiscal year to the MSRB, when and if audited financial statements become available but if such audited financial statements are unavailable the City will provide such financial statements on an unaudited basis within the above-described six-month period.

If the City changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document that is available from the MSRB or filed with the SEC, or may be provided in any other manner consistent with the Rule.

Section 7.2. Material Event Notices. The City will notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the events with respect to the Series 2015[** ___**] Bonds, notice of any of the following events with respect to the Series 2015[** ___**] Bonds:

- A. Principal and interest payment delinquencies;
- B. Non-payment related defaults, if material;
- C. Unscheduled draws on debt service reserves reflecting financial difficulties;
- D. Unscheduled draws on credit enhancements reflecting financial difficulties;
- E. Substitution of credit or liquidity providers, or their failure to perform;
- F. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the

Series 2015[** __ **] Bonds or other material events affecting the tax status of the Series 2015[** __ **] Bonds;

G. Modifications to rights of holders of the Series 2015[** __ **] Bonds, if material;

H. Series 2015[** __ **] Bond calls, if material, and tender offers;

I. Defeasances;

J. Release, substitution, or sale of property securing repayment of the Series 2015[** __ **] Bonds, if material;

K. Rating changes;

L. Bankruptcy, insolvency, receivership or similar event of the City;

M. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

N. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The City will notify the MSRB in an electronic form prescribed by the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with Section 7.1 of this Supplemental Ordinance by the time required by such Section.

Section 7.3. Limitations, Disclaimers, and Amendments. The City will be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the City remains an “obligated person” with respect to the Series 2015[** __ **] Bonds within the meaning of the Rule, except that the City in any event will give the notice required by Section 7.2 of any Series 2015[** __ **] Bond calls and defeasance that cause the City to be no longer such an “obligated person.”

The provisions of this Article are for the sole benefit of the Owners and beneficial owners of the Series 2015[** __ **] Bonds, and nothing in this Article, express or implied, give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Article and does not undertake to provide any other information that may be relevant or material to a complete presentation of the City’s financial results, condition, or prospects or undertake to update any information provided in accordance with this Article or otherwise, except as expressly provided herein. The City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Series 2015[** __ **] Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY SERIES 2015[** __ **] BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS ARTICLE, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR *MANDAMUS* OR SPECIFIC PERFORMANCE.

No default by the City in observing or performing its obligations under this Article will ever constitute a breach of or default under this Supplemental Ordinance for purposes of any other provision of this Supplemental Ordinance.

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

The provisions of this Article may be amended by the City 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 City, but only if (1) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell Series 2015[** __ **] Bonds in a primary offering of the Series 2015[** __ **] Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Supplemental Ordinance that authorizes such an amendment) of the Outstanding Series 2015[** __ **] Bonds consent to such amendment or (b) a person or entity that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Owners and beneficial owners of the Series 2015[** __ **] Bonds. If the City so amends the provisions of this Article, it shall include with any amended financial information or operating data next provided in accordance with Section 7.1 an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided. The City may also amend or repeal the provisions of this Article 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, and the City also may amend the provisions of this Article in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Series 2015[** __ **] Bonds in a primary offering of the Series 2015[** __ **] Bonds.

Section 7.4. Definitions.

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

“*MSRB*” means the Municipal Securities Rulemaking Board. Until such time as the SEC or the MSRB shall determine otherwise, information to be filed with the MSRB pursuant to the Rule will be submitted through the Electronic Municipal Market Access system (“*EMMA*”)

maintained by the MSRB and will be accessible at <http://www.emma.msrb.org> or other such access location as designated by the SEC or the MSRB.

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

“*SEC*” means the United States Securities and Exchange Commission.

ARTICLE VIII

PROJECT FUND.

Section 8.1. Project Fund. The creation of the special fund of the City, known as the Series 2015[** ___ **] Combined Utility System Bond Project Fund (the “*Project Fund*”), is confirmed as the construction fund for the Series 2015[** ___ **] Bonds. The Project Fund, which may include sub-accounts, will be maintained as a separate account on the books of the City and known as the “Series 2015[** ___ **] Project Account.” The City will deposit the proceeds of the sale of the Series 2015[** ___ **] Bonds to the credit of the Project Fund and disburse the money held for the credit of the Project Fund for authorized System purposes and to pay the costs of issuing the Series 2015[** ___ **] Bonds. If required by the Board, the City may enter into one or more agreements, including an Agreement for Benefit of Texas Water Development Board Relating to the Establishment of a Segregated Account, between the City and the Board, with respect to the disposition of the proceeds of the Series 2015[** ___ **] Bonds, and the Mayor and the City Controller are authorized to execute and deliver such agreements.

The proceeds from the sale of the Series 2015[** ___ **] Bonds to the Board represent a loan by the Board to the City from the Clean Water State Revolving Fund. Upon completion of a project for the Series 2015[** ___ **] Bonds (“*Project*”), the City will provide the Executive Administrator of the Board with a Final Accounting of the total costs of each such Project and “as built plans” for each Project. The City may use any loan proceeds from the Series 2015[** ___ **] Bonds that are determined to be surplus proceeds remaining after completion of the project for the following purposes as approved by the Executive Administrator: (1) to redeem, in inverse annual order, Series 2015[** ___ **] Bonds owned by the Board; (2) to deposit into the Interest and Sinking Fund or other debt service account for the payment of interest or principal on the Series 2015[** ___ **] Bonds owned by the Board; or (3) eligible project costs as authorized by the Executive Administrator.

Section 8.2. Investment of Money in the Project Fund. Money on deposit in the Project Fund may, at the option of the City, be invested as permitted under the Texas Public Funds Investment Act, as amended; and collateralized as required under the Texas Public Funds Collateral Act, provided that all such deposits and investments must be made in such manner (which may include repurchase agreements for such investments with any national bank) that the money required to be expended from the Project Fund will be available at the proper time or times. All investments will be valued in terms of current market value no less frequently than the last business day of the City’s Fiscal Year System, except that any direct obligations of the United States of America, State and Local Government Series, will be continuously valued at their par value or principal face amount. Any obligation in which money is so invested must be

kept and held in an official depository of the City, except as hereinafter provided. For purposes of maximizing investment returns, money in the Project Fund may be invested, together with money in the funds maintained pursuant to Article V of the Master Ordinance or with other money of the City, in common investments of the kind described above, or in a common pool of such investments which is kept and held at an official depository of the City, which is deemed not to be or constitute a commingling of such money or funds, provided that records clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by the Project Fund is held by or on behalf of the Project Fund.

