

**APPLICATION FOR FINANCIAL ASSISTANCE
FOR WATER AND WASTEWATER INFRASTRUCTURE PROJECTS**

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

Please submit one double-sided original and one indexed, electronic copy, via electronic storage media such as CD or flash drive using MS Word, Excel and/or Adobe Acrobat.

Please submit your application to:

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

A complete application consists of all of the applicable information and forms requested in this document. When preparing this application please review the Application and all Guidance and Forms, listed at the end.

For more information, please contact your Regional Project Implementation Team at:

http://www.twdb.texas.gov/financial/programs/swift/regional_project_teams.asp

Thank you.

TWDB Use Only

Name of Applicant: _____

Date application received: _____

Date administratively complete: _____

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

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

Part A: General Information

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

2. Applicant Name and Contact Information:

Name:	City of Springtown
County:	Parker
Physical Address:	102 East Second Street Springtown, Texas 76082
Mailing Address:	P.O. Box 444 Springtown, Texas 76082
Phone:	(817)220-4834
Fax:	(817)523-3179
Website:	http://www.cityofspringtown.com/

3. Brief description of the project ___ *Springtown New Wells in Trinity Aquifer* ___

4. Applicant's Officers and Members:

<u>Name</u>	<u>Office Held</u>
Tom Clayton	Mayor
Annette Burk	Councilwoman Place 1
Harold Buffington	Councilman Place 2
Dennie Harms	Councilman Place 3
Robert E. Wilson	Mayor Pro Tem
Greg Hood	Councilman Place 5

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

Name:	Mr. Doug Hughes
Title:	City Administrator, City of Springtown
Address:	102 East Second Street, Springtown, TX 76082
Phone:	(817)220-4834
Fax:	(817)523-3179
Email:	dhughes@cityofspringtown.com

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

a) Applicant Engineer N/A

Firm Name:	Freese and Nichols, Inc
Contact:	Aaron Redder, P.E.
Address:	2229 San Jacinto Blvd, Suite 330; Denton, TX 76205
Phone:	(940)220-4359
Fax:	(940)387-4677
Email:	amr@freese.com

b) Bond Counsel N/A

Firm Name:	Norton Rose Fullbright US LLP
Contact:	Paul A. Braden
Address:	2200 Ross Avenue, Suite 3600; Dallas, Texas 75201-7932
Phone:	(214) 855-8189
Fax:	(214) 855-8200
Email:	paul.braden@nortonrosefullbright.com

c) Financial Advisor N/A

Firm Name:	Hilltop Securities
Contact:	Jim Sabonis
Address:	1201 Elm Street, Suite 3500, Dallas, TX 75270
Phone:	(214) 953-4195
Fax:	(214) 953-4050
Email:	jim.sabonis@hilltopsecurities.com

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

Firm Name:	Weaver and Tidwell, LLP
Contact:	Kevin Sanford
Address:	2821 West seventh St., Suite 700, Fort Worth, TX 76107
Phone:	(817) 332-7905
Fax:	(817) 429-5936
Email:	kevin.sanford@weaver.com

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

Firm Name:	Taylor, Olson, Adkins, Sralla & Elam
Contact:	George Staples
Address:	6000 Western Place, Suite 200, Fort Worth, TX 76107
Phone:	(817) 332-2580
Fax:	(817) 332-4740
Email:	gstaples@toase.com

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

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

7. List the counties within the Applicant's service area. Parker & Wise

8. Identify the Applicant's total service area population: 2741

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

	PROGRAM	AMOUNT REQUESTED
a) <input type="checkbox"/>	Drinking Water State Revolving Fund (DWSRF)	\$ _____
b) <input type="checkbox"/>	Clean Water State Revolving Fund (CWSRF)	\$ _____
c) <input type="checkbox"/>	Texas Water Development Fund (DFund)	\$ _____
d) <input type="checkbox"/>	State Participation	\$ _____
e) <input type="checkbox"/>	Rural Water Assistance Fund (RWAFF)	\$ _____
f) <input checked="" type="checkbox"/>	State Water Implementation Fund for Texas (SWIFT)	\$ <u>1,390,000</u>
g) <input type="checkbox"/>	Economically Distressed Areas Program (EDAP)	\$ _____
h) <input type="checkbox"/>	If other please explain: _____	\$ _____

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

Funding Source	Type of Funds (Loan/Grant)	Amount (\$)	Date Applied for Funding	Anticipated or Funding Secured Date
Total Funding from All Sources		\$		

Comments: _____

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

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

- Planning
- Acquisition
- Design
- Construction

12. Is Applicant requesting funding to refinance existing debt?

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

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

Part B: Legal Information

- 13. Cite the legal authority under which the Applicant can issue the proposed debt including the authority to make a proposed pledge of revenues. Subchapter C of Chapter 271 of Tx Local Govt Code; Chapter 1502 of Tx Govt Code

- 14. What type of pledge will be used to repay the proposed debt?
 - Systems Revenue
 - Taxes
 - Combination of systems revenues and taxes
 - Other (Contract Revenue, etc.)

- 15. Provide the full legal name of the security for the proposed debt issue(s). City of Springtown, Texas, Combination Tax and Surplus Revenue Certificates of Obligation, Series 2017

- 16. Describe the pledge being offered and any existing rate covenants. Ad valorem tax pledge & surplus WW System revenues

- 17. Attach the resolution from the governing body requesting financial assistance. TWDB-0201A (<http://www.twdb.texas.gov/financial/instructions/>)
 - Attached Resolution**

- 18. Attach the Application Affidavit TWDB-0201 (<http://www.twdb.texas.gov/financial/instructions/>)
 - Attached Applicant Affidavit**

- 19. Attach the Certificate of Secretary TWDB-201B (<http://www.twdb.texas.gov/financial/instructions/>)
 - Attached Certificate of Secretary**

- 20. Is the applicant a Water Supply Corporation (WSC)?
 - Yes If yes, attach each of the following:
 - Articles of Incorporation**
 - Certificate of Incorporation from the Texas Secretary of State evidencing that the current Articles of Incorporation are on file with the Secretary**
 - By-laws and any amendments**
 - Certificate of Status from the Texas Secretary of State (i.e. Certificate of Existence)**
 - Certificate of Account Status from the Texas Comptroller of Public Accounts (certifies that the WSC is exempt from the franchise tax and that the WSC is in good standing).**
 - No

- 21. Is the applicant proposing to issue revenue bonds?
 - Yes If yes, attach copies of the most recent resolution/ordinance(s) authorizing any outstanding parity debt. This is essential to insure outstanding bond covenants are consistent with covenants that might be required for TWDB financing.

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

Attached resolution/ordinance(s)

No

22. Does the applicant possess a Certificate of Convenience and Necessity (CCN)?
- Yes If yes, attach a copy of the CCN and service area map showing the areas the applicant is allowed to provide water or wastewater services.
- Attached CCN and service area map**
- No If no, indicate the status of the CCN. _____
- N/A

23. Has the applicant been the subject of any enforcement action by the Texas Commission on Environmental Quality (TCEQ), the Environmental Protection Agency (EPA), or any other entity within the past three years?
- Yes If yes, attach a brief description of every enforcement action within the past three years and action(s) to address requirements.
- Attached**
- No

24. Are any facilities to be constructed or the area to be served within the service are of a municipality or other public utility?
- Yes If yes, has the applicant obtained an affidavit stating that the utility does not object to the construction and operation of the services and facilities in its service area?
- If yes, attach a copy of the affidavit.
- Attached affidavit**
- If no, provide an explanation as to why not. The is a water well location and will have no effect on the water utility.
- No

25. If the assistance requested is more than \$500,000 a Water Conservation Plan (WCP) is required. The WCP cannot be more than **FIVE** years old and must have been adopted by the applicant. Has the applicant adopted a Board-approved WCP? (Check one and attach requested information, if any.)
- Yes Enter date of Applicant's WCP adoption: March 24, 2016
- No If no, attach a copy of a draft Water Conservation Plan and Drought Contingency Plan prepared in accordance with the TWDB WCP Checklist (<http://www.twdb.state.tx.us/financial/instructions/doc/TWDB-1968.pdf>)
- Attached Draft WCP and Drought Contingency Plan**
- Attached Utility Profile TWDB-1965**
- <http://www.twdb.state.tx.us/financial/instructions/doc/TWDB-1965.pdf>
- N/A (Request is \$500,000 or less per Water Code §§ 15.106(c), 17.125(c), 17.277(c), and 17.857(c))

Note: If the applicant will utilize the project financed by the TWDB to furnish services to another entity that in turn will furnish services to the ultimate consumer, the requirements for the WCP may be met through contractual agreements between the applicant and the other entity providing for establishment of a water conservation plan. The provision

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requiring a WCP shall be included in the contract at the earliest of: the original execution, renewal or substantial amendment of that contract, or by other appropriate measures.

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

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Part C: Financial Information

Regional or wholesale providers, complete questions 29-31.

Retail providers, complete questions 32-34.

