OFFICIAL STATEMENT DATED AUGUST 8, 2017

NEW ISSUE - BOOK-ENTRY-ONLY

Ratings: S&P Insured (anticipated) "AA"
S&P Underlying "A-"
(See "OTHER PERTINENT INFORMATION - Ratings", "BOND INSURANCE" and "BOND INSURANCE RISK FACTORS"

In the opinion of Bond Counsel, the Bonds are valid obligations of the District. In the opinion of Bond Counsel Interest on the Bonds is excludable from gross income for purposes of federal income taxation under statutes, regulations, published rulings and court decisions existing on the date of such opinion, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on corporations see "LEGAL MATTERS" and "TAX MATTERS" herein for a discussion of the opinion of Bond Counsel.

$6,215,000
BUENA VISTA-BETHEL SPECIAL UTILITY DISTRICT
(A Political Subdivision of the State of Texas Located in Ellis County, Texas)
WATER SYSTEM REVENUE REFUNDING BONDS
SERIES 2017

Interest to accrue from Date of Initial Delivery **Due: August 1, as shown on page ii**

The $6,215,000 Water System Revenue Refunding Bonds, Series 2017 (the "Bonds") are special obligations of the Buena Vista-Bethel Special Utility District (the "District" or the "Issuer") issued pursuant to the Constitution and laws of the State of Texas, particularly, Chapter 1207, Texas Government Code, as amended, Section 65.501, et seq., Texas Water Code, as amended, and a resolution authorizing the issuance of the Bonds (the "Resolution") to be adopted by the Board of Directors of the District (the "Board"). The Bonds are special obligations of the District payable solely from and, together with certain Outstanding Parity Debt (identified and defined in the Resolution), equally and ratably secured by a lien on and pledge of the Pledged Revenues (as defined in the Resolution) of the District's water system (hereinafter referred to as the "System"). ***The Bonds do not constitute a general obligation of the District, and the holders of the Bonds shall not have the right to demand payment thereof from any funds raised or to be raised by taxation. The District has no taxing power.***

Interest on the Bonds will accrue from the date of initial delivery as shown above and will be payable February 1 and August 1 of each year, commencing February 1, 2018, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Bonds will be issued as fully registered obligations in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository (the "Securities Depository"). Book-entry interests in the Bonds will be made available for purchase in principal amounts of $5,000 or any integral multiples thereof within a stated maturity. Purchasers of the Bonds ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Bonds purchased. So long as DTC or its nominee is the registered owner of the Bonds, the principal of and interest on the Bonds will be payable by BOKF, NA, Austin, Texas, as Paying Agent/Registrar, to the Securities Depository, which will in turn remit such principal and interest to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

The proceeds of the Bonds will be used to refund a portion of the District's Water System Revenue Bonds, Series 2009 as set forth in Schedule I hereto, to achieve debt service savings and to pay the cost of issuance for the Bonds. See "THE BONDS – Use of Bond Proceeds" herein. (See "PLAN OF FINANCING - Purpose" herein.)

The District reserves the right to redeem the Bonds maturing on and after August 1, 2029 , in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on August 1, 2027, or any day thereafter, at a redemption price of par plus accrued interest to the date fixed for redemption, as described herein.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**. (See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS" herein.)

See Maturity Schedule on the inside cover

The Bonds are offered for delivery, when, as and if issued and received by the initial purchasers (the "Underwriters") and subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by Naman, Howell, Smith & Lee, PLLC, Waco, Texas, as Bond Counsel. Certain matters will be passed upon for the Underwriters by Orrick, Herrington & Sutcliffe, LLP, Houston, Texas, as Counsel to the Underwriter. Delivery of the Bonds through the facilities of DTC is expected on or about September 7, 2017.

Raymond James

STATED MATURITY SCHEDULE
(Due August 1)
Base CUSIP – 119224 [a]

Stated Maturity	Principal Amount	Interest Rate (%)	Initial Yield (%)	CUSIP Suffix[a]
08/01/2018	$ 155,000	2.000	1.190	BG7
08/01/2019	75,000	2.000	1.350	BH5
08/01/2020	225,000	3.000	1.490	BJ1
08/01/2021	230,000	3.000	1.630	BK8
08/01/2022	235,000	3.000	1.690	BL6
08/01/2023	245,000	3.000	1.900	BM4
08/01/2024	250,000	3.000	2.090	BN2
08/01/2025	260,000	3.000	2.300	BP7
08/01/2026	265,000	3.000	2.450	BQ5
08/01/2027	275,000	3.000	2.600	BR3

$570,000 2.750% Term Bonds due August 1, 2029, Price to Yield 2.950%, CUSIP Suffix BT9[a]

$605,000 3.000% Term Bonds due August 1, 2031, Price to Yield 3.150%, CUSIP Suffix BV4[a]

$640,000 3.125% Term Bonds due August 1, 2033, Price to Yield 3.280%, CUSIP Suffix BX0[a]

$680,000 3.250% Term Bonds due August 1, 2035, Price to Yield 3.380%, CUSIP Suffix BZ5[a]

$730,000 3.375% Term Bonds due August 1, 2037, Price to Yield 3.480%, CUSIP Suffix CB7[a]

$775,000 3.500% Term Bonds due August 1, 2039, Price to Yield 3.530%, CUSIP Suffix CD3[a]

(Interest to accrue from the date of initial delivery)

The Issuer reserves the right to redeem the Bonds maturing on and after August 1, 2029, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on August 1, 2027, or any date thereafter, at the redemption price of par plus accrued interest as further described herein. In addition, the bonds maturing on August 1, 2029, 2031, 2033, 2035, 2037 and 2039 are subject to mandatory sinking fud redemption, as further described herein. (See "THE BONDS – Redemption Provisions" herein.)

[a] *CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by Standard and Poor's CUSIP Service Bureau, a Standard & Poor's Financial Services LLC business. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the District, the Financial Advisor or the Underwriters is responsible for the selection or the correctness of the CUSIP numbers set forth herein.*

BUENA VISTA-BETHEL SPECIAL UTILITY DISTRICT
312 S Oak Branch Rd
Waxahachie, Texas 75167

ELECTED OFFICIALS

Board of Directors	Length of Service	Term Expires	Occupation
Don Walker, President	3 Years	Nov., 2019	Retired
Gerald Kujawa, Vice-President	4 Years	Nov., 2018	Retired
Alan Cleaver, Secretary/Treasurer	3 Years	Nov., 2019	Engineer
Preston Hall, Member	8 Years	Nov., 2017	Retired
Jeff Ward, Member	4 Years	Nov., 2018	County Investigator

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Servic to the District
Joe Buchanan	General Manager	30 Years
Diana Hanes	Office Manager	9 Years

CONSULTANTS AND ADVISORS

Auditors……. ..... Yeldell, Wilson, Wood & Reeve, P.C.
Waxahachie, Texas

Bond Counsel ..... Naman, Howell, Smith & Lee PLLC
Waco, Texas

Financial Advisor .....Government Capital Securities Corporation
Southlake, Texas

USE OF INFORMATION IN THE OFFICIAL STATEMENT

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

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

Certain information set forth herein has been obtained from the District and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriters. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the District's undertaking to provide certain information on a continuing basis.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACT. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAW OF THE STATES, IF ANY, IN WHICH THE BONDS MAY HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. THE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THE COVER PAGE CONTAINS CERTAIN INFORMATION FOR GENERAL REFERENCE ONLY AND IS NOT INTENDED AS A SUMMARY OF THIS OFFERING. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE SCHEDULE AND APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

NONE OF THE DISTRICT, ITS FINANCIAL ADVISOR OR THE UNDERWRITERS MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY ("DTC") OR ITS BOOK-ENTRY-ONLY SYSTEM OR ANY INFORMATION UNDER THE CAPTION "BOND INSURANCE" OR IN "APPENDIX F - SPECIMEN MUNICIPAL BOND INSURANCE POLICY" REGARDING BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM") OR ITS POLICY, AS SUCH INFORMATION HAS BEEN FURNISHED BY DTC AND BAM, RESPECTIVELY.

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

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

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "Bond Insurance" and "APPENDIX E - Specimen Municipal Bond Insurance Policy".

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SELECTED DATA FROM THE OFFICIAL STATEMENT

The selected data is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this page from this Official Statement or to otherwise use it without the entire Official Statement.

The Issuer	The Buena Vista-Bethel Special Utility District (the "District" or the "Issuer"), located in Ellis County, Texas, is a body politic and corporate and a political subdivision of the State of Texas, duly created, existing and operating under the laws of the State of Texas, including, without limitation, Chapters 49 and 65, Texas Water Code, as amended. The District is the successor to the Buena Vista-Bethel Water Supply Corporation (the "Corporation"), originally organized in 1965 as a non-profit water supply corporation, for the purpose of providing and furnishing a safe and dependable water supply to the rural areas centralized around the City of Waxahachie, Texas. On August 14, 1993, the Corporation was converted to a special utility district. The District is governed by a five member Board of Directors elected for three-year staggered terms by the registered voters of the District. (See page iii herein.)
The Bonds	The Bonds are being issued pursuant to the Constitution and laws of the State of Texas, particularly, Chapter 1207 Texas Government Code, as amended, Section 65.501, et seq., Texas Water Code, as amended, and a resolution authorizing the issuance of the Bonds (the "Resolution") to be adopted by the Board of Directors of the District (the "Board"). (See "THE BONDS – Authority for Issuance" herein.)
Paying Agent/Registrar	The initial Paying Agent/Registrar is BOKF, NA, Austin, Texas.
Security	The Bonds are special obligations of the District payable solely from and, together with certain Outstanding Parity Debt (identified and defined in the Resolution), equally and ratably secured by a lien on and pledge of the Pledged Revenues (as defined in the Resolution) of the District's Water System (hereinafter referred to as the "System"). ***The Bonds do not constitute a general obligation of the District, and the holders of the Bonds shall not have the right to demand payment thereof from any funds raised or to be raised by taxation. The District has no taxing power***. (See "THE BONDS" – Security for Payment" herein.)
Optional Redemption	The District reserves the right to redeem the Bonds maturing on and after August 1, 2029, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on August 1, 2027, or any date thereafter, at a redemption price of par plus accrued interest to the date fixed for redemption, as described herein. In addition, the bonds maturing on August 1, 2029, 2031, 2033, 2035, 2037 and 2039 are subject to mandatory sinking fud redemption, as further described herein. (See "THE BONDS – Redemption Provisions" herein.)
Tax Matters	In the opinion of Bond Counsel, under existing law, the interest on the Bonds is excludable from gross income for federal tax purposes and the Bonds are not "private activity bonds". See "TAX MATTERS" herein for a discussion of the opinion of Bond Counsel, including a description of the alternative minimum tax on corporations. (See "TAX MATTERS" and "Appendix C - Form of Legal Opinion of Bond Counsel herein.)

Qualified Tax-Exempt Obligations	The District has designated the Bonds as "Qualified Tax-Exempt Obligations" for financial institutions.
Use of Bond Proceeds	The proceeds of the Bonds will be used to refund a portion of the District's Water System Revenue Bonds, Series 2009 as set forth in Schedule I hereto, to achieve debt service savings and to pay the cost of issuance for the Bonds. (See "PLAN OF FINANCING - Purpose" herein.)
Bond Insurance	The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a Municipal Bond Insurance Policy to be issued concurrently with the delivery of the Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM")**. (See "BOND INSURANCE" and "BOND INSURANCE RISK FACTORS" herein.).
Ratings	The District has made application to S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P") based upon the Municipal Bond Insurance Policy to be issued by BAM. The Bonds have also been assigned an underlying rating "A-" by S&P. An explanation of the significance of such rating may be obtained from S&P. (See "OTHER PERTINENT INFORMATION – Ratings" herein.)
Book-Entry-Only System	The District intends to utilize the Book-Entry-Only System of The Depository Trust Company, New York, New York relating to the method and timing of payment and the method and transfer relating to the Bonds. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)
Payment Record	The District has never defaulted on the timely payment of the principal of and interest on its obligations.
Delivery	When issued, anticipated on or about September 7, 2017.
Issuance of Additional Debt	The District does not anticipate the issuance of additional bonds for the next twelve months.
Legality	Delivery of the Bonds is subject to the approval by the Attorney General of the State of Texas and the rendering of an opinion as to legality by Naman, Howell, Smith & Lee, PLLC.

INTRODUCTORY STATEMENT

This Official Statement provides certain information in connection with the issuance by the Buena Vista-Bethel Special Utility District (the "District" or the "Issuer") of its $6,215,000 Water System Revenue Refunding Bonds, Series 2017 (the "Bonds").

The District, a body politic and corporate and a political subdivision of the State of Texas, is duly created, existing and operating under the laws of the State of Texas, including, without limitation, Chapters 49 and 65, Texas Water Code, as amended. The Bonds are issued pursuant to the constitution and laws of the State of Texas, particularly chapter 1207 Texas Government Code, Section 65.501, et seq., Texas Water Code, and a resolution authorizing the issuance of the Bonds (the "Resolution") to be adopted by the Board of Directors of the District (the "Board"), and a pricing certificate to be executed on the date of sale of the Bonds.

Unless otherwise indicated, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Resolution. See Appendix B - "SELECTED PROVISIONS OF THE RESOLUTION" herein. Included in this Official Statement are descriptions of the Bonds and certain information about the Issuer and its finances. ***ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT***. Copies of such documents may be obtained from the Issuer or the Financial Advisor.

PLAN OF FINANCING

Purpose

Proceeds from the sale of the Bonds are being used to refund certain outstanding debt obligations of the District (collectively, the "Refunded Bonds") for debt service savings (see Schedule I hereto for a detailed description of the Refunded Bonds) and to pay the costs related to the issuance of the Bonds.

Refunded Bonds

A description and identification of the Refunded Bonds appears in Schedule I attached hereto. The Refunded Bonds and interest due thereon, are to be paid on August 1, 2019 (the "Redemption Date"), from funds to be deposited with BOKF, NA, Austin, Texas (the "Escrow Agent") or its successor.

The Resolution approves and authorizes the execution of an escrow agreement (the "Escrow Agreement") between the District and the Escrow Agent. The Resolution further provides that, from a portion of the proceeds of the sale of the Bonds and other lawfully available funds of the District, if any, the District will deposit with the Escrow Agent the amount, together with investment earnings thereon, sufficient to accomplish the discharge and final payment of the Refunded Bonds. Such amount will be held by the Escrow Agent in an escrow account (the "Escrow Fund") and used to purchase direct obligations of the United States of America, noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof, are rated as to investment quality by a nationally recognized investment rating firm as not less than AAA or its equivalent, or other obligations permitted by Texas law to fund a refunding escrow (collectively, the "Escrowed Securities").

Grant Thornton, independent certified public accountants, will verify the mathematical accuracy of schedules provided by Government Capital Securities Corporation at the time of delivery of the Bonds to the Underwriters and that the Escrowed Securities will mature at such times and yield interest in amounts, together with uninvested funds, if any, in the Escrow Fund, to provide sufficient funds to pay the principal of and interest on the Refunded Bonds as the same will become due by reason of stated maturity or earlier redemption. Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of principal of and interest on the Refunded Bonds. **Such maturing principal of and interest on the Escrowed Securities will not be available to pay principal of or interest on the Bonds.** (See "OTHER PERTINENT INFORMATION – Verification of Arithmetical and Mathematical Calculations" herein.)

In connection with the issuance of the Bonds, the District will give instructions to the Escrow Agent to provide notice to the owners of the Refunded Bonds that the Refunded Bonds will be paid on or redeemed prior to stated maturity on the Redemption Date from funds held under the Escrow Agreement.

By the deposit of the funds with the Escrow Agent pursuant to the Escrow Agreement, the District will have effected the defeasance of the Refunded Bonds pursuant to the terms of the resolution authorizing their issuance. It is the opinion of Bond Counsel that, as a result of such defeasance, and in reliance upon the verification report of Grant Thornton, the Refunded Bonds will no longer be secured by or payable from Pledged Revenues, but will be payable solely from the funds on deposit in the Escrow Fund and held for such purpose by the Escrow Agent, and that the Refunded Bonds will be defeased and are not to be included in or considered to be indebtedness of the District for the purpose of a limitation of indebtedness or for any other purpose. See "Appendix C – Form of Legal Opinion of Bond Counsel" attached hereto for a form of Bond Counsel's legal opinion to be delivered in conjunction with the issuance of the Bonds.

The District has covenanted in the Escrow Agreement to make timely deposits to the Escrow Fund, from lawfully available funds, of any additional amounts required to pay the principal of and interest on the Refunded Bonds, if for any reason the fund balance on deposit or scheduled to be on deposit in the Escrow Fund should be insufficient to make such payment.

SOURCES AND USES OF FUNDS

The proceeds from the sale of the Bonds will be applied approximately as follows:

Sources of Funds		
Par Amount of Bonds		$6,215,000.00
Contribution of the District		412,237.50
Net Premium		41,516.85
	Total Sources of Funds	$6,668,754.35
Uses of Funds		
Deposit to Escrow Fund		$395.00
Escrowed Securities Purchase		6,074,463.37
Deposit to Reserve Fund		412,237.50
Cost of Issuance (includes rounding amount)		114,390.54
Underwriters' Discount		49,698.57
Bond Insurance		17,569.37
	Total Uses of Funds	$6,668,754.35

THE BONDS

General

The Resolution authorizes the issuance and sale of the Bonds and prescribes the terms, conditions and provisions for payment of the principal of and interest on the Bonds by the District. Set forth below is a description of the Bonds and a summary of certain provisions of the Resolution. Capitalized terms in such summary are used as defined in the Resolution. Such summary is not a complete description of the entire Resolution and is qualified by reference to the Resolution, copies of which are available from the District or the Financial Advisor. (See "Appendix B - Selected Provisions of the Bond Resolution" herein.)

Description of the Bonds

The Bonds will be dated August 15, 2017 and will bear interest from the date of initial delivery at the stated interest rates indicated on page ii hereof. Interest on the Bonds will be payable on February 1, 2018 and each February 1 and August 1 thereafter, until the earlier of maturity or redemption. Accrued interest on the Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be issued in principal denominations

of $5,000 or any integral multiple thereof within a stated maturity. The Bonds will mature on the dates indicated on page ii hereof.

In the event the Book-Entry-Only System should be discontinued, principal of the Bonds will be payable at the designated office of the paying agent/registrar, initially BOKF, NA, Austin, Texas (the "Paying Agent/Registrar"); provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Bonds, all payments will be made as described under "BOOK-ENTRY-ONLY SYSTEM" herein. Interest on the Bonds is payable to registered owners shown on the registration books of the Paying Agent/Registrar (the "Security Register") on the Record Date (see "REGISTRATION, TRANSFER AND EXCHANGE - Record Date " herein), and such interest will be paid by check, dated as of the interest payment date and mailed by the Paying Agent/Registrar to the address of the registered owners appearing on the Security Register or by such other customary banking arrangements, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, a registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

Initially, the definitive Bonds will be registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Authority for Issuance

The Bonds are being issued pursuant to the Constitution and general laws of the State, particularly Chapter 1207 Texas Government Code, as amended, Section 65.501, et seq., Texas Water Code, as amended, and the Resolution.

Security for Payment

The Bonds are special obligations of the District payable solely from and, together with certain Outstanding Parity Debt (identified and defined in the Resolution), equally and ratably secured by a lien on and pledge of the Pledged Revenues (as defined below and in the Resolution) of the District's water system (hereinafter referred to as the "System"). See "Appendix B – Selected Provisions of the Bond Resolution" herein. The term "Pledged Revenues" means the Net Revenues of the System with the Net Revenues being equal to the Gross Revenues of the System less the Maintenance and Operation Expenses of the System (excluding depreciation and amortization). **The Bonds do not constitute an indebtedness or general obligation of the District. The holder of the Bonds shall not have the right to demand payment of the Bonds from any funds raised or to be raised by taxation. The District has no taxing powers**.