All interest and income derived from such deposits and investments must be deposited in the Project Account, applied to the purposes permitted by Section 6.3 or other qualified System purposes, and does not constitute Gross Revenues of the System, except that, to the extent required by law, such interest and income may be applied to make payments to the United States as shall be required to assure that interest on the Series 2015[** __ **] Bonds is excludable from gross income for federal income tax purposes as described in Section 6.4(h) of this Supplemental Ordinance. Additionally, payments to the Board for any excess funds or disallowed costs may be made from such interest and income in the Project Fund.

ARTICLE IX

MISCELLANEOUS

Section 9.1. Further Proceedings. The Mayor of the City, the City Controller of the City and the City Secretary of the City and other appropriate officials of the City are authorized and directed to do any and all things necessary and/or convenient to carry out the terms of this Supplemental Ordinance.

Section 9.2. Compliance with Board Rules and Regulations. The City covenants and agrees that while the Series 2015[** __ **] Bonds are outstanding:

- (1) to comply with any special conditions specified by the Board in any project environmental determination;
- (2) to implement the water conservation plan approved by the Board;
- (3) to abide by the rules and regulations of the Board and applicable statutes and laws of the State of Texas;
- (4) to pay to the Board a 1.85% origination charge calculated pursuant to Board rules;
- (5) to provide written notice to the Board of the establishment of an escrow or trust agreement to defease Series 2015[** __ **] Bonds pursuant to Section 7.11 of the Master Ordinance;
- (6) to provide insurance coverage in an amount sufficient to protect the Board's interest in the Project;

(7) to not use any loan proceeds when sampling, testing, removing or disposing of contaminated soils and/or media at the Project site;

(8) to the extent permitted by Texas law, to indemnify, hold harmless and protect the Board from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the City, its contractors, consultants, agents, officials and employees as a result of activities relating to the Project;

(9) all laborers and mechanics employed by contractors and subcontractors for projects shall be paid wages at rates not less than those prevailing on projects of a similar character in the locality in accordance with the Davis-Bacon Act, and the U.S. Department of Labor's implementing regulations. The City, all contractors, and all subcontractors shall ensure that all project contracts mandate compliance with the Davis-Bacon Act. All contracts and subcontracts for the construction of the project carried out in whole or in part with financial assistance made available as provided herein shall insert in full in any contract in excess of \$2,000 the contracts clauses as provided by the Board;

(10) to deposit uninvested proceeds of the Series 2015[** ___ **] Bonds in accordance with the Public Funds Collateral Act, Chapter 2257, Texas Government Code;

(11) to submit an audit, prepared by a certified public accountant in accordance with generally accepted auditing standards in accordance with Section 375(b)(2)(N), Texas Administrative Code;

(12) to submit a final accounting at the final release of retainage in accordance with Section 375(b)(2)(O), Texas Administrative Code;

(13) to maintain current, accurate and complete records and accounts in accordance with generally accepted accounting standards pursuant to Section 375.91(b)(2)(M), Texas Administrative Code;

(14) to provide the Board with all information required to be reported in accordance with the Federal Funding Accountability and Transparency Act of 2006, Pub. L. 109-282. The City shall obtain a Data Universal Numbering System Number and shall register with Central Contractor Registration and maintain current registration at all times during which the Series 2015[** ___ **] Bonds are outstanding;

(15) to use the proceeds of the Series 2015[** ___ **] Bonds in a timely and expeditious manner, as required by federal statute and EPA regulations and the City shall adhere to an Executive Administrator-approved project schedule, which shall not be altered except for good cause and only with the written approval of the Executive Administrator;

(16) to submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with the Board's outlay report guidelines; and

(17) to comply with the standard emergency discovery conditions for threatened and endangered species and cultural resources, as more fully specified in the final environmental finding of the Executive Administrator of the Board.

Section 9.3. Severability. If any Section, paragraph, clause, or provision of this Supplemental Ordinance is for any reason held to be invalid or unenforceable, the invalidity or unenforceability of such Section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Supplemental Ordinance.

Section 9.4. Open Meeting. It is found, determined, and declared that a sufficient written notice of the date, hour, place, and subject of the meeting of the City Council at which this Supplemental Ordinance was adopted was posted at a place convenient and readily accessible at all times to the general public at the City Hall of the City for the time required by law preceding this meeting, as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended, and that this meeting has been open to the public as required by law at all times during which this Supplemental Ordinance and the subject matter thereof has been discussed, considered and formally acted upon. The City Council further ratifies, approves, and confirms such written notice and the contents and posting thereof.

Section 9.5. Declaration of Emergency and of Public Security Authorization. It is officially found and determined that a case of emergency and urgent public necessity exists which requires the holding of the meeting at which this Supplemental Ordinance is passed and further requires that this Supplemental Ordinance be passed finally and take effect immediately on the date of its introduction, such emergency and urgent public necessity being that the proceeds from the sale of the Series 2015[**__**] Bonds are required as soon as possible and without delay for the purposes set forth herein. It is further officially found and determined that this Supplemental Ordinance is a public security authorization, and therefore this Supplemental Ordinance is effective immediately upon approval by the City Council pursuant to Section 1201.028 of the Texas Government Code, as amended.

Section 9.6. Authority to Modify Attachments. When used herein with respect to agreements and other documents that are attached as exhibits hereto, the phrase “substantially in the form of” authorizes the execution of an agreement or document that is not materially inconsistent with the purpose, intent and general substantive parameters of the agreement or other document as attached. The determination by an officer or employee of the City acting under authority delegated thereto by this Supplemental Ordinance or the Master Ordinance to execute any such agreement or other document in substantially the form attached to this Supplemental Ordinance has the same force and effect as a determination made by the City Council.