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

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

Comments: _____

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

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

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

31. Provide a summary of the wholesale contracts with customers

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

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

a. **WATER**

Customer Name	Annual Usage (gal)	Percent of Total Water Revenue	Bankruptcy (Y/N)
City of Springtown	8,947,000	10.8	N
SISD	3,126,000	3.7	N
SISD	2,184,000	2.6	N
City of Springtown	1,681,000	2.0	N
Springtown Laser Wash	1,299,000	1.5	N
Peak Management	1,098,000	1.3	N
Karl Klement Properties	1,083,000	1.3	N
Dauenhauer Construction	872,000	1.0	N
Brookshire Food Store #126	563,000	0.7	N
SISD	553,000	0.6	N

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b. **WASTEWATER**

Customer Name	Annual Usage (gal)	Percent of Total Wastewater Revenue	Bankruptcy (Y/N)
City of Springtown	8,948,000	12.4	N
SISD	2,024,000	2.8	N
Springtown Laser Wash	1,257,000	1.7	N
Peak Management	1,106,000	1.5	N
Karl Klement Properties	1,052,000	1.5	N
Dauenhauer Construction	704,000	1.0	N
Woody Creek B-B-Q	563,000	0.08	N
Brookshire Food Store #126	555,000	0.08	N
SISD	549,000	0.08	N
Good Morning & China Express	531,000	0.07	N

33. Current Average Residential Usage and Rate Information

Service	Date of Last Rate Increase	Avg. Monthly Usage (gallons)	Avg. Monthly Bill (\$)	Avg. Monthly Increase Per Customer(\$)	Projected Monthly Increase Necessary (\$)
Water	10/27/2016	5000	59.48	7.18	7.18
Wastewater	09/15/2015	5000	44.28	1.0	0

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

Year	Number of Customers
2016	1292
2015	1277
2014	1255
2013	1206
2012	1204

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

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

NA

36. Has the applicant ever defaulted on any debt?

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

37. Does the applicant have taxing authority?

Yes
 No

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

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

Fiscal Year Ending	Net Taxable Assessed Value (\$)	Tax Rate	General Fund	Interest & Sinking Fund	Tax Levy \$	Percentage Current Collections	Percentage Total Collections
2016	161,337,662	0.6217	0.3309	0.2908	1003	94.9%	96.4%
2015	158,074,806	0.6129	0.3175	0.2954	969	98.4%	99.3%
2014	144,205,944	0.6250	0.3000	0.3215	901	98.3%	100.3%
2013	143,368,454	0.6230	0.3015	0.3215	893	97.8%	100.2%
2012	139,775,930	0.6230	0.3861	0.2370	870	97.5%	99.8%

Comments: _____

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

- a) 2016 attached
- b) 2015 attached
- c) 2014 attached
- d) 2013 attached
- e) 2012 attached

40. Attach the direct and overlapping tax rate table:
 Attached tax rate table

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

Taxpayer Name	Assessed Value	Percent of Total	Bankruptcy (Y/N)
Enbridge Energy	13,862,340	8.6%	N
Riding and Roping	4,279,540	2.7%	N
Energy Transfer	2,867,000	1.8%	N
Oncor Electric	2,564,070	1.6%	N
Brookshire's Grocery	2,193,340	1.4%	N
Heritage Clean	1,888,450	1.2%	N
JND Holdings	1,445,590	0.90%	N
Builders Capital	1,160,590	0.72%	N
Ward Welding	1,068,290	0.66%	N
Jude Management	932,360	0.58%	N

Comments: _____

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

42. Provide the maximum tax rate permitted by law per \$100 of property value. \$1.50

43. Does the applicant collect sales tax?

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

Fiscal Year Ending	Total Collections
2016	1,142,662
2015	1,052,099
2014	924,752
2013	953,042
2012	920,000

No

44. Indicate the tax status of the proposed loan?

Tax-Exempt

Taxable

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

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

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

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

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

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

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

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

Attached

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

46. Attach a **FIVE** year comparative system operating statement (not condensed) including audited prior years and an unaudited year-to-date statement. Unaudited year-to-date statement must reflect the financial status for a period not exceeding the latest six months.

Attached Operating Statement.

47. Attach **ONE** copy of an annual audit of financial statements, including the management letter, for the preceding fiscal year prepared by a certified public accountant or firm of accountants and, if the last annual audit was more than 6 months ago, then, provide interim financial information.

Attached Annual Audit

Attached Management Letter

If applicable, attached interim financial information

48. Does the applicant have any outstanding debt? (Check all that apply)

Yes, General obligation debt

Yes, Revenue debt

Yes, Authorized but unissued debt

No

49. Attach a listing of total outstanding debt and identify the debt holder. Segregate by type (General Obligation or Revenue) and present a consolidated schedule for each, showing total annual requirements. Note any authorized but unissued debt.

a. General Obligation Debt:

Yes

Attached schedule. The schedule should also identify the debt holder.

No

b. Revenue:

Yes

Attached schedule. The schedule should also identify the debt holder.

No

c. Authorized by Unissued Debt:

Yes

Attached schedule. The schedule should also identify the debt holder.

No

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

50. List the ten largest employers of the Applicant's service area:

Name	Number of Employees
Springtown ISD	373
Brookshire Grocery	150
Procycle Metals	53
David's Patio	49
City of Springtown	49
Enbridge Energy	38
Roadside Grocery	25
U.S. Post Office	23
Sconic	20
Chicken Express	20

Comments (example, any anticipated changes to the tax base, employers etc.) _____

51. Provide any current bond ratings with date received.

	Standard & Poor's	Date Received	Moody's	Date Received	Fitch	Date Received
G.O.	N/A	N/A	A2	April 2017	N/A	N/A
Revenue	N/A	N/A	N/A	N/A	N/A	N/A

52. Is the project intended to allow the applicant to provide or receive water or sewer services to or from another entity?

- Yes. If yes, the applicant must attach, at a minimum, the proposed agreement, contract, or other documentation establishing the service relationship, with the final and binding agreements provided prior to loan closing.
- Attached**
- No.

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

Part D: Project Information

53. Description of Project Need (for example, is the project needed to address a current compliance issue, avoid potential compliance issues, extend service, expand capacity, etc.):

As Springtown continues to grow they must look at water supply strategies to provide for their citizenry. They currently get their water from Eagle Mountain Lake, water wells in the Trinity Aquifer as well as raw water purchased from TRWD. This project will provide additional water from the Trinity Aquifer leading to a better mix of surface and groundwater supplies. Additionally, it will reduce the dependency on surface water especially in times of drought.

54. Description of Project, including a bulleted list of project elements/components, and alternatives considered (including existing facilities):

This project will develop new wells from the Trinity Aquifer. The new wells will provide the city better water supply mix between surface and ground water. This mix of sources provides redundant water supply and lessens surface water dependency which can be adversely influenced in times of drought. The proposed wells will be designed and constructed to TCEQ public water well standards and then pumped into ground storage tanks. From the tanks, the water will be pumped into the city's water system.

- *Design/construction of new wells*
 - *This includes but is not limited to:*
 - *Preparing an Environmental Assessment (EA) for SWIFT funding requirement.*
 - *Preparing an Engineering Design Report for the TWDB.*
 - *Testing the well water in accordance to TCEQ requirements*
 - *Inspections as needed*
- *Design/construction of appurtenances to facilitate pumping into ground storage tank(s)*
 - *This includes but is not limited to the water lines that goes from the water well to the water storage tanks.*
- *Design/construction of appurtenances to facilitate pumping into the city's water system*
- *Acquisition of one piece property. The city owns property for one of the two wells.*

A complete preliminary engineering feasibility data must include:

- a. A description and purpose of the project, including existing facilities.
 - Note: CWSRF and DWSRF must address issues scored in Intended Use Plan submittal

Attached

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

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

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

Attached

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

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

Attached

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

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

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

- a. New supply 81 (acre-feet/year) 1,390,000 (\$) capital cost
- The **increase** in the total annual volume of water supply that will be made available to the recipient(s) by the proposed project.
 - Water Plan project examples: new groundwater wells, reservoir development, pipelines to sources.
- b. New Conservation savings _____ (acre-feet/year) _____ (\$) capital cost
- Annual volume of anticipated water savings resulting from implementation of the proposed conservation project including water loss) and other conservation activities,
 - Water Plan project examples: municipal conservation, advanced Water Conservation, on-farm conservation, brush control, irrigation conservation.
- c. New Reuse supply _____ (acre-feet/year) _____ (\$) capital cost
- Increase in the annual volume of (direct or indirect) reuse water supply that will be made available to the recipient(s) by the proposed project.
 - Water Plan project examples: direct reuse, non-potable reuse, recycled water programs.
- d. Maintenance of Current Supply _____ (acre-feet/year) _____ (\$) capital cost
- Volume of recipients' current supplies that will be maintained by implementing the proposed project
 - Water Plan project examples: None. Not a water plan project. (Examples of these type projects: treatment rehabilitation, system storage facilities, system upgrades).

56. Project Location:
See Attached map.

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

Attached

57. Attach the Census tract numbers in which the applicant's service area is within. The Census tracts within your area may be found at:

<http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>

Please follow these steps:

- Select Advanced Search.
- Select the Geographies button located below Topics (left side of page).
- On the top of the window select the Name tab.