The District has reserved and retained the right to issue additional revenue obligations payable from and equally and ratably secured by a parity lien on the Pledged Revenues of the System, in the same manner and to the same extent as the Bonds and the Outstanding Parity Debt subject to satisfying and complying with certain terms and conditions set forth in the Resolution. See "Appendix B - Selected Provisions of the Bond Resolution" to this Official Statement.

Reserve Fund: As additional security for the payment of the Bonds, Outstanding Parity Debt, and any Additional Parity Bonds, if any, hereafter issued, the Resolution provides for the District to maintain a Reserve Fund and accumulate and maintain therein an amount (the "Required Reserve") equal to the maximum annual principal and interest requirements (calculated on a Fiscal Year basis) for all Parity Bonds then outstanding, as determined on the date each series of Additional Parity Bonds are delivered or incurred, as the case may be.

Redemption Provisions

Optional Redemption: The District reserves the right, at its sole option, to redeem Bonds stated to mature on and after August 1, 2029, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof (and, if within a stated maturity, selected at random and by lot by the Paying Agent/Registrar), on August 1, 2027, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. If less than all of the Bonds within a stated maturity are to be redeemed, the particular Bonds to be redeemed shall be selected at random and by lot by the Paying Agent/Registrar.

Mandatory Sinking Fund Redemption: The Bonds maturing August 1, 2029, 2031, 2033, 2035, 2037 and 2039 (the "Term Bonds") are subject to mandatory sinking fund redemption in part prior to their stated maturity, and will be redeemed by the Issuer at the redemption prices equal to the principal amounts thereof plus interest accrued thereon to the redemption dates, on the dates and in the principal amounts shown in the following schedule:

$570,000 Term Bond (maturing August 1, 2029):

Date (August 1)	Principal Amount
2028	$ 280,000
2029*	290,000

$605,000 Term Bond (maturing August 1, 2031):

Date (August 1)	Principal Amount
2030	$ 300,000
2031*	305,000

$640,000 Term Bond (maturing August 1, 2033):

Date (August 1)	Principal Amount
2032	$ 315,000
2033*	325,000

$680,000 Term Bond (maturing August 1, 2035):

Date (August 1)	Principal Amount
2034	$ 335,000
2035*	345,000

$730,000 Term Bond (maturing August 1, 2037):

Date (August 1)	Principal Amount
2036	$ 360,000
2037*	370,000

$775,000 Term Bond (maturing August 1, 2039):

Date (August 1)	Principal Amount
2038	$ 380,000
2039*	395,000

* final maturity

The Paying Agent/Registrar shall select by lot or other customary random selection method the numbers of the Term Bonds to be redeemed on the next following August 1 from moneys set aside for that purpose in the Interest and

Sinking Fund (as defined in the Resolution). Any Term Bond not selected for prior redemption shall be paid on the date of their Stated Maturity.

The principal amount of the Term Bonds required to be redeemed on a mandatory redemption date may be reduced, at the option of the District, by the principal amount of Term Bonds which, at least fifty (50) days prior to the mandatory redemption date, (1) shall have been acquired by the District at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the District at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase or (3) shall have been redeemed pursuant to the optional redemption provisions set forth above and not theretofore credited against a mandatory redemption requirement.

At least 30 days prior to the date fixed for any such redemption, the District shall cause a written notice of such redemption to be deposited in the United States mail, first-class postage prepaid, addressed to each registered owner of a Bond to be redeemed at the address shown on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE OF REDEMPTION SO MAILED TO THE REGISTERED OWNERS WILL BE DEEMED TO HAVE BEEN DULY GIVEN IRRESPECTIVE OF WHETHER ONE OR MORE OF THE REGISTERED OWNERS FAILED TO RECEIVE SUCH NOTICE. If such notice of redemption is given and if due provisions for such payment is made, all as provided above, the Bonds or portions thereof which are to be redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment.

The District reserves the right in the case of an optional redemption to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date or (ii) that the District retains the right to rescind such notice at any time prior to the scheduled redemption date if the District delivers a certificate of the District to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute an Event of Default. Further, in the case of a conditional redemption, the failure of the District to make moneys and/or authorized securities available in part or in whole on or before the redemption date shall not constitute an Event of Default.

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

The Paying Agent/Registrar and the District, so long as a Book-Entry-Only System is used for the Bonds, will send any notice of redemption, notice of proposed amendment to the Resolution or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, will not affect the validity of the redemption of the Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the District will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Bonds held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a

redemption of such Bonds from the beneficial owners. Any such selection of Bonds to be redeemed will not be governed by the Resolution and will not be conducted by the District or the Paying Agent/Registrar. Neither the District nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Bonds or the providing of notice to DTC participants, indirect participants, or beneficial owners of the selection of portions of the Bonds for redemption. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Funds

The Resolution requires the establishment and maintenance of the following funds: (1) the System Fund, (2) the Interest and Sinking Fund and (3) the Reserve Fund, and such funds are to be kept separate and apart for all other funds and accounts of the District and moneys deposited to the credit of such Funds shall be used and expended as provided in the Resolution.

Flow of Funds

In the Resolution, all the Pledged Revenues are required to be deposited as collected into the fund maintained at an official depository of the District and known as the Buena Vista-Bethel Special Utility District Water System Fund (the "System Fund"), and such System Fund is to be maintained separate and apart from all other funds and accounts of the District.

The Resolution further provides that the amount on deposit to the credit of the System Fund from time to time is to be applied in the following order of priority:

First, to pay Maintenance and Operation Expenses;

Second, to make all deposits into the Interest and Sinking Fund required by the Outstanding Parity Debt, the Resolution and any resolution authorizing the issuance of Additional Parity Bonds;

Third, to make all deposits into the Reserve Fund required by the Outstanding Parity Debt, the Resolution and any resolutions authorizing the issuance of Additional Parity Bonds; and

Fourth, for any lawful purpose.

Rate Covenants

So long as any Parity Bonds remain outstanding, the Resolution provides that the District shall fix, charge and collect rates and charges for the use and services of the System, which are calculated to be fully sufficient to produce Pledged Revenues of the System in each Fiscal Year at least equal to the amount required to maintain the Interest and Sinking Fund and the Reserve Fund so as to provide for the payment of principal and interest on all Parity Bonds then outstanding and to pay the Maintenance and Operation Expenses of the System.

Furthermore, the Resolution provides the District will not grant or permit any free service from the System except for buildings and institutions operated by the District.

Other Outstanding Parity Debt

The District has no Outstanding Parity Debt.

Additional Parity Bonds

In the Resolution, the District reserves the right to issue, for any lawful purpose (including the refunding of any Parity Bonds or any other bonds or obligations of the District issued in connection with or payable from the revenues of the System), one or more series of Additional Parity Bonds payable from and secured by a first lien on the Pledged Revenues, including the Net Revenues of the System, on a parity with the Bonds, the Outstanding Parity Debt, and any other outstanding Additional Parity Bonds; provided certain terms and conditions prescribed for the issuance of

such Additional Parity Bonds are satisfied. Among the terms and conditions to be satisfied is the District obtaining a written certificate from an independent certified public accountant to the effect that, during either the last preceding fiscal year, or any twelve consecutive calendar month period ending not later than ninety (90) days preceding the month in which the resolution authorizing the issuance of the then proposed Additional Parity Bonds is passed, the Net Revenues of the System were at least 1.25 times the average annual principal and interest requirements of all Parity Bonds then outstanding and the Additional Parity Bonds which are scheduled to be outstanding after the delivery of the then proposed Additional Parity Bonds. In calculating the amount of Net Revenues for the purposes of complying with such requirement, the accountant may take into consideration any increase in the rates of charges for services of the System which is then in effect and which has been in effect for at least 60 days prior to the month in which the resolution authorizing the issuance of the proposed Additional Parity Bonds is passed, but which was not in effect during all of the entire period for which the Pledged Revenues are being calculated (hereinafter referred to as the "entire period") or in lieu of the certified public accountant, a firm of consulting engineers, may determine and certify the amount of Net Revenues as being the total of (i) the actual Net Revenues for the entire period, plus (ii) a sum equal to the aggregate amount by which the actual billings to customers of the System during the entire period would have been increased if such increased rates or charges had been in effect during the entire period.

For purposes of satisfying the terms and conditions for the issuance of Additional Parity Bonds, the term "Net Revenues of the System" means all of the Gross Revenues of the System less the Maintenance and Operation Expenses of the System, except that in calculating Net Revenues there shall not be deducted as Maintenance and Operation Expenses any depreciation or amortization. See "Appendix B - Selected Provisions of the Bond Resolution" to this Official Statement for a more complete description of the terms and conditions for the issuance of Additional Parity Bonds.

Payment Record

The District has not defaulted in the timely payment of the principal of and interest on its revenue obligations.

Legality

The Bonds are offered when, as and if issued, subject to the approval by the Attorney General of the State of Texas and the rendering of an opinion as to legality by Naman, Howell, Smith & Lee, PLLC, Waco, Texas. The legal opinion of Bond Counsel will accompany the global certificates to be deposited with DTC or will be printed on the Bonds should the Book-Entry-Only System be discontinued. A form of the legal opinion of Bond Counsel appears in Appendix C attached hereto.

Defeasance

The Resolution provides for the defeasance of the Bonds when the payment of the principal of and premium, if any, on such Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with the Paying Agent/Registrar, or other authorized escrow agent, in trust (1) money sufficient to make such payment or (2) Government Securities to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds. The term "Government Securities" means (i) direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United states of America, (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations unconditionally guaranteed or insured by the agency or instrumentality and, on the date of their acquisition or purchase by the District are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date of their acquisition or purchase by the District, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and (iv) any other then authorized securities or obligations that may be used to defease obligations such as the Bonds under applicable laws of the State. The District has the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Securities for the Government Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the District moneys in excess of the amount required for such defeasance.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Resolution does not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Government Securities or that for any other Government Security will be maintained at any particular rating category.

Remedies in Event of Default

The Resolution provides that, in the event of a default in the payment of the principal of or interest on any of the Bonds or a default in the performance of any duty or covenant provided by law or in the Resolution, the owner or owners of the Bonds then Outstanding may pursue all legal remedies afforded by the Constitution and laws of the State to compel the District to remedy such default and to prevent further default or defaults. The Resolution further provides that, without in any way limiting the generality of the foregoing, it is expressly provided that any owner of any of the Bonds may at law or in equity, by suit, action, mandamus or other proceedings, enforce and compel performance of all duties required to be performed by the District under the Resolution, including the making and collection of reasonable and sufficient rates and charges for the use and services of the System, the deposit of the Pledged Revenues, including the Gross Revenues of the System, into the special funds herein provided, and the application of such Pledged Revenues in the manner required in the Resolution.

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

The initial Paying Agent/Registrar is BOKF, NA, Austin, Texas. In the Resolution, the District retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new Paying Agent/Registrar shall accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar, selected at the sole discretion of the District, shall be a bank, trust company, financial institution or other entity qualified and authorized to serve in such capacity and perform the duties and services of Paying Agent/Registrar. Upon a change in the Paying Agent/Registrar for the Bonds, the District agrees to promptly cause written notice thereof to be sent to each registered owner of the Bonds by United States mail, first-class, postage prepaid.

Record Date

The record date ("Record Date") for interest payable to the registered owner of a Bond on any interest payment date means the 15th day of the month next preceding such interest payment date.

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

Future Registration

The Bonds are initially to be issued utilizing the Book-Entry-Only System of the DTC. In the event such Book-Entry-Only System should be discontinued, printed Bond certificates will be issued to the owners of the Bonds and, thereafter, the Bonds may be transferred, registered, and assigned on the registration books of the Paying Agent/Registrar only upon presentation and surrender of such printed certificates to the Paying Agent/Registrar, and such registration and transfer shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Bond may be assigned

by the execution of an assignment form on the Bond or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar in lieu of the Bond or Bonds being transferred or exchanged at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class postage prepaid, to the new registered owner. New Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three (3) business days after the receipt of the Bonds to be canceled in the exchange or transfer and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in denominations of $5,000 for any one stated maturity or any integral multiple thereof and for a like aggregate principal amount and rate of interest as the Bond or Bonds surrendered for exchange or transfer. (See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be initially utilized in regard to ownership and transferability of the Bonds.)

Limitation on Transferability

Neither the District nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation on transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

Replacement Bonds

In the Resolution, provision is made for the replacement of mutilated, destroyed, lost, or stolen Bonds upon surrender of the mutilated Bonds to the Paying Agent/Registrar, or the receipt of satisfactory evidence of destruction, loss, or theft, and the receipt by the District and Paying Agent/Registrar of security or indemnity as may be required by either of them to hold them harmless. The District may require payment of taxes, governmental charges, and other expenses in connection with any such replacement.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), which rating was affirmed on June 26, 2017. An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be

evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2017 and as prepared in BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2017 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $500.3 million, $68.8 million and $431.5 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditinsights/. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

BOND INSURANCE RISK FACTORS

General

In the event of default of the scheduled payment of principal of or interest on the Bonds when all or a portion thereof becomes due, any owner of the Bonds shall have a claim under the Policy for such payments. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the District which is recovered by the District from the Bond owner as a voidable preference under applicable bankruptcy law is covered by the Policy; however, such payments will be made by the Insurer at such time and in such amounts as would have been due absent such prepayment by the District (unless the Insurer chooses to pay such amounts at an earlier date). Payment of principal of and interest on the Bonds is not subject to acceleration, but other legal remedies upon the occurrence of non-payment do exist (see "THE BONDS - Remedies in Event of Default").

In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the Pledged Revenues. In the event the Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price or the marketability (liquidity) of the Bonds.

The long-term ratings on the Bonds will be dependent in part on the financial strength of the Insurer and its claims-paying ability. The Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance can be given that the long-term ratings of the Insurer and of the ratings on the Bonds, whether or not subject to the Policy, will not be subject to downgrade and such event could adversely affect the market price or the marketability (liquidity) for the Bonds. See the disclosure described in "OTHER PERTINENT INFORMATION - Ratings" herein.

The obligations of the Insurer under the Policy are general obligations of the Insurer and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law. None of the District, the Financial Advisor or the Underwriters have made independent investigation into the claims-paying ability of any Insurer and no assurance or representation regarding the financial strength or projected financial strength of any Insurer is given.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company ("DTC"), New York, NY while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District and the Financial Advisor believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The District cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to then of notices of significant events with respect to the Bonds, such as defaults and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of notices be provided directly to them.

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

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

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

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

The Issuer may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered. (See "REGISTRATION, TRANSFER, AND EXCHANGE" herein.)

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement

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

Effect of Termination of Book-Entry-Only System

In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the District, printed certificates will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Resolution and summarized under "REGISTRATION, TRANSFER AND EXCHANGE" supra.

THE DISTRICT

Creation of the District

The District is the successor to the Buena Vista-Bethel Water Supply Corporation (the "Corporation"). The Corporation was originally organized in 1965 as a non-profit water supply corporation operating under Article 1434a, Revised Civil Statutes of Texas of 1925, as amended, for the purpose of providing and furnishing a safe and dependable water supply to the rural areas centralized around the City of Waxahachie in Ellis County, Texas. On August 14, 1993, the Corporation was converted to a special utility district by the Texas Water Commission, now known as the Texas Commission on Environmental Quality (the "TCEQ"). The successful conversion to a special utility district was in accordance with Texas Water Code, Chapter 65.

Location and Service Area

The District is located in Ellis County, being a north central county in Texas.

Topography and Flood Hazards

Flood Hazard Boundary maps for Ellis County, Texas, as published by the Federal Insurance Administration (FIA) and the Federal Emergency Management Administration (FEMA) were used in review of flood boundaries within the District. All existing facilities, consisting of the surface water, treatment plant, ground storage tanks and elevated storage tanks, are located outside all designated flood hazard areas.

Management

The District is governed by a five member Board of Directors elected by the registered voters of the District (see page iii herein for a list of the current Board of Directors). If at any time a vacancy occurs on the Board, either the TCEQ or the remaining Board members make appointments to fill such vacancies. Directors serve three-year staggered terms. The District's general manager supervises administrative and operating functions of the District. The District and all similar districts are subject to the continuing supervision and filing requirements of TCEQ, including the requirement of an annual independent audit. All plans and specifications for construction of District facilities to be financed by any bonds or other obligations of the District must be submitted to TCEQ for review and approval.

DESCRIPTION OF THE SYSTEM

Water Supply and System Facilities

The District is served by four BVB wells and an emergency connection from the City of Waxahachie, Texas. The District's existing facilities consist of (a) two elevated storage tanks – a 200,000 gallon elevated tank, and a 300,000 gallon elevated tank; (b) six ground storage tanks - Plant #1 has a 70,000 gallon ground storage; Plant #2 has 2 ground storage tanks, a 240,000 gallon storage tank, and a 45,000 gallon storage tank; Plant #3 has a 500,000 gallon ground storage tank; Plant #4 has a 500,000 gallon ground storage; Plant #5 has a 1,000,000 gallon concrete ground storage tank; (c) four wells which produce 154 gallons per minute, 220 gallons per minute, 380 gallons per minute, and a 640 gallons per minute, respectively. The District also has an emergency connection located at Plant #5 which allows the District to draw up to 80,000 gallons per day.

Water Services Agreements

The District has entered into a contract with the Trinity River Authority of Texas ("Authority") whereby the District acquired the right to purchase .85 million gallons per day (MGD) of water annually from the Authority through its raw water supply contract with Tarrant County Water Control and Improvement District Number One. The contract is for a period of forty years commencing December 1, 1991 and ending November 30, 2031. The Authority is a governmental agency, which is controlled by directors appointed by the Governor of the State of Texas. The District agreed to pay to the Authority $60 each month increasing $1.50 per month each fiscal year for the Authority's costs and expenses of administering the contract. A current schedule of estimated future contractual payments due the Authority is shown below:

Year Ending December 31	Annual Payment
2017	$1,154
2018	1,172
2019	1,190
2020	1,208
2021	1,226
2022-2026	6,398
2027-2031	6,729
	$ 19,077

Actual payments for the year ended December 31, 2016 were $1,170.

FUTURE PLANS OF THE DISTRICT

The District has no plans to issue any additional bonds to finance new construction during the next twelve months.

INVESTMENT POLICIES

Investments and Investment Strategy

The District invests its investable funds in securities and investments prescribed by the Texas Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended (the "Investment Act"). The Investment Act requires that the District establish a written investment policy to ensure that District funds are invested only in accordance with State law. Both State law and the District's investment policies are subject to change. The District's investment policy states that the Board of Directors directs that its Treasurer, the Manager for the District and the Financial Advisor for the District maintain the investments of the District in a manner consistent with the Investment Act.

Legal Investments

Under current Texas law, the District is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) certificates of deposit and share certificates meeting the requirements of the Funds Investment Act (i) that are issued by or through an institution that has its main office or a branch office in Texas and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for District deposits; or (ii) where (a) the funds are invested by the District through (I) a broker that has its main office or a branch office in the State and is selected from a list adopted by the District as required by law or (II) a depository institution that has its main office or a branch office in the State that is selected by the District; (b) the broker or the depository institution selected by the District arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the District; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the District appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the District with respect to the certificates of deposit; (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the District, held in the District's name, and deposited at the time the investment is made with the District or with a third party selected and approved by the District and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State, (9) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (10) commercial paper with a stated maturity of 270 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (11) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that have a dollar weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of $1 for each share, and (12) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, invest exclusively in obligations described in this paragraph, and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent. In addition, bond proceeds may be invested in guaranteed investment contracts that have

a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

The District may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAm or an equivalent by at least one nationally recognized rating service. The District may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the District retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the District must do so by order, ordinance, or resolution. The District is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

The District is authorized to implement securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) of the first paragraph under this subcaption, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm not less than "A" or its equivalent, or (c) cash invested in obligations that are described in clauses (1) through (6) and (10) through (12) of the first paragraph under this subcaption, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the governmental body, held in the name of the governmental body and deposited at the time the investment is made with the District or a third party designated by the District; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less.