Section 9.7. Repealer. All ordinances, or parts thereof inconsistent herewith are repealed to the extent of such inconsistency.

Section 9.8. Remedies. The Board may exercise all remedies available to it in law or equity, and any provision of the Ordinance that restricts or limits the Board’s full exercise of these remedies shall be of no force and effect.

PASSED AND APPROVED THIS _____ day of _____, 2015.

Mayor

Approved as to Form:

Senior Assistant City Attorney
(Requested by Dale A. Rudick, P. E.)
Director of Department of
Public Works and Engineering)
(L.D. File No. 0341400306001)

EXHIBITS:

- Exhibit A Form of Series 2015[** ____ **] Bond
- Exhibit B Paying Agent/Registrar Agreement
- Exhibit C Combined Utility System Co-Bond Counsel Letter Agreement
- Exhibit D Private Placement Memorandum

EXHIBIT A

FORM OF SERIES 2015[** __ **] BOND

The Series 2015[** __ **] Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be permitted or required pursuant to the terms of this Supplemental Ordinance.

FORM OF SERIES 2015[** __ **] BOND

UNITED STATES OF AMERICA
STATE OF TEXAS

CITY OF HOUSTON, TEXAS,
COMBINED UTILITY SYSTEM
FIRST LIEN
REVENUE BOND
SERIES 2015[** __ **]

NUMBER	DENOMINATION
R- _____	\$ _____
REGISTERED	REGISTERED

<u>INTEREST RATE:</u>	<u>BOND DATE:</u>	<u>ISSUE DATE:</u>	<u>MATURITY DATE:</u>	<u>CUSIP NO.:</u>
_____ %	December 1, 2015	[** _____ **]	_____	

Registered Owner: Cede & Co.

Principal Amount: _____ DOLLARS

The CITY OF HOUSTON, TEXAS, a municipal corporation duly incorporated under the laws of the State of Texas (herein the “City”), for value received, promises to pay, to the Registered Owner identified above or registered assigns, solely from certain pledged revenues and funds as hereinafter specified and from no other source, on the Maturity Date specified above, upon presentation and surrender of this at the principal corporate trust office of the “Paying Agent/Registrar,” initially The Bank of New York Mellon Trust Company, N.A. in any coin or currency of the United States of America which on the date of payment of such principal is legal tender for the payment of debts due the United States of America, the Principal Amount identified above (or so much as shall not have been paid upon prior redemption), and to pay, solely from such pledged revenues and funds, interest thereon at the Interest Rate shown above, calculated on the basis of a 360-day year composed of twelve 30-day months, from the later of the Issue Date identified above or the most recent interest payment date to which interest has been paid or duly provided for. Interest on this bond is payable on each May 15 and November 15 beginning May 15, 2016, until the maturity or redemption date of this bond or until the City’s obligation with respect to this bond has been satisfied. Interest on this bond shall be payable by check mailed by the Paying Agent/Registrar to the Registered Owner of record as of the 1st day of the month of the interest payment date as shown on the books of registration kept by the Paying Agent/Registrar.

THIS BOND IS ONE OF A DULY AUTHORIZED SERIES OF BONDS (herein the “Series 2015[** __ **] Bonds”) in the aggregate principal amount of [** _____ **] issued pursuant to a master ordinance and a supplemental ordinance adopted by the City Council of the City (herein the “Ordinance”) to (a) finance certain improvements to the City’s drinking water supply system, (b) fund its respective portion of the Series 2015[** __ **] Bond Reserve Fund

Requirement and (c) pay the costs of issuing the Series 2015[** ____**] Bonds all under and pursuant to the authority of Chapters 1371 and 1502, Texas Government Code, as amended, and all other applicable law.

THIS BOND AND ALL OF THE SERIES 2015[** ____**] BONDS are special obligations of the City that are equally and ratably payable from and secured by a lien on the "Net Revenues" collected and received by the City after certain required payments with respect to water and sewer system bonds issued and to be issued by the City and payment of all maintenance and operation expenses of the combined utility system from the operation and ownership of the City's combined utility system as defined and provided in the Ordinance, which Net Revenues are required to be set aside for and pledged to the payment of the City's outstanding combined utility system revenue bonds, including the Series 2015[** ____**] Bonds and all additional bonds issued on a parity therewith, in the interest and sinking fund and the reserve fund required to be maintained for the payment of all such bonds, all as more fully described and provided for in the Ordinance. This bond and the series of which it is a part, together with the interest thereon, are payable solely from such Net Revenues and do not constitute an indebtedness or general obligation of the City.

THE CITY SHALL HAVE THE OPTION OF CALLING THE SERIES 2015[** ____**] BONDS FOR REDEMPTION PRIOR TO MATURITY on November 15, 2025, or any date thereafter, in whole or in part in inverse order of maturity (but if less than all the Series 2015[** ____**] Bonds of a single maturity are called for redemption, those bonds called shall be selected by lot or other customary random method by the Paying Agent/Registrar), at a redemption price of par plus accrued interest to the date fixed for redemption.

SERIES 2015[** ____**] BONDS MAY BE REDEEMED IN PART only in integral multiples of \$5,000 of principal amount or maturity amount, as applicable. If a Series 2015[** ____**] Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Series 2015[** ____**] Bond may be redeemed, but only in integral multiples of \$5,000. In selecting portions of Series 2015[** ____**] Bonds for redemption, the Paying Agent/Registrar shall treat each Series 2015[** ____**] Bond as representing that number of Series 2015[** ____**] Bonds of \$5,000 denomination which is obtained by dividing the principal amount (or maturity amount) of such Series 2015[** ____**] Bond by \$5,000. Upon surrender of any Series 2015[** ____**] Bond for redemption in part, the Paying Agent/Registrar, in accordance with the provisions of the Ordinance, shall authenticate and deliver in exchange therefore a Series 2015[** ____**] Bond or Series 2015[** ____**] Bonds of like maturity and interest rate in an aggregate principal amount (or maturity amount) equal to the unredeemed portion of the Series 2015[** ____**] Bond so surrendered.

