OFFICIAL STATEMENT DATED MARCH 8, 2018

NEW ISSUE - BOOK-ENTRY-ONLY

Anticipated Ratings: S&P Insured (Stable Outlook) "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 see "LEGAL MATTERS" and "TAX MATTERS" herein for a discussion of the opinion of Bond Counsel.

The District will not designate the Bonds as "Qualified Tax-Exempt Obligations" for financial institutions.

$2,795,000
WEST WISE SPECIAL UTILITY DISTRICT
(A Political Subdivision of the State of Texas Located in Wise County, Texas)
WATER SYSTEM REVENUE REFUNDING BONDS
SERIES 2018

Interest to accrue from Date of Initial Delivery **Due: August 15, as shown on page ii**

The $2,795,000 Water System Revenue Refunding Bonds, Series 2018 (the "Bonds") are special obligations of the West Wise Special Utility District (the "District") 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 and related pricing certificate authorizing the issuance of the Bonds (together, the "Resolution") 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 Parity Obligations (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 15 and August 15 of each year, commencing August 15, 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 UMB BANK, N.A., 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 the outstanding maturities of the District's Revenue Refunding and Improvement Bonds, Series 2007 as set forth in Schedule I hereto, to achieve debt service savings, to lower the District's annual debt service, 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 15, 2029, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2028, 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" 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 April 11, 2018.

Raymond James

STATED MATURITY SCHEDULE
(Due August 15)
Base CUSIP – 957022 [(a)]

Stated Maturity (August 15)	Principal Amount	Interest Rate (%)	Initial Yield (%)	CUSIP Suffix[(a)]
2018	$95,000	2.000%	1.500%	AA4
2019	85,000	2.000	1.700	AB2
2020	85,000	3.000	1.890	AC0
2021	85,000	3.000	2.090	AD8
2022	90,000	3.000	2.300	AE6
2023	90,000	3.000	2.490	AF3
2024	95,000	3.000	2.650	AG1
2025	95,000	3.000	2.800	AH9
2026	100,000	3.000	2.960	AJ5
2027	105,000	3.000	3.120	AK2
2028	105,000	3.125	3.240	AL0
2029	110,000	3.125	3.330	AM8
2030	115,000	3.250	3.440	AN6
2031	115,000	3.375	3.530	AP1
2032	120,000	3.500	3.640	AQ9
2033	125,000	3.500	3.690	AR7
2034	130,000	3.500	3.740	AS5
2035	135,000	3.625	3.780	AT3
2036	140,000	3.625	3.800	AU0
2037	145,000	3.625	3.830	AV8
2038	150,000	3.750	3.850	AW6

$480,000 3.750% Term Bonds due August 15, 2041, Yield 3.880%, CUSIP Suffix AZ9[(a)]

(Interest to accrue from the date of initial delivery)

The District reserves the right to redeem the Bonds maturing on and after August 15, 2029, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2028, or any date thereafter, at the redemption price of par plus accrued interest as further described herein. In addition, the bonds maturing on August 15, 2041, and thereafter 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 CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association. CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the purchasers of the Bond. 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.*

WEST WISE SPECIAL UTILITY DISTRICT
3412 FM 2952
BRIDGEPORT, TEXAS 76426

ELECTED OFFICIALS

Board of Directors	Length of Service	Term Expires	Occupation
Betty Graves, President	40 Years	May, 2020	Retired
Russ Burran, Vice-President	21 Years	May, 2020	Division Manager
Sally Stokes, Secretary-Treasurer	9 Years	May, 2020	Retired
R.L. Groves, Director	22 Years	May, 2019	Retired
Wayne Bradley, Director	2 Years	May, 2020	Retired
Johnelle Reed, Director	6 Years	May, 2018	Retired

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Service to the District
James Ward	General Manager	27 Years
Darcie White	Office Manager	12 Years

CONSULTANTS AND ADVISORS

Auditors…… ..... George, Morgan & Sneed, P.C.
Weatherford, 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 E - 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 District	The West Wise Special Utility District (the "District"), located in Wise 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 a special utility district which converted from a non-profit water supply corporation by order of the Texas Commission on Environmental Quality on March 11, 2003, and confirmed by an election in the District held on May 3, 2003. The District was created and empowered to purchase, own, hold, lease and otherwise acquire sources of water supply; to construct, operate and maintain facilities for the transportation of water, and to sell water to owns, cities and other political subdivision of the state, and to private business and citizens. The District is governed by a six 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 and related pricing certificate authorizing the issuance of the Bonds (together, the "Resolution") 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 UMB BANK, N.A., Austin, Texas.
Security	The Bonds are special obligations of the District payable solely from and, together with certain Parity Obligations (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 15, 2029, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2028, 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 15, 2041 are subject to mandatory sinking fund 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 individuals. (See "TAX MATTERS" and "Appendix C - Form of Legal Opinion of Bond Counsel herein.)
No Qualified Tax-Exempt Obligations	The District will not designate 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 outstanding Revenue Refunding and Improvement Bonds, Series 2007 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 April 11, 2018.
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 West Wise Special Utility District (the "District") of its $2,795,000 Water System Revenue Refunding Bonds, Series 2018 (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 and related pricing certificate authorizing the issuance of the Bonds (together, the "Resolution") 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 District 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 District 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 April 20, 2018 (the "Redemption Date"), from funds to be deposited with Wells Fargo, National Association (the "Refunded Bonds Paying Agent/Registrar") or its successor.

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	$2,795,000.00
Issuer Contribution	165,000.00
Deposit from Refunded Bonds Debt Service	19,880.00
Net Discount	(24,797.30)
Total Sources of Funds	$2,955,082.70
Uses of Funds	
Deposit to Refunded Bonds Paying Agent/Registrar	$2,589,880.00
Cost of Issuance (includes rounding amount and Bond Insurance)	56,732.19
Underwriters' Discount	28,217.08
Total Uses of Funds	$2,955,082.70

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 March 1, 2018 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 August 15, 2018 and each February 15 and August 15 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 UMB BANK, N.A., 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 other "Prior Lien Obligations" secured on parity with the Bonds (all referred to herein as the "Parity Obligations"), 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 a 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 District's other Prior Lien Obligations 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.

Redemption Provisions

Optional Redemption: The District reserves the right, at its sole option, to redeem Bonds stated to mature on and after August 15, 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 15, 2028, 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 15, 2041 (the "Term Bonds") are subject to mandatory sinking fund redemption in part prior to their stated maturity, and will be redeemed by the District 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:

$480,000 Term Bond (maturing August 15, 2041):

Date (August 15)	Principal Amount
2039	$155,000
2040	160,000
2041*	165,000

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 15 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 Revenue Fund, and (2) the Interest and Sinking 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 West Wise Special Utility District Utility System Revenue 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 the payment of all necessary and reasonable Maintenance and Operating Expenses as defined herein, and the payment of such Maintenance and Operating Expenses shall be a first charge on and claim against the Gross Revenues.

Second: to the payment of the amounts required to be deposited and credited to the Interest and Sinking Fund created and established for the payment of the Bonds and the District's Revenue Bonds, Series 2018 as the same become due and payable.

Third: pro rata to the payment of the amounts required to be deposited and credited to the reserve fund created and established to maintain a reserve in accordance with the provisions of the Resolutions relating to the issuance of any Additional Prior Lien Obligations (including the District's Revenue Bonds, Series 2018).

Fourth: to the payment, including any reserve fund requirements, of Subordinate Lien Obligations.

Rate Covenants

While any of the Prior Lien Obligations are outstanding, to establish and maintain rates and charges for facilities and services afforded by the System that are reasonably expected, on the basis of available information and experience and with due allowance for contingencies, to generate Gross Revenues in each Fiscal Year reasonably anticipated to be sufficient:

A. to pay Maintenance and Operating Expenses;

B. to produce Pledged Revenues sufficient to pay the principal of and interest on the Outstanding Prior Lien Obligations as such principal and interest come due;

C. to produce Pledged Revenues in amounts sufficient to enable the District to make the deposits and credits, if any, from Pledged Revenues to the reserve funds to establish or restore the reserve securing any issue or series of Additional Prior Lien Obligations (including but not limited to the District's Revenue Bonds, Series 2018);

D. to produce Pledged Revenues, together with any other lawfully available funds (including the proceeds of any obligations of the District which the District expects will be utilized to pay all or part of the principal of and/or interest on any obligations described in the Resolution), sufficient to pay the principal of and interest on any Subordinate Lien Obligations issued by the District and the amounts required to be deposited in any reserve or contingency fund created for the payment and security of the Subordinate Lien Obligations and any other obligations or evidences of indebtedness issued or incurred that are payable from, in whole or in part, a subordinate lien on and pledge of the Pledged Revenues; and

E. to pay any other Debt payable from the Pledged Revenues and/or secured by a lien on the Pledged Revenues.

While any of the Prior Lien Obligations are outstanding, to establish and maintain rates and charges for facilities and services afforded by the System that are reasonably expected, on the basis of available information and experience and with due allowance for contingencies, to produce the Net Earnings at least equal to the sum of 1.10 times the Average Annual Debt Service Requirements (computed on a Fiscal Year basis), including Amortization Installments, of all Prior Lien Obligations Outstanding (including the Bonds) during each Fiscal Yeat.

Other Parity Obligations

The District has issued its certain Revenue Bonds, Series 2018 on January 1, 2018 (the "2018 Bonds") purchased by the Texas Water Development Board in the original principal amount of $13,430,000. The 2018 Bonds are secured by a pledge of the Net Revenues on a pari-passu basis with the Bonds.

Additional Parity Bonds

The District reserves the right to issue, at any time, obligations including, but not limited to, Subordinate Lien Obligations, payable from and equally and ratably secured, in whole or in part, by a lien on and pledge of the Net Revenues, subordinate and inferior in rank and dignity to the lien on and pledge of such Net Revenues securing the payment of the Prior Lien Obligations, as may be authorized by the laws of the State of Texas.

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

(a) Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond"), when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United "States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the District with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or, entitled to the benefits of, the Net Revenues pledged as provided in the Resolution, and such principal and interest shall be payable solely from such money or Defeasance Securities. Any determination not to redeem Defeased Bonds that is made in conjunction with the payment arrangements specified in the Resolution shall not be irrevocable should the District give notice to that effect. Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond"), when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United "States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the District with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or, entitled to the benefits of, the ad valorem taxes herein levied and pledged as provided in the Resolution, and such principal and interest shall be payable solely from such money or Defeasance Securities. Any determination not to redeem Defeased Bonds that is made in conjunction with the payment arrangements specified above shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the District expressly reserves the right to call the Defeased Bonds for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Bonds immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the District be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the District, or deposited as directed in writing by the District. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of certain requirements. All income from such Defeasance Securities received by the

Paying Agent/Registrar which is not required for the payment of the Defeased Bonds, with respect to which such money has been so deposited, shall be remitted to the District or deposited as directed in writing by the District.

(c) The term "Defeasance Securities" means (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the financial arrangements are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent.

(d) Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Bonds the same as if they had not been defeased, and the District shall make proper arrangements to provide and pay for such services as required by the Resolution.

(e) In the event that the District elects to defease less than all of the principal amount of Bonds of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Bonds by such random method as it deems fair and appropriate.

Remedies in Event of Default

In addition to all the-rights and remedies provided by the laws of the State of Texas, in the event the District (i) defaults in the payment of the principal, premium, if any, or interest on the Bonds, (ii) defaults in the deposits and credits required to be made to the Interest and Sinking Fund, (iii) declares bankruptcy, or (iv) defaults in the observance or performance of any other of the covenants, conditions, or obligations set forth in the Resolution, the following remedies shall be available:

(a) the Holders of any of the Bonds shall be entitled to seek a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the District and other officers of the District to observe and perform any covenant, condition or obligation prescribed in the Resolution; and

(b) no delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. The specific remedy herein provided shall be cumulative of all other existing remedies, and the specification of such remedy shall not be deemed to be exclusive.

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

The initial Paying Agent/Registrar is UMB BANK, N.A., 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 last business day of the month preceding each such date on the Registration Books kept by the Paying Agent/Registrar.

Interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. In the event of a non-payment of interest on a scheduled payment date, and for 30 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 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 Registration Books 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 appendix 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 and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. 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"). 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 District 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 December 31, 2017 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $515 million, $87.7 million and $427.3 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 District of or the underwriter for the Bonds, and the District 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 DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as 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 District 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 District 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 District, 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 District 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 District 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 District 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 District believes to be reliable, but the District 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 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 a special utility district which converted from a non-profit water supply corporation by order of the Texas Commission on Environmental Quality ("TCEQ") on March 11, 2003, and confirmed by an election in the District held on May 3, 2003. The District was created and empowered to purchase, own, hold, lease and otherwise acquire sources of water supply; to construct, operate and maintain facilities for the transportation of water, and to sell water to owns, cities and other political subdivision of the state, and to private business and citizens.

Location and Service Area

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

Topography and Flood Hazards

Flood Hazard Boundary maps for Wise 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 six 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's service area is located in Wise County, Texas. The service area is general bounded on the east by FM 1655 and Big Sandy Creek, on the south by country roads, on the west by Lake Bridgeport and on the north by FM 1810.

The District currently purchases all of its raw surface water from the Tarrant Regional Water District ("TRWD") out of the Lake Bridgeport reservoir. The District can also purchase treated water of up to 250 gallons per minute ("GPM") from the Walnut Creed Special Utility District (emergency flow rate of 500 GPM). The District currently has no ground water. The District has one elevated water storage tank with a capacity of 200,000 gallon and two elevated storage tanks with a total capacity of 200,000 gallon, a booster pump, and a surface water treatment plant with 1.0 million gallon per day treatment capacity with a rating of 700 GPM. The District has approximately 84 miles of waterline and services 1105 connections with an estimated population of 4,206.

At a public meeting on March 16, 2017, the Board of Directors of the District approved a rate study and adopted the recommendations of its rate consultant to increase monthly water rates in order to construct a new water treatment plant. The District has received water quality violations from the TCEQ and is current under an order from the TCEQ to reduce Trihalomethanes levels and Haloacetric Acids ("HAAS"). The District, through third-party engineers and consultants, conducted an extensive study to determine the cause of the problems and the most cost-effective way to reduce the levels and gain compliance.

The District's existing treatment plant was placed into service in the 1970s. Although it had an expected service life of 20-30 years, the District has continued to use it for over 45 years. At the time it was designed and installed, the plant complied with all applicable water quality regulations. However, over time, the health-based water quality criteria have changed and become stricter. Combined with drought recovery and the age of the plant, these stricter regulations result in the current non-compliance.

o Since 2015, the District considered numerous options for corrective action, including constructing a new conventional water treatment plant, rehabilitating and converting the existing plant, and purchasing treated water from Walnut Creek Special Utility District. The District also hired third-party consultants and conducted a feasibility study. Engineers, including an environmental engineer, structural engineer, and geotechnical engineer evaluated the existing plant and its location and determined that there were significant foundation and slope issues which made repair and upgrade of the plant in its existing location impractical and unaffordable. And, purchasing water from Walnut Creek Special Utility District would be extremely expensive due to additional infrastructure costs and the high cost of the treated water. Ultimately, the feasibility study determined that the most cost-effective corrective action was the construction of a new water treatment plant in a new location. TCEQ inspections of the existing plant agreed with this assessment of plant replacement.

In September 2016, the District submitted applications for funding from the Texas Water Development Board "TWDB") to construct the new plant. The District also hired a rate consultant who performed a rate study evaluating all of the District's expenses, including those associated with its to-be-acquired funding from the TWDB, and existing revenues.

The District received funding from the Texas Water Development Board of January 10, 2018 for a new water treatment plant. A long term ground lease for the water treatment plant and easements for waterlines have been secured from TRWD District. The District has also entered into agreement with Kimley-Horn and Associates to complete design and permitting of the new water treatment plant.

Water Services Agreements

The District has entered into a revised water contract with the TRWD whereby the District remains to have the right to purchase an amount not to exceed 986 ac/ft/yr in raw water annually. The contract is for a period of 40 years commencing November 28, 2017 and ending November 28, 2057. The District agreed to pay to the Tarrant Regional Water District $ 1.25905 per 1,000 gallons each month. TRWD reviews rates annually and adjusts as necessary in order to meet budget requirements. Annually, either TRWD will go up on rates if needed or the District will receive credit.

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:

INVESTMENTS:	
CoBank	$9,382
TOTAL	**$9,382**

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 $5,389.

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, 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.

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 District 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 District of the general type included in Appendix A – Financial Information of the District in Tables 1 through 6. The District 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 District, if the District commissions an audit and it is completed by the required time. If audited financial statements cannot be provided, the District 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 District's annual financial statements, or such other accounting principles as the District may be required to employ from time to time pursuant to State law or regulation.

The District'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 District changes its fiscal year. If the District 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 District 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 District has agreed to update information and to provide notices of certain specified events only as described above. The District 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 District 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 District 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 District to comply with its agreement.