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for District funds, the maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the Public Funds Investment Act. All District funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, the District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived." At least quarterly the District's investment officers must submit an investment report to the Board of Directors detailing: (1) the investment position of the District, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value and the fully accrued interest for the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset at the end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) Texas law. No person may invest District funds without express written authority from the Board of Directors.

Under Texas law, the District is additionally required to: (1) annually review its adopted policies and strategies, (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule,

order, ordinance or resolution, (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the District to disclose the relationship and file a statement with the Texas Ethics Commission and the Board of Directors; (4) require the qualified representative of firms offering to engage in an investment transaction with the District to: (a) receive and review the District's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the District and the business organization that are not authorized by the District's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the District's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the District and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the District's investment policy; (6) provide specific investment training for the Treasurer, Chief Financial Officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the District's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements, and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the District.

Current Investments

As of December 31, 2016 the District's investable funds were invested as follows:

OPERATING:			
Cash on hand	N/A	$	300
Citizens National Bank - Checking	N/A		589,361
Citizens National Bank - Checking	0.20%		16,655
Citizens National Bank - Certificate of Deposit	0.40%		101,539
Citizens National Bank - Checking	N/A		84,113
Edward Jones - United States Treasury Bond	3.47%		32,741
Edward Jones - Money Market	0.01%		102,476
InterBank - Certificate of Deposit	0.40%		93,688
TOTAL OPERATING			1,020,873
CONSTRUCTION:			
Citizens National Bank - Checking	N/A		21,987
TOTAL CONSTRUCTION			21,987
DEBT SERVICE:			
Citizens National Bank - Checking	0.35%		515,112
TOTAL DEBT SERVICE			515,112
RESERVE:			
Citizens National Bank - Checking	0.35%		500,807
TOTAL RESERVE			500,807
SYSTEM IMPROVEMENTS:			
Citizens National Bank - Checking	N/A		46,205
Citizens National Bank - Checking	0.10%		7,433
Citizens National Bank - Checking	0.35%		529,523
TOTAL SYSTEM IMPROVEMENTS			583,161
TOTAL			**$** 2,641,940

No funds of the District are invested in derivative securities; i.e., securities whose rate of return is determined by reference to some other instrument, index, or commodity.

RETIREMENT PLAN

The District maintains a Savings Incentive Match Plan for Employees - Individual Retirement Account (SIMPLE-IRA). Under the plan, the District will match each participant's contribution up to 3% of the participant's compensation. The District's contributions to the plan for the year ended December 31, 2016 were $6,807.

LEGAL MATTERS

Legal Opinion

Naman, Howell, Smith & Lee, PLLC, Bond Counsel, will render an opinion that, subject to the limitations in such opinion, (i) the Bonds are valid and legally binding special obligations of the District, secured by and payable from a lien on and pledge of the Pledged Revenues, as defined in the Resolution; (ii) interest on the Bonds is excludable from gross income of the holders for federal tax purposes under existing law; and (iii) the Bonds are not "private activity bonds" under the Internal Revenue Code of 1986, as amended (the "Code") and, as such, interest on the Bonds will not be subject to the alternative minimum tax on individuals and corporations, except as described in the "TAX MATTERS – Tax Exemption" section below in the discussion regarding the adjusted current earnings adjustments for corporations.

Legal Review

Bond Counsel has reviewed the information appearing under "LEGAL MATTERS" (insofar as such section relates to the legal opinion of Bond Counsel), "TAX MATTERS" and "ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS" herein and such firm is of the opinion that the information relating to the Bonds and the legal issues contained under such captions is an accurate and fair description of the laws and legal issues addressed therein. Bond Counsel has not independently verified factual information contained in this Official Statement, nor have such firms conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon such firm's limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to the accuracy or completeness of any of the other information contained herein.

TAX MATTERS

Tax Exemption

On the date of initial delivery of the Bonds, Naman, Howell., Smith & Lee, PLLC, Bond Counsel, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (i) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (ii) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See Appendix C -- Form of Legal Opinion of Bond Counsel.

In rendering its opinion, Bond Counsel will rely upon (i) the District's federal tax certificate and the verification report prepared by Grant Thornton, independent certified public accountants and (ii) covenants of the District with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds and certain other matter. Failure by the District to observe the aforementioned representations or covenants, could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result.

The law upon which Bond Counsel has based its opinion is subject to change by the United States Congress, administrative interpretation by the Department of the Treasury and to subsequent judicial interpretation. There can be no assurance that such law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of ownership of the Bonds.

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on Existing Law which is subject to change or modification, retroactively.

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences. The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with Subchapter C earnings and profits, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

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

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

Tax Accounting Treatment of Original Issue Discount Bonds

The initial public offering price to be paid for one or more maturities of the Bonds may be less than the principal or maturity amount thereof or one or more periods for the payment of interest on the bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bond"). The difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond in the initial public offering of the Bonds. The "stated redemption price at maturity" means the sum of all payments to be made on the bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner. See "TAX MATTERS - Tax Exemption" herein for a discussion of certain collateral federal tax consequences.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS

Collateral Tax Consequences

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Prospective purchasers of the Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year.

Tax Accounting Treatment of Original Issue Premium

The issue price of all or a portion of the Bonds may exceed the stated redemption price payable at maturity of such Bonds. Such Bonds (the "Premium Bonds") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Bond.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Bond and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Bonds.

Tax Accounting Treatment of Original Issue Discount

The issue price of all or a portion of the Bonds may be less than the stated redemption price payable at maturity of such Bonds (the "Original Issue Discount Bonds"). In such case, the difference between (i) the amount payable at the maturity of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the captions "TAX MATTERS – Tax Exemption" and "ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS – Collateral Tax Consequences" and "Tax Legislative Changes" generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

The foregoing discussion assumes that (i) the Underwriters have purchased the Bonds for contemporaneous sale to the public and (ii) all of the Original Issue Discount Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on page ii of this Official Statement. Neither the District nor Bond Counsel has made any investigation or offers any comfort that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each Original Issue Discount Bond accrues daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (i) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (ii) the amounts payable as current interest during such accrual period on such Bond.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of Original Issue Discount Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

Tax Legislative Changes

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted,

could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed, pending or future legislation.

CONTINUING DISCLOSURE OF INFORMATION

In the Resolution, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds.

Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the "MSRB").

Annual Reports

The Issuer will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the Issuer of the general type included in Appendix A – Financial Information of the Issuer in Tables 1 through 5. The Issuer will update and provide this information within six months after the end of each fiscal year ending in and after 2017.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Website or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements for the Issuer, if the Issuer commissions an audit and it is completed by the required time. If audited financial statements cannot be provided, the Issuer will provide unaudited financial information of the type described in the preceding paragraph by the required time and audited financial statements when they become available. Any such financial statements will be prepared in accordance with the accounting principles described in the Issuer's annual financial statements, or such other accounting principles as the Issuer may be required to employ from time to time pursuant to State law or regulation.

The Issuer's current fiscal year end is December 31. Accordingly, it must provide updated information by the last day in June in each year, unless the Issuer changes its fiscal year. If the Issuer changes its fiscal year, it will notify the MSRB of the change.

Notice of Certain Events

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

For these purposes, any event described in clause (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a

proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

Availability of Information from MSRB

The Issuer has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

Limitations and Amendments

The Issuer has agreed to update information and to provide notices of certain specified events only as described above. The Issuer has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The Issuer makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The Issuer disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its agreement or from any statement made pursuant to its agreement, although holders or beneficial owners of Bonds may seek a writ of mandamus to compel the Issuer to comply with its agreement.

The Issuer may amend its agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Issuer, if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in aggregate principal amount of the Outstanding Parity Debt consent or any person unaffiliated with the Issuer (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. The Issuer may also repeal or amend its agreement if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, 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 Bonds in the primary offering of the Bonds giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule. If the Issuer amends its agreement, it must include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of information and data provided.

Compliance with Prior Agreements

During the last five years, the District has complied in all material respects with its previous continuing disclosure agreements made in accordance with the Rule.

OTHER PERTINENT INFORMATION

Additional Legal Matters

The delivery of the Bonds is subject to the approval of the Attorney General of Texas to the effect that the Bonds are valid and legally binding special obligations of the District payable solely from and, together with the Outstanding Parity Debt, equally and ratably secured by, a first lien on and pledge of the Pledged Revenues of the System in the manner provided in the Resolution, and the approving legal opinions of Bond Counsel, to like effect and to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on corporations. The form of Bond Counsel's opinion is attached hereto as Appendix C. The legal fees

to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds. The legal opinions of Bond Counsel will accompany the Bonds deposited with DTC or will be printed on the definitive Bonds in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriters by Orrick, Herrington & Sutcliffe LLP, Counsel for the Underwriters. The fee of Orrick, Herrington & Sutcliffe, LLP Counsel to the Underwriters, is contingent upon the sale and delivery of the Bonds.

Bond Counsel was engaged by, and only represents, the District. Except as noted below, Bond Counsel did not take part in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein except that in its capacity as Bond Counsel, such firm has reviewed the information appearing under captions "PLAN OF FINANCING", "THE BONDS" (except under the subcaptions "Payment Record" and "Remedies in Event of Default"), "REGISTRATION, TRANSFER AND EXCHANGE," "TAX MATTERS," "CONTINUING DISCLOSURE OF INFORMATION" (except under the subcaption "Compliance With Prior Agreements"), and the subcaptions "Additional Legal Matters" (except the last two sentences of the first paragraph thereof), "Registration and Qualification of Bonds for Sale" and "Legal Investments And Eligibility To Secure Public Funds In Texas," under the caption "OTHER PERTINENT INFORMATION" and "Appendix B – Selected Provisions of the Bond Resolution" and "Appendix C - Forms of Legal Opinions of Bond Counsel", and such firm is of the opinion that the information relating to the Bonds and legal matters contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Resolution.

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

Registration and Qualification of Bonds for Sale

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any jurisdiction. The Issuer assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

Litigation

It is the opinion of District officials that there is no pending litigation or, to their knowledge, threatened litigation or other proceeding against the District that would have a material adverse impact upon the district's financial condition or its operations.

At the time of the initial delivery of the Bonds, the District will provide the Purchaser with a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Bonds, or which would affect the provision made for their payment or security, or in any manner questioning the validity of said Bonds will also be furnished.

Ratings

The District has made application to S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P") based upon the Municipal Bond Insurance Policy to be issued by BAM. The Bonds have also been assigned an underlying rating of "A-" by S&P. An explanation of the significance of a rating may be obtained from S&P. A rating by a rating agency reflects only the view of such company at the time the rating is given, and the Issuer makes no representations as to the appropriateness of the rating. There is no assurance that such rating will continue for any

given period of time, or that it will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

Legal Investments and Eligibility to Secure Public Funds in Texas

Section 1201.041 of the Public Security Procedures Act provides the Bonds are (i) negotiable instruments, (ii) investment securities to which Chapter 8, Business and Commerce Code applies and (iii) legal and authorized investments for insurance companies, fiduciaries or trustees and sinking funds of municipalities or other political subdivisions or public agencies of the State. The Texas Finance Code also contains provisions that, subject to a prudent investor standard, provide for the Bonds to be legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. For the Bonds to be eligible investments for municipalities, political subdivisions or public agencies of Texas, the Public Funds Investment Act, V.T.C.A., Government Code, Chapter 2256, provides a rating of not less than "A" or its equivalent as to investment quality must be assigned by a national rating agency. Furthermore, the Bonds are eligible to secure the deposits of any public funds of the State of Texas, its agencies and its political subdivisions and are legal security for those deposits to the extent of their market value.

No representation is made that the Bonds will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes. The District has made no investigation of other laws, rules, regulations or investment criteria which might apply to any such persons or entities or which might otherwise limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such persons or entities to purchase or invest in the Bonds for such purposes.

Verification of Arithmetical and Mathematical Calculations

Grant Thornton, a firm of independent certified public accountants, will deliver to the District, on or before the settlement date of the Bonds, its verification report indicating that it has verified, in accordance with attestation standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Escrowed Securities, to pay, when due, the maturing principal of, interest on and related call premium requirements of the Refunded Obligations and (b) the mathematical computations of yield used by Bond Counsel to support its opinion that interest on the Bonds will be excluded from gross income for federal income tax purposes.

The verification performed by Grant Thornton will be solely based upon data, information and documents provided by the District and its representatives. Grant Thornton has restricted its procedures to recalculating the computations provided by the District and its representatives and has not evaluated or examined the assumptions or information used in the computations.

Financial Advisor

Government Capital Securities Corporation is employed as a Financial Advisor to the Issuer in connection with the issuance of the Bonds. In this capacity, the Financial Advisor has compiled certain data relating to the Bonds and has assisted in drafting this Official Statement. The Financial Advisor has not independently verified any of the data contained herein or conducted a detailed investigation of the affairs of the Issuer to determine the accuracy or completeness of this Official Statement. Because of its limited participation, the Financial Advisor assumes no responsibility for the accuracy or completeness of any of the information contained herein. The fees for the Financial Advisor are contingent upon the issuance, sale and delivery of the Bonds.

Use of Audited Financial Statements

Yeldell, Wilson, Wood & Reeve, P.C., Waxahachie, Texas, the District's independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Hatter & Associates, LLP, general counsel to the District, also has not performed any procedures relating to this Official Statement.

Underwriting

The Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the District at a price of $6,206,818.28 (representing the par amount of the Bonds of $6,215,000, plus a net original issue premium of $41,516.85 less an Underwriters' discount of $49,698.57), plus accrued interest on the Bonds from the date of initial delivery to the date of initial delivery of the Bonds to the Underwriters.

The Underwriters' obligation is subject to certain conditions precedent. The Underwriters will be obligated to purchase all of the Bonds, if the Bonds are purchased. The Bonds may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriters.

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

Forward-Looking Statements Disclaimer

The statements contained in this Official Statement, and in any other information provided by the District, that are not purely historical, are forward-looking statements, including statements regarding the District's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the District on the date hereof, and the District assumes no obligation to update any such forward-looking statements. The District's actual results could differ materially from those discussed in such forward-looking statements.

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

Concluding Statement

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

The Official Statement was approved as to form and content and the use thereof in the offering of the Bonds was authorized, ratified and approved by the Board on the date of sale. The Purchaser will be furnished at the time of payment for and the delivery of the Bonds, a certified copy of such approval, duly executed by the proper officials of the Issuer.

In the Resolution, the Board of Directors of the District approved this Official Statement for distribution in accordance with the provisions of the Securities and Exchange Commission's rule codified at 17 C.F.R. Section 240.15c2-12.

BUENA VISTA-BETHEL
SPECIAL UTILITY DISTRICT

/s/ Don Walker
President, Board of Directors

ATTEST:

/s/ Alan Cleaver
Secretary, Board of Directors

SCHEDULE 1

SCHEDULE OF REFUNDED BONDS

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Series 2009, W Sys Rev Bds, 2009:					
SER	08/01/2020	4.850%	145,000.00	08/01/2019	100.000
	08/01/2021	5.000%	155,000.00	08/01/2019	100.000
	08/01/2022	5.150%	165,000.00	08/01/2019	100.000
	08/01/2023	5.200%	170,000.00	08/01/2019	100.000
	08/01/2024	5.400%	175,000.00	08/01/2019	100.000
	08/01/2025	5.500%	185,000.00	08/01/2019	100.000
	08/01/2026	5.600%	195,000.00	08/01/2019	100.000
	08/01/2027	5.650%	215,000.00	08/01/2019	100.000
	08/01/2028	5.750%	275,000.00	08/01/2019	100.000
	08/01/2029	5.850%	285,000.00	08/01/2019	100.000
	08/01/2030	5.850%	300,000.00	08/01/2019	100.000
	08/01/2031	5.900%	315,000.00	08/01/2019	100.000
	08/01/2032	5.900%	325,000.00	08/01/2019	100.000
	08/01/2033	5.900%	350,000.00	08/01/2019	100.000
	08/01/2034	5.900%	350,000.00	08/01/2019	100.000
	08/01/2035	5.900%	360,000.00	08/01/2019	100.000
	08/01/2036	5.900%	380,000.00	08/01/2019	100.000
	08/01/2037	5.900%	400,000.00	08/01/2019	100.000
	08/01/2038	5.900%	415,000.00	08/01/2019	100.000
	08/01/2039	6.050%	425,000.00	08/01/2019	100.000
			5,585,000.00		

APPENDIX A

FINANCIAL INFORMATION OF THE ISSUER

HISTORICAL WATER CONSUMPTION (GALLONS) TABLE 1

FISCAL YEAR ENDED 12/31	NUMBER OF WATER CUSTOMERS	WATER USAGE IN GALLONS AVERAGE DAILY USAGE	PEAK DAY USAGE	TOTAL USAGE
2012	1,468	N/A	N/A	280,300,600
2013	1,548	N/A	N/A	240,519,490
2014	1,708	N/A	N/A	267,181,700
2015	1,670	N/A	N/A	282,092,100
2016	1,588	N/A	N/A	287,697,000

LARGEST WATER CUSTOMERS (FYE 2016) TABLE 2

CUSTOMERS		WATER USAGE (GALLONS)	% OF TOTAL WATER USAGE
Thalle Construction		15,827,200	44.26%
Univar		12,160,000	34.01%
Scarborough Faire		4,066,670	11.37%
Lakeview Camp		3,612,086	10.10%
OHL		92,800	0.26%
	Total	35,758,756	100.00%

MONTHLY WATER RATES BY METER SIZE (AS OF APRIL 1, 2015) TABLE 3

METER SIZE	MINIMUM MONTHLY RATE
5/8" x 3/4"	$ 41.00
1"	$ 102.50
1 1/2"	$ 205.00
2"	$ 328.00
4"	$1,025.00
8"	$3,280.00

MONTHLY WATER RATES (AS OF APRIL 1, 2015) TABLE 4

STANDARD ¾" METERS

MONTHLY RATE	
$40.00 zero gallons	Minimum
4.50 per thousand gallon	0 – 50,000 GAL
5.42 per thousand gallon	5,001 – 10,000 GAL
6.34 per thousand gallon	10,001 – 20,000 GAL
7.26 per thousand gallon	20,001 – 30,000 GAL
8.18 per thousand gallon	30,001 + GAL

1", 1.5", 2" METERS

MONTHLY RATE	
$40.00 zero gallons	Minimum
4.50 per thousand gallon	0 – 50,000 GAL
5.42 per thousand gallon	5,001 – 10,000 GAL
6.34 per thousand gallon	10,001 – 20,000 GAL
7.26 per thousand gallon	20,001 – 30,000 GAL
8.18 per thousand gallon	30,001 + GAL

4", 8" METERS

MONTHLY RATE	
$40.00 zero gallons	Minimum
4.50 per thousand gallon	0 – 50,000 GAL
5.42 per thousand gallon	5,001 – 10,000 GAL
6.34 per thousand gallon	10,001 – 20,000 GAL
7.26 per thousand gallon	20,001 – 30,000 GAL
8.18 per thousand gallon	30,001 + GAL

REVENUE BOND DEBT SERVICE REQUIREMENTS **TABLE 5***

Fiscal Year 31-Dec	Total Outstanding Debt Service	Less Refunded Obligations Debt Service	Principal	Interest	Total Debt Service
2017	$ 356,463	$ -	$ -	$ -	$ 356,463
2018	395,438	321,365	155,000	172,654	401,727
2019	462,643	321,365	75,000	188,738	405,016
2020	466,365	466,365	225,000	187,238	412,238
2021	469,333	469,333	230,000	180,488	410,488
2022	471,583	471,583	235,000	173,588	408,588
2023	468,085	468,085	245,000	166,538	411,538
2024	464,245	464,245	250,000	159,188	409,188
2025	464,795	464,795	260,000	151,688	411,688
2026	464,620	464,620	265,000	143,888	408,888
2027	473,700	473,700	275,000	135,938	410,938
2028	521,553	521,553	280,000	127,688	407,688
2029	515,740	515,740	290,000	119,988	409,988
2030	514,068	514,068	300,000	112,013	412,013
2031	511,518	511,518	305,000	103,013	408,013
2032	502,933	502,933	315,000	93,863	408,863
2033	508,758	508,758	325,000	84,019	409,019
2034	488,108	488,108	335,000	73,863	408,863
2035	477,458	477,458	345,000	62,975	407,975
2036	476,218	476,218	360,000	51,763	411,763
2037	473,798	473,798	370,000	39,613	409,613
2038	465,198	465,198	380,000	27,125	407,125
2039	450,713	450,713	395,000	13,825	408,825
TOTAL	$10,863,333	$10,291,519	$6,215,000	$2,569,694	$9,356,508

Estimated Average Annual Debt Service Requirements $406,804
Estimated Maximum Annual Debt Service Requirement $412,238

*****Amounts may differ due to rounding.*

APPENDIX B

SELECTED PROVISIONS OF THE BOND RESOLUTION

SECTION 1: Authorization - Designation - Principal Amount - Purpose. Refunding bonds of the District shall be and are hereby authorized to be issued in an aggregate maximum principal amount of $6,215,000, to be designated and bear the title "BUENA VISTA-BETHEL SPECIAL UTILITY DISTRICT WATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2017" (hereinafter referred to as the "Bonds"), for the purpose of providing funds for the discharge and final payment of certain outstanding obligations of the District as determined in accordance with Section 40 hereof and to pay costs of issuance, in accordance with authority conferred by and in conformity with the Constitution and laws of the State of Texas, including Chapter 1207 of the *Texas Government Code* and Chapter 65 of the *Texas Water Code.*

SECTION 2: Fully Registered Obligations - Bond Date - Authorized Denominations - Stated Maturities - Interest Rates. The Bonds shall be issued as fully registered obligations only, shall be dated _____* (the "Issue Date"), shall be in denominations of $5,000 or any integral multiple (within a Stated Maturity) thereof, and shall become due and payable (as the "Stated Maturities") and bear interest at the rate(s) per annum as determined in accordance with Section 40 hereof:

Maturity[1]	Interest Rate*

The Bonds shall bear interest on their unpaid principal amounts from their date of delivery at the rate(s) per annum shown above (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Bonds shall be payable on each _____* and _____*, commencing _____*, to maturity or prior redemption.