NOTICE OF ANY SUCH OPTIONAL REDEMPTION identifying the Series 2015[** ____**] Bonds to be redeemed shall be sent by first-class mail, postage prepaid, to the Registered Owners thereof at their addresses as shown on the books of registration kept by the Paying Agent/Registrar not less than 30 days before the date fixed for such redemption. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the redemption price of the Series 2015[** ____**] Bonds called for redemption. If such notice of redemption is given, and if due provision for such payment is made, all as provided above, the Series 2015[** ____**] Bonds which are to be so redeemed thereby

automatically shall be redeemed prior to their scheduled maturities, they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the purpose of being paid by the Paying Agent/Registrar with the funds so provided for such payment.

THE CITY HAS RESERVED THE RIGHT TO ISSUE ADDITIONAL COMBINED UTILITY SYSTEM REVENUE BONDS, subject to the restrictions contained in the Ordinance, which bonds may be secured by a lien prior and superior to, on a parity with, or subordinate and inferior to, the lien on the Net Revenues securing this bond and the series of which it is a part.

THIS BOND IS TRANSFERABLE only upon presentation and surrender at the principal corporate trust office of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his authorized representative, subject to the terms and conditions of the Ordinance.

THIS BOND IS EXCHANGEABLE upon presentation and surrender at the principal corporate trust office of the Paying Agent/Registrar for Series 2015[** __ **] Bonds in the principal amount (or maturity amount) of \$5,000 or any integral multiple thereof, subject to the terms and conditions of the Ordinance.

THE PAYING AGENT/REGISTRAR IS NOT REQUIRED TO ACCEPT for transfer or exchange any Series 2015[** __ **] Bond called for redemption during the 15 days prior to mailing of any notice of redemption; provided, however, that such limitation shall not apply to the transfer or exchange by the registered owner of a Series 2015[** __ **] Bond called for redemption in part.

THE REGISTERED OWNER HEREOF shall never have the right to demand payment out of any funds raised or to be raised by taxation.

REFERENCE IS MADE TO THE ORDINANCE, a copy of which is on file in the office of the Paying Agent/Registrar, and to all of the provisions of which the Registered Owner of this bond by the acceptance hereof assents, for definitions of terms; the description of and the nature and extent of the security for the Series 2015[** __ **] Bonds; the priority for the application and use of the income and revenues of the System; the Net Revenues pledged to the payment of the principal of and interest on the Series 2015[** __ **] Bonds; the nature and extent and manner of enforcement of the lien and pledge securing the payment of the Series 2015[** __ **] Bonds; the terms and conditions for the issuance of additional revenue obligations, including additional First Lien Bonds; the terms and conditions for amending the Ordinance; the terms and conditions relating to the transfer or exchange of this bond; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which the liens, pledges, charges and covenants made therein may be discharged at or prior to the maturity of this bond, and deemed to be no longer Outstanding thereunder; and for the other terms and provisions thereof. Capitalized terms used herein, unless otherwise defined, have the same meanings assigned in the Ordinance.

IT IS DECLARED AND REPRESENTED that this bond has been duly and validly issued and delivered; that all acts, conditions, and things required or proper to be performed,

exist, and be done precedent to or in the issuance and delivery of this bond have been performed, existed, and been done in accordance with law; that the Series 2015[** ___**] Bonds do not exceed any statutory limitation; and that provision has been made for the payment of the principal of and interest on this bond and all of the Series 2015[** ___**] Bonds by the aforesaid lien on and pledge of the Net Revenues.

THIS BOND shall not be valid or obligatory for any purpose or be entitled to any benefit under the Ordinance unless this bond either (i) is registered by the Comptroller of Public Accounts of the State of Texas or (ii) is authenticated by the Paying Agent/Registrar by due execution of the authentication certificate manually endorsed hereon. Such duly executed certificate of authentication shall be conclusive evidence that this bond was delivered by the Paying Agent/Registrar under the provisions of the Ordinance.

IN WITNESS WHEREOF, the City has in the Ordinance directed this bond to be signed by the Mayor and the City Controller and countersigned by the City Secretary by their printed facsimile signatures.

Mayor

City Controller

City Secretary

[FORM OF COMPTROLLER'S REGISTRATION CERTIFICATE]

The following form of Comptroller's Registration Certificate shall be attached or affixed to each of the Series 2015[** ____ **] Bonds initially delivered.

THE STATE OF TEXAS

REGISTER NO. _____

OFFICE OF THE COMPTROLLER
OF PUBLIC ACCOUNTS

I certify that there is on file and of record in my office a certificate of the Attorney General of the State of Texas to the effect that this bond and the proceedings for the issuance hereof have been examined by him as required by law, that he finds that it has been issued in conformity with the Constitution and laws of the State of Texas and that it is a valid and binding special obligation of the City of Houston, Texas, payable from the revenues and other funds pledged to its payment by and in the proceedings authorizing the same, and I do further certify that this bond has this day been registered by me.

WITNESS MY SIGNATURE AND SEAL OF OFFICE this _____.

Comptroller of Public Accounts
of the State of Texas

[SEAL]

[FORM OF AUTHENTICATION CERTIFICATE]

The following form of Authentication Certificate shall appear on each of the definitive Series 2015[** ____ **] Bonds.

AUTHENTICATION CERTIFICATE

Registration Date: _____

This bond is one of the bonds described in and delivered pursuant to the within-mentioned Ordinance; and, except for the bonds initially delivered, this bond has been issued in conversion of and exchange for or replacement of a bond, bonds or a portion of a bond or bonds of an issue which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.
Houston, Texas,
as Paying Agent/Registrar

By _____
Authorized Signature

[FORM OF ASSIGNMENT]

The following form of assignment shall appear on each of the Series 2015[** __ **]
Bonds.

ASSIGNMENT

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

(SOCIAL SECURITY OR
OTHER IDENTIFYING NUMBER)

(Print or type name, address, and zip code of transferee)

the within bond and hereby irrevocably constitutes and appoints _____

attorney to transfer said bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED: _____

Signature Guaranteed:

Registered Owner

NOTICE: The signature must be guaranteed by a commercial bank or a member firm of a national securities exchange. Notarized or witnessed signatures are not acceptable.