The District 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 District, 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 Parity Obligations consent or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. The District 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 District 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 was exempt from the requirements of United States Securities and Exchange Commission Rule 15(c)(2)12 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 Parity Obligations, 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 individuals. 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 District 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 District 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.

Financial Advisor

Government Capital Securities Corporation is employed as a Financial Advisor to the District 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 District 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

George, Morgan & Sneed, P.C., Weatherford, 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. Jackson Walker, L.L.P., 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 $2,741,985.62 (representing the par amount of the Bonds, less a net original issue discount of $24,797.30 and less an underwriting discount of $28,217.08).

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 District.

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.

WEST WISE
SPECIAL UTILITY DISTRICT

/s/ Betty Graves
President, Board of Directors

ATTEST:

/s/ Sallay Stokes
Secretary- Treasurer, Board of Directors

SCHEDULE I

SCHEDULE OF REFUNDED BONDS

BOND	MATURITY DATE	INTEREST RATE	PAR AMOUNT	CALL DATE	CUSIP NO.
Serial 2018	08/15/2018	4.500%	$100,000	04/20/2018	957021AL2
Serial 2019	08/15/2019	4.500%	$105,000	04/20/2018	957021AM0
Serial 2020	08/15/2020	4.500%	$110,000	04/20/2018	957021AN8
Serial 2021	08/15/2021	4.500%	$115,000	04/20/2018	957021AP3
Term 2023	08/15/2023	4.500%	$235,000	04/20/2018	957021AR9
Term 2027	08/15/2027	4.500%	$550,000	04/20/2018	957021AV0
Term 2030	08/15/2030	4.500%	$475,000	04/20/2018	957021AY4
Term 2036	08/15/2036	4.500%	$1,150,000	04/20/2018	957021BE7

APPENDIX A

FINANCIAL INFORMATION OF THE DISTRICT

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
2013	1,117	266,679	N/A	97,337,900
2014	1,123	239,584	N/A	87,448,000
2015	1,129	233,618	N/A	85,270,660
2016	1,135	208,980	N/A	76,277,600
2017	1,105	225,561	N/A	82,329,620

TEN LARGEST WATER CUSTOMERS (FYE 2017) TABLE 2

CUSTOMERS	WATER USAGE (GALLONS)	% OF TOTAL WATER USAGE
Conference Center	572,800	0.70%
Conference Center	1,487,900	1.81%
Bilby, Rollins	883,900	1.07%
Yesterdays	529,600	0.64%
Enlink Midstream	8,709,300	10.58%
Skelton, Dan	1,158,700	1.41%
Devon Energy	1,212,700	1.47%
Weatherford College	2,139,700	2.60%
Hawks, Neal	603,700	0.73%
Mark of Excellence Pizza	1,125,500	1.37%
Total	18,423,800	22.38%

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MONTHLY WATER RATES BY METER (AS OF DECEMBER 31, 2017) TABLE 3

METER SIZE	MONTHLY RATE
5/8" x 3/4" Residential	$ 74.68
1" Residential	$ 199.15
5/8" x 3/4" COMM	$ 117.73
1" COMM	$ 201.83
2" COMM	$ 605.49
4"	$ 1,850.12

MONTHLY WATER RATES (AS OF DECEMBER 31, 2017) TABLE 4

STANDARD ¾" METERS

MONTHLY RATE	
$ 6.06	1 to 10,000 gallons
$ 7.80	Greater than 10,000 gallons

ALL COMMERCIAL METERS

MONTHLY RATE	
$13.46	Usage Charge

NET REVENUES AVAILABLE FOR DEBT SERVICE TABLE 5

2017*	2016	2015	2014
$682,185	$333,510	$250,280	$317,279

*Unaudited. In 2017 the District increased its monthly rates to generate sufficient net revenues to cover debt service on the 2018 Bonds and debt service on the Bonds. See "TABLE 7" below for projected debt service coverage on the 2018 Bonds and the Bonds.

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REVENUE BOND DEBT SERVICE REQUIREMENTS **TABLE 6**

Fiscal Year 31-Dec	Total Outstanding Debt Service	Less Refunded Obligations Debt Service	Principal	Interest	Total Debt Service
2018	$322,967.00	$163,900.00	$95,000.00	$31,779.31	$285,846.31
2019	859,645.50	228,300.00	85,000.00	90,362.50	806,708.00
2020	857,073.50	228,575.00	85,000.00	88,662.50	802,161.00
2021	858,802.00	228,625.00	85,000.00	86,112.50	801,289.50
2022	854,742.00	223,450.00	90,000.00	83,562.50	804,854.50
2023	850,179.50	223,275.00	90,000.00	80,862.50	797,767.00
2024	854,904.50	227,875.00	95,000.00	78,162.50	800,192.00
2025	858,734.50	227,025.00	95,000.00	75,312.50	802,022.00
2026	856,692.50	225,950.00	100,000.00	72,462.50	803,205.00
2027	853,954.00	224,650.00	105,000.00	69,462.50	803,766.50
2028	847,174.00	219,750.00	105,000.00	66,312.50	798,736.50
2029	852,787.50	222,775.00	110,000.00	63,031.26	803,043.76
2030	847,507.00	220,462.50	115,000.00	59,593.76	801,638.26
2031	850,478.50	221,750.00	115,000.00	55,856.26	799,584.76
2032	854,099.50	224,100.00	120,000.00	51,975.00	801,974.50
2033	851,847.50	221,000.00	125,000.00	47,775.00	803,622.50
2034	853,937.50	222,675.00	130,000.00	43,400.00	804,662.50
2035	855,226.50	223,900.00	135,000.00	38,850.00	805,176.50
2036	855,661.50	224,675.00	140,000.00	33,956.26	804,942.76
2037	630,282.50	-	145,000.00	28,881.26	804,163.76
2038	629,208.50	-	150,000.00	23,625.00	802,833.50
2039	627,858.50	-	155,000.00	18,000.00	800,858.50
2040	631,179.50	-	160,000.00	12,187.50	803,367.00
2041	629,104.50	-	165,000.00	6,187.50	800,292.00
2042	631,746.00	-	-	-	631,746.00
2043	628,986.00	-	-	-	628,986.00
2044	630,938.00	-	-	-	630,938.00
2045	627,483.00	-	-	-	627,483.00
2046	628,735.50	-	-	-	628,735.50
2047	629,575.50	-	-	-	629,575.50
TOTAL	$22,621,512.00	$4,202,712.50	$2,795,000.00	$1,306,373.11	$22,520,172.61

Average Annual Debt Service Requirements $750,672.42
Maximum Annual Debt Service Requirement $806,708.00

PROJECTED NET REVENUES AVAILABLE FOR DEBT SERVICE **TABLE 7**

FY 12/31	Projected Net Revenues*	The Bonds	The 2018 Bonds	Total Debt Service	Coverage Ratio
2018	$1,008,977.00	$126,779.31	$159,067.00	$285,846.31	3.53
2019	1,008,977.00	175,362.50	631,345.50	806,708.00	1.25
2020	1,008,977.00	173,662.50	628,498.50	802,161.00	1.26
2021	1,008,977.00	171,112.50	630,177.00	801,289.50	1.26
2022	1,008,977.00	173,562.50	631,292.00	804,854.50	1.25
2023	1,008,977.00	170,862.50	626,904.50	797,767.00	1.26
2024	1,008,977.00	173,162.50	627,029.50	800,192.00	1.26
2025	1,008,977.00	170,312.50	631,709.50	802,022.00	1.26
2026	1,008,977.00	172,462.50	630,742.50	803,205.00	1.26
2027	1,008,977.00	174,462.50	629,304.00	803,766.50	1.26
2028	1,008,977.00	171,312.50	627,424.00	798,736.50	1.26
2029	1,008,977.00	173,031.26	630,012.50	803,043.76	1.26
2030	1,008,977.00	174,593.76	627,044.50	801,638.26	1.26
2031	1,008,977.00	170,856.26	628,728.50	799,584.76	1.26
2032	1,008,977.00	171,975.00	629,999.50	801,974.50	1.26
2033	1,008,977.00	172,775.00	630,847.50	803,622.50	1.26
2034	1,008,977.00	173,400.00	631,262.50	804,662.50	1.25
2035	1,008,977.00	173,850.00	631,326.50	805,176.50	1.25
2036	1,008,977.00	173,956.26	630,986.50	804,942.76	1.25
2037	1,008,977.00	173,881.26	630,282.50	804,163.76	1.25
2038	1,008,977.00	173,625.00	629,208.50	802,833.50	1.26
2039	1,008,977.00	173,000.00	627,858.50	800,858.50	1.26
2040	1,008,977.00	172,187.50	631,179.50	803,367.00	1.26
2041	1,008,977.00	171,187.50	629,104.50	800,292.00	1.26
2042	1,008,977.00		631,746.00	631,746.00	1.60
2043	1,008,977.00		628,986.00	628,986.00	1.60
2044	1,008,977.00		630,938.00	630,938.00	1.60
2045	1,008,977.00		627,483.00	627,483.00	1.61
2046	1,008,977.00		628,735.50	628,735.50	1.60
2047	1,008,977.00		629,575.50	629,575.50	1.60

*Projections prepared by the District's Financial Advisor. Assumes no future revenue growth by the District.

ALTERNATE PROJECTED NET REVENUES AVAILABLE FOR DEBT SERVICE

FY 12/31	Projected Net Revenues*	The Bonds	The 2018 Bonds	Total Debt Service	Coverage Ratio
2018	$1,008,977.00	$126,779.31	$159,067.00	$285,846.31	3.53
2019	1,039,246.00	175,362.50	631,345.50	806,708.00	1.29
2020	1,070,424.00	173,662.50	628,498.50	802,161.00	1.33
2021	1,102,536.00	171,112.50	630,177.00	801,289.50	1.38
2022	1,135,613.00	173,562.50	631,292.00	804,854.50	1.41
2023	1,169,681.00	170,862.50	626,904.50	797,767.00	1.47
2024	1,204,771.00	173,162.50	627,029.50	800,192.00	1.51
2025	1,240,914.00	170,312.50	631,709.50	802,022.00	1.55
2026	1,278,142.00	172,462.50	630,742.50	803,205.00	1.59
2027	1,316,486.00	174,462.50	629,304.00	803,766.50	1.64
2028	1,355,981.00	171,312.50	627,424.00	798,736.50	1.70
2029	1,396,660.00	173,031.26	630,012.50	803,043.76	1.74
2030	1,438,560.00	174,593.76	627,044.50	801,638.26	1.79
2031	1,481,717.00	170,856.26	628,728.50	799,584.76	1.85
2032	1,526,168.00	171,975.00	629,999.50	801,974.50	1.90
2033	1,571,953.00	172,775.00	630,847.50	803,622.50	1.96
2034	1,619,112.00	173,400.00	631,262.50	804,662.50	2.01
2035	1,667,685.00	173,850.00	631,326.50	805,176.50	2.07
2036	1,717,716.00	173,956.26	630,986.50	804,942.76	2.13
2037	1,769,247.00	173,881.26	630,282.50	804,163.76	2.20
2038	1,822,325.00	173,625.00	629,208.50	802,833.50	2.27
2039	1,876,994.00	173,000.00	627,858.50	800,858.50	2.34
2040	1,933,304.00	172,187.50	631,179.50	803,367.00	2.41
2041	1,991,303.00	171,187.50	629,104.50	800,292.00	2.49
2042	2,051,042.00		631,746.00	631,746.00	3.25
2043	2,112,574.00		628,986.00	628,986.00	3.36
2044	2,175,951.00		630,938.00	630,938.00	3.45
2045	2,241,230.00		627,483.00	627,483.00	3.57
2046	2,308,466.00		628,735.50	628,735.50	3.67
2047	2,377,720.00		629,575.50	629,575.50	3.78

*Projections prepared by the District's Financial Advisor. Assumes 3% annual revenue growth by the District.

APPENDIX B

SELECTED PROVISIONS OF THE BOND RESOLUTION

Section 2. AMOUNT AND PURPOSE OF THE BONDS; DESIGNATION. (a) Amount and Purpose. Bonds of the West Wise Special Utility District (the "District") are hereby authorized to be issued and delivered in the aggregate principal amount of $_____* for the public purposes of providing funds to (i) refund the Refunded Obligations, and (ii) pay the costs incurred in connection with the issuance of the Bonds.

(b) Designation. Each Bond issued pursuant to this Resolution shall be designated: "WEST WISE SPECIAL UTILITY DISTRICT REVENUE REFUNDING BONDS, SERIES 2018."

Section 3. DATE, DENOMINATIONS, NUMBERS, AND MATURITIES AND INTEREST RATES OF BONDS. Initially there shall be issued, sold, and delivered hereunder one fully registered Bond, without interest coupons, dated _____, 2018*, in the principal amount stated above and in the denominations hereinafter stated, numbered T-1, with Bonds issued in replacement thereof being in the denominations and principal amounts hereinafter stated and numbered consecutively from R-1 upward, payable to the respective Holders thereof (with the initial Bond being made payable to the initial purchaser as described in the Pricing Certificate), or to the registered assignee or assignees of said Bonds or any portion or portions thereof (in each case, the "Holder"), and said Bonds shall mature and be payable as to principal serially or as term bonds* on _____* and be subject to mandatory sinking fund redemption, if any,* in such principal amounts, respectively, set forth in the FORM OF BOND set forth as Exhibit "B" hereof, and shall bear interest from the dates specified in the FORM OF BOND set forth in Exhibit "B" of this Resolution to their respective dates of maturity or redemption prior to maturity at the rates per annum, as set forth in the following schedule:

Maturity	Principal* Amount	Interest* Rate	Maturity*	Principal* Amount	Interest* Rate

The term "Bonds" as used in this Resolution shall mean and include collectively the Bonds initially issued and delivered pursuant to this Resolution and all substitute Bonds exchanged therefor, as well as all other substitute Bonds and replacement Bonds issued pursuant hereto, and the term "Bond" shall mean any of the Bonds.

Section 4. CHARACTERISTICS OF THE BONDS. (a) Registration, Transfer, Conversion and Exchange, Authentication. The District shall keep or cause to be kept at the principal corporate trust office of _____*, located in _____*, Texas (the "Paying Agent/Registrar"), books or records for the registration of the transfer, conversion and exchange of the Bonds (the "Registration Books"), and the District hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the District and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the Holder of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each Holder to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The District shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The District shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, conversion, exchange and delivery of a substitute Bond or Bonds. Registration of assignments, transfers, conversions and exchanges of Bonds shall be made in the manner provided and with the effect stated in the FORM OF BOND set forth in this Resolution. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond.

Except as provided in Section 4(c) of this Resolution, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign said Bond, and no such Bond

* To be determined in the Pricing Certificate

shall be deemed to be issued or outstanding unless such Bond is so executed. The Paying Agent/Registrar promptly shall cancel all paid Bonds and Bonds surrendered for conversion and exchange. No additional Resolutions or resolutions need be passed or adopted by the governing body of the District or any other body or person so as to accomplish the foregoing conversion and exchange of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein, and said Bonds shall be printed or typed on paper of customary weight and strength. Pursuant to Chapter 1201, Government Code, as amended, the duty of conversion and exchange of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Bond, the converted and exchanged Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds that initially were issued and delivered pursuant to this Resolution, approved by the Attorney General and registered by the Comptroller of Public Accounts.

(b) Payment of Bonds and Interest. The District hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bonds, all as provided in this Resolution. The Paying Agent/Registrar shall keep proper records of all payments made by the District and the Paying Agent/Registrar with respect to the Bonds, and of all conversions and exchanges of Bonds, and all replacements of Bonds, as provided in this Resolution. However, 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 past due interest 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 Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

(c) In General. The Bonds (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the Holders thereof, (ii) may be redeemed prior to their scheduled maturities, in inverse Resolution of maturity (notice of which shall be given to the Paying Agent/Registrar by the District at least 45 days prior to any such redemption date), (iii) may be converted and exchanged for other Bonds, (iv) may be transferred and assigned, (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) the principal of and interest on the Bonds shall be payable, and (viii) shall be administered and the Paying Agent/Registrar and the District shall have certain duties and responsibilities with respect to the Bonds, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF BOND set forth in this Resolution. The Bond initially issued and delivered pursuant to this Resolution is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Bond issued in conversion of and exchange for any Bond or Bonds issued under this Resolution the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF BOND.

(d) The District covenants with the Holders of the Bonds that at all times while the Bonds are outstanding the District will provide a competent and legally qualified bank, trust company, financial institution, or other entity to act as and perform the services of Paying Agent/Registrar for the Bonds under this Resolution, and that the Paying Agent/Registrar will be one entity. The District reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 30 days written notice to the Paying Agent/Registrar, to be effective not later than 60 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the District covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Resolution. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the District. Upon any change in the Paying Agent/Registrar, the District promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each Holder of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Resolution, and a certified copy of this Resolution shall be delivered to each Paying Agent/Registrar.