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

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

Attached Census tracts

58. Project Schedule:

- a) Requested loan closing date.
December 5, 2017
- b) Estimated date to submit environmental planning documents.
April 1, 2018
- c) Estimated date to submit engineering planning documents.
July 1, 2018
- d) Estimated date for completion of design.
August 1, 2018
- e) Estimated Construction start date for first contract.
October 1, 2018
- f) Estimated Construction end date for last contract.
October 1, 2019

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

Attached

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

Attached

61. Attach the appropriate Project Information Form:

Wastewater: Attached a completed Wastewater Project Information Form WRD-253a <http://www.twdb.texas.gov/financial/instructions/index.asp>

Water: Attached a completed Water Project Information Form WRD-253d <http://www.twdb.texas.gov/financial/instructions/index.asp>

62. If the project is for Construction only, wastewater projects that involve the construction of a new plant or the expansion of an existing plant and/or associated facilities, attach evidence that an application for a new Texas Pollution Discharge Elimination System Permit or amendment to an existing permit related to the proposed project has been filed with the Texas Commission on Environmental Quality (TCEQ). Final permit authorization must be obtained from the TCEQ

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

before funds can be released for construction activities.

- Attached**
- No. Provide explanation:

63. If this project will result in: (a) an increase by the applicant in the use of groundwater, (b) drilling a new water well, or (c) an increase by the applicant in use of surface water, then the applicant must demonstrate that it has acquired – by contract, ownership or lease – the necessary property rights, groundwater permits, and/or surface water rights sufficient for the project before funds can be released for construction.

a) Does the applicant currently own all the property rights, groundwater permits and surface water rights needed for this project?

- Yes If yes, please attach the completed, appropriate form.
 - 1. WRD 208A (<http://www.twdb.texas.gov/financial/instructions/index.asp>) (Surface Water)
 - Attached**
 - 2. WRD 208B (<http://www.twdb.texas.gov/financial/instructions/index.asp>) (Groundwater)
 - Attached**
- No
- N/A

b) If all property rights, groundwater permits, and surface water rights, needed for this project have not yet been acquired, identify the rights and/or permits that will need to be acquired and provide the anticipated date by which the applicant expects to have acquired such rights and/or permits.

Type of Permit Water Right	Entity from which the permit or right must be acquired	Acquired by lease or full ownership	Expected acquisition date	Permit / Water Right ID No.
Water Well Application	Upper Trinity Groundwater Conservation District	N/A	April 2018	N/A
TCEQ Public Water: Approval To Construct	Texas Commission on Environmental Quality	N/A	August 2018	TCEQ-10205 TCEQ-10234
TCEQ Public Water: Well Completion Approval to use	Texas Commission on Environmental Quality	N/A	August 2019	TCEQ-10205 TCEQ-10234

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

Permit	Issuing Entity	Permit Acquired (Y/N)
--------	----------------	-----------------------

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

64. Has the applicant obtained all necessary land and easements for the project?
- Yes. If yes, attach the site certificate (ED-101 at <http://www.twdb.texas.gov/financial/instructions/index.asp>)
- Attached**
- No. If no, **fill out the table below** and describe the land or easements that will need to be acquired, provide the anticipated date by which the applicant expects to have the land or easements, and indicate if funding from TWDB is to be used for the acquisition.

Description of Land or Easement Permit	Entity from which the permit or right must be acquired	Acquired by lease or full ownership	Expected acquisition date	To Be Funded by TWDB (Yes/No)
Property Acquisition	TBD	Full Ownership	April 2018	TBD

65. Has a Categorical Exclusion (CE), Determination of No Effect (DNE), Finding of No Significant Impact (FONSI), Record of Decision (ROD), or any other environmental determination been issued for this project?
- Yes
- Attach a copy of the finding.
- No
66. Is the project potentially eligible for a Categorical Exclusion (CE)/ Determination of No Effect (DNE) because it involves only minor rehabilitation or the functional replacement of existing equipment?
- Yes
- No
67. Are there potentially adverse environmental or social impacts that may require mitigation or extensive regulatory agency or public coordination (e.g. known impacts to properties eligible for listing on the National Register of Historic Places; potentially significant public controversy; need for an individual permit from the U.S. Army Corps of Engineers)?
- Yes
- If yes, attach additional information
- No

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

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

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

- | | | |
|-------------------------------------|---------------------|-------------|
| <input type="checkbox"/> | Deferred | \$ |
| <input checked="" type="checkbox"/> | Low Interest Loan | \$1,390,000 |
| <input type="checkbox"/> | Board Participation | \$ |

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

Attached

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

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

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

71. Provide drafts of the following documents:

a. Proposed Bond Ordinance

Attached

b. Private Placement Memorandum

Attached

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

Part I: Summary of attachments to application

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

Check list for your convenience

Part A

- No. 6
- No. 12

General Information

Draft or executed consulting contracts (engineering, financial advisor, bond counsel)
Existing security document for refinancing

Part B

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

Legal

Resolution (TWDB-0201A)
Application Affidavit (TWDB-0201)
Certificate of Secretary (TWDB-201B)
Water Supply Corporations

- Articles of Incorporation
- Certificate of incorporation from the Texas Secretary of State
- By-laws and any amendments
- Certificate of status from the Texas Secretary of State
- Certificate of account status from Texas Comptroller

- No. 21
- No. 22
- No. 23
- No. 24
- No. 25
- No. 26

Resolution/ordinance authorizing the issuance of parity debt
Certificate of Convenience & Necessity
Enforcement Actions
Affidavit of No Objection
Two copies of the Water Conservation Plan (TWDB-1968 and TWDB-1965)
Water use surveys

- No. 27

Water Loss Audit
<http://www.twdb.texas.gov/waterplanning/waterusesurvey/index.asp>
<http://www.twdb.texas.gov/conservation/resources/waterloss-resources.asp>

Part C

- No. 39
- No. 40
- No. 45
- No. 46
- No. 47
- No. 49
- No. 52

Financial

Assessed Values by Classifications
Direct and Overlapping Tax Table
Proforma for each year of debt outstanding
Five year comparative system operating statement.
Annual audit and management letter
Outstanding debt schedule
Service provider contracts

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

Part D

Project Information

- No. 54a Preliminary Engineering Feasibility Data (PEFD)
- No. 54b Engineering Feasibility Report
 - Water (TWDB-0555)
 - Wastewater (TWDB-0556)
- No. 54c Project Draw Schedule (TWDB-1202)
- No. 56 Project Map
- No. 57 Census Tract(s)
- No. 59 Current and future populations and projected water use or wastewater flows
- No. 60 Project Cost Estimate Budget (TWDB-1201)
- No. 61 Wastewater Project Information Form (WRD-253a)
Water Project Information Form (WRD-253d)
- No. 62 Texas Pollution Discharge Elimination System Permit
- No. 63 If applicant has property rights and permits
 - a. WRD-208A (Surface Water)
 - b. WRD-208B (Groundwater)
- No. 63c Additional Permits
- No. 64 Site certificate, evidencing land ownership for the project. (ED-101)
- No. 65 Categorical Exclusion (CE), Finding of No Significant Impact (FONSI), Record of Decision or any other supporting document
- No. 67 Social or environmental issues

Part E

State Water Implementation Fund for Texas

- No. 69 Multi-year/phased commitment schedule
- No. 71a Draft Bond Ordinance
- No. 71b Private Placement Memorandum

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

Part J: Guidance and Forms

Part A

General Information

CWSRF – 31 TAC 375

DWSRF – 31 TAC 371

EDAP and SWIFT - 31 TAC 363

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

Part D

Project Information

[State Programs - 31 TAC 363](#)

[Drinking Water State Revolving Fund - 31 TAC 371](#)

[Clean Water State Revolving Fund / Equivalency - 31 TAC 375](#)

[Clean Water State Revolving Fund / Non-Equivalency - 31 TAC 375](#)

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

Clean Water EID Instructions (SRF-099)

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

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

Drinking Water EID Instructions (DW-001)

Part H

Green Projects and Project Components

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

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

Attachments

Part A: General Information

Part A6: Consultant Services



April 28, 2017

TO: Texas Water Development Board

FROM: City of Springtown

RE: Swift Application, Section 6

It is the intent for the City of Springtown to enter into different contracts requiring services with any of the firms listed in Section 6 in the Swift application. Procurement of any contract requirement will occur if the city receives approval by the TWDB.

Sincerely,

Doug Hughes
City Administrator
City of Springtown

Part A6a: Engineer

AGREEMENT FOR PROFESSIONAL SERVICES

STATE OF TEXAS §

COUNTY OF PARKER §

This AGREEMENT is entered into by the City of Springtown, Texas, hereinafter called “OWNER” and Freese and Nichols, Inc., hereinafter called “FNI.” In consideration of the AGREEMENTS herein, the parties agree as follows:

- I. **EMPLOYMENT OF FNI:** In accordance with the terms of this AGREEMENT: OWNER agrees to employ FNI; FNI agrees to perform professional services in connection with the Project; OWNER agrees to pay to FNI compensation. The Project is described as follows: Two Water Wells funded through TWDB SWIFT.

- II. **SCOPE OF SERVICES:** FNI shall render professional services in connection with Project as set forth in Attachment SC - Scope of Services and Responsibilities of OWNER which is attached to and made a part of this AGREEMENT.