NOTICE: The signature on this assignment must correspond with the name of the Registered Owner as it appears on the face of the within bond in every particular, without alteration or enlargement or any change whatever.

EXHIBIT B
PAYING AGENT/REGISTRAR AGREEMENT

EXHIBIT C

COMBINED UTILITY SYSTEM
CO-BOND COUNSEL LETTER AGREEMENT

(see attachment)

EXHIBIT D

PRIVATE PLACEMENT MEMORANDUM

(see attachment)

PRIVATE PLACEMENT MEMORANDUM DATED [** _____ **]

NEW ISSUES BOOK-ENTRY-ONLY

On the date of initial delivery of the Bonds (defined below), Issuer Co-Bond Counsel will render their opinion substantially in the form attached in APPENDIX C - FORM OF OPINION OF CO-BOND COUNSEL.

[** _____ **]
CITY OF HOUSTON, TEXAS
Combined Utility System
First Lien Revenue Bonds,
Series 2015[__ **] (the "Bonds")**

Dated: December 1, 2015**Due: November 15, as shown in Exhibit A**

Interest Date: Interest on the Bonds will be payable from the Delivery Date or the most recent Interest Payment Date on May 15 and November 15 each year, commencing May 15, 2016 (each an "Interest Payment Date") until the earliest of maturity or prior redemption. The Bonds of each series will bear interest at the rates per annum set forth in "APPENDIX A - MATURITY SCHEDULE."

Record Date: The close of business on the first day of the month immediately preceding the Interest Payment Date.

Redemption: The Bonds are subject to redemption prior to maturity as provided herein. See "THE BONDS - Redemption Provisions" herein.

Authorized Denominations: The Bonds are being issued as fully registered bonds in denominations of \$5,000, or any integral multiple thereof.

Paying Agent/Registrar/Registrar: The paying agent ("Paying Agent/Registrar/Registrar") for the Bonds is The Bank of New York Mellon Trust Company, N. A.

Book-Entry-Only System Upon initial issuance, the ownership of the Bonds will be registered in the registration books of the Issuer kept by the Paying Agent/Registrar, in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") to which principal, redemption premium, if any, and interest payments on the Bonds will be made. The purchasers of the Bonds will not receive physical delivery of bond certificates. Principal of, interest, and premium if any, on the Bonds will be payable at the designated office of the Paying Agent/Registrar in Houston, Texas as the same become due and payable.

Issuer: City of Houston, Texas.

Official Action: Ordinance, dated [** _____ **].

Purpose: See "APPENDIX B - OFFICIAL ACTION."

Security for the Bonds: See APPENDIX B - OFFICIAL ACTION."

Ratings: See "OTHER INFORMATION - Ratings"

Delivery Date: [** _____ **]

See "APPENDIX A - MATURITY SCHEDULE" for Principal Amounts, Maturities, Interest Rates, Prices or Yields, and Initial CUSIP Numbers

City of Houston, Texas

ELECTED OFFICIALS

Annise D. Parker, Mayor

Ronald C. Green, City Controller

CITY COUNCIL

Council Member,
District A Brenda Stardig
Council Member,
District B..... Jerry Davis
Council Member,
District C..... Ellen Cohen
Council Member,
District D Dwight Boykins
Council Member,
District E..... Dave Martin
Council Member,
District F Richard Nguyen
Council Member,
District G Oliver Pennington
Council Member,
District H Ed Gonzalez

Council Member,
District I Robert Gallegos
Council Member,
District J..... Mike Laster
Council Member,
District K Larry Green
Council Member,
At-Large Position 1 Stephen C. Costello
Council Member, At-Large
Position 2 David Robinson
Council Member, At-Large
Position 3 Michael Kubosh
Council Member, At-Large
Position 4 C.O. "Brad" Bradford
Council Member, At-Large
Position 5 Jack Christie, D.C.

APPOINTED OFFICIALS

City Attorney Donna Edmundson
Deputy City Controller Charisse Mosely
Director, Department of Finance Kelly Dowe
Director, Department of Public Works and Engineering Daniel W. Krueger, P.E.
City Secretary Anna Russell

CONSULTANTS AND ADVISORS

Co-Financial Advisors First Southwest Company
Co-Bond Counsel Norton Rose Fulbright US LLP
Burney & Foreman

FINANCING WORKING GROUP MEMBERS

Legal Department Gary L. Wood
Sameera K. Mahendru
Department of Finance Jennifer Olenick
Jaime Alvarez
Mayor's Office, Chief Financial Advisor James Moncur
Office of the City Controller..... Kendrack Lewis
Asha Patnaik
Vivien Nguyen
Department of Public Works and Engineering Susan Bandy
Kate Bechtold

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**Private Placement Memorandum
relating to**

[** _____ **]
CITY OF HOUSTON, TEXAS
Combined Utility System
First Lien Revenue Bonds,
Series 2015[___ **] (the "Bonds")**

INTRODUCTION

This Private Placement Memorandum, including the cover page and appendices, contains brief descriptions of the Issuer, provides certain information with respect to the issuance by the Issuer, and summaries of certain provisions of the "Bonds" pursuant to the Official Action. Except as otherwise set forth herein, capitalized terms used but not defined in this Private Placement Memorandum have the meanings assigned to them in the Official Action. See "APPENDIX B--"FORM OF OFFICIAL ACTION" attached hereto.

APPENDIX A contains the maturity schedule for the Bonds. APPENDIX B contains the Official Action and a description of the purpose for the proceeds of the Bonds. APPENDIX C contains a copy of the proposed opinion of Bond Counsel with respect to the Bonds. The summaries of the documents contained in the forepart of this Private Placement Memorandum are not complete or definitive, and every statement made in this Private Placement Memorandum concerning any provision of any document is qualified by reference to such document in its entirety.