(e) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Resolution unless and until there appears thereon the Certificate of Paying Agent/Registrar substantially in the form provided in this Resolution, duly authenticated by manual execution of the Paying Agent/Registrar. It shall not be required that the same authorized representative of the Paying Agent/Registrar sign the Certificate of Paying Agent/Registrar on all of the Bonds. In lieu of the executed Certificate of Paying Agent/Registrar described above, the Initial Bond delivered on the closing date shall have attached thereto the

Comptroller's Registration Certificate substantially in the form provided in this Resolution, manually executed by the Comptroller of Public Accounts of the State of Texas or by his duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the District, and has been registered by the Comptroller.

(f) Book-Entry Only System. The Bonds issued in exchange for the Bond initially issued to the initial purchaser specified herein shall be initially issued in the form of a separate single fully registered Bond for each of the maturities thereof. Upon initial issuance, the ownership of each such Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and except as provided in subsection (f) hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

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

A Blanket Letter of Representations shall be executed and filed with DTC on behalf of the District; and the provisions thereof shall be fully applicable to the Bonds.

(g) Successor Securities Depository; Transfers Outside Book-Entry Only System. In the event that the District determines that DTC is incapable of discharging its responsibilities described herein and in the representations letter of the District to DTC or that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the District shall (i) appoint a successor securities depository, qualified to act as such under Section 17 A of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate certificated Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Holders transferring or exchanging Bonds shall designate, in accordance with the provisions of this Resolution.

(h) Payments to Cede & Co. 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 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 representations letter of the District to DTC.

(i) Cancellation of Initial Bond. On the closing date, one initial Bond representing the entire principal amount of the Bonds, payable in stated installments to the purchaser designated in Section 28 or its designee, executed

by manual or facsimile signature of the President and Secretary of the District, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to such purchaser or its designee. Upon payment for the initial Bond, the Paying Agent/Registrar shall cancel the initial Bond and deliver to the Depository Trust Company on behalf of such purchaser one registered definitive Bond for each year of maturity of the Bonds, in the aggregate principal amount of all of the Bonds for such maturity.

(j) Conditional Notice of Redemption. With respect to any optional redemption of the Series 2016 Bonds, unless certain prerequisites to such redemption required by this Resolution have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the District, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the District shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

Section 5. FORM OF BONDS. The form of the permanent Bonds, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Bonds initially issued and delivered pursuant to this Resolution, shall be, respectively, substantially as set forth in Exhibit B, with such appropriate variations, omissions or insertions as are permitted or required by this Resolution. The form of Bond to be submitted to the Attorney General of Texas is set forth in Exhibit C.

Section 6. PLEDGE OF PLEDGED REVENUES. (a) The District hereby covenants and agrees that the Pledged Revenues are hereby irrevocably pledged to the payment and security of the Bonds including the establishment and maintenance of the special funds created, established and maintained for the payment and security thereof, all as hereinafter provided; and it is hereby ordered that the Bonds, and the interest thereon, shall constitute a lien on and pledge of the Pledged Revenues and be valid and binding without any physical delivery thereof or further act by the District, and the lien created hereby on the Pledged Revenues for the payment and security of the Bonds, including the establishment and maintenance of the special funds created, established and maintained for the payment and security thereof, shall be superior to the lien on and pledge of the Pledged Revenues securing payment of any Subordinate Lien Obligations heretofore or hereafter issued by the District.

(b) Chapter 1208 of the *Texas Government Code* applies to the issuance of the Bonds and the pledge of the Pledged Revenues granted by the District under this Section, and is therefore valid, effective, and perfected. Should Texas law be amended at any time while the Bonds are outstanding and unpaid, the result of such amendment being that the pledge of the Pledged Revenues granted by the District under this Section is to be subject to the filing requirements of Chapter 9 of the *Texas Business & Commerce Code*, in Resolution to preserve to the Holders of the Bonds a security interest in said pledge, the District agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9 of the *Business & Commerce Code* and enable a filing of a security interest in said pledge to occur.

Section 7. SPECIAL FUNDS. To provide for the payment of the Bonds, and any other Additional Prior Lien Obligations, the District confirms the establishment and maintenance on the books of the District, so long as the Bonds and any other Prior Lien Obligations are Outstanding, of the following limited Special Funds:

(a) West Wise Special Utility District Utility System Revenue Fund, hereinafter called the "Revenue Fund."

(b) West Wise Special Utility District Utility System Revenue Refunding Bonds Interest and Sinking Fund, hereinafter called the "Interest and Sinking Fund."

(c) Though all of such funds may be subaccounts of the District's General Fund held by the District's depository, and, as such, not held in separate bank accounts, such treatment shall not constitute a commingling of the monies in such funds or of such funds and the District shall keep full and complete records indicating the monies and investments credited to each of such funds.

Section 8. REVENUE FUND. The District hereby covenants, agrees and establishes that Gross Revenues shall be deposited and credited to the Revenue Fund immediately as collected and received. All Maintenance and Operating Expenses are and shall be paid from such Gross Revenues as a first charge against same.

Section 9. FLOW OF FUNDS. (a) All Gross Revenues deposited and credited to the Revenue Fund shall be pledged and appropriated to the extent required for the following uses and in the Resolution of priority shown:

> First: to the payment of all necessary and reasonable Maintenance and Operating Expenses as defined herein, and the payment of such Maintenance and Operating Expenses shall be a first charge on and claim against the Gross Revenues.
>
> Second: to the payment of the amounts required to be deposited and credited to the Interest and Sinking Fund created and established for the payment of the Bonds and the District's Revenue Bonds, Series 2018 as the same become due and payable.
>
> Third: pro rata to the payment of the amounts required to be deposited and credited to the reserve fund created and established to maintain a reserve in accordance with the provisions of the Resolutions relating to the issuance of any Additional Prior Lien Obligations (including the District's Revenue Bonds, Series 2018).
>
> Fourth: to the payment, including any reserve fund requirements, of Subordinate Lien Obligations.

(b) Any Pledged Revenues remaining in the Revenue Fund after satisfying the foregoing payments, or making adequate and sufficient provision for the payment thereof, may be appropriated and used for any other District purpose now or hereafter permitted by law.

Section 10. INTEREST AND SINKING FUND. (a) For purposes of providing funds to pay the principal of, premium, if any, and interest on the Prior Lien Obligations (including the Bonds and the District's Revenue Bonds, Series 2018) as the same become due and payable, including any mandatory sinking fund redemption payments, the District agrees that it shall maintain the Interest and Sinking Fund. The District covenants to deposit and credit to the Interest and Sinking Fund prior to each principal, interest payment or redemption date from the available Pledged Revenues an amount equal to one hundred percent (100%) of the amount required to fully pay the interest on, the principal of, and premium, if any, due in respect the Prior Lien Obligations then coming due and payable.

(b) The required deposits and credits to the Interest and Sinking Fund shall continue to be made as hereinabove provided until such time as (i) the total amount on deposit in and credited to the Interest and Sinking Fund is equal to the amount required to fully pay and discharge all Outstanding Prior Lien Obligations (principal, premium, if any, and interest) or (ii) the Prior Lien Obligations are no longer Outstanding.

(c) Accrued interest and capitalized interest, if any, received from the purchaser of any Prior Lien Obligation shall be taken into consideration and reduce the amount of the deposits and credits hereinabove required into the Interest and Sinking Fund.

Section 11. RESERVED.

Section 12. DEFICIENCIES; EXCESS PLEDGED OR NET REVENUES.

(a) Deficiencies. If on any occasion there shall not be sufficient Pledged Revenues (after making all payments pertaining to all Prior Lien Obligations) to make the required deposits and credits to the Interest and Sinking Fund, then such deficiency shall be cured as soon as possible from the next available unallocated Pledged Revenues, or from any other sources available for such purpose, and such deposits and credits shall be in addition to the amounts otherwise required to be deposited and credited to these Funds.

(b) Excess Pledged or Net Revenues. Subject to making the deposits and credits required by this Resolution, or any Resolutions authorizing the issuance of Additional Prior Lien Obligations, or the payments and credits required by the provisions of the Resolutions authorizing the issuance of Subordinate Lien Obligations hereafter issued by the District, the excess Pledged Revenues may be used for any lawful purpose.

Section 13. INVESTMENT OF FUNDS; VALUATION; TRANSFER OF INVESTMENT INCOME. Money in the Revenue Fund, the Interest and Sinking Fund shall be held at a designated state depository institution

or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Chapter 2256,*Texas Government Code*, and the Public Funds Collateral Act, Chapter 2257, *Texas Government Code*, and such money may, at the option of the District, be invested in Permitted Investments; provided that all such deposits and investments shall be made in such manner that the money required to be expended from any fund will be available at the proper time or times. All such investments shall be valued in terms of current market value no less frequently than the last business day of the District's Fiscal Year, except that any direct obligations of the United States of America - State and Local Government Series shall be continuously valued at their par value or principal face amount. Any obligation in which money is so invested shall be kept and held at the Depository, except as otherwise permitted by the laws applicable to the District. For purposes of maximizing investment returns, money in such funds may be invested, together with money in other funds or with other money of the District, in common investments of the kind described above, or in a common pool of such investments held by the District or its designated agent, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such fund are held by or on behalf of each such fund. If necessary, such investments shall be promptly sold to prevent any default.

(a) All interest and income derived from such investments shall be credited to the Revenue Fund semi-annually and shall constitute Gross Revenues.

Section 14. PAYMENT OF PRIOR LIEN OBLIGATIONS. While any of the Prior Lien Obligations are outstanding, the District shall transfer to the respective paying agent/registrar therefor, from funds on deposit in and credited to the Interest and Sinking Fund, amounts sufficient to fully pay and discharge promptly the interest on and principal of the Prior Lien Obligations as shall become due on each interest or principal payment date, or date of redemption of the Prior Lien Obligations; such transfer of funds must be made in such manner as will cause immediately available funds to be deposited with each respective paying agent/registrar for the Prior Lien Obligations not later than the business day next preceding the date such payment is due on the Prior Lien Obligations. The Paying Agent/Registrar shall destroy all paid Prior Lien Obligations and furnish the District with an appropriate certificate of cancellation or destruction.

Section 15. RATES AND CHARGES. For the benefit of the Holders of the Prior Lien Obligations, the District hereby covenants and agrees, while any of the Prior Lien Obligations are outstanding, to establish and maintain rates and charges for facilities and services afforded by the System that are reasonably expected, on the basis of available information and experience and with due allowance for contingencies, to generate Gross Revenues in each Fiscal Year reasonably anticipated to be sufficient:

A. to pay Maintenance and Operating Expenses;

B. to produce Pledged Revenues sufficient to pay the principal of and interest on the Outstanding Prior Lien Obligations as such principal and interest come due;

C. to produce Pledged Revenues in amounts sufficient to enable the District to make the deposits and credits, if any, from Pledged Revenues to the reserve funds to establish or restore the reserve securing any issue or series of Additional Prior Lien Obligations (including but not limited to the District's Revenue Bonds, Series 2018);

D. to produce Pledged Revenues, together with any other lawfully available funds (including the proceeds of any obligations of the District which the District expects will be utilized to pay all or part of the principal of and/or interest on any obligations described in this subsection D), sufficient to pay the principal of and interest on any Subordinate Lien Obligations issued by the District and the amounts required to be deposited in any reserve or contingency fund created for the payment and security of the Subordinate Lien Obligations and any other obligations or evidences of indebtedness issued or incurred that are payable from, in whole or in part, a subordinate lien on and pledge of the Pledged Revenues; and

E. to pay any other Debt payable from the Pledged Revenues and/or secured by a lien on the Pledged Revenues.

(b) For the benefit of the Holders of the Prior Lien Obligations, the District hereby covenants and agrees, while any of the Prior Lien Obligations are outstanding, to establish and maintain rates and charges for facilities and services afforded by the System that are reasonably expected, on the basis of available information and

experience and with due allowance for contingencies, to produce the Net Earnings at least equal to the sum of 1.10 times the Average Annual Debt Service Requirements (computed on a Fiscal Year basis), including Amortization Installments, of all Prior Lien Obligations Outstanding (including the Bonds) during each Fiscal Year.

Section 16. GENERAL COVENANTS. The District further covenants and agrees that in accordance with and to the extent required or permitted by law:

(a) Performance. It will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in any Resolution authorizing the issuance of Prior Lien Obligations, including this Resolution, and in each and every Prior Lien Obligation; it will promptly pay or cause to be paid the principal of and interest on every Prior Lien Obligation on the dates and in the places and manner prescribed in such Resolutions and obligations; and it will, at the times and in the manner prescribed, deposit and credit or cause to be deposited and credited the amounts required to be deposited and credited to the Interest and Sinking Fund and the Reserve Fund(s) established for such Prior Lien Obligations.

(b) District's Legal Authority. It is a duly created and special utility district of the State of Texas, and is duly authorized under the laws of the State of Texas to issue the Bonds; that all action on its part for the issuance of the Bonds has been duly and effectively taken, and that the Bonds in the hands of the Holders thereof are and will be valid and enforceable special obligations of the District in accordance with their terms.

(c) Title. It has or will obtain lawful title to the lands, buildings, structures and facilities constituting the System, that it warrants that it will defend the title to all the aforesaid lands, buildings, structures and facilities, and every part thereof, for the benefit of the Holders of the Prior Lien Obligations, against the claims and demands of all persons whomsoever, that it is lawfully qualified to pledge the Pledged Revenues to the payment of the Prior Lien Obligations in the manner prescribed herein, and has lawfully exercised such rights.

(d) Liens. It will from time to time and before the same become delinquent pay and discharge all taxes, assessments and governmental charges, if any, which shall be lawfully imposed upon it, or the System; it will pay all lawful claims for rents, royalties, labor, materials and supplies which if unpaid might by law become a lien or charge thereon, the lien of which would be prior to or interfere with the liens hereof, so that the priority of the liens granted hereunder shall be fully preserved in the manner provided herein, and it will not create or suffer to be created any mechanic's, laborer's, materialman's or other lien or charge which might or could be prior to the liens hereof, or do or suffer any matter or thing whereby the liens hereof might or could be impaired; provided, however, that no such tax, assessment or charge, and that no such claims which might be used as the basis of a mechanic's, laborer's, materialman's or other lien or charge, shall be required to be paid so long as the validity of the same shall be contested in good faith by the District.

(e) Operation of System; No Free Service. It will, while the Prior Lien Obligations are outstanding and unpaid, continuously and efficiently operate the System, and shall maintain the System in good condition, repair and working Resolution, all at reasonable cost. No free service of the System shall be allowed, and should the District or any of its agencies or instrumentalities make use of the services and facilities of the System, payment of the reasonable value shall be made by the District out of funds from sources other than the Gross Revenues of the System, unless made from surplus or excess Pledged Revenues as permitted in Section 9(b).

(f) Further Encumbrances. While any Prior Lien Obligations are outstanding and unpaid, it will not issue or incur any senior lien obligations or encumber the Pledged Revenues in any manner, except for Additional Prior Lien Obligations as permitted in this Resolution, unless said encumbrance is made junior and subordinate in all respects to the liens, pledges, covenants and agreements of this Resolution; but the right of the District to issue or incur obligations payable from a subordinate lien on the Pledged Revenues is specifically recognized and retained.

(g) Sale or Disposal of Property. While the Prior Lien Obligations are outstanding and unpaid, it will not sell, convey, mortgage, encumber, lease or in any manner transfer title to, or otherwise dispose of the System, or any significant or substantial part thereof, provided that whenever the District deems it necessary to dispose of any other property, machinery, fixtures or equipment, it may sell or otherwise dispose of such property, machinery, fixtures or equipment when it has made arrangements to replace the same or provide substitutes therefor, unless it is determined that no such replacement or substitute is necessary; and, provided further, that the District retains the right to sell, convey, mortgage, encumber, lease or otherwise dispose of any significant or substantial part of the System if (i) the Board makes a finding and determination to the effect that, following such action by the District, the System is expected to produce Gross Revenues in amounts sufficient in each Fiscal Year while any of the Prior Lien Obligations are to be outstanding to comply with the obligations of the District contained in this Resolution and in

the Resolutions authorizing the issuance of Additional Prior Lien Obligations; (ii) the District obtains a certificate or opinion of an Accountant, an Independent Engineer or a certified financial analyst to the effect that, or certificates or opinions of a combination of the foregoing that together are to the effect that, following such action by the District, the System is expected to produce Gross Revenues in amounts sufficient in each Fiscal Year while any of the Prior Lien Obligations are to be outstanding to comply with the obligations of the District contained in this Resolution and in the Resolutions authorizing the issuance of Additional Prior Lien Obligations; and (iii) each Rating Agency then maintaining a rating on any Prior Lien Obligation delivers a letter to the District confirming that it will not withdraw or lower the rating then in effect after it has been informed by the District of such sale, conveyance, mortgage, encumbrance, lease or other disposition. Proceeds from any sale hereunder not used to replace or provide for substitution of such property sold, shall be used for improvements to the System or to purchase or redeem Prior Lien Obligations.