- III. **COMPENSATION:** OWNER agrees to pay FNI for all professional services rendered under this AGREEMENT in accordance with Attachment CO – Compensation which is attached hereto and made a part of this AGREEMENT. FNI shall perform professional services as outlined in the “Scope of Services” for a lump sum fee of _____ (\$_____), for basic services and a not to exceed fee of _____ (\$_____) for special services Details concerning the fee are included in Attachment CO.

If FNI’s services are delayed or suspended by OWNER, or if FNI’s services are extended for more than 60 days through no fault of FNI, FNI shall be entitled to equitable adjustment of rates and amounts of compensation to reflect reasonable costs incurred by FNI in connection with such delay or suspension and reactivation and the fact that the time for performance under this AGREEMENT has been revised.

- IV. **TERMS AND CONDITIONS OF AGREEMENT:** The Terms and Conditions of Agreement as set forth as Attachment TC shall govern the relationship between the OWNER and FNI.

Nothing under this AGREEMENT shall be construed to give any rights or benefits in this AGREEMENT to anyone other than OWNER and FNI, and all duties and responsibilities undertaken pursuant to this AGREEMENT will be for the sole and exclusive benefit of OWNER and FNI and not for the benefit of any other party.

This AGREEMENT constitutes the entire AGREEMENT between OWNER and FNI and supersedes all prior written or oral understandings.

This contract is executed in two counterparts.

IN TESTIMONY HEREOF, they have executed this AGREEMENT, the ____ day of _____, 2017.

ATTEST:

City of Springtown, Texas
(OWNER)

By: _____

ATTEST:

Freese and Nichols, Inc.
(FNI)

By: _____

DRAFT

SCOPE OF SERVICES AND RESPONSIBILITIES OF OWNER

ARTICLE I

OVERVIEW: This project is funded via the TWDB -SWIFT loan programs and will develop 2 new wells from the Trinity Aquifer for the City of Springtown. The new wells will provide the city better water supply mix between surface and ground water. This mix of sources provides redundant water supply and lessens surface water dependency which can be adversely influenced in times of drought. The proposed wells will be designed and constructed to TCEQ public water well standards and then pumped into ground storage tanks. From the tanks, the water will be pumped into the city's water system.

BASIC SERVICE: Design Two Potable Water Wells

Design: the water well to the yield capacity of the aquifer. Conceptual estimates vary from 50 gpm to 100 gpm. This estimate will be refined during the design phase. Note that the water well yields are finalized during the well development period. The well locations are known to be in the Trinity Aquifer and indicates a high likelihood of hitting usable water in the goal flowrate. However, in the event that a dry hole is drilled, moving the well to a new spot will be considered an additional service.

- A. STUDY PHASE: Provide Engineering Design Report per the requirements of the TWDB SWIFT funding requirements.
- B. DESIGN PHASE: FNI shall provide professional services in this phase as follows. Design will be for the **TWDB SWIFT funded Water Wells** in the City of Springtown, Texas.
1. Obtain survey as described in the survey scope of services located under Article 1 D.
 2. Attend one kickoff meeting with the Owner together to discuss the scope, budget, and schedule of the project and to obtain information from the Owner needed for the design
 3. Review necessary regulatory provisions and incorporate the latest applicable standards into design.
 4. Prepare 30% level design plans and opinion of probable construction cost. The 30% plans shall include a cover sheet with vicinity map, water general note sheet(s), water line alignment sheets, and plan and profiles of water wells.
 5. Provide 2 copies of the 30% design submittal to the Owner and attend one meeting with the Owner to review the 30% submittal and receive comments.
 6. Prepare 60% level design plans and opinion of probable construction cost. Provide same sheets from 30% submittal and addressed City comments resulting from the 30% submittal with the addition of standard water details, erosion control plan and details.
 7. Provide 2 copies of the 30% design submittal to the Owner and attend one meeting with the Owner to review the 30% submittal and receive comments.

8. Upon receipt of 60% review comments from the Owner, prepare 90% design plans, technical specifications, and updated opinion of probable construction cost. Provide same sheets from 60% submittal and addressed City comments resulting from the 60% submittal with the addition of standard water details, erosion control plan and details.
9. Provide 2 copies of the 90% design submittal to the Owner and attend one meeting with the Owner and to review the 90% submittal and receive comments.
10. Upon receipt of 90% review comments from the Owner, prepare Final drawings, technical specifications, and bid form.
11. Provide 2 copies of the Final plans and specifications to the Owner for bidding.

C. BID OR NEGOTIATION PHASE. Upon completion of the design services and approval of “Final” drawings and specifications by OWNER, FNI will proceed with the performance of services in this phase as follows. These basic services include provision of plans and specifications for one construction project, to be included with the **TWDB SWIFT Water Wells**. Provisions for more than one construction project will be considered additional services.

1. Assist OWNER in securing bids. Issue a Notice to Bidders to prospective contractors and vendors listed in FNI’s database of prospective bidders, and to selected plan rooms. Provide a copy of the notice to bidders for OWNER to use in notifying construction news publications and publishing appropriate legal notice. The cost for publications shall be paid by OWNER.
2. Maintain information on entities that have been issue a set of bid documents. Distribute information on plan holders to interested contractors and vendors on request.
3. Assist Owner by responding to questions and interpreting bid documents. Prepare and issue addenda to the bid documents to plan holders if necessary.
4. At OWNER request, FNI will assist OWNER in opening, tabulating, and analyzing the bids received. Review the qualification information provided by the apparent low bidder to determine if, based on the information available, they appear to be qualified to construct the project. Recommend award of contracts or other actions as appropriate to be taken by OWNER. Pre-qualification of all prospective bidders and issuing a list of eligible bidders prior to the bid opening is an additional service.
5. Assist the OWNER in conducting a pre-bid conference for the construction projects and coordinate responses with OWNER. Response to the pre-bid conference will be in the form of addenda issued after the conference. Attend the tour of the project site after the pre-bid conference.
6. Assist OWNER in the preparation of Construction Contract Documents for construction contracts. Provide ten (10) sets of Construction Contract Documents which include information from the apparent low bidders bid documents, legal documents, and addenda bound in the documents for execution by the OWNER and construction contractor. Distribute five (5) copies of these documents to the contractor with a notice of award that includes directions for the execution of these documents by the construction contractor. Provide OWNER with the remaining five (5) copies of these documents for use during construction. Additional sets of documents can be provided as an additional service.
7. Furnish contractor copies of the drawings and specifications for construction pursuant to the General Conditions of the Construction Contract.

- D. CONSTRUCTION PHASE: Upon completion of the bid or negotiation phase services, FNI will proceed with the performance of construction phase services as described below. FNI will endeavor to protect OWNER in providing these services however, it is understood that FNI does not guarantee the Contractor's performance, nor is FNI responsible for supervision of the Contractor's operation and employees. FNI shall not be responsible for the means, methods, techniques, sequences or procedures of construction selected by the Contractor, or any safety precautions and programs relating in any way to the condition of the premises, the work of the Contractor or any Subcontractor. FNI shall not be responsible for the acts or omissions of any person (except its own employees or agents) at the Project site or otherwise performing any of the work of the Project.

These services are based on the use of FNI standard General Conditions for construction projects. Modifications to these services required by use of other general conditions or contract administration procedures are an additional service. If general conditions other than FNI standards are used, the OWNER agrees to include provisions in the construction contract documents that will require the construction contractor to include FNI and their subconsultants on this project to be listed as an additional insured on contractor's insurance policies.

1. Assist OWNER in conducting one pre-construction conference with the Contractor.
2. Establish and maintain a project documentation system consistent with the requirements of the construction contract documents. Monitor the processing of contractor's submittals and provide for filing and retrieval of project documentation. Review contractor's submittals, including, requests for information, modification requests, shop drawings, schedules, and other submittals in accordance with the requirements of the construction contract documents for the projects
3. Based on FNI's observations as an experienced and qualified design professional and review of the Payment Requests and supporting documentation submitted by Contractor, determine the amount that FNI recommends Contractor be paid on monthly and final estimates for the water and sanitary sewer portions of the construction project, pursuant to the General Conditions of the Construction Contract.
4. Make up to 8 total visits to the site (as distinguished from the continuous services of a Resident Project Representative) to observe the progress and the quality of work and to attempt to determine in general if the work is proceeding in accordance with the Construction Contract Documents. In this effort FNI will endeavor to protect the OWNER against defects and deficiencies in the work of Contractors and will report any observed deficiencies to OWNER. Visits to the site in excess of the specified number are an additional service.
5. It is estimated construction will take 6 months to complete. Construction lasting long than this time will be considered an additional service.
6. Notify the contractor of non-conforming work observed on site visits. Review quality related documents provided by the contractor such as test reports, equipment installation reports or other documentation required by the Construction contract documents.
7. Interpret the drawings and specifications for OWNER and Contractor. Investigations, analyses, and studies requested by the Contractor and approved by OWNER, for substitutions of equipment and/or materials or deviations from the drawings and specifications is an additional service.
8. Establish procedures for administering constructive changes to the construction contracts. Process contract modifications and negotiate with the contractor on behalf of the OWNER to determine

the cost and time impacts of these changes. Prepare change order documentation for approved changes for execution by the OWNER. Documentation of field orders, where cost to OWNER is not impacted, will also be prepared. Investigations, analyses, studies or design for substitutions of equipment or materials, corrections of defective or deficient work of the contractor or other deviations from the construction contract documents requested by the contractor and approved by the Owner are an additional service. Substitutions of materials or equipment or design modifications requested by the OWNER are an additional service.