SECTION 3: Terms of Payment - Paying Agent/Registrar. The principal of, premium, if any, and the interest on the Bonds, due and payable by reason of maturity or otherwise, shall be payable only to the registered owners or holders of the Bonds (hereinafter called the “Holder” or "Holders") appearing on the registration and transfer books maintained by the Paying Agent/Registrar and the payment thereof shall be in any coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts, and shall be without exchange or collection charges to the Holders.

The selection and appointment of BOKF, N.A., Austin, Texas, to serve as Paying Agent/Registrar for the Bonds is hereby approved and confirmed. Books and records relating to the registration, payment, exchange and transfer of the Bonds (the "Security Register") shall at all times be kept and maintained on behalf of the District by the Paying Agent/Registrar, all as provided herein, in accordance with the terms and provisions of a “Bond Registrar, Paying Agency and Transfer Agency Agreement” (the "Paying Agent/Registrar Agreement"), applicable to the Bonds and such reasonable rules and regulations as the Paying Agent/Registrar and the District may prescribe. The President and Secretary of the Board of Directors are hereby authorized to execute and deliver such Agreement in connection with the delivery of the Bonds. The District covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are paid and discharged. The District retains the right to change the Paying Agent/Registrar. Any successor Paying Agent/Registrar shall be a commercial bank or trust company, organized under the laws of the State of Texas, or other entity duly qualified and legally authorized to serve in such capacity and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Bonds, the District agrees to promptly cause a written notice thereof to be sent to each Holder by United States Mail, first class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Principal of and premium, if any, on the Bonds shall be payable at the Stated Maturities, or earlier redemption date, only upon presentation and surrender of the Bonds to the Paying Agent/Registrar at its designated offices in Austin, Texas (the "Designated Payment/Transfer Office"). Interest on the Bonds shall be paid to the Holders whose name appears in the Security Register at the close of business on the Record Date (being the close of business on the

fifteenth day of the month next preceding each interest payment date) and shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the Holder recorded in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the District where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive Resolution to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

In the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the District. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each owner of a Bond appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

SECTION 4: Redemption. The District reserves the right, at its option, to redeem Bonds maturing _____, on _____*, or any date thereafter, in whole or from time to time in part in principal amounts of $5,000 or any integral multiple thereof (and, if within a stated maturity, selected at random and by lot by the Paying Agent/Registrar), at the par value thereof plus accrued interest to the date fixed for redemption. If less than all of the Bonds are to be redeemed, the District may select the series and maturities of Bonds to be redeemed. If less than all the Bonds of any series and maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book Entry Only form) shall determine by lot or other customary random selection method the Bonds, or portions thereof, within such series and maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date. Notice of redemption shall be given in the manner provided in the form of Bonds set forth herein.

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

THE BONDS OF THIS SERIES maturing on _____, in the years _____, are subject to mandatory redemption prior to maturity in part at random, by lot or other customary random selection method selected by the Paying Agent/Registrar, at par plus accrued interest to the redemption date, and without premium, with funds on deposit in the Interest and Sinking Fund. Such Bonds shall be redeemed by the Paying Agent/Registrar on _____* in each of the years and in the principal amounts, respectively, as are set forth in the following schedule:

Bonds Maturing _____*		Bonds Maturing _____*		Bonds Maturing _____*		Bonds Maturing _____*	
Year	Principal Amount	Year	Principal Amount	Year	Principal Amount	Year	Principal Amount

(1) Final maturity of Bond.

The principal amount of the Bonds required to be redeemed pursuant to the operation of such mandatory sinking fund redemption shall be reduced, at the option of the District, by the principal amount of any Bonds which, at least 50 days prior to the mandatory sinking fund redemption date (i) shall have been purchased by the District and delivered to the Paying Agent/Registrar for cancellation, (ii) shall have been purchased and cancelled by the Paying Agent at the request of the District at a price not exceeding the principal amount of such Bonds plus accrued interest to the date of purchase, or (iii) shall have been redeemed pursuant to the optional redemption provision described above and not theretofore credited against a mandatory redemption requirement.

SECTION 5. Definition of Terms. In each place throughout this Resolution wherein the following terms, or any of them, are used, the same, unless the context shall indicate another or different meaning or intent, shall be construed and are intended to have the meanings as follows:

(a) "Act" means Chapter 65 of the *Texas Water Code* and Chapter 1207, *Texas Government Code*.

(b) "Additional Bonds" means any bonds issued on a parity with the Bonds in accordance with Section 20 of this Resolution.

(c) “Annual Debt Service” means the total annual principal and interest payments to be made in each Fiscal Year on all Bonds, Additional Bonds, and other outstanding indebtedness of the District.

(d) "Board of Directors" or "Board" means the Board of Directors of the District.

(e) "Bond" or "Bonds" means the District’s Water System Revenue Refunding Bonds, Series 2017 being issued pursuant to this Resolution.

(f) "Bond Resolution" means this resolution and any amendments hereto.

(g) "Certified Public Accountant" means any certified public accountant or firm of such public accounts of suitable experience and qualifications selected by the District.

(h) "Depository" means the bank or banks which the District selects (whether one or more), in accordance with law, as its depository.

(i) "District" means Buena Vista-Bethel Special Utility District, and any other public body or agency at any time succeeding to the property and principal rights, powers and obligations of said District.

(j) "Fiscal Year" means each twelve month fiscal year period of the District, currently beginning January 1 of each year.

(k) "Gross Revenues" means all revenues and income of the District of every nature from any source whatsoever.

(l) “Net Revenues” means Gross Revenues minus Operation and Maintenance Expenses for the same applicable Fiscal Year.

(m) “Maximum Annual Debt Service” means the total Annual Debt Service due in the Fiscal Year of the District in which the aggregate Annual Debt Service is the highest.

(n) "Operation and Maintenance Expenses" means all reasonable and necessary current costs of operation and maintenance determined in accordance with generally accepted accounting principles applicable to the District, including, but not limited to, repairs, operating expenses, the cost of utilities, supervision, engineering, accounting, auditing, legal services, insurance premiums, supplies, services, administrative costs, and equipment necessary for proper operation and

maintenance of the System. Depreciation and amortization shall not be considered an item of Operation and Maintenance Expense.

(o) "Paying Agent/Registrar" means BOKF, N.A., Austin, Texas.

(p) "Pledged Revenues" means all Net Revenues of the District.

(q) “Pricing Certificate” is defined in Section 40 hereof.

(r) “Refunded Obligation Candidates” shall mean all those bond maturities listed in the preamble hereof.

(s) “Refunded Obligations” shall mean these Refunded Obligation Candidates finally chosen to be refunded in accordance with Section 40 hereof.

(t) "System" means the entire waterworks system of the District.

SECTION 6: Registration - Transfer - Exchange of Bonds-Predecessor Bonds. The Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of each and every owner of the Bonds issued under and pursuant to the provisions of this Resolution, or if appropriate, the nominee thereof. Any Bond may be transferred or exchanged for Bonds of other authorized denominations by the Holder, in person or by his duly authorized agent, upon surrender of such Bond to the Paying Agent/Registrar at the Designated Payment/Transfer Office for cancellation, accompanied by execution of any assignment form on the Bonds, or a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

Upon surrender of any Bond (other than the single Initial Bond referenced in Section 8) for transfer at the Designated Payment/Transfer Office of the Paying Agent/Registrar, one or more new Bonds shall be registered and issued to the assignee or transferee of the previous Holder; such Bonds to be in authorized denominations, of like Stated Maturity and of a like aggregate principal amount as the Bond or Bonds surrendered for transfer.

At the option of the Holder, Bonds may be exchanged for other Bonds of authorized denominations and having the same Stated Maturity, bearing the same rate of interest and of like aggregate principal amount as the Bonds surrendered for exchange, upon surrender of the Bonds to be exchanged at the Designated Payment/Transfer Office of the Paying Agent/Registrar. To the extent possible, whenever any Bonds are surrendered for exchange, the Paying Agent/Registrar shall register and deliver new Bonds to the Holder requesting the exchange, to the extent possible within three business days of receipt of the Bonds to be exchanged.

All Bonds issued in any transfer or exchange of Bonds shall be delivered to the Holders at the Designated Payment/Transfer Office of the Paying Agent/Registrar or sent by United States Mail, first class, postage prepaid to the Holders, and, upon the registration and delivery thereof, the same shall be the valid obligations of the District, evidencing the same obligation to pay, and entitled to the same benefits under this Resolution, as the Bonds surrendered in such transfer or exchange.

All transfers or exchanges of Bonds pursuant to this Section shall be made without expense or service charge to the Holder, except as otherwise herein provided, and except that the Paying Agent/Registrar shall require payment by the Holder requesting such transfer or exchange of any tax or other governmental charges required to be paid with respect to such transfer or exchange.

Bonds cancelled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be "Predecessor Bonds," evidencing all or a portion, as the case may be, of the same obligation to pay evidenced by the new Bond or Bonds registered and delivered in the exchange or transfer therefor. Additionally, the term "Predecessor Bonds" shall include any mutilated, lost, destroyed, or stolen Bond for which a replacement Bond has been issued, registered and delivered in lieu thereof pursuant to the provisions of Section 11 hereof and such new replacement Bond shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Bond.

New Bonds issued in an exchange or transfer of Bonds will be delivered to the registered Holder or assignee of the registered Holder promptly after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered Holder or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one series and maturity and for a like aggregate principal amount as the Bonds surrendered for exchange or transfer. Neither the District nor the Paying Agent/Registrar shall be required to transfer or exchange any Bonds (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest paying date, or (ii) with respect to Bonds called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered Holder of the uncalled balance of a Bond.

SECTION 7: Book-Entry Only Transfers and Transactions. Notwithstanding the provisions contained in Section 6 hereof relating to the payment, and transfer/exchange of the Bonds, and as further provided in Section 24 hereof, the District hereby approves and authorizes the use of the "Book-Entry Only" securities clearance, settlement and transfer system provided by The Depository Trust Company (DTC), a limited purpose trust company organized under the laws of the State of New York, in accordance with the operational arrangements referenced in a Blanket Issuer Letter of Representations by and between the District and DTC (the "Depository Agreement").

Pursuant to the Depository Agreement and the rules of DTC, at the option of the Holders the Bonds shall be deposited with DTC who shall hold said Bonds for its participants (the "DTC Participants"). While the Bonds are held by DTC under the Depository Agreement, the Holder of the Bonds on the Security Register for all purposes, including payment and notices, shall be Cede & Co., as nominee of DTC, notwithstanding the ownership of each actual purchaser or owner of each Bond (the "Beneficial Owners") being recorded in the records of DTC and DTC Participants.

In the event the Book-Entry-Only System should be discontinued, the Bonds will be printed and delivered to the registered Holders thereof and thereafter the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered Holder, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer, all as provided in Section 5 hereof.

SECTION 8: Execution - Registration. The Bonds shall be executed on behalf of the District by the President of its Board of Directors under its seal reproduced or impressed thereon and countersigned by the Secretary of the Board of Directors. The signature of said officers on the Bonds may be manual or facsimile. Bonds bearing the manual or facsimile signatures of individuals who are or were the proper officers of the District on the Issue Date shall be deemed to be duly executed on behalf of the District, notwithstanding that such individuals or either of them shall cease to hold such offices at the time of delivery of the Bonds to the initial purchaser(s) and with respect to Bonds delivered in subsequent exchanges and transfers, all as authorized and provided in the V.T.C.A., *Government Code*, Chapter 1201. The Paying Agent, acting as registrar of the Bonds, shall register the Bonds on its records on behalf of the District.

No Bond shall be entitled to any right or benefit under this Resolution, or be valid or obligatory for any purpose, unless there appears on such Bond either a certificate of registration substantially in the form provided in Section 9C, manually executed by the Comptroller of Public Accounts of the State of Texas, or his duly authorized agent, or a certificate of registration substantially in the form provided in Section 9D, manually executed by an authorized officer, employee or representative of the Paying Agent/Registrar, and either such certificate duly signed upon any Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly certified, registered and delivered.

SECTION 9: Initial Bond(s). The Bonds herein authorized shall be initially issued either (i) as a single fully registered bond in the total principal amount of $_____ in principal installments to become due and payable as provided in the Pricing Certificate and numbered T-1, or (ii) as multiple fully registered bonds, being one bond for each year of maturity in the applicable principal amount and denomination and to be numbered consecutively from R-1 and upward (hereinafter called the "Initial Bond(s)") and, in either case, the Initial Bond(s) shall be registered in the name of the initial purchaser(s) or the designee thereof. The Initial T-1 Bond shall be the Bond submitted to the

Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the initial purchaser(s). Any time after the delivery of the Initial Bond(s), the Paying Agent/Registrar, pursuant to written instructions from the initial purchaser(s), or the designee thereof, shall cancel the Initial Bond(s) delivered hereunder and exchange therefor definitive Bonds of authorized denominations, Stated Maturities, principal amounts and bearing applicable interest rates for transfer and delivery to the Holders named at the addresses identified therefor; all pursuant to and in accordance with such written instructions from the initial purchaser(s), or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

A. Forms Generally.

The Bonds, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Registration Certificate of the Paying Agent/Registrar, and the form of Assignment to be printed on each of the Bonds, shall be substantially in the forms set forth in this Section with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Resolution and/or the Pricing Certificate, and may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including insurance legends on insured Bonds and any reproduction of an opinion of counsel) thereon as may, consistently herewith, be established by the District or determined by the officers executing such Bonds as evidenced by their execution. Any portion of the text of any Bonds may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Bond.

The definitive Bonds and the Initial Bond(s) shall be printed, lithographed, or engraved or typewritten, photocopied or otherwise reproduced in any other similar manner, all as determined by the officers executing such Bonds as evidenced by their execution thereof.

The form of Initial Bond No. T-1, to be submitted to the Attorney General of Texas and registered with the Comptroller of Public Accounts of the State of Texas, is attached hereto as Exhibit A.

B. Form of Definitive Bond.

The definitive Bonds shall be substantially in the following form, with such appropriate insertions, omissions, substitutions and variations as are permitted or required by this Resolution.

REGISTERED $_____
NO.

UNITED STATES OF AMERICA
STATE OF TEXAS
BUENA VISTA-BETHEL SPECIAL UTILITY DISTRICT,
WATER SYSTEM REVENUE REFUNDING BONDS
SERIES 2017

Issue Date*:	Interest Rate*:	Stated Maturity:	CUSIP NO:
_____	_____%	_____	_____

Registered Owner:

Principal Amount: _____* DOLLARS

Buena Vista-Bethel Special Utility District (hereinafter referred to as the "District"), a political subdivision of the State of Texas, acting pursuant to Chapter 65 of the *Texas Water Code* and Chapter 1207 of the *Texas Government Code*, for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, on the Stated Maturity date specified above the Principal Amount hereinabove stated, and to pay interest on the unpaid principal amount hereof from _____* at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months. Principal of this Bond is payable at its Stated Maturity to the registered owner hereof, upon

presentation and surrender, at the Designated Payment/Transfer Office of BOKF, N.A., Austin, Texas (the "Paying Agent/Registrar ") executing the registration certificate appearing hereon, or its successor. Accrued interest on the unpaid principal amount hereof is payable on _____* and _____* in each year, commencing _____*, until maturity or earlier redemption, to the registered owner of this Bond (or one or more Predecessor Bonds, as defined in the Resolution hereinafter referenced) whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the close of business on the fifteenth day of the month next preceding each interest payment date, and such interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or collection charges to the owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

This Bond is one of the series specified in its title issued in the aggregate principal amount of $_____* (herein referred to as the "Bonds") for the purpose of providing funds for the discharge and final payment of certain outstanding obligations of the District and to pay costs of issuance, under and in strict conformity with the Constitution and laws of the State of Texas, including Chapter 1207 of the *Texas Government Code* and Chapter 65 of the *Texas Water Code*, and pursuant to a Resolution adopted by the Board of Directors of the District (herein referred to as the "Resolution").

Reference is hereby made to the Resolution, a copy of which is on file in the Designated Payment/Transfer Office of the Paying Agent/Registrar, and to all of the provisions of which the owner or holder of this Bond by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the tax levied for the payment of the Bonds; the terms and conditions relating to the transfer or exchange of this Bond; the conditions upon which the Resolution may be amended or supplemented with or without the consent of the Holders; the rights, duties, and obligations of the District and the Paying Agent/Registrar; the terms and provisions upon which this Bond may be discharged at or prior to its maturity, and deemed to be no longer Outstanding thereunder; and for other terms and provisions contained therein. Capitalized terms used herein have the meanings assigned in the Resolution.

The District reserves the right, at its option, to redeem Bonds having stated maturities on and after _____, in whole or from time to time in part in principal amounts of $5,000 or any integral multiple thereof (and, if within a stated maturity, selected at random and by lot by the Paying Agent/Registrar), on _____*, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. If less than all of the Bonds are to be redeemed, the District may select the series and maturities of Bonds to be redeemed. If less than all the Bonds of any series and maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book Entry Only form) shall determine by lot or other customary random selection method the Bonds, or portions thereof, within such series and maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

AT LEAST 30 DAYS prior to a redemption date for the Bonds, the District shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, in the name of the District and at the District's expense, by the Paying Agent/Registrar to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice.

ANY NOTICE SO MAILED WILL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, AND ANY CONDITIONS STATED IN THE NOTICE HAVING BEEN MET, THE BONDS CALLED FOR REDEMPTION WILL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF WILL CEASE TO ACCRUE. By the date fixed for any such redemption due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed. If due provision for such

payment is made, all as provided above, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed a substitute Bond having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of $5,000, at the written request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the District, all as provided in the Bond Resolution.

*The District reserves the right in the case of an optional redemption to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date or (ii) that the District retains the right to rescind such notice at any time prior to the scheduled redemption date if the District delivers a certificate of the District to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute an Event of Default. Further, in the case of a conditional redemption, the failure of the District to make moneys and/or authorized securities available in part or in whole on or before the redemption date shall not constitute an Event of Default.