(h) Insurance. So long as any of the Prior Lien Obligations are outstanding, the District agrees to maintain casualty and other insurance on the System of a kind and in an amount customarily carried by political subdivisions owning and operating similar properties. Nothing in this Resolution shall be construed as requiring the District to expend any funds which are derived from sources other than the operation of the System but nothing herein shall be construed as preventing the District from doing so.

(i) Governmental Agencies. It will comply with all of the terms and conditions of any and all franchises, permits and authorizations applicable to or necessary with respect to the System, and which have been obtained from any governmental agency; and the District has or will obtain and keep in full force and effect all franchises, permits, authorization and other requirements applicable to or necessary with respect to the acquisition, construction, equipment, operation and maintenance of the System.

(j) No Competition. That so far as it legally may, the District covenants and agrees, for the protection and security of the Prior Lien Obligations and the holders thereof from time to time and until all Prior Lien Obligations shall have been retired, that it will not grant any franchise or permit for the acquisition, construction or operation of any competing facilities which might be used as a substitute for the System's facilities and, to the extent that it legally may, the District will prohibit any such competing facilities.

Section 17. RECORDS AND ACCOUNTS; ANNUAL AUDIT. The District hereby covenants and agrees that so long as any of the Prior Lien Obligations or any interest thereon remain outstanding and unpaid, it will keep and maintain a proper and complete system of records and accounts pertaining to the operation of the System and its component parts separate and apart from all other records and accounts of the District in accordance with accepted accounting practices prescribed for special utility districts, and complete and correct entries shall be made of all transactions relating to said System, as provided by Subchapter C of Chapter 49, Texas Water Code, as amended, or other applicable law. The Holders of any Prior Lien Obligations or any duly authorized agent or agents of such Holders shall have the right at all reasonable times to inspect all such records, accounts and data relating thereto and to inspect the System and all properties comprising same.

(a) The District further agrees that, following the close of each Fiscal Year, the District will cause an audit report of such records and accounts to be made by an independent Accountant. Copies of each annual audit shall be made available for public inspection during normal business hours at the District's principal office and may be furnished to, upon written request, any Holder upon payment of the reasonable copying and mailing charges. Expenses incurred in making the annual audit of the operations of the System shall be considered as Maintenance and Operating Expenses.

Section 18. ADDITIONAL PRIOR LIEN OBLIGATIONS. The District shall have the right and power at any time and from time to time and in one or more series or issues, to authorize, issue and deliver additional parity revenue bonds or other obligations (herein called "Additional Prior Lien Obligations"), in accordance with law, in any amounts, for purposes of extending, improving or repairing the System or for the purpose of refunding of any Prior Lien Obligations, Subordinate Lien Obligations or other obligations of the District incurred in connection with the ownership or operation of the System. Such Additional Prior Lien Obligations, if and when authorized, issued and delivered in accordance with this Resolution, shall be secured by and made payable equally and ratably on a parity with all other Outstanding Prior Lien Obligations, from the lien on and pledge of the Pledged Revenues herein granted.

(a) The Interest and Sinking Fund shall secure and be used to pay all Prior Lien Obligations. Each Resolution under which Additional Prior Lien Obligations are issued shall provide and require that, in addition to the amounts required by the provisions of this Resolution and the provisions of any other Resolution or Resolutions

authorizing Additional Prior Lien Obligations to be deposited to the credit of the Interest and Sinking Fund, the District shall deposit to the credit of the Interest and Sinking Fund at least such amounts as are required for the payment of all principal of and interest on said Additional Prior Lien Obligations then being issued, as the same come due.

(b) Additional Prior Lien Obligations shall be issued only in accordance with the terms of this Resolution, but notwithstanding any provisions of this Resolution to the contrary, no installment, Series or issue of Additional Prior Lien Obligations shall be issued or delivered unless:

(i) The President of the District shall have executed a certificate stating (A) that, to the best of such person's knowledge and belief, the District is not then in default as to any covenant or requirement contained in any Resolution authorizing the issuance of outstanding Prior Lien Obligations, and (B) either (1) payments into all special funds or accounts created and established for the payment and security of all outstanding Prior Lien Obligations have been made and that the amounts on deposit in such special funds or accounts are the amounts then required to be on deposit therein or (2) the application of the proceeds of sale of such obligations then being issued will cure any such deficiency.

(ii) The Designated Financial Officer signs and delivers to the Board a written certificate to the effect that based on the books and records of the District, during either the next preceding Fiscal Year, or any twelve consecutive calendar month period ending not more than ninety days prior to the date of the then proposed Additional Prior Lien Obligations, the Net Earnings were (or shall be, as provided in subparagraph (iii) below) at least equal to the sum of 1.25 times the Average Annual Debt Service Requirements (computed on a Fiscal Year basis), including Amortization Installments, of the Prior Lien Obligations and the Additional Prior Lien Obligations to be outstanding after the issuance of the then proposed Additional Prior Lien Obligations.

(iii) In making a determination of Net Earnings for any of the purposes described in this Section, the Designated Financial Officer may take into consideration a change in the rates and charges for services and facilities afforded by the System that became effective at least 60 days prior to the date the Resolution authorizing the issuance of the Additional Prior Lien Obligations is adopted and, for purposes of satisfying the Net Earnings tests described above, make a pro forma determination of the Net Earnings of the System for the period of time covered by said Designated Financial Officer's certification or opinion based on such change in rates and charges being in effect for the entire period covered by said Designated Financial Officer's certificate or opinion.

(c) Prior Lien Obligations may be refunded (pursuant to any law then available) upon such terms and conditions as the Board may deem to the best interest of the District and its inhabitants, and if less than all such outstanding Prior Lien Obligations are refunded the proposed refunding bonds shall be considered as "Additional Prior Lien Obligations" under the provisions of this Section and the certificate required in subdivision (b) shall give effect to the issuance of the proposed refunding bonds (and shall not give effect to the bonds being refunded following their cancellation or provision being made for their payment).

Section 19. ISSUANCE OF SUBORDINATE LIEN OBLIGATIONS. The District hereby reserves the right to issue, at any time, obligations including, but not limited to, Subordinate Lien Obligations, payable from and equally and ratably secured, in whole or in part, by a lien on and pledge of the Net Revenues, subordinate and inferior in rank and dignity to the lien on and pledge of such Net Revenues securing the payment of the Prior Lien Obligations, as may be authorized by the laws of the State of Texas.

Section 20. ISSUANCE OF SPECIAL PROJECT OBLIGATIONS. Nothing in this Resolution shall be construed to deny the District the right and it shall retain, and hereby reserves unto itself, the right to issue Special Project obligations secured by liens on and pledges of revenues and proceeds derived from Special Projects.

Section 21. LIMITED OBLIGATIONS OF THE DISTRICT. The Prior Lien Obligations are limited, special obligations of the District payable from and equally and ratably secured solely by a first lien on and pledge of the Pledged Revenues. The District has no taxing powers, and the Holders of the Prior Lien Obligations shall never have the right to demand payment of the principal or interest on the Prior Lien Obligations from any funds raised or to be raised through taxation by the District.

Section 22. SECURITY FOR FUNDS. All money on deposit in the Funds for which this Resolution makes provision (except any portion thereof as may be at any time properly invested as provided herein) shall be secured in

the manner and to the fullest extent required by the laws of Texas for the security of public funds, and money on deposit in such Funds shall be used only for the purposes permitted by this Resolution.

Section 23. REMEDIES IN EVENT OF DEFAULT. In addition to all the-rights and remedies provided by the laws of the State of Texas, it is specifically covenanted and agreed particularly that in the event the District (i) defaults in the payment of the principal, premium, if any, or interest on the Bonds, (ii) defaults in the deposits and credits required to be made to the Interest and Sinking Fund, (iii) declares bankruptcy, or (iv) defaults in the observance or performance of any other of the covenants, conditions, or obligations set forth in this Resolution, the following remedies shall be available:

(a) the Holders of any of the Bonds shall be entitled to seek a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the District and other officers of the District to observe and perform any covenant, condition or obligation prescribed in this Resolution; and

(b) no delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. The specific remedy herein provided shall be cumulative of all other existing remedies, and the specification of such remedy shall not be deemed to be exclusive.

Section 24. DEFEASANCE OF BONDS.

(a) Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond") within the meaning of this Resolution, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United "States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the District with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or, entitled to the benefits of, the ad valorem taxes herein levied and pledged as provided in this Resolution, and such principal and interest shall be payable solely from such money or Defeasance Securities. Notwithstanding any other provision of this Resolution to the contrary, it is hereby provided that any determination not to redeem Defeased Bonds that is made in conjunction with the payment arrangements specified in subsection 24(a)(i) or (ii) shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the District expressly reserves the right to call the Defeased Bonds for redemption; (2) gives notice of the reservation of that right to the owners of the Def eased Bonds immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the District be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the District, or deposited as directed in writing by the District. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsection 24(a)(i) or (ii). All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Bonds, with respect to which such money has been so deposited, shall be remitted to the District or deposited as directed in writing by the District.

(c) The term "Defeasance Securities" means (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its

equivalent, and (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the financial arrangements are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent.

(d) Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Bonds the same as if they had not been defeased, and the District shall make proper arrangements to provide and pay for such services as required by this Resolution.

(e) In the event that the District elects to defease less than all of the principal amount of Bonds of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Bonds by such random method as it deems fair and appropriate.

Section 25. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS. Replacement Bonds In the event any outstanding Bond is damaged, mutilated, lost, stolen or destroyed, the Paying Agent/Registrar shall cause to be printed, executed and delivered, a new Bond of the same principal amount, maturity and interest rate, as the damaged, mutilated, lost, stolen or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

(a) Application for Replacement Bonds. Application for replacement of damaged, mutilated, lost, stolen or destroyed Bonds shall be made by the Holder thereof to the Paying Agent/Registrar. In every case of loss, theft or destruction of a Bond, the Holder applying for a replacement Bond shall furnish to the District and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft or destruction of a Bond, the Holder shall furnish to the District and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft or destruction of such Bond, as the case may be. In every case of damage or mutilation of a Bond, the Holder shall surrender to the Paying Agent/Registrar for cancellation the Bond so damaged or mutilated.

(b) No Default Occurred. Notwithstanding the foregoing provisions of this Section, in the event any such Bond shall have matured, and no default has occurred that is then continuing in the payment of the principal of, redemption premium, if any, or interest on the Bond, the District may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Bond) instead of issuing a replacement Bond, provided security or indemnity is furnished as above provided in this Section.

(c) Charge for Issuing Replacement Bonds. Prior to the issuance of any replacement Bond, the Paying Agent/Registrar shall charge the Holder of such Bond with all legal, printing, and other expenses in connection therewith. Every replacement Bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is lost, stolen or destroyed shall constitute a contractual obligation of the District whether or not the lost, stolen or destroyed Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Resolution equally and proportionately with any and all other Bonds duly issued under this Resolution.

(c) Authority for Issuing Replacement Bonds. In accordance with Sec. 1206.022, of the *Texas Government Code*, this Section 4(a) of this Resolution shall constitute authority for the issuance of any such replacement Bond without necessity of further action by the governing body of the District or any other body or person, and the duty of the replacement of such Bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 3(a) of this Resolution for Bonds issued in conversion and exchange for other Bonds.

Section 26. CUSTODY, APPROVAL, AND REGISTRATION OF BONDS; BOND COUNSEL'S OPINION; CUSIP NUMBERS AND CONTINGENT INSURANCE PROVISION, IF OBTAINED. (a) The President of the District is hereby authorized to have control of the Bonds initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Bonds pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Bonds said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate attached to such Bonds, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such Bond. The approving legal opinion of the District's Bond Counsel and the assigned CUSIP numbers may, at the option of the District, be printed on the Bonds issued and delivered under this Resolution, but neither shall have any legal effect,

and shall be solely for the convenience and information of the Holders of the Bonds. In addition, if bond insurance is obtained, the Bonds may bear an appropriate legend as provided by the insurer.

Section 27. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE BONDS. (a) Covenants. The District covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Bonds as obligations described in section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the District covenants as follows:

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

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

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

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

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

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

(A) proceeds of the Bonds invested for a reasonable temporary period of 3 years or less or, in the case of a refunding bond, for a period of 30 days or less until such proceeds are needed for the purpose for which the bonds are issued,

(B) amounts invested in a bona fide debt service fund, within the meaning of section l.148-1(b) of the Treasury Regulations, and

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

(7) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings); and

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

(b) Rebate Fund. In Resolution to facilitate compliance with the above covenant (8), a "Rebate Fund" is hereby established by the District for the sole benefit of the United States of America, and such fund shall

not be subject to the claim of any other person, including without limitation the bondholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) Proceeds. The District understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Bonds. It is the understanding of the District that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Bonds, the District will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the District agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the District hereby authorizes and directs the President to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the District, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds. This Resolution is intended to satisfy the official intent requirements set forth in section 1.150-2 of the Treasury Regulations.

(d) Allocation Of, and Limitation On, Use of Bond Proceeds; Current Refunding. The District covenants to account for the expenditure of sale proceeds and investment earnings of the Bonds to be used for the purposes described in Section 1 of this Resolution on its books and records in accordance with the requirements of the Internal Revenue Code.

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

(f) Current Refunding. Proceeds of the bonds will be used entirely to pay costs of issuance and to refund the Refunded Obligations. The refunding shall occur within 90 days after the date the Bonds are issued and is therefore a current refunding.

(g) Bonds Not Bank Qualified. The District has issued more than $10,000,000 in tax exempt obligations in calendar year 2018, and accordingly the Bonds are not “qualified tax exempt obligations” under Section 265(b)(3) of the Internal Revenue Code.

Section 28. SALE OF THE BONDS. The Bonds are hereby sold and shall be delivered to or pursuant to a purchaser or purchasers and at a price as set forth in the Pricing Certificate. The officers of the District are authorized to do any and all things necessary in connection with the issuance of the Bonds, and are authorized to execute and deliver such certificates as are necessary or appropriate in connection with the issuance of the Bonds. The District hereby authorizes and approves a Preliminary Official Statement and a final Official Statement, in form and substance approved by the District's General Manager, in connection with the issuance of the Bonds. The Bonds shall initially be registered in the name of the purchaser or its designee.

Section 29. CONTINUING DISCLOSURE UNDERTAKING. (a) Annual Reports. (i) The District shall provide annually to the MSRB, within six months after the end of each Fiscal Year ending in or after 2018, financial information and operating data with respect to the District of the general type included in Appendix ___* to the Official Statement, and Tables ____* of the Official Statement. Any financial statements to be so provided shall be (1) prepared in accordance with the accounting principles applicable to the District, or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if

* To be determined in the Pricing Certificate

the District commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within twelve months after the end of each Fiscal Year, then the District shall provide unaudited financial statements by such required time and will provide audited financial statements for the applicable Fiscal Year to the MSRB, when and if the audit report on such statements become available. Such information shall be transmitted electronically to the MSRB, in such format and accompanied by such identifying information as prescribed by the MSRB.

(ii) 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 (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB or filed with the SEC.

(b) Material Event Notices. The District shall notify the MSRB, in a timely manner, 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. Principal and interest payment delinquencies;
2. Non-payment related defaults;
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 or events affecting the tax status of the Series 2016 Bonds;
7. Modifications to rights of holders of the Series 2016 Bonds;
8. Bond calls;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Series 2016 Bonds; and
11. Rating changes.

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 (a) of this Section by the time required by such subsection.

(c) Limitations, Disclaimers, and Amendments. (i) The District shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, 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 (b) hereof of any Bond calls and defeasance that cause the District to no longer be such an "obligated person".

(ii) The provisions of this Section are for the sole benefit of the registered owners 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 District's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The District does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell the Bonds at any future date.

(iii) UNDER NO CIRCUMSTANCES SHALL THE DISTRICT BE LIABLE TO THE REGISTERED OWNER 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.

(iv) No default by the District in observing or performing its obligations under this Section shall comprise a breach of or default under the 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.

(v) The provisions of this Section may be amended by the District from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the 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 since such offering as well as such changed circumstances and (2) either (a) the registered owners 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) determined that such amendment will not materially impair the interest of the registered owners and beneficial owners of the Bonds. 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 (a) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The District may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling the Bonds in the primary offering of the Bonds.