- 9. Prepare documentation for contract modifications required to implement modifications in the design of the project. Receive and evaluate notices of contractor claims and make recommendations to the OWNER on the merit and value of the claim on the basis of information submitted by the contractor or available in project documentation. Endeavor to negotiate a settlement value with the Contractor on behalf of the OWNER if appropriate. Providing these services to review or evaluate construction contractor claim(s), supported by causes not within the control of FNI are an additional service.
- 10. Conduct, in company with OWNER’s representative, a final review of the Project for conformance with the design concept of the Project and general compliance with the Construction Contract Documents. Prepare a list of deficiencies to be corrected by the contractor before recommendation of final payment. Assist the City in obtaining legal releases, permits, warranties, spare parts, and keys from the contractor. Review and comment on the certificate of completion and the recommendation for final payment to the Contractor(s). Visiting the site to review completed work in excess of two trips are an additional service.
- 11. Revise the construction drawings in accordance with the information furnished by construction Contractor reflecting changes in the Project made during construction. Two (2) sets of prints of “Record Drawings” shall be provided by FNI to OWNER.

ARTICLE II

SPECIAL SERVICES

E. **Surveying Scope of Service**

FNI will subcontract with Brittain and Crawford, Inc. to provide surveying services.

1st Water Well Location on Springfield Road

Item No.1: Survey and prepare an electronic and hard copy boundary survey map of the existing tank site on Springfield Road, indicating the location of newly set or discovered property corners, property lines, fences, all surface features and edge of pavement.

Item No.2: Survey and prepare an overlay electronic topographic survey map adding in spot elevations and one-foot contours.

Item No.3: Prepare one Sanitary Control Easement document

2nd Water Well Location on Enderby Lane

Item No.1: Survey and prepare an electronic and hard copy boundary survey map of the proposed well site on Enderby Lane, indicating the location of newly set or discovered property corners, property lines, fences, all surface features and edge of pavement.

Item No.2: Survey and prepare an overlay electronic topographic survey map adding in spot elevations, one-foot contours and trees.

Item No.3: Prepare two Sanitary Control Easement documents and one Permanent Utility Easement Document.

F. **Environmental Permitting Evaluation**

- a. To be completed. In current discussion with TWDB over the level of Environment review necessary

DRAFT

ARTICLE III

ADDITIONAL SERVICES: Additional Services to be performed by FNI, if authorized by OWNER, which are not included in the above described basic services, are described as follows:

- A. Field layouts or the furnishing of construction line and grade surveys.
- B. GIS mapping services or assistance with these services.
- C. Preparation of temporary and permanent easement documents.
- D. Making property, boundary and right-of-way surveys, preparation of easement and deed descriptions, including title search and examination of deed records.
- E. Providing services to investigate existing conditions or facilities, or to make measured drawings thereof, or to verify the accuracy of drawings or other information furnished by OWNER.
- F. Providing renderings, model, and mock-ups requested by the OWNER.
- G. Making revisions to drawings, specifications or other documents when such revisions are 1) not consistent with approvals or instructions previously given by OWNER or 2) due to other causes not solely within the control of FNI.
- H. Providing consultation concerning the replacement of any Work damaged by fire or other cause during the construction, and providing services as may be required in connection with the replacement of such Work.
- I. Investigations involving consideration of operation, maintenance and overhead expenses, and the preparation of rate schedules, earnings and expense statements, feasibility studies, appraisals, evaluations, assessment schedules, and material audits or inventories required for certification of force account construction performed by OWNER.
- J. Preparing applications and supporting documents for government grants, loans, or planning advances and providing data for detailed applications.
- K. Providing shop, mill, field or laboratory inspection of materials and equipment. Observe factory tests of equipment at any site remote to the project or observing tests required as a result of equipment failing the initial test.
- L. Preparing Operation and Maintenance Manuals or conducting operator training.
- M. Preparing data and reports for assistance to OWNER in preparation for hearings before regulatory agencies, courts, arbitration panels or any mediator, giving testimony, personally or by deposition, and preparations therefore before any regulatory agency, court, arbitration panel or mediator.

N. Furnishing the services of a Resident Project Representative to act as OWNER’s on-site representative during the Construction Phase. The Resident Project Representative will act as directed by FNI in order to provide more extensive representation at the Project site during the Construction Phase. Through more extensive on-site observations of the work in progress and field checks of materials and equipment by the Resident Project Representative and assistants, FNI shall endeavor to provide further protection for OWNER against defects and deficiencies in the work. Furnishing the services of a Resident Project Representative is subject to the provisions of Article I, D and Attachment RPR.

If OWNER provides personnel to support the activities of the Resident Project Representative who is FNI or FNI’s agent or employee, the duties, responsibilities and limitations of authority of such personnel will be set forth in an Attachment attached to and made a part of this AGREEMENT before the services of such personnel are begun. It is understood and agreed that such personnel will work under the direction of and be responsible to the Resident Project Representative. OWNER agrees that whenever FNI informs him in writing that any such personnel provided by the OWNER are, in his opinion, incompetent, unfaithful or disorderly, such personnel shall be replaced.

O. Preparation of Conformed or “As Bid” plans and specifications for use during the construction phase. These documents shall involve the incorporation of addenda items into the Contract Documents through modification of the electronic files and reprinting of the plans and specifications inclusive of the incorporated changes.

P. Assisting OWNER in preparing for, or appearing at litigation, mediation, arbitration, dispute review boards, or other legal and/or administrative proceedings in the defense or prosecution of claims disputes with Contractor(s).

ARTICLE IV

TIME OF COMPLETION: FNI is authorized to commence work on the Project upon execution of this AGREEMENT and agrees to complete the services within the following schedule:

One year for Design and Construction from notice to proceed.

If FNI’s services are delayed through no fault of FNI, FNI shall be entitled to adjust contract schedule consistent with the number of days of delay. These delays may include but are not limited to delays in OWNER or regulatory reviews, delays on the flow of information to be provided to FNI, governmental approvals, etc. These delays may result in an adjustment to compensation as outlined on the face of this AGREEMENT and in Attachment CO.

ARTICLE V

RESPONSIBILITIES OF OWNER: OWNER shall perform the following in a timely manner so as not to delay the services of FNI:

A. Provide meeting space and coordinate equipment needs, room set up, and logistics for meetings outlined in Article 1.

B. The owner shall procure the necessary easements for the project design and construction.

- C. Designate in writing a person to act as OWNER’s representative with respect to the services to be rendered under this AGREEMENT. Such person shall have contract authority to transmit instructions, receive information, interpret and define OWNER’s policies and decisions with respect to FNI’s services for the Project.
- D. Arrange for access to and make all provisions for FNI to enter upon public and private property as required for FNI to perform services under this AGREEMENT.
- E. Examine and provide prompt feedback on all submittals, draft reports, sketches, drawings, and other documents presented by FNI within a reasonable time so as not to delay the services of FNI.
- F. Furnish, or direct FNI to provide, Additional Services as stipulated in Attachment SC, Article II of this AGREEMENT or other services as required.
- G. Construct all improvements to the Owner’s WTP disinfection facilities based on FNI design documentation. If the Owner chooses to bid out the project to an outside contractor, FNI shall be provided Additional Services for development of appropriate bid documents and general representation services with the Contractor.
- H. Bear all costs incident to compliance with the requirements of this Article IV.
- I. Provide relevant record drawings including those related to the water treatment plant, intermediate booster pump station, and the distribution pipeline between both respective facilities.

ARTICLE VI

DESIGNATED REPRESENTATIVES: FNI and OWNER designate the following representatives:

Owner’s Designated Representative – Doug Hughes, City Administrator, 102 E. Second Street, Springtown, TX 76082, (817) 220-4834; and e-mail dhughes@cityofspringtown.com

Owner’s Accounting Representative – Same as above

FNI’s Project Manager – Aaron Redder, 2220 San Jacinto Blvd., Ste. 330, Denton Texas 75205; Phone 940-220-4340; email aaron.redder@freese.com

FNI’s Accounting Representative – Stephanie Kirchstein, 2711 N. Haskell Ave., Ste. 3300, Dallas, Texas 75204; Phone 214-217-2212; email stephaine.kirchstein@freese.com

Part A6b: Bond Counsel

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

Paul A. Braden
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Tel +1 214 855 8000
Fax +1 214 855 8200
nortonrosefulbright.com

April 27, 2017

Honorable Mayor and City Council
City of Springtown
102 East Second Street
Springtown, Texas 76082

Re: Representation of City of Springtown as Bond Counsel

Mayor and Members of the City Council:

We are pleased to submit to you a proposed agreement for Norton Rose Fulbright US LLP, to serve as bond counsel ("Bond Counsel") to the City of Springtown, Texas (the "Issuer") with respect to the issuance of tax-exempt or taxable debt obligations that the Issuer may elect to issue from time to time (the "Obligations"), including the proposed issuance of Combination Tax and Surplus Revenue Certificates of Obligation to the Texas Water Development Board. When approved by you, this letter, together with the Additional Terms of Engagement attached hereto, will become effective and will evidence an agreement between the Issuer and our firm with respect to our representation of the Issuer as bond counsel (the "Representation").