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

[The Bonds maturing on _____,* are subject to mandatory sinking fund redemption prior to maturity in part at random, by lot or other customary random selection method selected by the Paying Agent/Registrar, at par plus accrued interest to the redemption date, and without premium, with funds on deposit in the Interest and Sinking Fund. Such Bonds shall be redeemed by the Paying Agent/Registrar on _____* in each of the years and in the principal amounts, respectively, as are set forth in the following schedule:

Bonds Maturing _____*	
Year (_____)*	Principal Amount*

(1) Final maturity of Bond.

The principal amount of the Bonds required to be redeemed pursuant to the operation of such mandatory sinking fund redemption shall be reduced, at the option of the District, by the principal amount of any Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been purchased by the District and delivered to the Paying Agent/Registrar for cancellation or (ii) redeemed pursuant to the optional redemption provision described above and not theretofore credited against a mandatory sinking fund requirement.]

IF THE DATE for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday or a day on which banking institutions in the city where the offices for payment of the Paying

Agent/Registrar is located are authorized by law or executive Resolution to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Bond, subject to certain limitations contained in the Resolution, may be transferred on the Security Register only upon its presentation and surrender at the Designated Payment/Transfer Office of the Paying Agent/Registrar, with the Assignment hereon duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by, the registered owner hereof, or his duly authorized agent. When a transfer on the Security Register occurs, one or more new fully registered Bonds of the same Stated Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued by the Paying Agent/Registrar to the designated transferee or transferees.

The District and the Paying Agent/Registrar, and any agent of either, shall treat the registered owner whose name appears on the Security Register (i) on the Record Date as the owner entitled to payment of interest hereon, (ii) on the date of surrender of this Bond as the owner entitled to payment of principal hereof at its Stated Maturity and (iii) on any other date as the owner for all other purposes, and neither the District nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary. In the event of nonpayment of interest on a scheduled payment date and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the District. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date", which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, sold, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond is a special obligation of the District and for the purpose of providing for the payment and security of the Bonds, the District has pledged the Net Revenues to be received by the District. Reference is made to the Bond Resolution for a further description of the revenues pledged to the payment of the interest on and principal of the Bonds, the circumstances under which Additional Bonds may be issued, the amount and extent of the security therefor, and a statement of the rights, duties and obligations of the District and the rights of the holders of the Bonds, to all provisions of which the holder hereof, by the acceptance of this Bond, assents.

As to the pledge of Pledged Revenues to pay this Bond, payment of this Bond is on a parity with that pledge securing payment of the District's Bank Notes dated May 8, 2000, and February 18, 2004.

THE HOLDER HEREOF SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT OF THIS OBLIGATION OUT OF ANY FUNDS RAISED OR TO BE RAISED BY TAXATION.

BY BECOMING the registered owner of this Bond, the registered owner thereby acknowledges all of the terms and provisions of the Bond Resolution, agrees to be bound by such terms and provisions, acknowledges that the Bond Resolution is duly recorded and available for inspection in the official minutes and records of the governing body of the District, and agrees that the terms and provisions of this Bond and the Bond Resolution constitute a contract between each registered owner hereof and the District.

IN WITNESS WHEREOF, the Board of Directors of the District has caused this Bond to be duly executed under the official seal of the District as of the Issue Date.

BUENA VISTA-BETHEL SPECIAL UTILITY DISTRICT

_____

President, Board of Directors

COUNTERSIGNED:

_____
Secretary, Board of Directors

(SEAL)

C. *Form of Registration Certificate of Comptroller of Public Accounts to appear on Initial Bond(s) only.

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER	)	
	)	
OF PUBLIC ACCOUNTS	)	REGISTER NO.
	)	
THE STATE OF TEXAS	)	

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

WITNESS my signature and seal of office this _____.

_____
Comptroller of Public Accounts
of the State of Texas

(SEAL)

*NOTE TO PRINTER: Do not print on definitive bonds

(D) Form of Certificate of Paying Agent/Registrar to appear on Definitive Bonds only.

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

This Bond has been duly issued and registered in the name of the Registered Owner shown above under the provisions of the within-mentioned Resolution; the bond or bonds of the above entitled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

The designated offices of the Paying Agent/Registrar in Austin, Texas, is the Designated Payment/Transfer Office for this Bond.

BOKF, N.A.,
as Paying Agent/Registrar

Registration date: _____

By: _____
Authorized Signature

(E) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto (Print or typewrite name, address, and zip code of transferee:)_____
(Social Security or other identifying number_____) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED: _____

Signature guaranteed: _____

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.

SECTION 10: Pledge. The District hereby pledges and grants a lien on the Pledged Revenues in order to secure the payment of the principal and interest on the Bonds as the same become due. Said lien and pledge are granted equally for the benefit of the holders of all Bonds. The Pledged Revenues are further pledged to the establishment and maintenance of the Interest and Sinking Fund and the Reserve Fund as provided in this Bond Resolution.

As to the pledge of Pledged Revenues to pay the Bonds, payment of the Bonds is on a parity with that pledge securing payment of the District's Promissory Notes dated May 8, 2000, and February 18, 2004, each payable to the Citizens National Bank of Texas.

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

Proper officers of the District are hereby authorized and directed to cause to be transferred to the Paying Agent/Registrar for the Bonds, from funds on deposit in the Interest and Sinking Fund, amounts sufficient to fully pay and discharge promptly each installment of interest and principal of the Bonds as the same accrues or matures; such transfers of funds to be made in such manner as will cause collected funds to be deposited with the Paying Agent/Registrar on or before each principal and interest payment date for the Bonds.

SECTION 11: Mutilated - Destroyed - Lost and Stolen Bonds. In case any Bond shall be mutilated, or destroyed, lost or stolen, the Paying Agent/Registrar shall execute and deliver a replacement Bond of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Bond, or in lieu of and in substitution for such destroyed, lost or stolen Bond, after (i) the filing by the Holder thereof with the Paying Agent/Registrar of evidence satisfactory to the Paying Agent/Registrar of the destruction, loss or theft of such Bond, and of the authenticity of the ownership thereof and (ii) the furnishing to the Paying Agent/Registrar of indemnification in an amount satisfactory to hold the District and the Paying Agent/Registrar harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Bond shall be borne by the Holder of the Bond mutilated, or destroyed, lost or stolen.

Every replacement Bond issued pursuant to this Section shall be a valid and binding obligation, and shall be entitled to all the benefits of this Resolution equally and ratably with all other Outstanding Bonds; notwithstanding the enforceability of payment by anyone of the destroyed, lost, or stolen Bonds.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost or stolen Bonds.

SECTION 12: Satisfaction of Obligation of District; Defeasance. If the District shall pay or cause to be paid, or there shall otherwise be paid to the Holders, the principal of, premium, if any, and interest on the Bonds, at the times and in the manner stipulated in this Resolution, then the pledge of taxes levied under this Resolution and all

covenants, agreements, and other obligations of the District to the Holders shall thereupon cease, terminate, and be discharged and satisfied.

Bonds or any principal amount(s) thereof shall be deemed to have been paid and no longer outstanding within the meaning and with the effect expressed above in this Section when payment of principal of and interest on such Bonds to their stated maturity or redemption has been made or provided in any manner permitted by applicable law. Under current law, such payment may be accomplished by depositing with the Paying Agent, irrevocably and in trust, any combination of (1) money in an amount sufficient to make such payment and/or (2) Government Securities having such maturities and interest payment dates and bearing such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to make such payment, and all necessary and proper fees, compensation and expenses of the Paying Agent for the Bonds. "Government Securities" means (A) direct, noncallable obligations of the United State of America, including obligations that are unconditionally guaranteed by the United States of America, (B) noncallable obligations of any agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that are rated as to investment quality by a nationally recognized investment rating firm no less than "AAA" or its equivalent, and (C) noncallable obligations of a state or an agency or county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of such refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and any other then authorized securities or obligations that may be used to defease obligations such as the Bonds under applicable laws of the State. The District has the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Securities for the Government Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the District moneys in excess of the amount required for such defeasance. The foregoing obligations may be in book-entry form, and shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds. If any of such Bonds are to be redeemed prior to their respective dates of maturity, provision must have been made for giving notice of redemption as provided in this Resolution.

Upon such deposit as described above, the Bonds shall no longer be regarded to be outstanding or unpaid for purposes of applying any limitation or indebtedness. After firm banking and financial arrangements for the discharge and final payment of the Bonds have been made as described above, all rights of the District to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption following their defeasance is not extinguished, if the District (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption, (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements, and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Any moneys so deposited with the Paying Agent/Registrar, or an authorized escrow agent, and all income from Government Securities held in trust by the Paying Agent/Registrar, or an authorized escrow agent, pursuant to this Section which is not required for the payment of the Bonds, or any principal amount(s) thereof, or interest thereon with respect to which such moneys have been so deposited shall be remitted to the District or deposited as directed by the District. Furthermore, any money held by the Paying Agent/Registrar for the payment of the principal of and interest on the Bonds and remaining unclaimed for a period of three (3) years after the Stated Maturity of the Bonds shall upon the request of the District be remitted to the District against a written receipt therefor. Notwithstanding the above and foregoing, any remittance of funds from the Paying Agent/Registrar to the District shall be subject to any applicable unclaimed property laws of the State of Texas.

SECTION 13: Resolution a Contract - Amendments - Outstanding Bonds. This Resolution shall constitute a contract with the Holders from time to time, be binding on the District, and shall not be amended or repealed by the District so long as any Bond remains Outstanding except as permitted in this Section. The District may, without the consent of or notice to any Holders, from time to time and at any time, amend this Resolution in any manner not detrimental to the interests of the Holders, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the District may, with the consent of Holders holding a majority in aggregate principal amount of the Bonds then Outstanding, amend, add to, or rescind any of the provisions of this Resolution; provided that, without the consent of all Holders of Outstanding Bonds, as the case may be, affected, no such

amendment, addition, or rescission may (1) make any change in the maturity of any outstanding Bonds, (2) reduce the rate of interest borne by any of the outstanding Bonds, (3) reduce the amount of principal of, or redemption premium, if any, payable on any outstanding Bonds, (4) modify the terms of payment of principal of or interest or redemption premium on outstanding Bonds or any of them or impose any condition with respect to such payment or alter the pledge securing their payment, or (6) change the minimum percentage of the principal amount of the Bonds necessary for consent to any such amendment.

The term "Outstanding" when used in this Resolution with respect to Bonds means, as of the date of determination, all Bonds theretofore issued and delivered under this Resolution, except:

(1) those Bonds cancelled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;

(2) those Bonds deemed to be duly paid by the District in accordance with the provisions of Section 12 hereof; and

(3) those mutilated, destroyed, lost, or stolen Bonds which have been replaced with Bonds registered and delivered in lieu thereof as provided in Section 11 hereof.

SECTION 14: Covenants to Maintain Tax-Exempt Status.(a)Definitions. When used in this Section, the following terms shall have the following meanings:

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

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

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

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

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

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

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

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

"Yield" of (1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations and (2) the Bonds has the meaning set forth in Section 1.148-4 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The District shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any 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 District receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect

that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bond, the District 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 District shall at all times prior to the last Stated Maturity of Bonds:

(1) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be refinanced directly or indirectly with Gross Proceeds of the Bonds (including property financed with Gross Proceeds of the Refunded Obligations), and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public, or no payment is made directly or indirectly for such use in an amount exceeding 10% of the debt service on the Bonds; and

(2) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds (including property financed with Gross Proceeds of the Refunded Obligations), other than taxes or water rates of general application within the District or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

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

(e) Not to Invest at Higher Yield. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the District shall not at any time prior to the final Stated Maturity of the Bonds directly or indirectly invest Gross Proceeds in any Investment (or use Gross Proceeds to replace money so invested), if as a result of such investment the Yield from the Closing Date of all Investments acquired with Gross Proceeds (or with money replaced thereby) (and particularly including amounts deposited into the Escrow Fund), whether then held or previously disposed of, exceeds the Yield of the Bonds.

(f) Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the Regulations and rulings thereunder, the District shall not take or omit to take any action which would cause the 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 District shall timely file the information required by section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

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

(1) The District shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting

for at least six years after the day on which the last Outstanding Bond is discharged. However, to the extent permitted by law, the District may commingle Gross Proceeds of the Bonds with other money of the District, provided that the District separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

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

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

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

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the District shall not, at any time prior to the earlier of the Stated Maturity or final payment of the 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 Bonds not been relevant to either party.

(j) Elections. The District hereby directs and authorizes the President of the Board of Directors of the District, individually or jointly, 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 Bonds, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

(k) Bonds Not Hedge Bonds. (1) At the time the original bonds refunded by the Bonds were issued, the District reasonably expected to spend at least 85% of the spendable proceeds of such bonds within three years after such bonds were issued and (2) not more than 50% of the proceeds of the original bonds refunded by the Bonds were invested in Nonpurpose Investments having a substantially guaranteed Yield for a period of 4 years or more.

(l) Advance Refunding. The Refunded Obligations are being called for redemption on _____*, a date that is more than 90 days from the issue date of the Bonds. Accordingly, this will be an advance refunding of such Refunded Obligations.

(m) Tax Certificate. The District confirms and agrees to comply with the provisions of the No Arbitrage and Tax Certificate (or similar documents however titled) delivered in connection with the Bonds and the Refunded

Obligations, all of which are incorporated herein by reference, and the provisions and representations in which remain true as of the date hereof.

SECTION 15: Sale of Bonds. The Bonds authorized by this Resolution shall be sold by the District to a purchaser (herein referred to as the "Underwriter") in accordance with the Purchase Contract. The President and Secretary of the Board of Directors are hereby severally authorized and directed to execute said Purchase Contract for and on behalf of the District and as the act and deed of this Board of Directors and of the District, and the Secretary is authorized to attest said Purchase Contract. The Board of Directors hereby finds that the terms of sale as stated in the Purchase Contract shall be the most advantageous reasonably available.

The President of the Board of Directors is hereby authorized to execute a Bond Purchase Agreement or other documents necessary to evidence the sale of the Bonds to the Underwriter.

Furthermore, the Preliminary Official Statement dated _____, 2017* and to be used in connection with the public offering and sale of the Bonds is hereby deemed final, confirmed and approved in all respects. The final Official Statement reflecting the terms of sale, shall be and is hereby in all respects approved and the Underwriter is hereby authorized to use and distribute said final Official Statement, in the reoffering, sale and delivery of the Bonds to the public. The President and Secretary of the Board of Directors are further authorized and directed to execute and deliver for and on behalf of the District copies of said Official Statement in final form as may be required by the Underwriter, and such Official Statement in the final form and content executed by any one or more of said officials shall be deemed to be approved by the Board of Directors and constitute the Official Statement authorized for distribution and use by the Underwriter.

SECTION 16. Rate Covenant; Revenue Fund. The District hereby agrees to fix, change and collect rates and changes for the use and services of the System which are calculated to be fully sufficient to produce Pledged Revenues of the System in an amount sufficient, during each Fiscal Year, to produce Net Revenues sufficient to pay (i) the Operation and Maintenance Expenses of the District, (ii) the Annual Debt Service, and (iii) all amounts required to be on deposit in any Fund established in this Resolution, any Resolution authorizing Additional Bonds, or any other debt proceedings applicable to the District.

The District will not grant or permit any free service from the System except for buildings and institutions operated by the District.

There is hereby created and there shall be established and maintained on the books of the District, and accounted for separate and apart from all other funds of the District, a special fund, to be held by the District's depository bank, entitled the "Buena Vista-Bethel Special Utility District Water System Fund" thereinafter called the "Revenue Fund". All Gross Revenues of the System (except investment interest and income of the Interest and Sinking Fund created by this Resolution) shall be credited to the Revenue Fund immediately upon receipt and shall be paid in the priority set forth below.

First, all Operation and Maintenance Expenses of the System shall be paid from such Gross Revenues credited to the Revenue Fund, as a first charge against same.

Second, after providing for payment of Operation and Maintenance Expenses as provided above, the District shall next make payment into the respective Interest and Sinking Funds established for (i) the Bonds, (ii) certain bank notes secured on a parity with the Bonds, and (iii) any Additional Bonds, with such deposits to be on a parity with the deposit made into the Interest and Sinking Fund for the Bonds referred to in Section 17 below.

Third, the District shall make all payments required into any reserve fund established for debt of the District.

Fourth, any remaining funds in the Revenue Fund may be used for any lawful purpose of the District.

SECTION 17. Interest and Sinking Fund. For the sole purpose of paying the principal of and interest on all Bonds and any Additional Bonds, as the same come due, there is hereby created and there shall be established and maintained with the depository bank, a separate fund to be entitled the "Buena Vista-Bethel Special Utility District Contract Revenue Refunding Bonds, Series 2017 Interest and Sinking Fund" thereinafter called the "Interest and

Sinking Fund"). Each year, the District shall deposit into such Interest and Sinking Fund the amount required to pay the principal and interest on the Bonds, as the same become due.

SECTION 18. Reserve Fund. The District hereby establishes a Reserve Fund to be held by the _____.* The District shall deposit into such fund the sum of $_____. Such amounts shall be held by the District to make payments of principal and interest on the Bonds as the same become due in the event that other District funds are not available to pay the same. Such fund shall be replenished to its original principal amount in the event it is drawn upon, to occur during _____*.

In no event shall a draw on the Reserve Fund be an Event of Default. Failure to replenish such fund as required in this section shall be an Event of Default.

SECTION 19. Investment of Funds. All funds of the District, including moneys on deposit in any Fund created hereunder, may only be invested in accordance with the laws of the State of Texas, including the Texas Public Funds Investment Act. Such funds shall be collateralized in accordance with the Texas Public Funds Collateral Act for all deposits in excess of the amount insured by the Federal Deposit Insurance Corporation.

SECTION 20. Additional Bonds. The District reserves the right to issue, for any lawful purpose (including the refunding of the Bonds or any other bonds or obligations of the District issued in connection with or payable from the revenues of the System), one or more series of Additional Bonds payable from and secured by a first lien on the Pledged Revenues, on a parity with the Bonds and any other outstanding Additional Bonds or other parity debt. To issue parity debt the District shall obtain a written certificate from an independent certified public accountant to the effect that, during either the last preceding Fiscal Year, or any twelve consecutive calendar month period ending not later than ninety (90) days preceding the month in which the resolution authorizing the issuance of the then proposed Additional Bonds is passed, the Net Revenues of the System were at least 1.25 times the average annual principal and interest requirements of all parity Bonds then outstanding and the Additional Bonds which are scheduled to be outstanding after the delivery of the then proposed Additional Bonds. In calculating the amount of Net Revenues for the purposes of complying with such requirement, the accountant may take into consideration any increase in the rates of charges for services of the System which is then in effect and which has been in effect for at least 60 days prior to the month in which the resolution authorizing the issuance of the proposed Additional Bonds is passed, but which was not in effect during all of the entire period for which the Pledged Revenues are being calculated (hereinafter referred to as the "entire period") or in lieu of the certified public accountant, a firm of consulting engineers, may determine and certify the amount of Net Revenues as being the total of (i) the actual Net Revenues for the entire period, plus (ii) a sum equal to the aggregate amount by which the actual billings to customers of the System during the entire period would have been increased if such increased rates or charges had been in effect during the entire period.

For purposes of satisfying the terms and conditions for the issuance of Additional Bonds, the term "Net Revenues of the System" means all of the Gross Revenues of the System less the Maintenance and Operation Expenses of the System, except that in calculating Net Revenues there shall not be deducted as Maintenance and Operation Expenses any depreciation or amortization.