THE BONDS

General Description

The Bonds are being issued in the aggregate principal amount set forth in APPENDIX A of this Private Placement Memorandum and will mature and be subject to redemption prior to maturity as described therein. The Bonds are being issued as fully registered bonds in denominations of \$5,000, or any integral multiple thereof. The Bonds will be dated as of the stated date of issue and will mature on the dates referenced thereon, and will bear interest at the rates per annum set forth in "APPENDIX A - MATURITY SCHEDULE."

Interest on the Bonds is payable semiannually on each Interest Payment Date, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Principal of and the redemption price with respect to the Bonds will be payable to the Owners upon presentation and surrender at the principal office of the Paying Agent/Registrar.

Purpose

See "APPENDIX B - FORM OF OFFICIAL ACTION."

Authority for Issuance

The Bonds are issued pursuant to Chapters 1371 and 1502, Texas Government Code, as amended; and the Official Action adopted by the Issuer.

Security for the Bonds

See "APPENDIX B - FORM OF OFFICIAL ACTION."

Redemption Provisions

The Bonds maturing on or after November 15, 2026 are subject to optional redemption by the City prior to maturity on November 15, 2025, or any date thereafter, in whole or in part (but if less than all the Bonds of a single maturity of a series are called for redemption, those Bonds called shall be selected by lot or other customary random

method by the Paying Agent/Registrar), at a redemption price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption.

The Bonds may be redeemed in part only in integral multiples of \$5,000 of principal amount or maturity amount, as applicable. If a Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in integral multiples of \$5,000. In selecting portions of the Bonds for redemption, the Paying Agent/Registrar shall treat each Bond as representing that number of Bonds of \$5,000 denomination, which is obtained by dividing the principal amount (or maturity amount) of such Bond by \$5,000. Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar, in accordance with the provisions of the Ordinance, shall authenticate and deliver in exchange therefore a Bond or Bonds of like maturity and interest rate in an aggregate principal amount (or maturity amount) equal to the unredeemed portion of the Bond so surrendered.

Notice of Redemption; Selection of Bonds to Be Redeemed

See "APPENDIX B - FORM OF OFFICIAL ACTION."

Notice of any such optional redemption identifying the Bonds to be redeemed shall be sent by first-class mail, postage prepaid, to the Registered Owners thereof at their addresses as shown on the books of registration kept by the Paying Agent/Registrar not less than 30 days before the date fixed for such redemption. If such notice of redemption is given, and if due provision for such payment is made, all as provided above, the Bonds which are to be so redeemed thereby automatically shall be redeemed prior to their scheduled maturities, they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the purpose of being paid by the Paying Agent/Registrar with the funds so provided for such payment.

Book-Entry-Only System

The information in this caption concerning The Depository Trust Company, New York, New York ("DTC") and DTC's book entry system has been obtained from DTC and the Issuer makes no representation or warranty nor takes any responsibility for the accuracy or completeness of such information.

DTC will act as securities depository for the 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 certificate will be issued for each maturity of the Bonds and deposited with DTC. See APPENDIX B - "FORM OF OFFICIAL ACTION."

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, corporate and municipal debt issues, and money market instrument (from over 100 countries) that DTC's participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities 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"). DTC has a Standard & Poor's rating of "AA." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

TAX MATTERS**Opinion**

Bond Counsel will deliver its opinion for the Bonds on the date of delivery of the Bonds substantially in the form as attached in "APPENDIX C - FORM OF OPINION OF BOND COUNSEL."

OTHER INFORMATION**Forward Looking Statements**

The statements contained in this Private Placement Memorandum, including the cover page, appendices, and any other information or documents provided by the Issuer, that are not purely historical, are forward-looking statements, including statements regarding the Issuer's expectations, hopes, intentions, or strategies regarding the future. Holders and beneficial owners of the Bonds have placed reliance on forward-looking statements. All forward looking statements included in this Private Placement Memorandum are based on information available to the Issuer on the date hereof. It is important to note that the Issuer's actual results could differ materially from those in such forward-looking statements.

Ratings

The Bonds are rated "AA" by Standard & Poor's Rating Services, a Standard & Poor's Services LLC Business. 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 organizations and the Issuer makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by any 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 either of them, may have an adverse effect on the market price of the Bonds.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

THE CITY AND THE SYSTEM

General

The Combined Utility System of the City of Houston, Texas (the “City”) established under the Master Ordinance currently consists of the City’s groundwater and surface water sources and conveyance, treatment and distribution facilities (the “Water Facilities”) and wastewater collection and treatment facilities (the “Sewer Facilities”). The Water Facilities and Sewer Facilities are sometimes collectively referred to as the “Water and Sewer Facilities” or the “Combined Utility System.” The Combined Utility System may include other utility systems provided for in Chapter 1502, Texas Government Code, as amended, which the City may, from time to time, elect to combine with the Combined Utility System so long as the revenues of such other utility systems are included in Gross Revenues under the Master Ordinance.

Governmental Structure

The City has a mayor-council form of government in which the Mayor and the sixteen-member City Council serve as the legislative body. Eleven council members are elected by district and five council members are elected at-large. The Mayor, all members of the City Council and the City Controller are elected for two-year terms. The present term of office for all elected officials expires in January 2016. The City Charter limits the terms of office for all elected City officials to three two-year terms.

The Mayor is the City’s chief executive officer. The Mayor exercises administrative control over the City’s government, presides over City Council meetings, establishes the City Council agenda, and appoints the heads of the various departments of the City, subject to confirmation by the City Council. The Mayor also is responsible for preparing and submitting the City’s annual budget proposals to the City Council for adoption.

The City Controller is the City’s chief financial officer. The Office of the City Controller superintends, supervises, manages and conducts the fiscal affairs of the City, maintains the books of accounts, prepares financial statements, conducts the sales of City obligations, certifies the availability of funds before the City incurs any financial obligation, and, along with the Mayor, countersigns all warrants, contracts or orders for payment of any money by the City.