Terms of Engagement

This letter sets out the terms of our engagement in the Representation and supersedes any prior engagement letters. Certain of our terms of engagement are included in the body of this letter, and additional terms are contained in the attached document, entitled *Additional Terms of Engagement*. That document is expressly incorporated into this letter, and it should be read carefully. The execution and return of the enclosed copy of this letter constitutes an unqualified agreement to all the terms set forth in this letter and in the attached *Additional Terms of Engagement*.

It is understood and agreed that our engagement is limited to the Representation. We are not being retained as general counsel, and our acceptance of this engagement does not imply any undertaking to provide legal services other than those set forth in this letter.

As bond counsel, we expect to perform the following duties:

(1) subject to completion of proceedings to our satisfaction, render our legal opinion (the "Bond Opinion") regarding the validity and binding effect of the Obligations, the source of payment and security for the Obligations, and the federal income tax treatment of interest on the Obligations;

(2) prepare and review documents necessary or appropriate to the authorization, issuance, sale, and delivery of the Obligations, and coordinate the authorization and execution of such documents;

(3) assist you in seeking from other governmental authorities such approvals, permissions, and exemptions as we determine are necessary or appropriate in connection with the authorization, issuance, sale, and delivery of the Obligations;

(4) review legal issues relating to the structure of the Obligations;

(5) prepare election proceedings if appropriate;

(6) assist you in reviewing those sections of the official statement, private placement memorandum, or other form of offering or disclosure document which describe the terms of the Obligations and the opinion described in paragraph (1) above to be disseminated in connection with the sale of the Obligations; and

(7) assist in presenting information relating to the legality of the Obligations to bond rating organizations and providers of credit enhancement if applicable.

The Bond Opinion will be based on facts and law existing as of its date. In rendering our Bond Opinion, we will rely upon the certified proceedings and other certifications of public officials and other persons furnished to us without undertaking to verify the same by independent investigation.

Our engagement is to advise you with respect to legal issues only; we understand that you have engaged hilltop Securities as your financial advisor, and unless otherwise instructed by you we will consult with and take direction from your financial advisor in the issuance of the Obligations. Our duties as bond counsel specifically do not include:

(1) except as described in paragraph (6) above, or except as specifically engaged for such purpose, assisting in the preparation or review of an official statement or any other disclosure document with respect to the Obligations, or performing an independent investigation to determine the accuracy, completeness or sufficiency of any such document or rendering advice that the official statement or other disclosure document does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading;

(2) preparing requests for tax rulings from the Internal Revenue Service;

(3) preparing blue sky or investment surveys with respect to the Obligations;

(4) drafting of state constitutional amendments or preparation of authorizing legislation;

(5) making an investigation or expressing any view of the creditworthiness of you or of the Obligations or any obligor therefor;

(6) except if specifically engaged for such purpose, assisting in the preparation of, or opining on, a continuing disclosure undertaking pertaining to the Obligations and, after initial delivery of the Obligations, providing advice concerning any actions necessary to assure compliance with any continuing disclosure undertaking;

(7) responding to Internal Revenue Service audits or Securities and Exchange Commission investigations; or

(8) any other matter not specifically set forth above that is not required to render the Bond Opinion.

Our Personnel Who Will Be Working on the Obligations

I would have primary responsibility for servicing the account of the City. Other firm personnel, including firm lawyers and legal assistants, will participate in the Representation if, in our judgment, their participation is necessary or appropriate.

Our Legal Fees and Costs

For the services performed in connection with the issuance of Obligations, we will be paid a fee as set forth on the attached schedule of fees. Such fees(s) shall be paid from the proceeds of the sale of the Obligations or from other funds, as the Issuer deems appropriate, and, except to the extent otherwise provided herein, are contingent on a successful closing of the Obligation sale unless otherwise agreed to by the parties hereof. We customarily do not submit any statement for fees and out-of-pocket expenses until the closing of the sale of Obligations; however, if there is a substantial delay in completing the financing or if it is determined that the financing will not proceed to a closing, we will submit a statement for any-out-of-pocket expenses reasonably incurred.

In addition to our fees for rendering professional services, you will compensate us for expenses and non-professional services incurred incident to the performance of our legal services, such as photocopying, delivery charges, travel expenses, long-distance telephone calls, facsimile transmissions, overtime for secretaries and other nonlegal staff, specialized computer applications such as computerized legal research, and filing fees, whether or not the Obligations are issued.

In the event we are requested by the Issuer to perform services beyond the scope of bond counsel or to perform services as bond counsel, including the issuance of a legal opinion, which are not directly related to the issuance of Obligations, the Firm's hourly rates apply and the fees are not contingent. Any such work that is not directly related to an offering of Obligations or that is beyond the scope of bond counsel must be specifically authorized by the Issuer prior to such work being performed. Our statements for any such hourly services and expenses relating to such work will normally be rendered on a monthly basis and are due and payable upon receipt by you.

There shall be no individual liability to any member of the City Council of the Issuer, or any other official of the Issuer for the payment of any amounts due hereunder.

If this agreement is terminated by you and a sale of Obligations which we worked on closes, we will be entitled to payment of reasonable fees in compensation for the work performed by us to the date of termination, based upon our standard hourly rates and the time expended on the transaction.

Conflicts of Interest

Before accepting the Representation, we have undertaken reasonable and customary efforts to determine whether there are any potential conflicts of interest that would bar our firm from representing you in connection with the issuance of the Obligations. Based on information available to us, we are not aware of any potential disqualification. We reviewed that issue in accordance with the rules of professional responsibility adopted in Texas. We believe that those rules, rather than the rules of any other jurisdiction, are applicable to the Representation; and the execution and return of the enclosed copy of this letter by you represents an express agreement to the applicability of those rules.

We also note that we represent many issuers, investment banking firms, commercial banks, and other parties to public finance transactions from time to time in connection with issuance of bonds other than the Obligations or in non-bond-related matters, including your financial advisor and possible purchasers of the Obligations.

Our firm has also been engaged by the Texas Water Development Board (the "Board") to serve as bond counsel on certain of its bond programs. In that capacity, we may give advice to the Board regarding its ability to issue bonds on a tax exempt basis to fund loan programs which will fund the purchase of bonds or other obligations from various local government entities, including possibly the Issuer. In our capacity as Bond Counsel to the Issuer, we will draft the financing documents to accurately reflect the terms of the financing as discussed by the Issuer and its financial advisor and the established rules and procedures of the Board. Since we are not representing the Board or the Issuer in an advocacy capacity with respect to the negotiation of the terms of any loan to the Issuer by the Board, our representation of either the Board in its issuance of certain debt obligations or the Issuer in its issuance of bonds to be purchased by the Board would not result in our being in a conflict of interest position with respect to our representation as Bond Counsel. We only represent the Issuer in any loan transaction pursuant to which the Issuer sells its bonds to the Board

It is our professional judgment that such relationships with the others described in this section do not adversely affect our ability to represent the Issuer in this matter. Your acceptance of these terms of engagement represents your consent to our representation of those persons now and in the future on the terms outlined in this section.

Conclusion

This letter, the attached *Additional Terms of Engagement* and the other attachments constitute the entire terms of the engagement of Norton Rose Fulbright US LLP in the Representation. These written terms of engagement are not subject to any oral agreements or understandings, and they can be modified only by further written agreement signed both by the Issuer and Norton Rose Fulbright US LLP. Unless expressly stated in these terms of engagement, no obligation or undertaking shall be implied on the part of either the Issuer or Norton Rose Fulbright US LLP.

Please carefully review this letter and the attached *Additional Terms of Engagement*. If both documents are acceptable, please sign and return the enclosed copy of this letter so that we may commence the Representation. Thank you for the opportunity to be of service to the City of Springtown, Texas.

Sincerely,

NORTON ROSE FULBRIGHT US LLP

By 
Paul A. Braden

CITY OF SPRINGTOWN, TEXAS, AGREES TO AND ACCEPTS THIS
LETTER AND THE ATTACHED TERMS OF ENGAGEMENT:

CITY OF SPRINGTOWN, TEXAS

By: _____

Title: _____

Date: _____

SCHEDULE OF FEES

- A. Non-TWDB Tax Supported New Money General Obligations and Certificates of Obligation: \$7,000 + \$1.00 for each \$1,000 of par value of Obligations issued.
- B. Refunding Bonds: 1.5 times above amounts.
- C. Revenue or Other Special Obligations: 1.75 times above amounts and/or by agreement.
- D. TWDB Financings: Standard hourly rates apply (with a cap of \$25,000).

Expenses. In addition to bond counsel fees, the Firm would be entitled to payment or reimbursement for out-of-pocket expenses incurred in performing services in this engagement as set forth in the attached Expenses and Services Summary Schedule.

Our fees (but not out-of-pocket expenses) will be contingent upon, and will be billed and become due promptly after, the actual delivery of the Obligations to or for the account of the initial purchaser. In the event the City receives a grant or other source of funding for the project for which the Obligations were to be issued, we would be paid on the basis of the hourly work we did in connection with the issuance of Obligations or the grant plus reimbursement for any out-of-pocket expenses incurred.