In addition to the requirements above the District shall deliver a certificate executed by the President and Secretary of the Board of Directors of the District to the effect that no default exists in connection with any of the covenants or requirements of the resolution or resolutions authorizing the issuance of all then outstanding Bonds, or other indebtedness of the District, and that the Interest and Sinking Fund and the Reserve Fund for all parity indebtedness each contains the amount then required to be on deposit therein; and

SECTION 21: Sources of Funds and Use of Proceeds of Sale. The sources of funds to accomplish the refunding of the Refunded Obligations, and the use of the proceeds of the Bonds to accomplish the same, and to pay costs of issuance are as follows:

SECTION 22: Control and Custody of Bonds. The President and Secretary of the Board of Directors of the District are each hereby severally authorized to take and have charge of all necessary records pending review of the Bonds by the Attorney General of the State of Texas, including the printing and supply of definitive Bonds, and shall take and have charge and control of the Initial Bond(s) pending the approval thereof by the Attorney General, the registration thereof by the Comptroller of Public Accounts and the delivery thereof to the Purchasers.

Furthermore, the President and the Secretary of the Board of Directors, any one or more of said officials, are hereby authorized and directed to furnish and execute such agreements, documents and certifications relating to the District and the issuance, sale and delivery of the Bonds, including certifications as to facts, estimates, circumstances and reasonable expectations pertaining to the use, expenditure and investment of the proceeds of the Bonds, as may be necessary for the approval of the Attorney General, the registration by the Comptroller of Public Accounts and the delivery of the Bonds to the Purchasers, and, together with the District's financial advisor, bond counsel and the Paying Agent/Registrar, make the necessary arrangements for the delivery of the Initial Bond(s) to the Purchasers and the initial exchange thereof for definitive Bonds.

SECTION 23: Escrow Agreement; Defeasance of Refunded Obligations. The District hereby approves the entry of an Escrow Agreement with BOKF, N.A. (the "Escrow Agreement"), and the deposit into the Escrow Fund of those amounts (or securities purchased therewith) necessary to accomplish the refunding of the Refunded Obligations. It is the District's intention that upon deposit into the Escrow Fund established pursuant to the Escrow Agreement of the amounts (or securities purchased therewith), required to provide for the refunding and redemption of the Refunded Obligations on their call date(s), the Refunded Obligations shall be deemed defeased in accordance with the provisions of the Resolution authorizing the issuance of the Refunded Obligations and that the same shall no longer be outstanding except for the right to be paid from the amount on deposit in the Escrow Fund.

SECTION 24: Book-entry Only System.

(a) The permanent Bonds shall be initially issued in the form of a separate single certificated fully registered Bond for each of the stated maturities set forth in the Pricing Certificate. Upon initial issuance, the ownership of each Bond shall be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of the Depository Trust Company ("DTC"). The Bonds shall be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC.

(b) With respect to Bonds registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, the District, the Registrar, and the Paying Agent shall have no responsibility or obligation to any DTC Participant or to any Person on behalf of which a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the District, the Registrar, and the Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other Person, other than a Bondholder (initially Cede & Co.), as shown in the registration books kept by the Registrar, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other Person, other than a Bondholder, as shown in the registration books kept by the Bond Registrar (initially Cede & Co.) of any amount with respect to principal of, premium, if any, or interest on the Bonds. The District, the Bond Registrar, and the Paying Agent shall treat and consider the Person in whose name each Bond is registered in the registration books kept by the Bond Registrar (initially Cede & Co.) as the holder and absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the Resolution of the respective Bond holders, as shown in the registration books kept by the Bond Registrar (initially Cede & Co.), and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No Person other than a Bondholder, as shown in the registration books kept by the Bond Registrar (initially Cede & Co.), shall receive a certificated Bond evidencing the obligation of the District to make payments of principal, premium, if any, and interest pursuant to this Resolution. Upon delivery by DTC to the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the word "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

(c) The Letter of Representations in substantially the form provided by DTC, with such changes, omissions, insertions and revisions as the President of the Board of Directors shall approve, is hereby authorized, and the President of the Board of Directors shall execute and deliver such Letter of Representations to DTC. The approval of the President of the Board of Directors of any such changes, omissions, insertions and revisions shall be

conclusively established by said person's execution and delivery of the Letter of Representations which shall not in any way impose upon the District any obligation whatsoever with respect to Persons having interests in the Bonds other than the Bond holders, as shown on the registration books kept by the Registrar. The Registrar shall take all action necessary for all representations of the District in the Letter of Representations with respect to the Paying Agents and the Registrar, respectively, to at all times be complied with.

(d) (i) DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the District and the Registrar and discharging its responsibilities with respect thereto under applicable law.

(ii) The District, in its sole discretion and without the consent of any other Person, may terminate the services of DTC with respect to the Bonds if the District determines that:

(A) DTC is unable to discharge its responsibilities with respect to the Bonds, or

(B) a continuation of the requirements that the Bonds be registered in the registration books kept by the Bond Registrar in the name of Cede & Co., or any other nominee of DTC, is not in the best interest of the beneficial owners of the Bonds.

The District shall not discontinue the services of DTC without first giving at least sixty (60) days advance written notice of the same to the Paying Agent/Registrar.

(iii) Upon the termination of the services of DTC with respect to the Bonds pursuant to subsection 24(d)(ii)(B) hereof, or upon the discontinuance or termination of the services of DTC with respect to the Bonds pursuant to subsection 19(d)(i) or subsection 24(d)(ii)(A) hereof after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of the District, is willing and able to undertake such functions upon reasonable and customary terms, the District is obligated to deliver certificated Bonds as described in this Resolution, and the Bonds shall no longer be restricted to being registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or names Bond Holders transferring or exchanging Bonds shall designate, in accordance with the provisions of this Resolution. Upon discontinuance, for any reason, of DTC's services with respect to the Bonds, DTC shall be responsible for providing a list of the DTC Participants (and a contact at each) to the Registrar in Resolution that the DTC Participants may provide the Registrar with a list of the beneficial owners in Resolution that the beneficial owner may receive a certificated Bond or notice of the substitute securities depository willing to undertake the functions of DTC as provided in this Resolution.

In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Bonds surrendered for exchange or transfer. The District and the Paying Agent/Registrar may treat the person in whose name a Bond is registered as the absolute owner thereof for all purposes, whether or not such Obligation is overdue, including for the purpose of receiving payment of, or on account of, the principal of, premium, if any, and interest on, such Bond.

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

SECTION 25: Notices to Holders - Waiver. Wherever this Resolution provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States Mail, first class postage prepaid, to the address of each Holder appearing in the Security Register at the close of business on the business day next preceding the mailing of such notice.

In any case where notice to Holders is given by mail, neither the failure to mail such notice to any particular Holders, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Bonds. Where this Resolution provides for notice in any manner, such notice may be waived in writing by the Holder entitled to receive such notice, either before or after the event with respect to which such notice is given, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Paying Agent/Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 26: Cancellation. All Bonds surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly cancelled by it and, if surrendered to the District, shall be delivered to the Paying Agent/Registrar and, if not already cancelled, shall be promptly cancelled by the Paying Agent/ Registrar. The District may at any time deliver to the Paying Agent/Registrar for cancellation any Bonds previously certified or registered and delivered which the District may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly cancelled by the Paying Agent/Registrar. All cancelled Bonds held by the Paying Agent/Registrar shall be returned to the District.

SECTION 27: Market Opinion. The obligation of the Purchasers to accept delivery of the Bonds is subject to being furnished a final opinion of Naman, Howell, Smith & Lee, PLLC, Attorneys, Waco, Texas, approving such Bonds as to their validity, said opinion to be dated and delivered as of the date of delivery and payment for such Bonds. A true and correct reproduction of said opinion is hereby authorized to be printed on the definitive Bonds, but the absence of same shall not affect the validity of the Bonds.

SECTION 28: CUSIP Numbers. CUSIP numbers may be printed or typed on the Bonds deposited with The Depository Trust Company or on printed definitive Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the definitive Bonds shall be of no significance or effect as regards the legality thereof and neither the District nor attorneys approving the Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the definitive Bonds.

SECTION 29: Benefits of Resolution. Nothing in this Resolution, expressed or implied, is intended or shall be construed to confer upon any person other than the District, the Paying Agent/Registrar, the Escrow Agent and the Holders, any right, remedy, or claim, legal or equitable, under or by reason of this Resolution or any provision hereof, this Resolution and all its provisions being intended to be and being for the sole and exclusive benefit of the District, the Paying Agent/Registrar and the Holders.

SECTION 30: Inconsistent Provisions. All Resolutions or resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters contained herein.

SECTION 31: Governing Law. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 32: Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 33: Construction of Terms. If appropriate in the context of this Resolution, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

SECTION 34: Severability. If any provision of this Resolution or the application thereof to any circumstance shall be held to be invalid, the remainder of this Resolution and the application thereof to other circumstances shall nevertheless be valid, and the Board of Directors hereby declares that this Resolution would have been enacted without such invalid provision.

SECTION 35: Incorporation of Findings and Determinations. The findings and determinations of the Board of Directors contained in the preamble hereof are hereby incorporated by reference and made a part of this Resolution for all purposes as if the same were restated in full in this Section.

SECTION 36: Continuing Disclosure Undertaking. (a)*Definitions.* As used in this Section, the following terms have the meanings ascribed to such terms below:

"*EMMA*" means the Electronic Municipal Market Access program of the MSRB.

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

"*Rule*" means SEC Rule 15c2-12, as amended from time to time or officially interpreted by the SEC.

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

(b) Annual Reports. The District shall provide annually to the MSRB through EMMA, within six months after the end of each fiscal year (beginning with the fiscal year ending December 31, 2017) all quantitative financial information and operating data with respect to the District of the general type included in Tables ___ through _____*, and in Appendix ___*, of the Official Statement. Financial statements to be provided shall be (1) prepared in accordance with generally accepted accounting principles and (2) audited, if the District commissions an audit of such statements and the audit is completed within the period during which they must be provided. If audited financial statements are not available at the time the financial information and operating data must be provided, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB with the financial information and operating data and will file the annual audit report when and if the same becomes available.

If the District 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 District 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 available to the public on the MSRB's internet website or filed with the SEC as permitted by the Rule.

(c) (1) *Notice of Occurrence of Certain Events, Whether or Not Material.* The District will notify the MSRB through EMMA (in an electronic format as prescribed by the MSRB) within ten business days following the occurrence of any of the following events with respect to the Bonds, without regard to whether such event is material within the meaning of the federal securities laws: (1) principal and interest payment delinquencies; (2) unscheduled draws on debt service reserves reflecting financial difficulties; (3) unscheduled draws on credit enhancements reflecting financial difficulties; (4) substitution of credit or liquidity providers, or their failure to perform; (5) adverse tax opinions or 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-exempt status of the Bonds, or other events affecting the tax-exempt status of the Bonds; (6) tender offers; (7) defeasances; (8) rating changes; and (9) bankruptcy, insolvency, receivership or similar event of an obligated person including the District (which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the

existing governing body and officials or officers in possession but subject to the supervision and Resolutions of a court or governmental authority, or the entry of an Resolution confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets of the District).

(2) *Notice of Occurrence of Certain Events, if Material.* The District also will notify the MSRB through EMMA (in an electronic format as prescribed by the MSRB) within ten business days following the occurrence of any of the following events with respect to the Bonds, if such event is material within the meaning of the federal securities laws: (1) non-payment related defaults; (2) modifications to rights of Bondholders; (3) Bond calls; (4) release, substitution, or sale of property securing repayment of the Bonds; (5) the consummation of a merger, consolidation, or acquisition involving an obligated person (including the District) or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and (6) appointment of a successor or additional trustee or the change of name of a trustee.

The District shall notify the MSRB, in a timely manner, of any failure by the District to provide financial information or operating data in accordance with subsection (b) of this Section by the time required by such Section.

(d) *Limitations, Disclaimers, and Amendments.* The District shall be obligated to observe and perform the covenants specified in this Section with respect to the District and the Bonds while, but only while, the District remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the District in any event will give the notice required by subsection (c) hereof of any Bond calls and defeasance that cause the District to be no longer such an "obligated person."

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

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

No default by the District in observing or performing its obligations under this Section shall constitute a breach of or default under this Resolution for purposes of any other provision of this Resolution.

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the District under federal and state securities laws.

The provisions of this Section may be amended by the District from time to time to adapt to changed circumstances resulting from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Resolution that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (b) a Person that is unaffiliated with the District (such as nationally recognized

bond counsel) determines that such amendment will not materially impair the interests of the Holders and beneficial owners of the Bonds. The provisions of this Section may also be amended from time to time or repealed by the District if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but only if and to the extent that reservation of the District's right to do so would not prevent underwriters of the initial public offering of the Bonds from lawfully purchasing or selling Bonds in such offering giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule. If the District so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection 31(b) 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.

SECTION 37. Events of Default. The following shall constitute an Event of Default hereunder:

(a) The failure by the District to make payment of principal, interest or redemption price on the Bonds, or the failure by the District to make payment into any fund or funds established hereunder, as the same become due.

(b) Default by the District in the observance or performance of any of the other covenants, conditions or obligations of the District hereunder or imposed on the District by law applicable to the Bonds.

Upon and following any event of default, any owner of a Bond is entitled to seek all legal remedies provided by the Constitution and laws of the State of Texas to compel the District to remedy such default and to prevent further default or defaults. Without in any way limiting the generality of the foregoing, it is expressly provided that any owner of any of the Bonds may at law or in equity, by suit, action, mandamus or other proceedings, enforce and compel performance of all duties required to be performed by the District under this Resolution, including the making and collection of reasonable and sufficient rates and charges for the use and services of the System, the deposit of the Pledged Revenues, including the Gross Revenues of the System, into the special funds herein provided, and the application of such Pledged Revenues in the manner required in this Resolution. The rights of the Registered Holders hereunder do not include the right to compel acceleration of the maturity of the Bonds.

SECTION 38: Public Meeting. It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by V.T.C.A., *Government Code*, Chapter 551, as amended.

SECTION 39: Call for Redemption or Prepayment. The Refunded Obligations as determined in the Pricing Certificate are hereby called for redemption on _____.

The District shall give such notices as are required to effectuate the redemptions referred to herein.

SECTION 40: Sale of Bonds; Pricing Certificate.

(a) The Bonds shall be sold at negotiated sale to the Underwriter in accordance with the terms of this Resolution, including this Section 40. As authorized by Chapter 1207 of the *Texas Government Code*, the President of the Board of Directors is hereby designated as the "Authorized Officer" of the District, being hereby authorized to act on behalf of the District upon determining that the conditions set forth below can be satisfied, in selling and delivering the Bonds and carrying out the other procedures specified in this Resolution, including (within the authority of such Authorized Officer) but not limited to determining the bonds to be refunded (i.e., the "Refunded Obligations"), the designation of the Underwriter, the price at which each of the Bonds will be sold, the number and designation of the Bonds to be issued, the form in which the Bonds shall be issued, the years in which the Bonds will mature, the principal amount to mature in each of such years, the aggregate principal amount of the Bonds, the rate of interest to be borne by each such maturity, the first and all subsequent interest and principal payment date(s), the dates, prices and terms upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the District and/or shall be subject to mandatory sinking fund redemption, the final determination of the Obligations to be refunded (the "Refunded Obligations"), whether or not to purchase Bond insurance, and all other matters relating to the issuance, sale and delivery of the Bonds, all of which shall be specified in the Pricing Certificate; provided that the following conditions can be satisfied:

(i) the Bonds shall not bear interest at a rate greater than the maximum rate allowed by Chapter 1204, *Texas Government Code*, as amended; and shall mature not later than August 15, 2040; and

(ii) the aggregate principal amount of the Bonds authorized to be issued shall not exceed $6,000,000 and shall be in an amount sufficient to provide for the refunding of the amount of the Refunded Obligations to be selected from the Refunded Obligation Candidates identified in the recitals to this Resolution, and to pay costs of issuance of the Bonds; and

(iii) the refunding to be accomplished shall result in an aggregate net present value debt service savings of at least five percent (5.00%) of the present value of the debt service payments that would have been due on the Refunded Obligations, as determined by the Financial Advisor to the District.

all based on bond market conditions and available interest rates for the Bonds on the date of the sale of the Bonds and taking into account any municipal bond insurance policy, if any, net of the cost of said municipal bond insurance policy, all as set forth in the Pricing Certificate.

The Refunded Obligations shall be identified in the Pricing Certificate in accordance with the preceding sentence, except that if less than an entire maturity is to be refunded, the Refunded Obligations to be refunded within a maturity shall be selected as provided in the Resolutions authorizing their issuance and, if not so provided, by lot.

The President of the Board of Directors is hereby severally authorized to execute and deliver on behalf of the District a bond purchase contract (the "Purchase Contract"), providing for the sale of the Bonds to the Underwriter, in a form and substance satisfactory to the Authorized Officer. The Authorized Officer is hereby authorized and directed to approve the final terms and provisions of the Purchase Contract in accordance with the terms of the Pricing Certificate and this Resolution, such approval being evidenced by its execution thereof by the Authorized Officer. All officers, agents and representatives of the District are hereby authorized to do any and all things necessary or desirable to satisfy the conditions set out therein and to provide for the issuance and delivery of the Bonds. The Bonds shall initially be registered in the name of the Representative of the Underwriter or such other entity as may be specified in the Purchase Contract.

The President of the Board of Directors is hereby authorized and directed to execute a commitment for municipal bond insurance with the issuer of a bond insurance policy for the Bonds if the purchase of such bond insurance is recommended by the District's financial advisor and the purchase of the bond insurance policy provides a positive monetary benefit to the District.

The authority granted to the Authorized Officer under this Section 40 shall expire on December 20, 2017 (a date which is six months from the date this Resolution was adopted) unless otherwise extended by the Board of Directors by separate action.

(b) The President of the Board of Directors is hereby authorized and directed to execute and deliver on behalf of the District the Preliminary Official Statement, to be used by the Underwriter in the offering and sale of the Bonds, and to certify or otherwise represent that the Preliminary Official Statement is a " deemed final" official statement as of its date (except for the omission of pricing and related information) within the meaning and for the purposes of paragraph (b)(l) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, with such changes, modifications and completions as may be required upon pricing and approved by the Authorized Officer. The use and distribution of the Preliminary Official Statement in the public offering of the Bonds by the Underwriter is hereby authorized.

The Authorized Officer is hereby further authorized and directed to use and distribute or authorize the use and distribution of the Official Statement and deliver appropriate numbers of copies thereof to the Underwriter. The Official Statement as thus approved, executed and delivered, with such appropriate variations as shall be approved by the Authorized Officer and the Underwriter, may be used by the Underwriter in the public offering and sale thereof. The Secretary of the Board of Directors is hereby authorized and directed to include and maintain a copy of the Preliminary Official Statement and the Official Statement and any addenda, supplement or amendment thereto thus approved among the permanent records of this meeting.

(c) The President of the Board of Directors, the Authorized Officer and all other officers of the District are authorized to take such actions, to obtain such consents or approvals and to execute such documents, certificates and receipts as they may deem necessary and appropriate in order to consummate the delivery of the Bonds, to pay the costs of issuance of the Bonds, and to effectuate the terms and provisions of this Resolution.

(d) The obligation of the Underwriter to accept delivery of the Bonds is subject to the Underwriter being furnished with the final, approving opinion of Naman, Howell, Smith & Lee, PLLC, Bond Counsel, which opinion shall be dated and delivered on the Closing Date.

SECTION 41: Purchase of United States Treasury or Other Obligations. To assure the purchase of the Federal Securities or other obligations to be identified in the Escrow Agreement, the Authorized Officer is hereby authorized to subscribe for, agree to purchase, and purchase obligations of the United States of America, or other legally permissible obligations appropriate for a refunding escrow under Texas state law in such amounts and maturities and bearing interest at such rates as may be provided for in the Escrow Agreement, and to execute any and all subscriptions, purchase agreements, commitments, letters of authorization and other documents necessary to effectuate the foregoing, and any actions heretofore taken for such purpose are hereby ratified and approved.

SECTION 42: Effective Date. This Resolution shall be in force and effect from and after its passage on the date shown below, pursuant to V.T.C.A., *Government Code*, Section 1201.028.

APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

NAMAN HOWELL SMITH & LEE PLLC
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September 7, 2017

Buena Vista-Bethel Special Utility District
312 S. Oak Branch Road
Waxahachie, Texas 75167-7832

Raymond James and Associates, Inc.
5956 Sherry Lane, Suite 1900
Dallas, Texas 75225

Re: $6,215,000 Buena Vista-Bethel Special Utility District Water System Revenue Refunding Bonds, Series 2017

WE HAVE represented the Buena Vista-Bethel Special Utility District (the "District"), as its bond counsel with respect to the issuance of the above captioned bonds (the "Bonds"). The Bonds mature, are subject to redemption prior to maturity, bear interest and may be transferred and exchanged as set out in the Bonds, the Resolution adopted by the governing body of the District authorizing their issuance (the "Resolution"), and the related Pricing Certificate.

WE HAVE represented the District as its bond counsel for the sole purpose of rendering our opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes. We have not been requested to investigate or verify original proceedings, records, data or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the District or the disclosure thereof in connection with the sale of the Bonds.

IN OUR CAPACITY as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds, on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the District; a verification report confirming the sufficiency of the securities purchased (or cash) on deposit in the escrow fund held by the Escrow Agent

for defeasance of the obligations being refunded (the "Refunded Obligations") and for payment of the Refunded Obligations to their call dates; and the mathematical accuracy of certain computations of the yield on the Bonds and obligations acquired with the proceeds of the Bonds; and customary certificates of officers, agents and representatives of the District, and other public officials, and other certified showings relating to the authorization and issuance of the Bonds. We have also examined executed Bond No. T-1 of this issue. We have also examined such applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), court decisions, Treasury Regulations and published rulings of the Internal Revenue Service (the "Service") as we have deemed relevant.

BASED ON SUCH EXAMINATION, IT IS OUR OPINION THAT:

(A) 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 effective and, therefore, the Bonds constitute valid and legally binding obligations of the District;

(B) The District has pledged its Net Revenues (being the Gross Revenues of the District less its Operation and Maintenance Expenses, all as defined in the Resolution), to secure payment of the Bonds;

(C) The District has no taxing power and the Bonds are not payable from taxes; and

(D) Firm banking and financial arrangements have been made for the discharge and final payment of the Refunded Obligations, and therefore, the Refunded Obligations are deemed to be fully paid and no longer outstanding except for the purpose of being paid from the funds provided therefor.

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

IT IS OUR FURTHER OPINION THAT:

(1) Interest on the Bonds is excludable from gross income for federal income tax purposes under existing law;

(2) The Bonds are not "private activity bonds" within the meaning of the Code, and interest on the Bonds is not subject to the alternative minimum tax on individuals and corporations, except that interest on the Bonds may be included in the "adjusted current earnings" of a corporation (other than an

S corporation, regulated investment company, REIT, or REMIC) for purposes of computing its alternative minimum tax; and

(3) The District has designated the Bonds as bank qualified tax exempt obligations under Section 265 of the Code.

In providing such opinions, we have relied on representations of the District, the District's Financial Advisor and the Underwriter with respect to matters solely within the knowledge of the District, the District's Financial Advisor and the Underwriter, respectively, which we have not independently verified. In addition, we have assumed for purposes of this opinion continuing compliance with the covenants in the Resolution and a related tax certificate of the District pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. We have further relied on the certification of the Financial Advisor regarding the mathematical accuracy of certain computations. If such representations or the certifications are determined to be inaccurate or incomplete or the District fails to comply with the foregoing provisions of the Resolution, interest on the Bonds could become includable in gross income from the date of original delivery, regardless of the date on which the event causing such inclusion occurs. Except as stated above, we express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on, or disposition of the Bonds.

Owners of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and individuals otherwise qualifying for the earned income credit. Interest on the Bonds is includable in a corporation’s “adjusted current earnings” and to that extent could subject a corporation to alternative minimum tax consequences. In addition, certain foreign corporations doing business in the U.S. may be subject to the "branch profits tax" on their effectively-connected earnings and profits (including tax-exempt interest such as interest on the Bonds).

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether or not the

Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures, the Service is likely to treat the District as the taxpayer. We observe that the District has covenanted in the Resolution not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

Capitalized terms used herein, unless otherwise defined, have the meanings set forth in the Resolution adopted by the District with respect to the issuance of the Bonds.

Very truly yours,

NAMAN, HOWELL, SMITH & LEE, PLLC

APPENDIX D

ISSUER'S GENERAL PURPOSE AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2016

BUENA VISTA-BETHEL SPECIAL UTILITY DISTRICT

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

For the Year Ended December 31, 2016

BUENA VISTA-BETHEL SPECIAL UTILITY DISTRICT
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
For the Year Ended December 31, 2016

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FINANCIAL SECTION

YELDELL, WILSON, WOOD & REEVE, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
Greer Yeldell, CPA | Glen Wilson, CPA | Tracie Wood, CPA | Joyce Reeve, CPA
Glenda Valek, CPA | Caitlyn Keller, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management of
Buena Vista-Bethel Special Utility District
Waxahachie, TX 75165

We have audited the accompanying financial statements of Buena Vista-Bethel Special Utility District, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Buena Vista-Bethel Special Utility District, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

611 S. Clay St. | P.O. Box 1087 | Ennis, Texas 75120 • 405 Sycamore St. | Waxahachie, Texas 75165
P: 972.878.2611 | www.ywcocpa.com | F: 972.878.2220

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-7 be presented to supplement the 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 do 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Buena Vista-Bethel Special Utility District's basic financial statements. The supplementary financial data is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary financial data is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary financial data is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Yeldell, Wilson, Wood & Reeve, P.C.

Yeldell, Wilson, Wood & Reeve, P.C.
Certified Public Accountants

Waxahachie, Texas
April 12, 2017

BUENA VISTA-BETHEL SPECIAL UTILITY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Buena Vista-Bethel Special Utility District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2016.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by $5,719,745 (net position). Of this amount, $965,818 (unrestricted net position) may be used to meet the District's ongoing obligations to customers and creditors.

- The District's total net position increased by $235,251.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The District's financial statements are comprised of two components: 1) fund financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the financial statements themselves.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District maintains one type of proprietary fund. The enterprise fund is used to report the functions that are intended to recover all of their costs through user fees and charges. The District uses the enterprise fund to account for its operations.

The *Statement of Net Position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Revenues, Expenses, and Change in Net Position* shows the revenue sources and expenses and reflects the net change in position for the fiscal year. This statement can be used to determine whether the District has recovered all of its actual and projected costs through user fees and other charges.

The *Statement of Cash Flows* provides information on the District's cash receipts, cash payments and changes in cash resulting from operations, investments and financing activities.

The fund financial statements can be found on pages 8-10 of this report.

Notes to Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to financial statements can be found on pages 11-21 of this report.

Supplementary financial data. This consists of the schedules required by the Texas Commission on Environmental Quality and other schedules of importance to the District. The supplementary financial data can be found on pages 22-32 of this report.

FINANCIAL ANALYSIS OF THE DISTRICT

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by $5,719,745 as of December 31, 2016.

A large portion of the District's net position (55%) reflects its investments in capital assets (e.g., land, construction in progress, buildings and building improvements, system improvements, and machinery and equipment). The District uses these capital assets to provide service to customers; consequently these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

BUENA VISTA-BETHEL SPECIAL UTILITY DISTRICT'S NET POSITION

	2016	2015
Current and other assets	$ 2,889,066	$ 2,882,842
Capital assets	9,170,230	9,104,813
Total assets	12,059,296	11,987,655
Long term liabilities	6,043,825	6,185,016
Other liabilities	295,726	318,145
Total liabilities	6,339,551	6,503,161
Net position:		
Net investment in capital assets	3,154,847	3,328,558
Restricted	1,599,080	1,596,163
Unrestricted	965,818	559,773
Total net position	$ 5,719,745	$ 5,484,494

An additional portion of the District's net position (28%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, $965,818, may be used to meet the District's ongoing obligation to customers and creditors.

At the end of the current fiscal year, the District is able to report positive balances in all three categories of net position.

The following table provides a summary of the District's operations. The District's operations increased net position by $235,521 in the current year.

BUENA VISTA-BETHEL SPECIAL UTILITY DISTRICT'S CHANGE IN NET POSITION

	2016	2015
Revenues:		
Operating	$ 1,996,710	$ 1,861,178
Nonoperating	6,506	3,439
Total revenues	2,003,216	1,864,617
Expenses:		
Depreciation and amortization	377,461	376,838
Other operating	1,178,541	1,212,403
Nonoperating	331,603	329,306
Total expenses	1,887,605	1,918,547
Income (loss) before capital contributions	115,611	(53,930)
Capital contributions	119,640	138,500
Changes in net position	235,251	84,570
Net position - beginning	5,484,494	5,399,924
Net position - ending	$ 5,719,745	$ 5,484,494

CAPITAL ASSETS

The District's investment in capital assets as of December 31, 2016 amounts to $9,170,230 (net of accumulated depreciation).

Major capital asset events during the current fiscal year included the following:

- Approximately $2,000 of building and building improvements was added.
- Approximately $3,500 of machinery and equipment was added.
- Approximately $40,000 of system improvements were completed.
- Approximately $422,000 of construction in progress was completed.

Capital Assets at Year-End
Net of Accumulated Depreciation

	2016	2015
Land	$ 23,774	$ 23,774
Construction in progress	-	24,196
Buildings and building improvements	16,545	20,137
System improvements	9,109,640	9,004,323
Machinery and equipment	20,271	32,383
Total	$ 9,170,230	$ 9,104,813

Additional information on the District's capital assets can be found in note 3.D on page 17 of this report.

LONG TERM DEBT

At the end of the current fiscal year, the District had a total bonded debt and notes payable of $6,037,370. The District's bond's are secured solely by the revenues of the District.

Outstanding Debt at Year End
Bonds and Notes Payable

	2016	2015
Revenue bonds	$ 5,810,000	$ 5,830,000
Notes payable	227,370	348,358
	$ 6,037,370	$ 6,178,358

Additional information on the District's long term-debt can be found in note 3.H on pages 19-21 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In the 2017 Budget, operating revenues are budgeted to decrease by 3% from the 2016 budget year with water sales making up about 98% of budgeted revenues. The District's water rates are reviewed by staff and the Board of Directors on an annual basis and were last adjusted in January of 2016.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Buena Vista-Bethel Special Utility District, 312 S. Oak Branch Rd., Waxahachie, Texas 75167.

BUENA VISTA-BETHEL SPECIAL UTILITY DISTRICT

STATEMENT OF NET POSITION

December 31, 2016

ASSETS	
Current assets:	
Cash and cash equivalents	$ 894,444
Restricted cash and cash equivalents	605,148
Investments	126,429
Receivables (net of allowance for uncollectibles)	204,552
Inventory	27,597
Prepaid items	14,977
Total current assets	1,873,147
Noncurrent assets:	
Restricted cash and cash equivalents	1,015,919
Capital assets:	
Non-depreciable	23,774
Depreciable (net of accumulated depreciation)	9,146,456
Total noncurrent assets	10,186,149
Total assets	12,059,296
LIABILITIES	
Current liabilities:	
Accounts payable	33,033
Accrued interest payable	136,908
Compensated absences	6,455
Customer deposits payable	125,785
Current portion of bonds payable	25,000
Current portion of notes payable	129,348
Total current liabilities	456,529
Noncurrent liabilities:	
Bonds payable	5,785,000
Notes payable	98,022
Total noncurrent liabilities	5,883,022
Total liabilities	6,339,551
NET POSITION	
Net investment in capital assets	3,154,847
Restricted for debt service	1,015,919
Restricted for system improvements	583,161
Unrestricted	965,818
Total net position	$ 5,719,745

The notes to financial statements are an integral part of this statement.

BUENA VISTA-BETHEL SPECIAL UTILITY DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION

For the Year Ended December 31, 2016

OPERATING REVENUES	
Water sales	$ 1,947,761
Installations	14,000
Activation fees	5,750
Other income	29,199
Total operating revenues	1,996,710
OPERATING EXPENSES	
Accounting and legal	29,790
Advertising	1,307
Depreciation and amortization	377,461
Engineering fees	4,279
Insurance	16,016
Miscellaneous	29,954
Office supplies and postage	19,953
Repairs and maintenance	228,814
Salaries	296,413
Employee benefits	134,496
Supplies and minor equipment	30,931
Payroll taxes	23,596
Theft loss	10,794
Travel	2,286
Utilities	191,944
Water rights	50,035
Water purchased	107,933
Total operating expenses	1,556,002
OPERATING INCOME	440,708
NONOPERATING REVENUES (EXPENSES)	
Interest	6,506
Interest and fiscal charges	(331,603)
Total nonoperating revenue (expenses)	(325,097)
INCOME BEFORE CONTRIBUTIONS	115,611
Capital contributions	119,640
CHANGE IN NET POSITION	235,251
TOTAL NET POSITION, BEGINNING	5,484,494
TOTAL NET POSITION, ENDING	$ 5,719,745

The notes to financial statements are an integral part of this statement.

BUENA VISTA-BETHEL SPECIAL UTILITY DISTRICT

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$1,991,815
Payments to suppliers	(736,540)
Payments to employees	(454,505)
Net cash provided by (used for) operating activities	800,770
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(430,017)
Contributed capital from customers	119,640
Principal paid on bonds payable	(20,000)
Interest and fiscal charges paid on bonds payable	(332,602)
Principal paid on notes payable	(120,988)
Interest paid on notes payable	(15,699)
Net cash provided by (used for) capital and related financing activities	(799,666)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on cash and cash equivalents	6,537
Proceeds from maturity of investments	125,571
Purchase of investments	(126,429)
Net cash provided by (used for) investing activities	5,679
Net increase in cash and cash equivalents	6,783
Cash and cash equivalents January 1 (including $1,998,266, reported in restricted accounts)	2,508,728
Cash and cash equivalents December 31 (including $1,621,067, reported in restricted accounts)	$2,515,511
Reconciliation of operating income to net cash provided by (used for) operating activities:	
Operating income	$ 440,708
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation and amortization	377,461
(Increase) decrease in accounts receivable	(13,973)
(Increase) decrease in inventory	16,145
(Increase) decrease in prepaid items	(755)
Increase (decrease) in accounts payable and accrued expenses	(27,894)
Net increase in customer deposits	9,078
Total adjustments	360,062
Net cash provided by (used for) operating activities	$ 800,770

The notes to financial statements are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

In 1992, Buena Vista-Bethel Water Supply Corporation ("BVBWSC") predecessor to Buena Vista-Bethel Special Utility District ("District") applied to the Texas Natural Resource Conservation Commission ("TNRCC") for approval of the creation of a special utility district, pursuant to Chapter 65 of the Texas Water Code. The application was approved, and on August 14, 1993, a general election was held by voters residing within the boundaries of the District who approved the creation of Buena Vista-Bethel Special Utility District. BVBWSC has been dissolved and all of its assets and liabilities have been transferred to the SUD as of December 31, 1993.

The District and its predecessor have been in operation since 1965.

The financial statements are prepared on the basis of Governmental Accounting Standards Board (GASB) Statement Number 34, Financial Statements, Management Discussion and Analysis for State and Local Governments and related standards. This statement provides significant changes in terminology, a presentation of net position, as well as an inclusion of a management discussion and analysis.

Accounting principles generally accepted in the United States of America require that this financial statement present the District (the primary government) and its component units. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting both the following criteria; the primary government is accountable for the potential component unit (i.e., the primary government appoints the voting majority of its board) and the primary government is able to impose its will upon the potential component unit, or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government. The District does not have any component units that meet these criteria.

B. Measurement focus, basis of accounting, and basis of presentation

The accounts of the District are organized on the basis of a proprietary fund type, specifically an enterprise fund. The activities of this fund are accounted for with a separate set of self-balancing accounts that comprise the District's assets, deferred outflows of resources, liabilities, net position, revenues and expenses. Enterprise Funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees charged from the activity; or (ii) that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation and debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation and debt service).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement focus, basis of accounting, and basis of presentation (continued)

The accounting and financial reporting treatment applied to the District is determined by its measurement focus. The transactions of the District are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net position. Net position (i.e., total assets net of total liabilities) are segregated into net investment in capital assets; restricted for debt service; restricted for system improvements; and unrestricted components.

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's principal ongoing operation. The principal operating revenues are charges to customers for sales and services and connection fees intended to recover the cost of connecting new customers to the system. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources, as they are needed.

C. Assets, liabilities, and net position

1. *Cash and cash equivalents*

For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

2. *Investments*

Investments maturing more than three months from the date acquired are classified as investments held to maturity. Investments for the District are reported at fair value.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, liabilities, and net position (continued)

3. *Restricted assets*

Certain proceeds of the District's bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "construction" account is used to report those proceeds of revenue bond issuances that are restricted for use in construction. The "debt service" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "reserve" account is used to report resources set aside to make up potential future deficiencies in the revenue bond current debt service account. The District's "system improvements" account is used to segregate resources accumulated for infrastructure improvements.

4. *Receivables*

All trade receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of sixty days comprise the trade accounts receivable allowance for uncollectibles.

5. *Inventory and prepaid items*

All inventories are valued at cost using the first-in/first-out (FIFO) method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

6. *Capital assets*

Capital assets are defined by the District as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of one year. As the government constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, liabilities, and net position (continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, net of interest earned on the invested proceeds over the same period. The total interest expense incurred during the current fiscal year was $331,603. Of this amount, $16,392 was included as part of the cost of capital assets under construction.

Property and equipment are depreciated using the straight line method over the following estimated useful lives:

Capital asset classes	Lives
Buildings and building improvements	5-20
System improvements	5-50
Machinery and equipment	3-10

7. *Compensated absences*

It is the District's policy to permit employees to accumulate earned but unused vacation. Vacation days must be used annually by the employee's anniversary date. All unused vacation pay is accrued when earned.

8. *Long-term liabilities*

Bonds payable are reported at face value, net of applicable discounts and deferred loss on refunding. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Losses occurring from advance refunding of debt are deferred and amortized as interest expense over the remaining life of the refunded bonds, or the life of the new bonds, whichever is shorter.

9. *Net position*

Net position comprise the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net position are classified in the following three components:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, liabilities, and net position (continued)

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – This component of net position consists of net position that do not meet the definition of "restricted" or "net investment in capital assets."

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

1. *Budgetary basis of accounting*

The District's annual budget is adopted on a budgetary basis of accounting. The legal level of budgetary control is the fund level.

2. *Compliance with finance related legal and contractual provisions.*

The District has no material violations of finance related legal and contractual provisions, including the Texas Public Funds Investment Act.

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES

A. Deposits and investments

1. *Deposits*

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits. At year end the bank balance of the District's deposits was $2,640,230. Of the bank balance, $946,165 was covered by federal depository insurance, $1,426,000 was covered by collateral pledged in the District's name by the safekeeping department of the pledging bank's agent, and $268,065 was uninsured and uncollateralized.

2. *Investments*

Public funds of the District may be invested in 1) obligations, including letters of credit, of the United States of America or its agencies and instrumentalities; 2) direct obligations of the State of Texas or its agencies; 3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities; 4) Obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; 5) Certificates of deposit issued by state and national banks domiciled in Texas; 6) certificates of deposit issued by savings and loan associations domiciled in Texas; 7) no-load money market mutual funds that are registered with the Securities and Exchange Commission, and unregistered no-load mutual funds rated AAA by at least one nationally recognized rating service and that follow practices specified by the Investment Act; 8) eligible investment pools as defined in Section 2256.016, Government Code; 9) fully collateralized direct repurchase agreements; and 10) commercial paper as defined in Section 2256.013, Government Code.