Section 30. METHOD OF AMENDMENT. The District hereby reserves the right to amend this Resolution subject to the following terms and conditions, to-wit:

(a) The District may from time to time, without the consent of any holder, except as otherwise required by paragraph (b) below, amend or supplement this Resolution in Resolution to (i) cure any ambiguity, defect or omission in this Resolution that does not materially adversely affect the interests of the holders, (ii) grant additional rights or security for the benefit of the holders, (iii) add events of default as shall not be inconsistent with the provisions of this Resolution and that shall not materially adversely affect the interests of the holders, (iv) qualify this Resolution under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (v) make such other provisions in regard to matters or questions arising under this Resolution as shall not be inconsistent with the provisions of this Resolution and that shall not in the opinion of the District's Bond Counsel materially adversely affect the interests of the holders.

(b) Except as provided in paragraph (a) above, the holders of Bonds aggregating in principal amount 51 % of the aggregate principal amount of then outstanding Bonds that are the subject of a proposed amendment shall have the right from time to time to approve any amendment hereto that may be deemed necessary or desirable by the District; provided, however, that without the consent of 100% of the holders in aggregate principal amount of the then outstanding Bonds, nothing herein contained shall permit or be construed to permit amendment of the terms and conditions of this Resolution or in any of the Bonds so as to:

(1) Make any change in the maturity of any of the outstanding Bonds;

(2) Reduce the rate of interest borne by any of the outstanding Bonds;

(3) Reduce the amount of the principal of, or redemption premium, if any, payable on any outstanding Bonds;

(4) Modify the terms of payment of principal or of interest or redemption premium on outstanding Bonds or any of them or impose any condition with respect to such payment; or

(5) Change the minimum percentage of the principal amount of any series of Bonds necessary for consent to such amendment.

(c) If at any time the District shall desire to amend this Resolution under Subsection (b) of this Section, the District shall send by U.S. mail to each Holder of the affected Bonds a copy of the proposed amendment and cause notice of the proposed amendment to be published at least once in a financial publication published in The District of New York, New York or in the State of Texas. Such published notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the office of the District for inspection by all holders of such Bonds.

(d) Whenever at any time within one year from the date of publication of such notice the District shall receive an instrument or instruments executed by the holders of at least 51 % in aggregate principal amount of all of the Bonds then outstanding that are required for the amendment, which instrument or instruments shall refer to the proposed amendment and that shall specifically consent to and approve such amendment, the District may adopt the amendment in substantially the same form.

(e) Upon the adoption of any amendatory Resolution pursuant to the provisions of this Section, this Resolution shall be deemed to be modified and amended in accordance with such amendatory Resolution, and the respective rights, duties, and obligations of the District and all holders of such affected Bonds shall thereafter be determined, exercised, and enforced, subject in all respects to such amendment.

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

(g) For the purposes of establishing ownership of the Bonds, the District shall rely solely upon the registration of the ownership of such Bonds on the Registration Books kept by the Paying Agent/Registrar.

Section 31. DISPOSITION OF BOND PROCEEDS. The proceeds of the Bonds shall be used for the purposes described in Section 2(a) hereof.

Section 32. [Reserved.]

Section 33. NO RECOURSE AGAINST DISTRICT OFFICIALS. No recourse shall be had for the payment of principal of or interest on any Bonds or for any claim based thereon or on this Resolution against any official of the District or any person executing any Bonds.

Section 34. EFFECTIVE DATE. This Resolution shall be effective immediately upon its adoption by the Board.

Section 35. SEVERABILITY. If any section, article, paragraph, sentence, clause, phrase or word in this Resolution, or application thereof to any persons or circumstances is held invalid or unconstitutional by a court of-competent jurisdiction, such holding shall not affect the validity of the remaining portion of this Resolution, despite such invalidity, which remaining portions shall remain in full force and effect.

Section 36. PAYING AGENT/REGISTRAR AGREEMENT. The District's President, Vice President, the Secretary/Treasurer and/or General Manager are hereby severally authorized to execute and deliver a paying agent agreement under the terms of which _____[*] shall serve as paying agent and registrar for the Bonds, amend, complete or modify such agreement as necessary and are further authorized to execute such agreement.

SECTION 37: 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 38: 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 redemption referred to herein.

[*] To be determined in the Pricing Certificate

SECTION 39: 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 39. As authorized by Chapter 1207 of the *Texas Government Code*, the President of the Board of Directors and the General Manager of the District each are hereby severally designated as the "Authorized Officer" of the District, being hereby severally 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 Refunded Obligation Candidates to be refunded (being 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, 2038; and

(ii) the aggregate principal amount of the Bonds authorized to be issued shall not exceed $3,200,000 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 three percent (3.00%) 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 or the General Manager of the District 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 District 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 39 shall expire on July 15, 2018 (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 and/or the General Manager of the District 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 Resolution 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 40: 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.

DEFINITIONS

As used in this Resolution, the following terms and expressions shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

"Accountant" means an independent certified public accountant or accountants or a firm of an independent certified public accountants, in either case, with demonstrated expertise and competence in public accountancy.

"Additional Prior Lien Obligations" means bonds, notes, warrants, certificates of obligation, contractual obligations or other Debt which the District reserves the right to issue or enter into, as the case may be, in the future under the terms and conditions provided in Section 18 of this Resolution and which obligations are equally and ratably secured solely by a first lien on and pledge of the Pledged Revenues on a parity with the Bonds.

"Amortization Installment" means, with respect to any Term Bonds of any series of Prior Lien Obligations, the amount of money which is required to be deposited into a mandatory redemption account for retirement of such Term Bonds (whether at maturity or by mandatory redemption and including redemption premium, if any) provided that the total Amortization Installments for such Term Bonds shall be sufficient to provide for retirement of the aggregate principal amount of such Term Bonds.

"Annual Debt Service Requirements" means, as of the date of calculation, the principal of and interest on all Prior Lien Obligations corning due at Maturity or Stated Maturity (or that could come due on demand of the owner thereof other than by acceleration or other demand conditioned upon default by the District on such Debt, or be payable in respect of any required purchase of such Debt by the District) in such Fiscal Year, and, for such purposes, any one or more of the following rules shall apply at the election of the District:

(1) Balloon Debt. If the principal (including the accretion of interest resulting from original issue discount or compounding of interest) of any series or issue of Funded Debt due (or payable in respect of any required purchase of such Funded Debt by the District) in any Fiscal Year either is equal to at least 25% of the total principal (including the accretion of interest resulting from original issue discount or compounding of interest) of such Funded Debt exceeds by more than 50% the greatest amount of principal of such series or issue of Funded Debt due in any preceding or succeeding Fiscal Year (such principal due in such Fiscal Year for such series or issue of Funded Debt being referred to herein and throughout this Resolution as "Balloon Debt"), the amount of principal of such Balloon Debt taken into account during any Fiscal Year shall be equal to the debt service calculated using the original -principal amount of such Balloon Debt amortized over the Term of Issue on a level debt service basis at an assumed interest rate equal to the rate borne by such Balloon Debt on the date of calculation;

(2) Consent Sinking Fund. In the case of Balloon Debt, if a Designated Financial Officer shall deliver to the District a certificate providing for the retirement of (and the instrument creating such Balloon Debt shall permit the retirement of), or for the accumulation of a sinking fund for (and the instrument creating such Balloon Debt shall permit the accumulation of a sinking fund for), such Balloon Debt according to a fixed schedule stated in such certificate ending on or before the Fiscal Year in which such principal (and premium, if any) is due, then the principal of (and, in the case of retirement, or to the extent provided for by the sinking fund accumulation, the premium, if any, and interest and other debt service charges on) such Balloon Debt shall be computed as if the same were due in accordance with such schedule, provided that this clause (2) shall apply only to Balloon Debt for which the installments previously scheduled have been paid or deposited to the sinking fund established with respect to such Debt on or before the times required by such schedule; and provided further that this clause (2) shall not apply where the District has elected to apply the rule set forth in clause (1) above;

(3) Prepaid Debt. Principal of and interest on Bonds and Additional Prior Lien Obligations, or portions thereof, shall not be included in the computation of the Annual Debt Service Requirements for any Fiscal Year for which such principal or interest are payable from funds on deposit or set aside in trust for the payment thereof at the time of such calculations (including without limitation capitalized interest and accrued interest so deposited or set aside in trust) with a financial institution acting as fiduciary with respect to the payment of such Debt; and

(4) Variable Rate. As to any Prior Lien Obligations that bear interest at a variable interest rate which cannot be ascertained at the time of calculation of the Annual Debt Service Requirement then, at the option of

the District, either (A) an interest rate equal to the average rate borne by such Prior Lien Obligations (or by comparable debt in the event that such Prior Lien Obligations has not been outstanding during the preceding 24 months) for any 24 month period ending within 30 days prior to the date of calculation, or (B) an interest rate equal to the 30-year Revenue Bond Index (as most recently published in The Bond Buyer), shall be presumed to apply for all future dates, unless such index is no longer published in The Bond Buyer, in which case an index of revenue bonds with maturities of at least 20 years which is published in a financial newspaper or journal with national circulation may be used for this purpose (if two Series of Prior Lien Obligations which bear interest at variable interest rate, or one or more maturities within a Series, of equal par amounts, are issued simultaneously with inverse floating interest rates providing a composite fixed interest rate for such Prior Lien Obligations taken as a whole, such composite fixed rate shall be used in determining the Annual Debt Service Requirement with respect to such Prior Lien Obligations);

With respect to any calculation of historic data, only those payments actually made in the subject period shall be taken into account in making such calculation and, with respect to prospective calculations, only those payments reasonably expected to be made in the subject period shall be taken into account in making the calculation.

"Average Annual Debt Service Requirements" means that average amount which, at the time of computation, will be required to pay the Annual Debt Service Requirements when due (either at Stated Maturity or mandatory redemption) and derived by dividing the total of such Annual Debt Service Requirements by the number of Fiscal Years then remaining before Stated Maturity of such Prior Lien Obligations. For the purposes of this definition, a fractional period of a Fiscal Year shall be treated as an entire Fiscal Year. Capitalized interest payments provided from bond proceeds, accrued interest on any Debt, and interest earnings thereon shall be excluded in making such computation.

"Board' means the board of directors of the District, and references to "President," "Vice President" and "Secretary" means such of the directors of the Board as are elected by the members thereof to such offices.

"Bond Insurer" means the entity that insures or guarantees the payment of principal and interest on any Bonds.

"Bond" or "Bonds" means, the West Wise Special Utility District Revenue Refunding Bonds, Series 2018, authorized by this Resolution and issued pursuant to this Resolution and the Pricing Certificate.

"Book-Entry-Only System" means the book-entry system of bond registration provided in Section 5, or any successor system of book-entry registration.

"Cede & Co." means the designated nominee and its successors and assigns of The Depository Trust Company, New York.

"Debt" and *"Debt of the District payable from Pledged Revenues"* mean:

(1) all indebtedness payable from Pledged Revenues and/or Net Revenues incurred or assumed by the District for borrowed money and all other financing obligations of the System payable from Pledged Revenues and/or Net Revenues that, in accordance with generally accepted accounting principles, are shown on the liability side of a balance sheet; and

(2) all other indebtedness payable from Pledged Revenues and/or Net Revenues (other than indebtedness otherwise treated as Debt hereunder) for borrowed money or for the acquisition, construction or improvement of property or capitalized lease obligations pertaining to the System that is guaranteed, directly or indirectly, in any manner by the District, or that is in effect guaranteed, directly or indirectly, by the District through an agreement, contingent or otherwise, to purchase any such indebtedness or to advance or supply funds for the payment or purchase of any such indebtedness or to purchase property or services primarily for the purpose of enabling the debtor or seller to make payment of such indebtedness, or to assure the owner of the indebtedness against loss, or to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether or not such property is delivered or such services are rendered), or otherwise.

For the purpose of determining Debt, there shall be excluded any particular Debt if, upon or prior to the Maturity thereof, there shall have been deposited with the proper depository (a) in trust the necessary funds (or

investments that will provide sufficient funds, if permitted by the instrument creating such Debt) for the payment, redemption, or satisfaction of such Debt or (b) evidence of such Debt deposited for cancellation; and thereafter it shall not be considered Debt. No item shall be considered Debt unless such item constitutes indebtedness under generally accepted accounting principles applied on a basis consistent with the financial statements of the System in prior Fiscal Years.

"Depository" means one or more official depository banks of the District.

"DTC' means The Depository Trust Company, New York, New York and its successors and assigns.

"DTC Participant" means securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

"Designated Financial Officer" means the General Manager of the District or the chief financial officer of the District, if such an office has been created, or such other financial or accounting official of the District so designated by the Board.

"Fiscal Year" means the twelve-month accounting period used by the District in connection with the operation of the System, currently ending on December 31 of each year, which may be any twelve consecutive month period established by the District, but in no event may the Fiscal Year be changed more than one time in any three calendar year period.

"Funded Debt" means all Prior Lien Obligations created or assumed by the District that mature by their terms (in the absence of the exercise of any earlier right of demand), or that are renewable at the option of the District to a date, more than one year after the original creation or assumption of such Debt by the District.

"Gross Revenues" and *"Gross Revenues of the District's System"* mean all revenues, income and receipts of every nature derived or received by the District from the operation and ownership of the System including (except to the extent provided by this Resolution or any Resolution authorizing the issuance of Additional Prior Lien Obligations or Subordinate Lien Obligations) the interest income from investment or deposit of money maintained by the District in connection with the System; and any other revenues hereafter pledged to the payment of all Prior Lien Obligations. Gross Revenues does not include security deposits received from customers but does include any interest earnings thereon which the District is authorized by law to retain.

"Holder" or *"Holders"* means the registered owner, whose name appears in the Registration Books, for any Prior Lien Obligation.

"Independent Engineer" means an individual, firm or corporation engaged in the engineering profession, being a registered professional engineer under the laws of the State of Texas, having specific experience with respect to water, wastewater, reuse water and/or stormwater drainage systems similar to the System.

"Interest and Sinking Fund" means the Fund maintained by the provisions of Sections 7 and 10 of this Resolution.

"District" means West Wise Special Utility District, and where appropriate, the Board.

"Maintenance and Operating Expenses" means the reasonable and necessary expenses of operation and maintenance of the System, including all salaries, labor, materials, repairs and extensions necessary to render efficient service (but only such repairs and extensions as, in the judgment of the Board, are necessary to keep the System in operation and render adequate service to the District and the inhabitants thereof, or such as might be necessary to meet some physical accident or conditions which would otherwise impair the Prior Lien Obligations), and all payments under contracts for materials and services provided to the District that are required to enable the District to render efficient service. Depreciation shall never be considered as a Maintenance and Operating Expense.

"Maturity" means, when used with respect to any Debt, the date on which the principal of such Debt or any installment thereof becomes due and payable as therein provided, whether at the Stated Maturity thereof or by declaration of acceleration, call for redemption, or otherwise.

"Maximum Annual Debt Service Requirements" means the greatest requirements of Annual Debt Service Requirements (taking into account all mandatory principal redemption requirements) scheduled to occur in any future Fiscal Year or in the then current Fiscal Year for the particular obligations for which such calculation is made. Capitalized interest payments provided from Debt proceeds, accrued interest on any Debt, and interest earnings thereon shall be excluded in making such computation.

"MSRB" means the Municipal Securities Rulemaking Board.

"Net Earnings" means the Gross Revenues of the System after deducting the Maintenance and Operating Expenses of the System but not depreciation or other expenditures which, under standard accounting practice, should be charged to capital expenditures.

"Net Revenues" and *"Net Revenues of the District's System"* mean all Gross Revenues remaining after deducting the Maintenance and Operating Expenses and Senior Obligation Revenues.

"Outstanding," when used with respect to Prior Lien Obligations, means, as of the date of determination, all Prior Lien Obligations theretofore delivered under this Resolution and any Resolution authorizing Additional Prior Lien Obligations, except:

(1) Prior Lien Obligations theretofore cancelled and delivered to the District or delivered to the Paying Agent/Registrar for cancellation;

(2) Prior Lien Obligations deemed paid pursuant to the provisions of Section 24 of this Resolution or any comparable section of any Resolution authorizing Additional Prior Lien Obligations;

(3) Prior Lien Obligations upon transfer of or in exchange for and in lieu of which other Prior Lien Obligations have been authenticated and delivered pursuant to this Resolution and any Resolution authorizing Additional Prior Lien Obligations; and

(4) Prior Lien Obligations under which the obligations of the District have been released, discharged or extinguished in accordance with the terms thereof.

"Paying Agent/Registrar" shall have the meaning set forth in Section 4(a) hereof.

"Prior Lien Obligations" means the Bonds, the Series 2018 Bonds, and any Additional Prior Lien Obligations hereafter issued by the District or obligations issued to refund any of the foregoing (as determined within the sole discretion of the Board in accordance with applicable law) if issued in a manner that provides that the refunding bonds are payable from and equally and ratably secured by a first lien on and pledge of the Pledged Revenues.

"Permitted Investments" means any security or obligation or combination thereof permitted under the Public Funds Investments Act, Chapter 2256, *Texas Government Code*, as amended or other applicable law.