City Charter Tax and Revenue Limitations

Proposition 1 and Proposition 2 (2004). In 2004, voters approved Proposition 1 in order to limit increases in (i) the City’s ad valorem tax revenues by requiring voter approval for increases in ad valorem taxes in future years above a limit equal to the lesser of the actual revenues in the preceding Fiscal Year, plus 4.5%, or a formula that is based upon the actual revenues received in Fiscal Year 2005 adjusted for the cumulative combined rates of inflation and the City’s population growth; and (ii) water and sewer rates (i.e., the City’s Combined Utility System) by limiting rate increases to the combined increases in the rates of inflation and population growth, excluding rate increases required by certain bond covenants and rates established by contract, unless approved by the voters. At the same election, the voters also approved Proposition 2, which proposed to limit increases in the City’s “combined revenues,” which would include revenues of the General Fund, Special Funds and Enterprise Funds. Based on the specific language of Proposition 1 and Proposition 2, and the language of the City Charter, the City declared that Proposition 2 was not effective. Supporters of Proposition 2 filed a lawsuit to declare Proposition 2 effective. On August 26, 2011, the Texas Supreme Court vacated the judgment of the trial court without reference to the merits and dismissed the case for want of jurisdiction. In April of 2014, the suit was refiled as Cause No. 2014-19507. The City is vigorously defending this lawsuit.

Propositions G and H. In response to Proposition 1 and Proposition 2, the City held an election on November 7, 2006, at which the voters approved Proposition G and Proposition H, which are currently effective. Proposition G amends the City Charter to exclude revenues of the City’s enterprise systems (i.e., Combined Utility System, the Houston Airport System and the Convention and Entertainment Facilities Department) from the types of revenues limited under the City Charter. Voter approval of Proposition G removed the enterprise systems from the revenue limitations of Proposition 2, although the limitation on water and sewer rate increases included in Proposition 1 remains in effect. Proposition H allows the City to collect and spend up to \$90 million of revenue, over and above any Proposition 2 limitations, for increased police, fire and emergency medical services and related

matters. The amount collected and spent in each year becomes part of the base revenue calculations for the following year. The City has incorporated Propositions G and H into its financial policies, and it anticipates collecting revenues and making expenditures for public safety purposes in compliance with Proposition H.

Proposition G and H Litigation. A voter filed suit to invalidate Propositions G and H. That action was dismissed by a state district court; however, the plaintiff appealed the ruling to the First Court of Appeals, which on April 15, 2010 overturned the district court's dismissal of the case and gave the plaintiff an opportunity to amend his pleading to establish standing to bring suit. The Texas Supreme Court has denied the City's petition for review. The case was remanded to the trial court, where a judgment of nonsuit was entered against the plaintiff in May 2014. Therefore, there is currently no active litigation relating to Propositions G and H.

Drainage and Street Proposition. In 2010, voters approved a proposition to amend the City Charter to provide for the improvement of the City's drainage and street system by imposing an assessment upon property owners that receive drainage services ("Proposition 1 (2010)"). In December 2010, a lawsuit was filed in State district court seeking to have the drainage proposition declared unlawful. On May 24, 2011, the district court granted a motion for summary judgment in favor of the City, thereby disposing of all plaintiffs' claims. The plaintiffs filed a motion for a new trial, which was denied. On August 22, 2011, the plaintiffs filed a Notice of Appeal, and the case was assigned to the Fourteenth Court of Appeals. On July 10, 2012, the Fourteenth Court of Appeals affirmed the district court's summary judgment decision. Plaintiffs then filed a motion for rehearing which was denied.

Plaintiffs filed a Petition for Review in the Texas Supreme Court, which was also denied. On October 11, 2013, plaintiffs filed a Motion for Rehearing in the Texas Supreme Court, which was granted, the denial of the petition withdrawn, and full briefing on the merits ordered. On June 12, 2015, the Supreme Court reversed the judgment of the court of appeals, finding in favor of the plaintiffs and holding that the ballot language for the drainage and street proposition did not adequately describe the chief features of the charter amendment authorizing the Drainage Utility Fee. The case has been remanded to the trial court for further proceedings, but no trial date has been set. Revenues derived from the Drainage Utility Fee are not pledged to the Notes."

In addition, in February 2012, the owners of three apartment complexes filed a lawsuit against the City and the Director of Public Works and Engineering in his official capacity challenging the validity of various aspects of Proposition 1 (2010) and alleging ultra vires actions by the Director. The City filed a plea to the court's jurisdiction to consider the ultra vires claims. The Plea was granted in part and denied in part, and the City has appealed the denial. The trial court's denial was affirmed and the City will be seeking further appellate review. The apartment complexes' declaratory judgment claims and constitutional challenges to the ordinance remain pending in the trial court, but are stayed pending appeal. Three railroad companies had intervened in the lawsuit to challenge the ordinance but, on the City's motion, the court struck the railroad companies' intervention. The railroad companies then filed their own lawsuit challenging the validity of various aspects of Proposition 1 (2010), alleging both ultra vires and constitutional claims, and asking for injunctive relief and attorneys' fees. The City filed a plea to the jurisdiction on all of the railroads' ultra vires claims, which was granted. The railroads appealed on an interlocutory basis. This ruling was affirmed in part and reversed in part by the Court of Appeals. Both the City and the railroads are currently seeking further appellate review. The railroad companies' declaratory judgment claims and constitutional challenges to the ordinance remain pending in the trial court, but are stayed pending appeal. Both appeals are currently pending in the Fourteenth Court of Appeals in Houston, Texas. The City intends to defend these cases vigorously.

LITIGATION

General Litigation, Labor and Employment, and Other Claims

The City is a defendant in various lawsuits and is aware of pending claims arising in the ordinary course of its municipal and enterprise activities, certain of which seek substantial damages. That litigation includes lawsuits claiming damages that allege that the City caused personal injuries and wrongful deaths; class actions and other lawsuits and claims alleging discriminatory hiring and promotion practices and certain civil rights violations arising under the Federal Voting Rights Act; various claims from contractors for additional amounts under construction contracts; claims involving property tax assessments; suits over the validity of City ordinances and over their enforcement; suits alleging non-compliance with certain federal and state environmental statutes; and various other

liability claims. The status of such litigation ranges from an early discovery stage to various levels of appeal of judgments both for and against the City. The amount of damages is limited in certain cases under the Texas Tort Claims Act and is subject to appeal. The City intends to defend itself vigorously against the suits; however, no prediction can be made, as of the date hereof, with respect to the liability of the City for such claims or the final outcome of such suits.