The District's investments carried at fair value as of December 31, 2016 are:

	Fair Value
Certificates of deposit	$ 93,688
United States Treasury Bond	32,741
	$ 126,429

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES (continued)

B. Restricted assets

The balances of the restricted asset accounts are as follows:

Construction	$ 21,987
Debt service	515,112
Reserve	500,807
System improvements	583,161
	$ 1,621,067

C. Receivables

Receivables as of year end, including the applicable allowances for uncollectible accounts, are as follows:

Receivables:	
Accounts Receivable	$ 218,930
Less: allowance for uncollectibles	(14,378)
Net total receivables	$ 204,552

D. Capital assets

Capital asset activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 23,774	$ -	$ -	$ 23,774
Construction in progress	24,196	397,339	(421,535)	-
Total capital assets not being depreciated	47,970	397,339	(421,535)	23,774
Capital assets being depreciated:				
Buildings and building improvements	129,062	2,000	-	131,062
System improvements	13,675,067	461,535	-	14,136,602
Machinery and equipment	224,368	3,539	-	227,907
Total capital assets being depreciated	14,028,497	467,074	-	14,495,571
Less accumulated depreciation for:				
Buildings and building improvements	(108,925)	(5,592)	-	(114,517)
System improvements	(4,670,744)	(356,218)	-	(5,026,962)
Machinery and equipment	(191,985)	(15,651)	-	(207,636)
Total accumulated depreciation	(4,971,654)	(377,461)	-	(5,349,115)
Total capital assets being depreciated, net	9,056,843	89,613	-	9,146,456
Capital assets, net	$ 9,104,813	$ 486,952	$ (421,535)	$ 9,170,230

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES (continued)

E. Other significant commitments

The District has entered into a contract with the Trinity River Authority of Texas (Authority) whereby the District acquired the right to purchase .85 million gallons per day (MGD) of water annually from the Authority through its raw water supply contract with Tarrant County Water Control and Improvement District Number One. The contract is for a period of forty years commencing December 1, 1991 and ending November 30, 2031. The Authority is a governmental agency, which is controlled by directors appointed by the governor. The District agreed to pay to the Authority $60 each month increasing $1.50 per month each fiscal year for the Authority's costs and expenses of administering the contract. A current schedule of estimated future contractual payments due the Authority is shown below:

Year Ending December 31	Annual Payment
2017	$ 1,154
2018	1,172
2019	1,190
2020	1,208
2021	1,226
2022-2026	6,398
2027-2031	6,729
	$ 19,077

Actual payments for the year ended December 31, 2016 were $1,170.

F. Retirement plan

The District maintains a Savings Incentive Match Plan for Employees - Individual Retirement Account (SIMPLE-IRA). Under the plan, the District will match each participant's contribution up to 3% of the participant's compensation. The District's contributions to the plan for the year ended December 31, 2016 were $6,807.

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES (continued)

G. Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not materially exceeded this commercial coverage in any of the past three fiscal years.

H. Long-term liabilities

Revenue Bonds

The District issues bonds where the District pledges income derived from the acquired or constructed assets to pay debt service. The bonds were issued to finance the acquisition and construction of major capital facilities and to provide funds for the refunding of prior revenue bonds. Revenue bonds outstanding at year end are as follows:

Series	Issue Amount	Maturity Date	Interest Rate	Year-end Balances
2009	$ 5,900,000	8/1/2039	1.85% - 6.05%	$ 5,810,000

Notes Payable

Notes payable currently outstanding and reported as a liability of the District are:

Note payable with Citizens National Bank dated May 8, 2000 - The $1,030,000 note is an eighteen year term note with monthly installments of $8,093, including interest at prime as quoted in the "Money Rates" in the Wall Street Journal minus two (2.00%) percent per annum, with a minimum rate of 5.50% and a maximum rate of 7.50%. The note is secured by a deed of Trust dated May 8, 2000 and matures on September 7, 2018. The accumulated amount of funds to be repaid at December 31, 2016 totaled $161,603. The amount due within one year totals $90,546.

Note payable with Citizens National Bank dated February 18, 2004 - The $400,000 note is a fourteen year term note with monthly installments of $3,285, including interest at prime as quoted in the "Money Rates" in the Wall Street Journal minus two (2.00%) percent per annum, with a minimum rate of 5.00% and a maximum rate of 7.00%. The note is secured by a deed of trust dated February 18, 2004 and matures on September 7, 2018. The accumulated amount of funds to be repaid at December 31, 2016 totaled $65,767. The amount due within one year totals $38,802.

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES (continued)

H. Long-term liabilities (continued)

Long-term liability activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds	$ 5,830,000	$ -	$ (20,000)	$ 5,810,000	$ 25,000
Notes payable	348,358	-	(120,988)	227,370	129,348
Compensated absences	6,658	15,102	(15,305)	6,455	6,455
	$ 6,185,016	$ 15,102	$ (156,293)	$ 6,043,825	$ 160,803

The debt service requirements for the District's bonds and notes payable are as follows:

Year Ending December 31	Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2017	$ 25,000	$ 331,463	$ 129,348	$ 9,030
2018	65,000	330,438	98,022	2,137
2019	135,000	327,643	-	-
2020	145,000	321,365	-	-
2021	155,000	314,333	-	-
2022-2026	890,000	1,443,328	-	-
2027-2031	1,390,000	1,146,579	-	-
2032-2036	1,765,000	688,475	-	-
2037-2039	1,240,000	149,709	-	-
	$ 5,810,000	$ 5,053,333	$ 227,370	$ 11,167

The resolutions authorizing issuance of the District's bonds provided certain requirements as follows:

Reserve account. A reserve account is required by the resolution authorizing issuance of the bonds issued by the District.

Total amount required to be on deposit in the reserve account compared to actual amount on deposit is as follows:

Issue	Reserve Required Ultimate Balance	Reserve Required Present Balance	Reserve Actual Present Balance
2009	$ 447,408	$ 447,408	$ 500,807

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES (continued)

H. Long-term liabilities (continued)

Additional bonds. This section required, among other things, that net revenues of the water system amount to 1.25 times average annual principal and interest requirements on all revenue bonds, present and proposed, in order to issue additional revenue bonds.

Pledge and source of payment. The District's outstanding bonds are payable solely from, and are secured by a lien on, the District's gross revenues.

I. Contingencies

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not materially exceeded this commercial coverage in any of the past three fiscal years.

SUPPLEMENTARY FINANCIAL DATA

BUENA VISTA-BETHEL SPECIAL UTILITY DISTRICT
SCHEDULE OF SERVICES AND RATES
December 31, 2016

1. Services Provided by the District during the Fiscal Year:

Retail Water

2. Retail Service Providers

a. Retail Rates for a 5/8" Meter:

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons Over Minimum Use	Usage Levels
Water	$ 41.00	-	Y	$ 4.85	0 to 5,000
				5.58	5,001 to 10,000
				6.41	10,001 to 20,000
				7.37	20,001 to 30,000
				8.48	30,001 and above

Total charges for 10,000 gallons usage: $89.60

b. Water Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered	-	-	x 1.0	-
<= 3/4"	1,571	1,571	x 1.5	1,571
1"	44	44	x 2.5	110
1 1/2"	2	2	x 5.0	10
2"	5	5	x 8.0	40
3"	-	-	x 15.0	-
4"	2	2	x 25.0	60
6"	-	-	x 50.0	-
8"	2	2	x 80.0	125
10"	-	-	x 115.0	-
Total Water	1,626	1,626		1,916

3. Total Water Consumption during the Fiscal Year (rounded to the nearest thousand):

Gallons pumped into system:	306,331,400	**Water Accountability Ratio:** (Gallons billed / Gallons pumped)
Gallons billed to customers:	159,438,878	52.0%

BUENA VISTA-BETHEL SPECIAL UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
BUDGET AND ACTUAL
For the Year Ended December 31, 2016

	Final Budgeted Amounts	Actual GAAP Basis	Actual - Over (Under) Budget
OPERATING REVENUES			
Water sales	$ 1,915,916	$ 1,947,761	$ 31,845
Installations	14,000	14,000	-
Activation fees	5,750	5,750	-
Other income	24,053	29,199	5,146
Total operating revenues	1,959,719	1,996,710	36,991
OPERATING EXPENSES			
Accounting and legal	28,085	29,790	1,705
Advertising	1,307	1,307	-
Depreciation and amortization	-	377,461	377,461
Engineering fees	4,279	4,279	-
Insurance	15,637	16,016	379
Miscellaneous	30,608	29,954	(654)
Office supplies and postage	19,953	19,953	-
Repairs and maintenance	213,555	228,814	15,259
Salaries	296,596	296,413	(183)
Employee benefits	135,252	134,496	(756)
Supplies and minor equipment	35,467	30,931	(4,536)
Payroll taxes	23,610	23,596	(14)
Theft loss	-	10,794	10,794
Travel	2,286	2,286	-
Utilities	197,843	191,944	(5,899)
Capital outlay	63,843	-	(63,843)
Water rights	49,630	50,035	405
Water purchased	107,657	107,933	276
Total operating expenses	1,225,608	1,556,002	330,394
OPERATING INCOME	734,111	440,708	(293,403)
NONOPERATING REVENUES (EXPENSES)			
Interest	5,844	6,506	662
Interest and fiscal charges	(488,740)	(331,603)	157,137
Total nonoperating revenue (expenses)	(482,896)	(325,097)	157,799
INCOME BEFORE CAPITAL CONTRIBUTIONS	251,215	115,611	(135,604)
Capital contributions	119,640	119,640	-
CHANGE IN NET POSITION	$ 370,855	$ 235,251	$ (135,604)
Number of persons employed by the District:			
Full-Time	7		

BUENA VISTA-BETHEL SPECIAL UTILITY DISTRICT

SCHEDULE OF CASH AND TEMPORARY INVESTMENTS

December 31, 2016

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year
OPERATING:				
Cash on hand	N/A	N/A	N/A	$ 300
Citizens National Bank - Checking	10616	N/A	On Demand	589,361
Citizens National Bank - Checking	10103846	0.20%	On Demand	16,655
Citizens National Bank - Certificate of Deposit	11376775	0.40%	02/02/17	101,539
Citizens National Bank - Checking	160109231	N/A	On Demand	84,113
Edward Jones - United States Treasury Bond	766-07056-1-2	3.47%	11/15/17	32,741
Edward Jones - Money Market	766-07056-1-2	0.01%	On Demand	102,476
InterBank - Certificate of Deposit	55000988	0.40%	04/12/17	93,688
TOTAL OPERATING				1,020,873
CONSTRUCTION:				
Citizens National Bank - Checking	10112516	N/A	On Demand	21,987
TOTAL CONSTRUCTION				21,987
DEBT SERVICE:				
Citizens National Bank - Checking	10112383	0.35%	On Demand	515,112
TOTAL DEBT SERVICE				515,112
RESERVE:				
Citizens National Bank - Checking	10112508	0.35%	On Demand	500,807
TOTAL RESERVE				500,807
SYSTEM IMPROVEMENTS:				
Citizens National Bank - Checking	10616	N/A	On Demand	46,205
Citizens National Bank - Checking	10104992	0.10%	On Demand	7,433
Citizens National Bank - Checking	10294058	0.35%	On Demand	529,523
TOTAL SYSTEM IMPROVEMENTS				583,161
TOTAL				$ 2,641,940

BUENA VISTA-BETHEL SPECIAL UTILITY DISTRICT

DEBT SERVICE REQUIREMENTS - BY YEARS

December 31, 2016

Due During Fiscal Years Ending	Water System Revenue Bonds, Series 2009		
	Principal Due 8/1	Interest Due 2/1/,8/1	Total
2017	$ 25,000	$ 331,463	$ 356,463
2018	65,000	330,438	395,438
2019	135,000	327,643	462,643
2020	145,000	321,365	466,365
2021	155,000	314,333	469,333
2022	165,000	306,583	471,583
2023	170,000	298,085	468,085
2024	175,000	289,245	464,245
2025	185,000	279,795	464,795
2026	195,000	269,620	464,620
2027	215,000	258,700	473,700
2028	275,000	246,553	521,553
2029	285,000	230,740	515,740
2030	300,000	214,068	514,068
2031	315,000	196,518	511,518
2032	325,000	177,933	502,933
2033	350,000	158,758	508,758
2034	350,000	138,108	488,108
2035	360,000	117,458	477,458
2036	380,000	96,218	476,218
2037	400,000	73,798	473,798
2038	415,000	50,198	465,198
2039	425,000	25,713	450,713
	$ 5,810,000	$ 5,053,333	$ 10,863,333

BUENA VISTA-BETHEL SPECIAL UTILITY DISTRICT

DEBT SERVICE REQUIREMENTS - BY YEARS

December 31, 2016

Due During Fiscal Years Ending	Note Payable - Citizens National Bank - 2000		
	Principal Due Monthly	Interest Due Monthly	Total
2017	$ 90,546	$ 6,623	$ 97,169
2018	71,057	1,629	72,686
	$ 161,603	$ 8,252	$ 169,855

BUENA VISTA-BETHEL SPECIAL UTILITY DISTRICT

DEBT SERVICE REQUIREMENTS - BY YEARS

December 31, 2016

Due During Fiscal Years Ending	Note Payable - Citizens National Bank - 2004		
	Principal Due Monthly	Interest Due Monthly	Total
2017	$ 38,802	$ 2,407	$ 41,209
2018	26,965	508	27,473
	$ 65,767	$ 2,915	$ 68,682

BUENA VISTA-BETHEL SPECIAL UTILITY DISTRICT

DEBT SERVICE REQUIREMENTS - BY YEARS

December 31, 2016

Due During Fiscal Years Ending	Annual Requirements for All Debt		
	Principal Due	Interest Due	Total
2017	$ 163,022	$ 332,575	$ 495,597
2018	135,000	327,643	462,643
2019	145,000	321,365	466,365
2020	155,000	314,333	469,333
2021	165,000	306,583	471,583
2022	170,000	298,085	468,085
2023	175,000	289,245	464,245
2024	185,000	279,795	464,795
2025	195,000	269,620	464,620
2026	215,000	258,700	473,700
2027	275,000	246,553	521,553
2028	285,000	230,740	515,740
2029	300,000	214,068	514,068
2030	315,000	196,518	511,518
2031	325,000	177,933	502,933
2032	350,000	158,758	508,758
2033	350,000	138,108	488,108
2034	360,000	117,458	477,458
2035	380,000	96,218	476,218
2036	400,000	73,798	473,798
2037	415,000	50,198	465,198
2038	425,000	25,713	450,713
	$ 5,883,022	$ 4,724,007	$ 10,607,029

BUENA VISTA-BETHEL SPECIAL UTILITY DISTRICT

ANALYSIS OF CHANGES IN LONG-TERM DEBT

December 31, 2016

	Long-term Debt			
	Water System Revenue Bonds 2008	**Note Payable Citizens National Bank 2000**	**Note Payable Citizens National Bank 2004**	**Totals**
Interest Rate	1.85-6.05%	5.50%	5.00%	
Dates Interest Payable	2/1; 8/1	Monthly	Monthly	
Maturity Dates	08/01/39	09/07/18	09/07/18	
Beginning Debt Outstanding	$ 5,830,000	$ 247,280	$ 101,078	$ 6,178,358
Debt Sold During the Fiscal Year	-	-	-	-
Debt Retired During the Fiscal Year	(20,000)	(85,677)	(35,311)	(140,988)
Ending Debt Outstanding	$ 5,810,000	$ 161,603	$ 65,767	$ 6,037,370
Interest Paid During the Fiscal Year	$ 332,203	$ 11,441	$ 4,258	$ 347,902

Paying Agent's Name and City:
Series 2008 Texas Water Development Board, Austin, Texas
Note Holder Name and City: Citizens National Bank, Waxahachie, Texas

Bond Authority:	Revenue Bonds
Amount Authorized By Board of Directors	$ 5,900,000
Amount Issued	$ 5,900,000
Remaining To Be Issued	$ -

Restricted debt service cash and temporary investments as of December 31, 2016 $ 515,112

Average annual debt service payment (Principal and Interest) for remaining term of all debt: $ 482,138

BUENA VISTA-BETHEL SPECIAL UTILITY DISTRICT

COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES

Five Years Ended December 31, 2016

	Amounts					Percent of Fund Total Revenues				
	2016	**2015**	**2014**	**2013**	**2012**	**2016**	**2015**	**2014**	**2013**	**2012**
Operating Revenues:										
Water sales	$ 1,947,761	$ 1,821,570	$ 1,726,707	$ 1,709,175	$ 1,593,741	97.5%	97.9%	94.5%	94.7%	94.5%
Installation	14,000	14,100	8,000	7,200	5,325	0.7%	0.8%	0.4%	0.4%	0.3%
Activation fees	5,750	5,800	5,800	2,800	2,150	0.3%	0.3%	0.3%	0.2%	0.1%
Other income	29,199	19,708	87,286	85,888	85,771	1.5%	1.1%	4.8%	4.8%	5.1%
Total Operating Revenues	1,996,710	1,861,178	1,827,793	1,805,063	1,686,987	100.0%	100.0%	100.0%	100.0%	100.0%
Operating Expenses:										
Operation	1,178,541	1,212,403	1,141,983	1,148,706	864,204	59.0%	65.1%	62.5%	63.6%	51.2%
Depreciation and amortization	377,461	376,838	257,557	260,872	243,418	18.9%	20.2%	14.1%	14.5%	14.4%
Total Operating Expenses	1,556,002	1,589,241	1,399,540	1,409,578	1,107,622	77.9%	85.4%	76.6%	78.1%	65.7%
Operating Income	440,708	271,937	428,253	395,485	579,365	22.1%	14.6%	23.4%	21.9%	34.3%
Nonoperating (Revenues) Expenses										
Interest	6,506	3,063	8,364	4,644	10,834	0.3%	0.2%	0.5%	0.3%	0.6%
Gain on disposal of asset	-	376	-	-	653	0.0%	0.0%	0.0%	0.0%	0.0%
Interest and fiscal charges	(331,603)	(329,306)	(360,984)	(366,964)	(372,605)	-16.6%	-17.7%	-19.7%	-20.3%	-22.1%
Principal payments	-	-	-	-	24,000	0.0%	0.0%	0.0%	0.0%	1.4%
Total Nonoperating Expenses	(325,097)	(325,867)	(352,620)	(362,320)	(337,118)	-16.3%	-17.5%	-19.3%	-20.1%	-20.0%
Income (loss) before contributions	115,611	(53,930)	75,633	33,165	242,247	5.8%	-2.9%	4.1%	1.8%	14.4%
Capital contributions	119,640	138,500	78,000	37,485	-	6.0%	7.4%	4.3%	2.1%	0.0%
Change in net position	$ 235,251	$ 84,570	$ 153,633	$ 70,650	$ 242,247	11.8%	4.5%	8.4%	3.9%	14.4%
TOTAL ACTIVE RETAIL WATER CONNECTIONS	1,626	1,564	1,497	1,475	1,422					

BUENA VISTA-BETHEL SPECIAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
December 31, 2016

Complete District Mailing Address: 312 S. Oak Branch Rd., Waxahachie, TX 75167

District Business Telephone Number: (972) 937-1212

Submission Date of the most recent District Registration Form: 4/21/2015

Limit on Fees of Office that a Director may receive during a fiscal year: $1,200

Names	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid* 12/31/2016	Expense Reimbursements 12/31/2016	Title at Year End
Board Members:				
Don Walker	11/13-11/19	$ 600	$ -	President
Gerald Kujawaw	11/12-11/18	1,000	200	Vice-President
Alan Cleaver	11/13-11/19	700	-	Secretary/Treasurer
Preston Hall	11/08-11/17	800	-	Director
Jeff Ward	11/12-11/18	700	-	Director
Key Administrative Personnel:				
Joe Buchanan	12/86	66,894		General Manager
Consultants:				
Patricia Coy	5/91	5,810		Attorney
Yeldell, Wilson, Wilson & Reeve, P.C.	05/15	22,275		Auditor
Childress Engineers	1991	38,271		Engineer

**Fees of Office* are the amounts actually paid to a director during the District's fiscal year.

APPENDIX E

SPECIMEN, MUNICIPAL BOND INSURANCE POLICY

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $_____ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _____

Risk Premium: $_____
Member Surplus Contribution: $_____
Total Insurance Payment: $_____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

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Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)

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