FULBRIGHT & JAWORSKI LLP

Additional Terms of Engagement

This is a supplement to our engagement letter, dated April 27, 2017. The purpose of this document is to set out additional terms of our agreement to provide the representation described in our engagement letter (the "Representation") concerning the issuance of tax-exempt or taxable debt obligations that the Issuer may elect to issue from time to time (the "Matter"). Because these additional terms of engagement are a part of our agreement to provide legal services, the Issuer should review them carefully and should promptly communicate to us any questions concerning this document. We suggest that the Issuer retain this statement of additional terms along with our engagement letter and any related documents.

The Scope of the Representation

As lawyers, we undertake to provide representation and advice on the legal matters for which we are engaged. It is important for our clients to have a clear understanding of the legal services that we have agreed to provide. Thus, if there are any questions about the scope of the Representation that we are to provide in the Matter, please raise those questions promptly, so that we may resolve them at the outset of the Representation.

Any expressions on our part concerning the outcome of the Representation, or any other legal matters, are based on our professional judgment and are not guarantees. Such expressions, even when described as opinions, are necessarily limited by our knowledge of the facts and are based on our views of the state of the law at the time they are expressed.

Upon accepting this engagement on the Issuer's behalf, Norton Rose Fulbright US LLP agrees to do the following: (1) provide legal counsel in accordance with these terms of engagement and the related engagement letter, and in reliance upon information and guidance provided by the Issuer; and (2) keep the Issuer reasonably informed about the status and progress of the Representation.

To enable us to provide effective representation, the Issuer agree to do the following: (1) disclose to us, fully and accurately and on a timely basis, all facts and documents that are or might be material or that we may request, (2) keep us apprised on a timely basis of all developments relating to the Representation that are or might be material, (3) attend meetings, conferences, and other proceedings when it is reasonable to do so, and (4) otherwise cooperate fully with us.

Our firm has been engaged to provide legal services in connection with the Representation in the Matter, as specifically defined in our engagement letter. After completion of the Representation, changes may occur in the applicable laws or regulations that could affect the Issuer's future rights and liabilities in regard to the Matter. Unless we are actually engaged after the completion of the Representation to provide additional advice on such issues, the firm has no continuing obligation to give advice with respect to any future legal developments that may pertain to the Matter.

Who Will Provide the Legal Services

As our engagement letter confirms, Norton Rose Fulbright US LLP will represent the Issuer in the Matter. Norton Rose Fulbright US LLP is a registered limited liability partnership under Chapter 152 of the Texas Business Organizations Code.

Although our firm will be providing legal services, each client of the firm customarily has a relationship principally with one attorney, or perhaps a few attorneys. At the same time, however, the work required in the Representation, or parts of it, may be performed by other firm personnel, including lawyers and paralegals. Such delegation may be for the purpose of involving other firm personnel with experience in a given area or for the purpose of providing services on an efficient and timely basis.

Our Relationships With Others

Our law firm represents many companies and individuals. In some instances, the applicable rules of professional conduct may limit our ability to represent clients with conflicting or potentially conflicting interests. Those rules of conduct often allow us to exercise our independent judgment in determining whether our relationship with one client prevents us from representing another. In other situations, we may be permitted to represent a client only if the other clients consent to that representation.

Rules concerning conflicts of interest vary with the jurisdiction. In order to avoid any uncertainty, it is our policy that the governing rules will be those applicable to the particular office of our firm that prepares the engagement letter for a particular matter. The acceptance by the Issuer of our engagement letter constitutes an express agreement with that policy, unless the engagement letter specifically states that some other rules of professional responsibility will govern our attorney-client relationship.

The Issuer agrees that we may represent current or future clients (including any parties adverse to the Issuer in this matter) in any matters that are not substantially related to this matter, even if the interests of such clients in the other matters are directly adverse to the Issuer. We agree however that the Issuer consent does not permit us to represent another client in a matter if we have obtained non-public proprietary or other confidential information from the Issuer that could be used by the other client to the Issuer material disadvantage in that matter.

In addition to our representation of other companies and individuals, we also regularly represent lawyers and law firms. As a result, opposing counsel in the Matter may be a lawyer or law firm that we may represent now or in the future. Likewise, opposing counsel in the Matter may represent our firm now or in the future. Further, we have professional and personal relationships with many other attorneys, often because of our participation in bar associations and other professional organizations. It is our professional judgment that such relationships with other attorneys do not adversely affect our ability to represent any client. The acceptance of these terms of engagement represents an unqualified consent to any such relationships between our firm and other lawyers or law firms, even counsel who is representing a party that is adverse to the Issuer in the Matter that is the subject of this engagement or in some other matter.

Communications and Confidentiality

We have available Internet communication procedures that allow our attorneys to use e-mail for client communications in many instances. Accordingly, unless the Issuer specifically directs us otherwise, we may use unencrypted email sent on the Internet to communicate with the Issuer and to send documents we have prepared or reviewed.

We recognize our obligation to preserve the confidentiality of attorney-client communications as well as client confidences, as required by the governing rules of professional responsibility. If the Matter involves transactions, litigation or administrative proceedings or like proceedings in

which we appear as counsel of record for the Issuer in publicly available records, we reserve the right to inform others of the fact of our representation of the Issuer in the Matter and (if likewise reflected of record in publicly available records) the results obtained, unless the Issuer specifically directs otherwise.

Norton Rose Fulbright US LLP, Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright Canada LLP and Norton Rose Fulbright South Africa Inc, each of which is a separate legal entity, are members in Norton Rose Fulbright Verein, a Swiss verein that does not itself provide legal services. Although the members in Norton Rose Fulbright remain separate legal entities, we operate as a single legal practice. We share with other members non-privileged information about our practice and clients for research, practice management, training, administrative and other business purposes. Confidentiality agreements are in place among all members. If you have any concerns about this sharing of non-privileged information that relates to you, please promptly notify us so that we can address your concerns.

Disclaimer

Norton Rose Fulbright US LLP has made no promises or guarantees to the Issuer about the outcome of the Representation or the Matter, and nothing in these terms of engagement shall be construed as such a promise or guarantee.

Termination

At any time, the Issuer may, with or without cause, terminate the Representation by notifying us of the Issuer's intention to do so.

We are subject to the codes or rules of professional responsibility for the jurisdictions in which we practice. There are several types of conduct or circumstances that could result in our withdrawing from representing a client, including, for example, the following: non-payment of fees or charges; misrepresentation or failure to disclose material facts; fraudulent or criminal conduct; action contrary to our advice; and conflict of interest with another client. The right of Norton Rose Fulbright US LLP to withdraw in such circumstances is in addition to any rights created by statute or recognized by the governing rules of professional conduct. Further, a failure by the Issuer to meet any obligations under these terms of engagement shall entitle us to terminate the Representation. We try to identify in advance and discuss with our clients any situation that may lead to our withdrawal.

Termination of the Representation will not affect the Issuer's obligation to pay for legal services rendered and expenses and charges incurred before termination, as well as additional services and charges incurred in connection with an orderly transition of the Matter. Further, in the event of termination of the Representation, the Issuer will take all steps necessary to release Norton Rose Fulbright US LLP of any further obligations in the Representation or the Matter, including without limitation the execution of any documents necessary to effectuate our withdrawal from the Representation or the Matter.

Billing Arrangements and Terms of Payment

Our engagement letter specifically explains our fees for services in the Matter. Unless otherwise set forth in our engagement letter, we will bill on a regular basis, normally each month, for fees and expenses and charges and it is agreed that the Issuer will make full payment within 30 days of receiving our statement. We will give notice if an account becomes delinquent, and it is further agreed that any delinquent account must be paid upon the giving of

such notice. If the delinquency continues and the Issuer does not arrange satisfactory payment terms, we may withdraw from the Representation and pursue collection of our account.

Document Retention

At the close of any matter, we send our files in that matter to a storage facility for storage at our expense. The attorney closing the file determines how long we will maintain the files in storage. After that time, we will destroy the documents in the stored files.

At the conclusion of the Representation, we return to the client any documents that are specifically requested to be returned. As to any documents so returned, we may elect to keep a copy of the documents in our stored files.

Charges for Other Expenses and Services

Typically, our invoices will include amounts, not only for legal services rendered, but also for other expenses and services. Examples include charges for photocopying, travel and conference expenses, messenger deliveries, telephone conferences, and computerized research. In addition, we reserve the right to send to the Issuer for direct payment any invoices delivered to us by others, including experts and any vendors. It is further agreed that we are expressly authorized to retain any consultants, experts, or vendors that are appropriate, in our judgment, during the Representation.

In situations where we can readily determine the exact amount of expenses for products and services provided by third parties to be charged to the Issuer's account, our invoices will reflect the cost to us of the products and services. In many situations, however, the precise total cost of providing a product or service is difficult to establish, in which case we will use our professional judgment on the charges to be made for such product or service, which charges may vary from or exceed our direct cost of such product or service. In some situations, we can arrange for ancillary services to be provided by third parties with direct billing to the client. Attached is a copy of our current recharge schedule for expenses and services, which is subject to change from time to time.