The City is also aware that various claims for inverse condemnation have been and may be asserted against the City in connection with the City's operations, the aggregate amounts of which are unknown. The City intends to defend itself vigorously against all such inverse condemnation claims; however, the City's liability with respect to these claims cannot be predicted.

The City currently is involved in two lawsuits against the Firefighters Fund. State law requires the City to conduct an audit once every five years of each Pension System and submit such audits to the Texas Pension Review Board. As of the date hereof, none of the Pension Systems complied with the City's request for data and other information necessary for the City to conduct the audits due September 2013. Consequently, the City has filed a lawsuit against the Firefighters Fund, *The City of Houston, Texas v. The Board of Trustees of the Houston Firefighters' Relief and Retirement Fund*, to compel the Firefighters Fund to provide the requested information to the City. On December 21, 2012, the district judge ruled in favor of the City and ordered the Firefighters Fund to submit the requested information to the City. The Firefighters Fund has appealed and the City intends to pursue this litigation vigorously.

The City has also filed a separate suit against the Firefighters Fund to have the governing pension statute, art. 6243e.2(1), declared unconstitutional. Essentially, the statute gives the Board of the Firefighters Fund control over the pension system to the exclusion of the City. Among many other powers, the Board has unilateral control over the contribution the City must make to the pension fund each year and can demand that the City pay into the fund whatever percentage of the firefighters' payroll the Board designates. The City has no right of consultation, review, or appeal of the Board's decision. In the lawsuit, the City and the Firefighters Fund filed competing motions for summary judgment. The trial court ruled against the City in this case. The trial court denied the City's motion for summary judgment and granted the firefighters pension system's motion for summary judgment. The City will appeal. No prediction can be made, as of the date hereof, of the final outcome of such suit.

State Legislation

Although the City is a home-rule city under the Texas Constitution, it may not adopt ordinances or charter provisions inconsistent with Texas law. The Texas Legislature may enact legislation that (i) materially increases the costs and expenditures of the City or (ii) reduces the ability of the City to collect ad valorem taxes or System revenues described herein. Under the Texas and United States Constitutions, the Texas Legislature may not, however, enact legislation that impairs the City's ability to pay principal of and interest on its indebtedness.

In between regular sessions, the Governor could elect to call one or more special sessions before the next regular session for the purpose of considering specific topics. It is currently anticipated that the Governor may call a special session to consider budget related matters.

No-Litigation Certificate

On the date of delivery of the Bonds to the initial purchasers thereof, the Issuer will execute and deliver a certificate to the effect that, except as disclosed herein, no litigation of any nature has been filed or is pending, as of that date, to restrain or enjoin the issuance or delivery of the Bonds or which would affect the provisions made for their payment or security or in any manner questioning the validity of the Bonds.

CONTINUING DISCLOSURE OF INFORMATION

In the Official Action, the Issuer has made an agreement to periodically disclose certain information for the benefit of the holders and beneficial owners of the Bonds. The Issuer is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the Issuer will be obligated to provide certain updated financial information and operating data, and timely notice of specified material events, to certain other information vendors. SEE APPENDIX B - "FORM OF OFFICIAL ACTION."

Compliance with Prior Undertakings

For information on the City's compliance with its prior undertakings, please see the City's voluntary filings under the heading "Other Event-Based Disclosures" at www.emma.msrb.org.

MISCELLANEOUS

Any statements made in this Private Placement Memorandum involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Private Placement Memorandum nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Bonds.

The information contained above is neither guaranteed as to accuracy or completeness nor to be construed as a representation by the Issuer. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Private Placement Memorandum nor any sale made hereunder is to create, under any circumstances, any implication that there has been no change in the affairs of the Issuer or the Issuer from the date hereof.

The Private Placement Memorandum is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, as a whole or in part, for any other purpose.

ADDITIONAL INFORMATION

The Private Placement Memorandum speaks only as of its date and the information contained herein is subject to change. Descriptions of the Bonds and the Official Action and any other agreements and documents contained herein constitute summaries of certain provisions thereof and do not purport to be complete. This Private Placement Memorandum was approved by the Issuer.

APPENDIX A
MATURITY SCHEDULE

SERIES 2015[_ **] BONDS**

Maturity Date (November 15)	Principal Amount	Interest Rate (%)	Cusip
2015	\$1,660,000	0.000	44244C AA5
2016	1,660,000	0.000	44244C AB3
2017	1,660,000	0.000	44244C AC1
2018	1,655,000	0.000	44244C AD9
2019	1,655,000	0.000	44244C AE7
2020	1,660,000	0.060	44244C AF4
2021	1,660,000	0.310	44244C AG2
2022	1,670,000	0.500	44244C AH0
2023	1,675,000	0.620	44244C AJ6
2024	1,690,000	0.730	44244C AK3
2025	1,700,000	0.860	44244C AL1
2026	1,715,000	0.950	44244C AM9
2027	1,735,000	1.020	44244C AN7
2028	1,755,000	1.070	44244C AP2
2029	1,770,000	1.120	44244C AQ0
2030	1,790,000	1.170	44244C AR8
2031	1,815,000	1.220	44244C AS6
2032	1,835,000	1.270	44244C AT4
2033	1,860,000	1.320	44244C AU1
2034	1,885,000	1.370	44244C AV9
2035	1,910,000	1.420	44244C AW7
2036	1,940,000	1.460	44244C AX5
2037	1,970,000	1.490	44244C AY3
2038	2,000,000	1.520	44244C AZ0
2039	2,030,000	1.550	44244C BA4
2040	2,060,000	1.580	44244C BB2
2041	2,095,000	1.610	44244C BC0
2042	2,130,000	1.630	44244C BD8
2043	2,165,000	1.640	44244C BE6
2044	2,200,000	1.650	44244C BF3

APPENDIX B
FORM OF OFFICIAL ACTION

APPENDIX C
FORM OF OPINION OF BOND COUNSEL