"Pledged Revenues" means (1) the Net Revenues, plus (2) to the extent permitted by law, any additional revenues, income, receipts, or other resources, including, without limitation, any grants, donations or income received or to be received from the United States Government, or any other public or private source, whether pursuant to an agreement or otherwise, which hereafter are pledged by the District to the payment of the Prior Lien Obligations.

"Pricing Certificate" is defined in Section 39 hereof.

"Project" means the properties, facilities, plants, improvements, equipment, interests in land authorized to be funded with proceeds of the Refunded Obligations.

"*Refunded Obligation Candidates*" shall mean all those bond maturities listed in the preamble hereof.

"*Refunded Obligations*" shall mean these Refunded Obligation Candidates finally chosen to be refunded in accordance with Section 39 hereof.

"Rating Agency" means any nationally recognized securities rating agency which has assigned, at the request of the District, a rating to the Prior Lien Obligations.

"Record Date" means Record Date as defined in the Form of Bonds in Exhibit "B" to this Resolution.

"Resolution" means as to the Bonds this Resolution finally adopted by the Board on January 15, 2018, and any other resolution or order authorizing Prior Lien Obligations or Subordinate Lien Obligations of the District.

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

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

"*Series 2018 Bonds*" means the District's Revenue Bonds, Series 2018

"Special Project" means any drainage project, waterworks, sanitary sewer or wastewater reuse system property, improvement or facility or other public improvement declared by the District not to be part of the System, for which the costs of acquisition, construction and installation are paid from proceeds of a financing transaction other than the issuance of bonds payable from Pledged Revenues or Net Revenues and for which all maintenance and operation expenses are payable from sources other than Pledged Revenues or Net Revenues, but only to the extent that and for so long as all or any part of the revenues or proceeds of which are or will be pledged to secure the payment or repayment of such costs of acquisition, construction and installation under such financing transaction.

"Stated Maturity" means the annual principal payments of the Prior Lien Obligations payable on the respective dates set forth in the Resolutions which authorized the issuance of such Prior Lien Obligations.

"Subordinate Lien Obligations" means (i) any bonds, notes, warrants, certificates of obligation, contractual obligations or other Debt issued by the District that are payable, in whole or in part, from and equally and ratably secured by a lien on and pledge of the Net Revenues, such pledge being subordinate and inferior to the lien on and pledge of the Net Revenues that are or will be pledged to the payment of any Prior Lien Obligations issued by the District, and (ii) obligations hereafter issued to refund any of the foregoing if issued in a manner that provides that the refunding bonds are payable from and equally and ratably secured, in whole or in part, by a lien on and pledge of the Net Revenues on a parity with the Subordinate Lien Obligations.

"System" means as currently comprised, the District's utility system, which currently consists of a waterworks system, including all properties, facilities, plants, improvements, equipment, interests and rights owned, operated and maintained by the District for the supply, treatment, and transmission and distribution of treated potable water; provided, however, that the District expressly retains the right to (i) sale or disaggregate the System as set forth in Section 16 of this Resolution and (ii) incorporate any other utility system as provided by the laws of the State of Texas as a part of the System. The System shall not include any Special Project or any disaggregated part of the System as provided in Sections 16 and 20 of this Resolution.

"Term Bonds" means those Prior Lien Obligations so designated in the Resolutions authorizing such bonds which shall be subject to retirement by operation of a mandatory redemption account.

"Term of Issue" means with respect to any Balloon Debt, a period of time equal to the greater of (i) the period of time commencing on the date of issuance of such Balloon Debt and ending on the final maturity date of such Balloon Debt or (ii) twenty-five years.

APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

NAMAN HOWELL SMITH & LEE PLLC
ATTORNEYS AT LAW

400 Austin Avenue
Suite 800
P. O. Box 1470
Waco, Texas 76703
(254) 755-4100
Fax (254) 754-6331

Offices in:

· Austin

· Fort Worth

· San Antonio

· Waco

www.namanhowell.com

April 11, 2018

West Wise Special Utility District
3412 FM 2952
Bridgeport, Texas 76426

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

Re: $2,795,000 West Wise Special Utility District Water System Revenue Refunding Bonds, Series 2018

WE HAVE represented West Wise 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 Resolutions 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 sufficiency report confirming the sufficiency of the cash required to redeem the obligations being refunded (the "Refunded Obligations")

and for payment of the Refunded Obligations to their call dates; certifications as to the mathematical accuracy of computations of the yield on 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.

(E) The Bonds are secured and payable on a parity with the District's Revenue Bonds, Series 2018.

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 Bonds are not designated 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

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

WEST WISE SPECIAL UTILITY DISTRICT

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2016

GMS CERTIFIED PUBLIC ACCOUNTANTS

GEORGE | MORGAN | SNEED

WEST WISE SPECIAL UTILITY DISTRICT
Annual Financial Report
December 31, 2016

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ANNUAL FILING AFFIDAVIT

STATE OF TEXAS }
COUNTY OF _____ }

I, _____ of the
(Name of Duly Authorized District Representative)

WEST WISE SPECIAL UTILITY DISTRICT
(Name of District)

Hereby swear, or affirm, that the District above has reviewed and approved at a meeting of the District's Board of Directors on the _____ day of _____, _____, its annual audit report for the calendar ended _____ and that copies of the annual audit report have been filed in the District's office, located at _____.
(Address of the District's Office)

This filing affidavit and the attached copy of the audit report will be submitted to the Texas Commission on Environmental Quality to satisfy the annual filing requirements of Texas Water Code Section 49.194.

Date: _____, _____ By: _____
(Signature of District Representative)

_____
(Typed Name and Title of District Representative)

Sworn to and subscribed to before me this _____ day of _____, _____.

_____
(Signature of Notary)

My Commission Expires On: _____, _____.
Notary Public in the State of Texas.

GMS
GEORGE | MORGAN | SNEED

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
West Wise Special Utility Districts
Bridgeport, Texas

Report on the Financial Statements

We have audited the accompanying basic financial statements of West Wise Special Utility District (the "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 opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 opinion.

George, Morgan & Sneed, P.C.
1849 Wall Street | Weatherford, TX 76086-6298 | *Phone* 817.594.2704 | *Fax* 817.599.7389
www.gms-cpa.com

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of West Wise Special Utility District, as of December 31, 2016, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the Unites States of America require that the management's discussion and analysis on pages 4 - 8 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 with management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statement, 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 the District's basic financial statements. The budgetary comparison schedule on pages 21 – 22 and Texas supplementary information (TSI) on pages 23 – 31 are not a required part of the basic financial statements, but are supplementary information required by the Texas Commission on Environment Quality. This supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

The comparative proprietary fund financial statements on pages 32 through 34 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 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 comparative proprietary fund financial statements are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2017, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide any opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

George, Morgan & Knox, P.C.

Weatherford, Texas
February 23, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of West Wise Special Utility District, we offer readers of the West Wise Special Utility District's financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2016. We encourage readers to consider the information presented here.

FINANCIAL HIGHLIGHTS

- The assets of the West Wise Special Utility District exceeded its liabilities at the close of the current year by $1,903,757 (net position) compared to $1,892,372 for the prior year. Of this amount, $311,377 (unrestricted net position) may be used to meet the District's obligations to creditors.

- The District's total net position increased by $11,385 for the current year reported. Net position in the previous year decreased by $70,893.

- Total capital assets (net of depreciation) were $4,241,392 for the current year reported compared to $4,070,043 in the previous year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the West Wise Special Utility District's basic financial statements. The West Wise Special Utility District's basic financial statements comprise two components: 1) proprietary fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Proprietary 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 objective. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Proprietary fund. The District maintains one proprietary fund. The District uses an enterprise fund to account for its water operations.

The basic financial statements can be found on pages 9 through 11.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 12 - 20 of this report.

Other information. In addition to the basic financial and accompanying notes, this report also presents certain supplementary information that further explains and supports the information in the financial statements. Budgetary comparison schedule can be found on page 21 through 22, Texas Supplementary Information (TSI) can be found on pages 23 through 31 and Comparative Proprietary Fund Financial Statements can be found on pages 32 through 34 of this report.

Proprietary Fund Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the West Wise Special Utility District, assets exceeded liabilities by $1,903,757 as of December 31, 2016. (See Table A-1).

A significant portion of the District's net position (69%) reflects its investment in capital assets (e.g. land, water system, water treatment plants, office equipment and vehicles), net of any related debt used to acquire those asset that is still outstanding. West Wise Special Utility District uses these capital assets to provide services to residents of Bridgeport and Lake Bridgeport, Texas; consequently, these assets are not available for future spending.

An additional portion of the District's net position (15%) represents resources that are subject to external restrictions on how they may be use. The remaining balance of unrestricted net assets of $311,377 represents resources that may be used to meet the District's ongoing obligations to creditors.

The District's net position increased $11,385 in the current year compared with a $70,893 decrease in the prior year.

Total operating revenues increased $109,085 (10%) primarily due to increase in water sales by $91,778 (9%). Water rates increased in the base minimum and water consumption increased 4.9 million gallons (6%). Also, the District gained 9 customers. Other fees (tap, inspection, transfer, trip and disconnection) and penalties increased by $11,598. (See Table A-2).

Total operating expenses increased $31,835 (3%) from the previous year. Key elements of these increases are as follows: $23,253 increase in salaries, $5,611 increase in travel, school and dues, $5,303 increase in other maintenance vehicles, $5,980 increase in depreciation and $8,482 decrease in insurance.

Below are summaries of the West Wise Special Utility District's Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position-Proprietary Fund.

Table A-1
Condensed Statement of Net Position

	2016	2015
Current assets and other assets	917,283	1,149,672
Capital assets	4,241,392	4,070,043
Total assets	5,158,675	5,219,715
Liabilities		
Current liabilities	414,918	392,343
Lont-term liabilities	2,840,000	2,935,000
	3,254,918	3,327,343
Net position		
Invested in capital assets, net of related debt	1,306,392	1,045,043
Restricted for debt service	284,690	282,320
Restricted for impact fees for capital improvements	1,298	1,296
Unrestricted	311,377	563,713
	1,903,757	1,892,372

Table A-2
Changes in Net Position

Operating revenues:	2016	2015	Increase (Decrease)
Charges for water services	$ 1,113,527	$ 1,021,749	$ 91,778
Tap, inspection, disconnection and reconnection fees	20,610	15,010	5,600
Impact fees	7,461	4,421	3,040
Penalties	40,780	37,822	2,958
Other	8,139	2,430	5,709
Total operating revenues	1,190,517	1,081,432	109,085
Operating expenses:			
Water operations	1,047,600	1,015,765	31,835
Operating income (loss)	142,917	65,667	77,250
Nonoperating revenues (expenses):			
Investment earnings	3,074	2,221	853
Interest expense	(134,606)	(138,781)	4,175
Total nonoperating revenue (expenses)	(131,532)	(136,560)	5,028
Change in net position	11,385	(70,893)	82,278
Net position - beginning	1,892,372	1,963,265	(70,893)
Net position - ending	1,903,757	1,892,372	11,385

Capital Assets

The West Wise Special Utility District's investment in capital assets as of December 31, 2016, amounts to $4,241,392 (net of accumulated depreciation). This investment in capital assets includes land, buildings, water systems, water treatment plants, office and radio equipment and vehicles.

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

- $92,730 cost of major waterline improvements.
- $269,212 pre-construction cost incurred for the new water treatment plant.

West Wise Special Utility District's Capital Assets
(Net of Depreciation)

	2016	2015
Land	$ 56,294	$ 56,294
Buildings	349	900
Water system	3,368,020	3,416,421
Water treatment plants	498,421	534,432
Machinery and equipment	28,816	33,427
Vehicles	20,280	28,569
Construction in progress	269,212	-
Total	$ 4,241,392	$ 4,070,043

Additional information on the District's capital assets can be found in the notes to the financial statements.

Long-Term Debt

The following is the District's Outstanding Debt at December 31, 2016:

	2016	2015
Revenue Refunding and Improvement Bnds, Series 2007	$ 2,935,000	$ 3,025,000
	$ 2,935,000	$ 3,025,000

More detailed information about the District's debt is presented in the notes to financial statements.

Economic Factors and the Next Year's Budgets and Rates

Water Sales and Pumpage:

Water sales increased from 2015 to 2016 in the amount of 8.98% or $91,778. The increase is due to additional gallons sold and a rate increase on monthly minimums. The weather pattern in 2016 was also more traditional, relating to more usage from irrigation systems during the summer months. Total gallons sold increased 6.07%. Accountable water loss decreased in 2016 by 3.00% when compared to 2015.

Investment Earnings:

In order to move forward with a feasibility study to correct TTHM/HAA5 levels, construction funds were reduced. The result was decreased interest earnings.

Assets for 2016:

6" poly waterline was installed in creek on FM 1658. The original small line failed. 10" poly waterline was installed in river channel on CR 3225. The original small line failed.

Construction in Progress:

Expenses toward a feasibility study and funding to correct the TTHM/HAA5 violation was at $269,212 in 2016.

Budget and Rate Analysis for 2017:

Income:

A rate increase of 66% is proposed in order to meet funding requirements of the new water plant. The increase is based on monthly minimums and gallons usage. Fees are not expected to change. The debt service ratio requirement for funding is at 1.25. West Wise SUD obtained the services of a rate consultant (New Gen Solutions) to help with determining the amount of the rate in order to satisfy TWDB coverage requirements.

Expenses:

Expenses are expected to increase 5.6%. Main areas of increase are fuel, employee insurance, laboratory fees, salaries, and raw water.

Projects for 2017:

West Wise SUD is under order by the Texas Commission of Environment Quality to lower TTHM and HAA5 levels. West Wise SUD levels are over the limit, resulting in a maximum contamination level violation. West Wise SUD was approved for funding through the Texas Water Development Board State Revolving Fund for a new water treatment plant. The amount of the project is $13,430,000. The new plant will correct problems with TTHM and HAA5 violations. Most progress made in 2017 will be design work. Construction on the plant is expected to begin towards the end of the year.

Request for Information

The financial report is designed to provide a general overview of West Wise Special Utility District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the President, P.O. Box 566, Bridgeport, Texas 76426.

WEST WISE SPECIAL UTILITY DISTRICT
Statement of Net Position
Proprietary Fund
December 31, 2016

ASSETS	
Current assets	
Cash and cash equivalents	$ 189,725
Investments	9,382
Accounts receivable (net of allowance for uncollectible)	114,078
Supplies inventory	85,162
Total current assets	398,347
Noncurrent assets	
Restricted assets	
Cash and cash equivalents	139,194
Certificates of deposit	379,742
Total restricted assets	518,936
Capital assets, at cost	
Land	56,294
Buildings	45,362
Water systems	5,076,554
Water treatment plants	1,241,252
Machinery and equipment	73,906
Vehicles	137,406
Construction in progress	269,212
Less: accumulated depreciation	(2,658,594)
Capital assets, net	4,241,392
Total assets	5,158,675
LIABILITIES	
Current liabilities	
Accounts payable	55,717
Accrued vacation	14,864
Accrued liabilities	5,717
Current liabilities payable from restricted assets	
Interest payable	49,528
Customer deposits payable	194,092
Current portion of revenue bonds payable	95,000
Total current liabilities	414,918
Noncurrent liabilities	
Revenue bonds payable	2,840,000
Total liabilities	3,254,918
NET POSITION	
Net investment in capital assets	1,306,392
Restricted for debt service (expendable)	284,690
Restricted impact fees for capital improvements (expendable)	1,298
Unrestricted net position	311,377
Total net position	$ 1,903,757

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

WEST WISE SPECIAL UTILITY DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended December 31, 2016

OPERATING REVENUES	
Charges for water services	$ 1,113,527
Tap, inspection, transfer, trip fees, disconnection and reconnection fees	20,610
Impact fees	7,461
Penalties	40,780
Other	8,139
Total operating revenues	1,190,517
OPERATING EXPENSES	
Salaries	264,811
Payroll taxes	21,630
IRA retirement expense	5,389
Employee health insurance	47,834
Insurance	6,026
Bad debt	1,099
Auditing	12,290
Engineer/consultant	6,979
Legal advice	1,723
Travel, school and dues	25,779
Uniform	5,038
Telephone	5,862
Postage	7,465
Lab fees	10,532
Electricity	20,906
Other maintenance - office	8,185
Other maintenance - plant	44,251
Other maintenance - field/towers	48,906
Other maintenance - vehicles	11,148
Chemicals	104,630
Purchased water	176,187
Fuel	10,825
Miscellaneous	9,512
Depreciation	190,593
Total operating expenses	1,047,600
Operating income (loss)	142,917
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	3,074
Interest expense	(134,606)
Total nonoperating revenue (expenses)	(131,532)
Change in net position	11,385
Net position - beginning	1,892,372
Net position - ending	$ 1,903,757

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

WEST WISE SPECIAL UTILITY DISTRICT
Statement of Cash Flows
Proprietary Fund
December 31, 2016

Cash flows from operating activities:	
Cash received from customers	$ 1,188,669
Cash payments to suppliers for goods and services	(571,965)
Cash paid to employees	(265,653)
Net cash provided (used) by operating activities	351,051
Cash flows from capital and related financing activities:	
Principal payments on long-term debt	(90,000)
Purchase of capital assets	(361,942)
Interest paid on bonds	(136,125)
Net cash provided (used) by capital and related financing activities	(588,067)
Cash flows from investing activities:	
Purchase of certificates of deposit	(1,988)
Proceeds from redemption of certificates of deposit	288,786
Return on invested capital	6,449
Investment earnings received	3,074
Net cash provided (used) by investing activities	296,321
Net increase (decrease) in cash and cash equivalents	59,305
Cash and cash equivalents, January 1	269,614
Cash and cash equivalents, December 31	$ 328,919

Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating income	$ 142,917
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	190,593
(Increase) decrease in accounts receivable	(1,848)
(Increase) decrease in supplies inventory	295
Increase (decrease) in accounts payable	12,012
Increase (decrease) in vacation payable	820
Increase (decrease) in accrued liabilities	(1,662)
Increase (decrease) in customer deposits payable	7,924
Total adjustments	208,134
Net cash provided by operating activities	$ 351,051

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Creation of District

West Wise Special Utility District (the "District") was created on March 19, 2003 by an order of the Texas Natural Resource Conservation Commission (now the Texas Commission on Environmental Quality) under the terms and conditions of Article XVI, Section 59 of the Texas Constitution and Chapter 65 of the Texas Water Code. The District acquired all of the existing assets, property and equipment of the predecessor water supply corporation and assumed all of the related contracts, obligations, and indebtedness as of December 31, 2004. The District's certificated service area currently consists of 37,900 acres.

B. Basic Financial Statements – Fund Financial Statements

The financial statements of the District are reported in the proprietary fund financial statements. The fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, net position, revenues and expenses.

Proprietary Fund

The focus of proprietary fund measurement is on the determination of operating income, changes in net position, financial position, and cash flows. The generally accounting principles applicable are those similar to businesses in the private sector. The following briefly describes the purpose of proprietary fund.

Proprietary fund is required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues.

C. Measurement Focus and Basis of Accounting and Financial Statement Presentation

The proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as soon as all eligibility requirements imposed by the grantor have been met.

D. Assets, Liabilities and Net Position

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from date of acquisition.

State statutes authorize the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool. Investments for the District are reported at fair value (generally based on quoted market prices).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Capital Assets

Capital assets include property, plant, equipment and infrastructure assets. Capital assets are defined by the District as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of proprietary fund is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the proprietary fund during the current period was $134,606. Of this amount $0 was included as part of the cost of capital assets under construction in connection with utility construction projects.

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

Water System and Equipment	5 – 40 years
Water Treatment Plants and Equipment	5 – 50 years
Buildings	7 – 31.5 years
Office and Radio Equipment	3 – 7 years
Vehicles	5 – 7 years

3. Inventory

Inventories of parts and supplies are carried at cost using the first-in-first out method. The District's inventory is recorded under the purchase method. Under the purchase method the inventory is first recorded as an expense when purchased. A physical inventory is taken at the end of the year and the inventory is adjusted to reflect the value at that date.

4. Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires the use of estimates by management that affect reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

5. Allowance for Bad Debts

Accounts receivable are recorded net of an allowance for doubtful accounts. The allowance is estimated from historical performance and management's judgment. The District enforces its policy to disconnect water service for nonpaying customers.

Customers with disconnected water services pay late charges and trip fees to get their water connection back. At December 31, 2016, the allowance for doubtful accounts is $0.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Defining Operating Revenues and Expenses

The District's proprietary fund distinguishes between operating and nonoperating revenues and expense. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal ongoing operating revenues are charges to customers for sales of water. Operating expenses includes 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.

7. Retirement Plan

The District currently maintains a Savings Incentive Matching Plan (Simple IRA) for its qualifying employees. The District's cost for 2016 amounted to $5,389.

8. Use of Restricted Resources

Certain resources set aside for repayment of loans, as well as certain resources assessed against new development to fund or recover the District's capital cost of constructing water facilities, are classified as restricted assets on the balance sheet because their use is limited by applicable debt covenants and other legal restrictions. When both restricted and unrestricted resources are available for use, it is the District's policy to use unrestricted resources first, then restricted resources as they are needed.

9. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as expenses in the current period.

10. Proprietary Fund Net Position

Proprietary fund net position are divided into three components:

- Net investment in capital assets – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted net position – consist of net position that are restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted – all other net position are reported in this category.

11. Comparative Data and Reclassifications

Comparative data for the prior year have been presented as a supplementary information in order to provide an understanding of changes in the District's financial position and operations.

NOTE 2: DEPOSITS AND INVESTMENTS

The State Public Funds Investment Act authorize the government to invest in obligations of the U.S. Treasury, obligations of states, agencies, counties, cities and other political subdivisions, secured certificates of deposit, repurchase agreements, banker's acceptance, commercial paper, mutual funds, guaranteed investment contracts and investment pools. During the year ended December 31, 2016, West Wise Special Utility District did not own any types of securities other than those permitted by statute.

Custodial Credit Risk for Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's funds are required to be deposited and invested under the terms of a depository contract. The District's deposits are required to be collateralized with securities held by the pledging financial institution's trust department or agent in the District's name. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") Insurance. At December 31, 2016, the District's deposits were fully insured or collateralized as required by the District's investment policy.

Credit Risk-Investments

The District controls risk by limiting its investments to those instruments allowed by the State Public Funds Investment Act.

Interest Rate Risk-Investments

The District manages interest rate risk by avoiding over-concentration of specific instruments other than insured or collateralized certificates of deposit.

The District's investments at December 31, 2016 included the following:

Investment	Credit Rating	Maturities	Percentage of Total Investments	Cost	Fair Value
Investment in CoBank	N/A		100.00%	9,382	9,382
				$ 9,382	$ 9,382

NOTE 3: RESTRICTED ASSETS

Certain proceeds of the District's revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or other legal restrictions:

Revenue Bonds-Series 2007 Interest and Sinking Fund	$ 94,608
Revenue Bonds-Series 2007 Debt Reserve Fund	239,610
Impact Fees	1,298
Customer Deposits	183,420
Total Restricted Assets	$ 518,936

NOTE 4: CAPITAL ASSETS

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

	Beginning Balance	Increases	Reclass/ Decreases	Ending Balance
Non-Depreciable Assets:				
Land	$ 56,294	$ -	$ -	$ 56,294
Construction in progress	-	361,942	(92,730)	269,212
Total non-depreciable assets	56,294	361,942	(92,730)	325,506
Depreciable Assets:				
Water systems	4,983,824	-	92,730	5,076,554
Water treatment plant	1,241,252	-	-	1,241,252
Buildings	45,362	-	-	45,362
Machinery and equipment	73,906	-	-	73,906
Vehicles	137,406	-	-	137,406
Total capital assets being depreciated	6,481,750	-	92,730	6,574,480
Accumulated depreciation:				
Water systems	(1,567,403)	(141,131)	-	(1,708,534)
Water treatment plant	(706,820)	(36,011)	-	(742,831)
Buildings	(44,462)	(551)	-	(45,013)
Machinery and equipment	(40,479)	(4,611)	-	(45,090)
Vehicles	(108,837)	(8,289)	-	(117,126)
Total accumulated depreciation	(2,468,001)	(190,593)	-	(2,658,594)
Business-type activities capital assets, net	$ 4,070,043	$ 171,349	$ -	$ 4,241,392

Depreciation expense charged to the water operations was $190,593.

NOTE 5: COMPENSATED ABSENCES

Full time employees accrue ten days of paid vacation annually for the first five years of employment and fifteen days of paid vacation after five years of employment. Employees are only allowed a maximum of twenty days of vacation leave credits. Unused vacation is paid upon separation.

Employees accrue six and a half days of sick leave benefits each year. Unused sick leave benefits will carry over to the subsequent year not to exceed thirteen days. Accrued sick leave is not to be paid in case of separation. Since the employees' accumulating rights to receive compensation for future absences are contingent upon the absences being caused by future illnesses and such amounts cannot be reasonably estimated, a liability for unused sick leave is not recorded in the financial statements.

NOTE 6: PURCHASE OF WATER AND ECONOMIC DEPENDENCY

On July 3, 1972, the District signed an agreement with Tarrant Regional Water District to purchase raw water in quantities not exceeding 100 acre feet. In addition, the District also purchases treated water from Walnut Creek Special Utility District to augment its water capacity. Approximately 93% of the District's water is purchased from Tarrant Regional Water District. The total amount paid for purchased water under both agreements for the year ended December 31, 2016 was $176,187.

NOTE 7: LONG-TERM DEBT

On September 1, 2007, the District issued $3,595,000 of revenue refunding and improvement bonds secured by net revenues of the water system for the construction of water system improvements, to partially fund a debt reserve fund for the bonds, for the purpose of prepaying the District's outstanding debt and to pay the costs of issuance of the bonds. $1,185,000 was issued as serial bonds and $2,410,000 were issued as term bonds. The serial bonds carry interest rate of 4.50% to 5.00% and mature between August 15, 2008 and August 15, 2021. The term bonds were divided into four lots with $235,000 paying 4.50% due on August 15, 2023, $550,000 paying 4.50% due on August 15, 2027, $475,000 paying 4.50% due on August 15, 2030 and $1,150,000 paying 4.50% due August 15, 2036.

Long-term debt consisted of the following at December 31, 2016:

	Amount Outstanding
Revenue Refunding and Improvement Bonds, Series 2007, interest rate ranges from 4.50% - 5%, issued on September 1, 2007. Due in installments beginning 08/15/08 to 08/15/2036. Principal and interest payable from net revenues from the water system.	$ 2,935,000
Total	$ 2,935,000

Pledge of Revenues

The bonds are payable from pledged revenues of the District's utility system.

NOTE 7: LONG-TERM DEBT (continued)

Compliance with Debt Service Requirements

The provisions of the bond order relating to the maintenance and operating reserve have been met, as well as other debt service requirements. At December 31, 2016, the District has a total of $239,610 in debt reserves and the minimum reserve balance required by the bond order is $228,000.

The issuer also covenants to deposit and credit to the interest and sinking fund prior to each principal, interest payment or redemption date from the available pledged revenues an amount equal to one hundred percent of the amount required to fully pay the interest on and the principal then coming due and payable. The District established an interest and sinking fund account and deposits $18,800 monthly.

At December 31, 2016, the District has a total of $94,608 in interest and sinking fund account and the minimum interest and sinking fund balance required is $75,692.

The following is the debt service coverage ratio at December 31, 2016:

Revenues(1)	$ 1,186,130
Operating expenses excluding depreciation and interest expense	857,007
Net revenues available for debt service	$ 329,123
Average annual debt service requirements	$ 225,219
Debt Coverage Ratio (net revenues available for debt service divided by average annual debt service)	1.46
Debt Coverage Ratio Required	1.10

(1) Includes operating revenues and investment earnings, excludes impact fees.

Optional Redemption of Bonds

The District reserves the right, at its option, to redeem bonds having stated maturities on and after August 15, 2018, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on August 5, 2017, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. The Term Bonds maturing on August 15, 2023, August 15, 2027, August 15, 2030 and August 15, 2036 are subject to mandatory redemption in part at the redemption price of par plus accrued interest to the date of redemption on the dates and in the principal amounts.

NOTE 7: LONG-TERM DEBT (continued)

The annual requirements to amortize all debt outstanding as of December 31, 2016 are as follows:

	Principal	Interest	Total
2017	$ 95,000	$ 132,075	$ 227,075
2018	100,000	127,800	227,800
2019	105,000	123,300	228,300
2020	110,000	118,575	228,575
2021	115,000	113,625	228,625
2022 - 2026	640,000	487,575	1,127,575
2027 - 2031	790,000	330,075	1,120,075
2032 - 2036	980,000	136,350	1,116,350
Total debt service	$ 2,935,000	$ 1,569,375	$ 4,504,375

The following is a summary of long-term debt transactions of the District for the year ended December 31, 2016:

Description	January 1, 2015	Additions	Retirements	December 31, 2016	Due within one year
Revenue Refunding and Improvement Bonds, Series 2007	$ 3,025,000	$ -	$ (90,000)	$ 2,935,000	$ 95,000
Total Long-term debt	$ 3,025,000	$ -	$ (90,000)	$ 2,935,000	$ 95,000

NOTE 8: CONTINGENT LIABILITIES

The production of treated water requires the use of chemicals. Some of the chemicals are classified as hazardous. The District actively monitors the use of these chemicals. The District complies with all laws and regulations concerning the use of these chemicals for the production of treated water.

NOTE 9: WATER SERVICE RATES

The water service rates for the District in effect at year end consisted of the following:

Residential:

Minimum 5/8" x ¾" meter	$45.00
Water Usage:	
0 to 10,000 gallons	$ 3.65
10,001 gallons and above	$ 4.70 per 1,000 gallons

Commercial:

Minimums:	
5/8" x ¾" meter	$ 70.00
1" meter	$ 120.00
2" meter	$ 360.00
Water Usage: All Water	$ 8.00 per 1,000 gallons

NOTE 10: RISK MANAGEMENT

The District is exposed to various risk of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Texas Municipal League and participates in the Intergovernmental Risk Pool insurance coverage and are 100% covered through third-party insurance policies. There were no significant reductions in coverage in the past year.

NOTE 11: EVALUATION OF SUBSEQUENT EVENTS

Subsequent events were evaluated through February 23, 2017, which is the date the financial statements were available to be issued.

The District was approved for funding for a new water treatment plant through the Texas Water Development Board's State Revolving Fund for $13,430,000.

BUDGETARY COMPARISON SCHEDULE

WEST WISE SPECIAL UTILITY DISTRICT
Budgetary Comparison Schedule - Proprietary Fund
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Charges for water services	$ 1,113,700	$ 1,113,700	$ 1,113,527	$ (173)
Tap connection, inspection, trip fees and other	22,500	22,500	20,610	(1,890)
Impact fees	4,100	4,100	7,461	3,361
Investment earnings	7,600	7,600	3,074	(4,526)
Penalties	38,700	38,700	40,780	2,080
Other	4,600	4,600	8,139	3,539
Total revenues	1,191,200	1,191,200	1,193,591	2,391
EXPENSES:				
Salaries	267,500	267,500	264,811	2,689
Payroll taxes	22,100	22,100	21,630	470
IRA retirement expense	5,400	5,400	5,389	11
Property and health insurance	60,300	60,300	53,860	6,440
Interest expense	136,100	136,100	134,606	1,494
Bad debt	1,100	1,100	1,099	1
Auditing	13,000	13,000	12,290	710
Engineer/consultant	5,500	5,500	6,979	(1,479)
Legal advice	5,000	5,000	1,723	3,277
Travel, school and dues	20,000	20,000	25,779	(5,779)
Uniform	4,900	4,900	5,038	(138)
Telephone	5,400	5,400	5,862	(462)
Postage	7,900	7,900	7,465	435
Lab fees	8,500	8,500	10,532	(2,032)
Electricity	23,000	23,000	20,906	2,094
Other maintenance - office	10,500	10,500	8,185	2,315
Other maintenance - plant	53,000	53,000	44,251	8,749
Other maintenance - field/towers	55,000	55,000	48,906	6,094
Other maintenance - vehicles	5,500	5,500	11,148	(5,648)
Chemicals	105,000	105,000	104,630	370
Purchased water	179,200	179,200	176,187	3,013
Fuel	15,000	15,000	10,825	4,175
Miscellaneous	4,600	4,600	9,512	(4,912)
Depreciation	178,000	178,000	190,593	(12,593)
Total expenses	1,191,500	1,191,500	1,182,206	9,294
Change in net position	(300)	(300)	11,385	11,685
Net position - beginning	1,892,372	1,892,372	1,892,372	-
Net position - ending	$ 1,892,072	$ 1,892,072	$ 1,903,757	$ 11,685

Budget

Annual operating budget is adopted on a basis consistent with generally accepted accounting principles for the proprietary fund. All annual appropriations lapse at fiscal year end.

The Board of Directors follow these procedures in establishing budgetary data reflected in the financial statements.

a. Prior to the beginning of the fiscal year, proposed operating budget is submitted by the Budget Committee to the Board for the fiscal year commencing the following January 1. The operating budget includes proposed expenses and the means of financing them for the proprietary fund.

b. The budget may be amended with the approval of the Board of Directors.

c. Budgetary control is maintained at the line item level, subject to adjustments permitted as described above.

Excess of Expenses over Appropriations of $5,000 or more:

The proprietary fund actual expenses for travel, school and dues, other maintenance – vehicles and depreciation exceeded appropriations by $24,020. Overall, total actual expenses were within budgeted appropriations.

Expenses exceeding budgeted amounts were covered by available savings from different budget line items.

TEXAS SUPPLEMENTARY INFORMATION

West Wise Special Utility District
TSI-1. Services and Rates
December 31, 2016

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

[x]	Retail Water	[x]	Wholesale Water	[ ]	Drainage
[ ]	Retail Wastewater	[ ]	Wholesale Wastewater	[ ]	Irrigation
[ ]	Parks/Recreation	[ ]	Fire Protection	[ ]	Security
[ ]	Solid Waste/Garbage	[ ]	Flood Control	[ ]	Roads

[ ] Participates in joint venture, regional system, and/or wastewater service (other than emergency interconnect)

2. **Retail Service Providers**

a. **Retail Rates for a 5/8" x 3/4 meter:**

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1000 Gallons Over Minimum Use	Usage Levels
WATER:	$ 45.00		N	$ 3.65	0 to 10,000
				$ 4.70	10,001 to above

District employs winter averaging for wastewater usage? No

Total charges per 10,000 gallons usage: Water $ 81.91

b. **Water Connections:**

Meter Size	Total Connections	Active Connections
Unmetered		
≤ 3/4"	1,103	1,103
1"	9	9
1 1/2"		
2"	9	9
3"		
4"	1	1
6"		
8"		
10"		
Total Water	1,122	1,122

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

Gallons pumped into system: 114,350,400

Gallons billed to customers: 87,371,700

Water Accountability Ratio: (Gallons billed/Gallons pumped) 0.76406991

4. **Location of District:**

County(ies) in which District is located: Wise

Is the District located entirely within one county? Yes

Is the District located within a city? Entirely [x] Partly [ ] Not at all [ ]

City(ies) in which the District is located: City of Lake Bridgeport

Is the District located within a city's extra territorial jurisdiction (ETJ)?

Entirely [x] Partly [x] Not at all [ ]

ETJs in which the District is located: Entirely: City of Lake Bridgeport Partly: City of Chico and City of Bridgeport

Are Board members appointed by an office outside the district?

If Yes, by whom? No

West Wise Special Utility District
TSI-2. Proprietary Fund Expenses
December 31, 2016

Personnel Expenses (including benefits)*		
Salaries	$	264,811
Payroll taxes		21,630
Health insurance		47,834
IRA retirement expense		5,389
Professional Fees:		
Auditing		12,290
Legal		1,723
Engineer/consultant		6,979
Purchased Services For Resale:		
Bulk Water Purchases		176,187
Chemicals		104,630
Laboratory Fees		10,532
Fuel		10,825
Utilities		26,768
Depreciation		190,593
Repairs and Maintenance		112,490
Administrative Expenses		
Interest Expense		134,606
Travel, Schools and Dues		25,779
Uniform		5,038
Postage		7,465
Property Insurance		6,026
Other Administrative Expenses		10,611
	$	1,182,206

* Number of persons employed by the District: 7 Full-Time

West Wise Special Utility District
TSI-3. Temporary Investments
December 31, 2016

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable At End of Year
Proprietary Fund:					
	Certificate of Deposit	0.50%	10/1/2017	$ 133,234	$ -
	Certificate of Deposit	0.50%	4/26/2017	6,898	-
	Certificate of Deposit	0.50%	8/26/2017	239,610	-
	Term Investments			9,382	-
	Total			$ 389,124	$ -

West Wise Special Utility District
TSI-4. Taxes Levied and Receivable
December 31, 2016

The District does not levy or receive any tax monies.

West Wise Special Utility District
TSI-5. Long-Term Debt Service Requirements
December 31, 2016

Due During Fiscal Years Ending	Series 2007 Principal Due August 15	Series 2007 Interest Due February 15, August 15	Total
2017	95,000	132,075	227,075
2018	100,000	127,800	227,800
2019	105,000	123,300	228,300
2020	110,000	118,575	228,575
2021	115,000	113,625	228,625
2022	115,000	108,450	223,450
2023	120,000	103,275	223,275
2024	130,000	97,875	227,875
2025	135,000	92,025	227,025
2026	140,000	85,950	225,950
2027	145,000	79,650	224,650
2028	150,000	73,125	223,125
2029	160,000	66,375	226,375
2030	165,000	59,175	224,175
2031	170,000	51,750	221,750
2032	180,000	44,100	224,100
2033	185,000	36,000	221,000
2034	195,000	27,675	222,675
2035	205,000	18,900	223,900
2036	215,000	9,675	224,675
	$ 2,935,000	$ 1,569,375	$ 4,504,375

West Wise Special Utility District
TSI-6. Change in Long-Term Bonded Debt
December 31, 2016

	Bond Issue Series 2007
Interest Rate	4.50 - 5.00%
Dates Interest Payable	2/15; 8/15
Maturity Date	August 15, 2036
Beginning Bonds Outstanding	$ 3,025,000
Bonds Sold During the Fiscal Year	-
Bonds Retired During the Fiscal Year	(90,000)
Ending Bonds Outstanding	$ 2,935,000
Interest Paid During the Fiscal Year	$ 136,125

Paying Agent's Name and City:
Series 2007 Wells Fargo Bank Texas, N.A. Austin, Texas

Bond Authority:	Revenue Refunding and Improvement Bonds
Amount Authorized by Voters	$ 3,595,000
Amount Issued	$ 3,595,000
Remaining To Be Issued	$ -

Debt Service Fund cash and temporary investments balances as of December 31, 2016:	$ 334,218
Average annual debt service payment (Principal and Interest) for remaining term of bonded debt:	$ 225,219

West Wise Special Utility District
TSI-7. Comparative Schedule of Revenues and Expenses-Proprietary Fund-Five Years Ended
December 31, 2015

	Amounts					Percent of Fund Total Revenues				
	2016	2015	2014	2013	2012	2016	2015	2014	2013	2012
Operating Revenues:										
Charges for water services	1,113,527	1,021,749	1,027,710	1,062,794	1,138,940	93.53	94.48 %	94.37 %	95.37 %	95.21 %
Tap, inspection, transfer, trip fees, connection fees	20,610	15,010	18,840	13,903	15,280	1.73	1.39	1.73	1.25	1.28
Penalties	40,780	37,822	34,441	29,913	29,731	3.43	3.50	3.16	2.68	2.49
Impact fees	7,461	4,421	5,727	5,483	9,352	0.63	0.41	0.53	0.49	0.78
Other	8,139	2,430	2,279	2,294	2,982	0.68	0.22	0.21	0.21	0.25
Total Operating Revenues	1,190,517	1,081,432	1,088,997	1,114,387	1,196,285	100.00	100.00	100.00	100.00	100.00
Operating Expenses:										
Purchased water	176,187	178,428	154,003	144,745	150,093	14.80	16.50	14.14	12.99	12.55
Professional fees	20,992	19,612	19,349	17,243	14,844	1.76	1.81	1.78	1.55	1.24
Personnel expenses (including benefits)	339,664	310,918	325,074	333,653	323,808	28.53	28.75	29.85	29.94	27.07
Chemicals	104,630	107,286	53,610	54,997	83,748	8.79	9.92	4.92	4.94	7.00
Laboratory fees	10,532	10,339	5,157	12,987	10,566	0.88	0.96	0.47	1.17	0.88
Fuel	10,825	11,178	17,849	18,324	21,414	0.91	1.03	1.64	1.64	1.79
Utilities	26,768	28,753	27,587	29,737	30,238	2.25	2.66	2.53	2.67	2.53
Travel, schools and dues	25,779	20,168	19,511	22,339	26,292	2.17	1.86	1.79	2.00	2.20
Uniform	5,038	4,274	4,121	4,366	4,761	0.42	0.40	0.38	0.39	0.40
Postage	7,465	7,348	6,519	5,550	6,375	0.63	0.68	0.60	0.50	0.53
Property insurance	6,026	14,508	18,803	12,469	13,294	0.51	1.34	1.73	1.12	1.11
Repairs and maintenance	112,490	110,366	112,223	90,606	115,370	9.45	10.21	10.31	8.13	9.64
Miscellaneous expenses	10,611	7,974	7,912	7,025	9,168	0.89	0.74	0.73	0.63	0.77
Depreciation	190,593	184,613	179,345	176,571	165,377	16.01	17.07	16.47	15.84	13.82
Total Operating Expenses	1,047,600	1,015,765	951,063	930,612	975,348	88.00	93.93	87.33	83.51	81.53
Operating Income (Loss)	142,917	65,667	137,934	183,775	220,937	12.00	6.07	12.67	16.49	18.47
Non-operating Revenues (Expenses)										
Investment earnings	3,074	2,221	2,274	4,764	8,839	0.26	0.21	0.21	0.43	0.74
Interest expense	(134,606)	(138,781)	(142,875)	(146,719)	(148,440)	(11.31)	(12.83)	(13.12)	(13.17)	(12.41)
Bond discount amortization	-	-	-	-	(3,666)	-	0.00	0.00	-	(0.31)
Gain from sale of CCN	-	-	-	-	70,574	-	0.00	-	-	5.90
Gain (loss) on disposal of capital asset	-	-	-	-	10,120	-	0.00	-	-	0.85
Total Non-Operating Revenues (Expenses)	(131,532)	(136,560)	(140,601)	(141,955)	(62,573)	(11.05)	(12.63)	(12.91)	(12.74)	(5.23)
Net Income (Loss)	11,385	(70,893)	(2,667)	41,820	158,364	0.96	(6.56) %	(0.24) %	3.75 %	13.24 %
Total Active Retail Water Connections	1,122	1,121	1,121	1,115	1,121					

West Wise Special Utility District
TSI-8. Board Members, Key Personnel, and Consultants
December 31, 2016

Complete District Mailing Address: PO Box 566, Bridgeport, Texas 76426

District Business Telephone Number: (940) 683-5507

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid December 31, 2016	Expense Reimbursements December 31, 2016	Title at Year End
Board Members:				
Betty Graves	(Elected) 2013-2016	$ -	$ -	President
Russ Burran	(Elected) 2014-2017	$ -	$ -	Director
Jane Garcia	(Elected) 2015-2018	$ -	$ -	Secretary/ Treasurer
R L Groves, Jr.	(Elected) 2013-2016	$ -	$ -	Director
Duane Sutherland	(Elected) 2015-2018	$ -	$ -	Director
Sally Stokes	(Elected) 2014-2017	$ -	$ -	Director
Johnelle Reed	(Elected) 2015-2018	$ -	$ -	Director
Ron Hunter	(Appointed) 2013-2016	$ -	$ -	Vice-President
Key Administrative Personnel:				
James Ward	1/18/91	$ 54,542		General Manager
Consultants:				
George, Morgan & Sneed, PC	1/1/16	$ 12,290		Auditor
Jackson Walker LLP	1/1/16	$ 17,325		Attorney
Daniel & Brown, Inc.	1/1/16	$ 15,230		Engineer/ Consultant

COMPARATIVE PROPRIETARY FUND FINANCIAL STATEMENTS

WEST WISE SPECIAL UTILITY DISTRICT
Comparative Statements of Net Position
Proprietary Fund
December 31, 2016 and 2015

	2016	2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 189,725	$ 142,082
Certificates of deposit	-	288,786
Investments	9,382	15,831
Accounts receivable (net of allowances for uncollectible)	114,078	112,230
Supplies inventory	85,162	85,457
Total current assets	398,347	644,386
Noncurrent assets		
Restricted assets:		
Cash and cash equivalents	139,194	127,532
Certificates of deposit	379,742	377,754
Total restricted assets	518,936	505,286
Capital assets, at cost:		
Land	56,294	56,294
Buildings	45,362	45,362
Water systems	5,076,554	4,983,824
Water treatment plants	1,241,252	1,241,252
Machinery and equipment	73,906	73,906
Vehicles	137,406	137,406
Construction in progress	269,212	-
Less: accumulated depreciation	(2,658,594)	(2,468,001)
Capital assets, net	4,241,392	4,070,043
Total Assets	5,158,675	5,219,715
LIABILITIES		
Current liabilities		
Accounts payable	55,717	43,705
Accrued liabilities	5,717	7,379
Accrued vacation	14,864	14,044
Current liabilities payable from restricted assets:		
Interest payable	49,528	51,047
Customer deposits payable	194,092	186,168
Current portion of revenue bonds payable	95,000	90,000
Total current liabilities	414,918	392,343
Noncurrent liabilities		
Revenue bonds payable	2,840,000	2,935,000
Total liabilities	3,254,918	3,327,343
NET POSITION		
Net investment in capital assets	1,306,392	1,045,043
Restricted for debt service (expendable)	284,690	282,320
Restricted impact fees for capital improvements (expendable)	1,298	1,296
Unrestricted net position	311,377	563,713
Total Net Position	$ 1,903,757	$ 1,892,372

WEST WISE SPECIAL UTILITY DISTRICT
Comparative Statements of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Years Ended December 31, 2016 and 2015

	2016	2015
OPERATING REVENUES:		
Charges for water services	$ 1,113,527	$ 1,021,749
Tap, inspection, transfer, trip fees, disconnection and reconnection fees	20,610	15,010
Impact fees	7,461	4,421
Penalties	40,780	37,822
Other	8,139	2,430
Total operating revenues	1,190,517	1,081,432
OPERATING EXPENSES:		
Salaries	264,811	241,558
Payroll taxes	21,630	18,101
IRA retirement expense	5,389	5,261
Employee health insurance	47,834	45,998
Insurance	6,026	14,508
Bad debt	1,099	419
Auditing	12,290	12,821
Engineer/consultant	6,979	5,287
Legal advice	1,723	1,504
Travel, school and dues	25,779	20,168
Uniform	5,038	4,274
Telephone	5,862	5,408
Postage	7,465	7,348
Lab fees	10,532	10,339
Electricity	20,906	23,345
Other maintenance - office	8,185	10,815
Other maintenance - plant	44,251	47,593
Other maintenance - field/towers	48,906	46,113
Other maintenance - vehicles	11,148	5,845
Chemicals	104,630	107,286
Purchased water	176,187	178,428
Fuel	10,825	11,178
Miscellaneous	9,512	7,555
Depreciation	190,593	184,613
Total operating expenses	1,047,600	1,015,765
Operating income (loss)	142,917	65,667
NONOPERATING REVENUES (EXPENSES):		
Investment earnings	3,074	2,221
Interest expense	(134,606)	(138,781)
Total nonoperating revenue (expenses)	(131,532)	(136,560)
Change in net position	11,385	(70,893)
Net position - beginning	1,892,372	1,963,265
Net position - ending	$ 1,903,757	$ 1,892,372

WEST WISE SPECIAL UTILITY DISTRICT
Comparative Statements of Cash Flows
Proprietary Fund
December 31, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Cash received from customers	$ 1,188,669	$ 1,070,944
Cash payments to suppliers for goods and services	(571,965)	(607,833)
Cash paid to employees	(265,653)	(240,337)
Net cash provided (used) by operating activities	351,051	222,774
Cash flows from capital and related financing activities:		
Principal payments on long-term debt	(90,000)	(85,000)
Purchases of capital assets	(361,942)	(127,508)
Interest paid on notes	(136,125)	(140,375)
Net cash provided (used) by capital and related financing activities	(588,067)	(352,883)
Cash flows from investing activities:		
Purchase of certificates of deposit	(1,988)	(1,963)
Proceeds from redemption of certificates of deposit	288,786	-
Return of invested capital	6,449	5,371
Investment earnings received	3,074	2,221
Net cash provided (used) by investing activities	296,321	5,629
Net increase (decrease) in cash and cash equivalents	59,305	(124,480)
Cash and cash equivalents, January 1	269,614	394,094
Cash and cash equivalents, December 31	$ 328,919	$ 269,614
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities		
Operating income (loss)	$ 142,917	$ 65,667
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	190,593	184,613
(Increase) decrease in accounts receivable	(1,848)	(9,042)
(Increase) decrease in supplies inventory	295	(4,484)
Increase (decrease) in accounts payable	12,012	(29,622)
Increase (decrease) in vacation payable	820	2,329
Increase (decrease) in accrued liabilities	(1,662)	1,221
Increase (decrease) in customer deposits payable	7,924	12,092
Total adjustments	208,134	157,107
Net cash provided (used) by operating activities	$ 351,051	$ 222,774

OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION

GMS
GEORGE | MORGAN | SNEED

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
West Wise Special Utility District
Bridgeport, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of West Wise Special Utility District (the "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, and have issued our report thereon dated February 23, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the

George, Morgan & Sneed, P.C.
1849 Wall Street | Weatherford, TX 76086-6298 | *Phone* 817.594.2704 | *Fax* 817.599.7389
www.gms-cpa.com

of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

George, Morgan & Snead, P.C.

Weatherford, Texas
February 23, 2017

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.

SPECIMEN

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

SPECIMEN

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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