Standards of Professionalism and Attorney Complaint Information

Pursuant to rules promulgated by the Texas Supreme Court and the State Bar of Texas, [we are to advise our clients of the contents of the Texas Lawyer's Creed, a copy of which is attached. In addition,] we are to advise clients that the State Bar of Texas investigates and prosecutes complaints of professional misconduct against attorneys licensed in Texas. A brochure entitled *Attorney Complaint Information* is available at all of our Texas offices and is likewise available upon request. A client that has any questions about State Bar's disciplinary process should call the Office of the General Counsel of the State Bar of Texas at 1-800-932-1900 toll free.

THE TEXAS LAWYER'S CREED — A Mandate for Professionalism

The Texas Supreme Court and the Texas Court of Criminal Appeals adopted this Creed, with the requirement that lawyers advise their clients of its contents when undertaking representation.

I am a lawyer; I am entrusted by the People of Texas to preserve and improve our legal system. I am licensed by the Supreme Court of Texas. I must therefore abide by the Texas Disciplinary Rules of Professional Conduct, but I know that Professionalism requires more than merely avoiding the violation of laws and rules. I am committed to this Creed for no other reason than it is right.

I. OUR LEGAL SYSTEM. A lawyer owes to the administration of justice personal dignity, integrity, and independence. A lawyer should always adhere to the highest principles of professionalism. I am passionately proud of my profession. Therefore, "My word is my bond." I am responsible to assure that all persons have access to competent representation regardless of wealth or position in life. I commit myself to an adequate and effective pro bono program. I am obligated to educate my clients, the public, and other lawyers regarding the spirit and letter of this Creed. I will always be conscious of my duty to the judicial system.

II. LAWYER TO CLIENT. A lawyer owes to a client allegiance, learning, skill, and industry. A lawyer shall employ all appropriate means to protect and advance the client's legitimate rights, claims, and objectives. A lawyer shall not be deterred by any real or imagined fear of judicial disfavor or public unpopularity, nor be influenced by mere self-interest. I will advise my client of the contents of this Creed when undertaking representation. I will endeavor to achieve my client's lawful objectives in legal transactions and in litigation as quickly and economically as possible. I will be loyal and committed to my client's lawful objectives, but I will not permit that loyalty and commitment to interfere with my duty to provide objective and independent advice. I will advise my client that civility and courtesy are expected and are not a sign of weakness. I will advise my client of proper and expected behavior. I will treat adverse parties and witnesses with fairness and due consideration. A client has no right to demand that I abuse anyone or indulge in any offensive conduct. I will advise my client that we will not pursue conduct which is intended primarily to harass or drain the financial resources of the opposing party. I will advise my client that we will not pursue tactics which are intended primarily for delay. I will advise my client that we will not pursue any course of action which is without merit. I will advise my client that I reserve the right to determine whether to grant accommodations to opposing counsel in all matters that do not adversely affect my client's lawful objectives. A client has no right to instruct me to refuse reasonable requests made by other counsel. I will advise my client regarding the availability of mediation, arbitration, and other alternative methods of resolving and settling disputes.

III. LAWYER TO LAWYER. A lawyer owes to opposing counsel, in the conduct of legal transactions and the pursuit of litigation, courtesy, candor, cooperation, and scrupulous observance of all agreements and mutual understandings. Ill feelings between clients shall not influence a lawyer's conduct, attitude, or demeanor toward opposing counsel. A lawyer shall not engage in unprofessional conduct in retaliation against other unprofessional conduct. I will be courteous, civil, and prompt in oral and written communications. I will not quarrel over matters of form or style, but I will concentrate on matters of substance. I will identify for other counsel or parties all changes I have made in documents submitted for review. I will attempt to prepare documents which correctly reflect the agreement of the parties. I will not include provisions which have not been agreed upon or omit provisions which are necessary to reflect the agreement of the parties. I will notify opposing counsel, and, if appropriate, the Court or other persons, as soon as practicable, when hearings, depositions, meetings, conferences or closings are canceled. I will agree to reasonable requests for extensions of time and for waiver of procedural formalities, provided legitimate objectives of my client will not be adversely affected. I will not serve

motions or pleadings in any manner that unfairly limits another party's opportunity to respond. I will attempt to resolve by agreement my objections to matters contained in pleadings and discovery requests and responses. I can disagree without being disagreeable. I recognize that effective representation does not require antagonistic or obnoxious behavior. I will neither encourage nor knowingly permit my client or anyone under my control to do anything which would be unethical or improper if done by me. I will not, without good cause, attribute bad motives or unethical conduct to opposing counsel nor bring the profession into disrepute by unfounded accusations of impropriety. I will avoid disparaging personal remarks or acrimony towards opposing counsel, parties and witnesses. I will not be influenced by any ill feeling between clients. I will abstain from any allusion to personal peculiarities or idiosyncrasies of opposing counsel. I will not take advantage, by causing any default or dismissal to be rendered, when I know the identity of an opposing counsel, without first inquiring about that counsel's intention to proceed. I will promptly submit orders to the Court. I will deliver copies to opposing counsel before or contemporaneously with submission to the court. I will promptly approve the form of orders which accurately reflect the substance of the rulings of the Court. I will not attempt to gain an unfair advantage by sending the Court or its staff correspondence or copies of correspondence. I will not arbitrarily schedule a deposition, Court appearance, or hearing until a good faith effort has been made to schedule it by agreement. I will readily stipulate to undisputed facts in order to avoid needless costs or inconvenience for any party. I will refrain from excessive and abusive discovery. I will comply with all reasonable discovery requests. I will not resist discovery requests which are not objectionable. I will not make objections nor give instructions to a witness for the purpose of delaying or obstructing the discovery process. I will encourage witnesses to respond to all deposition questions which are reasonably understandable. I will neither encourage nor permit my witness to quibble about words where their meaning is reasonably clear. I will not seek Court intervention to obtain discovery which is clearly improper and not discoverable. I will not seek sanctions or disqualification unless it is necessary for protection of my client's lawful objectives or is fully justified by the circumstances.

IV. LAWYER AND JUDGE. Lawyers and judges owe each other respect, diligence, candor, punctuality, and protection against unjust and improper criticism and attack. Lawyers and judges are equally responsible to protect the dignity and independence of the Court and the profession. I will always recognize that the position of judge is the symbol of both the judicial system and administration of justice. I will refrain from conduct that degrades this symbol. I will conduct myself in court in a professional manner and demonstrate my respect for the Court and the law. I will treat counsel, opposing parties, the Court, and members of the Court staff with courtesy and civility. I will be punctual. I will not engage in any conduct which offends the dignity and decorum of proceedings. I will not knowingly misrepresent, mischaracterize, misquote or miscite facts or authorities to gain an advantage. I will respect the rulings of the Court. I will give the issues in controversy deliberate, impartial and studied analysis and consideration. I will be considerate of the time constraints and pressures imposed upon the Court, Court staff and counsel in efforts to administer justice and resolve disputes.

Part A6c: Financial Advisor

FINANCIAL ADVISORY AGREEMENT

This Financial Advisory Agreement (the "Agreement") is made and entered into by and between City of Springtown, Texas ("Issuer") and First Southwest Company ("FSC") effective as of the date executed by the Issuer as set forth on the signature page hereof.

WITNESSETH:

WHEREAS, the Issuer will have under consideration from time to time the authorization and issuance of indebtedness in amounts and forms which cannot presently be determined and, in connection with the authorization, sale, issuance and delivery of such indebtedness, Issuer desires to retain an independent financial advisor; and

WHEREAS, the Issuer desires to obtain the professional services of FSC to advise the Issuer regarding the issuance and sale of certain evidences of indebtedness or debt obligations that may be authorized and issued or otherwise created or assumed by the Issuer (hereinafter referred to collectively as the "Debt Instruments") from time to time during the period in which this Agreement shall be effective; and

WHEREAS, FSC is willing to provide its professional services and its facilities as financial advisor in connection with all programs of financing as may be considered and authorized by Issuer during the period in which this Agreement shall be effective.

NOW, THEREFORE, the Issuer and FSC, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, do hereby agree as follows:

SECTION I DESCRIPTION OF SERVICES

Upon the request of an authorized representative of the Issuer, FSC agrees to perform the financial advisory services stated in the following provisions of this Section I; and for having rendered such services, the Issuer agrees to pay to FSC the compensation as provided in Section IV hereof.

A. Financial Planning. At the direction of Issuer, FSC shall:

1. Survey and Analysis. Conduct a survey of the financial resources of the Issuer to determine the extent of its capacity to authorize, issue and service any Debt Instruments contemplated. This survey will include an analysis of any existing debt structure as compared with the existing and

projected sources of revenues which may be pledged to secure payment of debt service and, where appropriate, will include a study of the trend of the assessed valuation, taxing power and present and future taxing requirements of the Issuer. In the event revenues of existing or projected facilities operated by the Issuer are to be pledged to repayment of the Debt Instruments then under consideration, the survey will take into account any outstanding indebtedness payable from the revenues thereof, additional revenues to be available from any proposed rate increases and additional revenues, as projected by consulting engineers employed by the Issuer, resulting from improvements to be financed by the Debt Instruments under consideration.

2. Future Financings. Consider and analyze future financing needs as projected by the Issuer's staff and consulting engineers or other experts, if any, employed by the Issuer.

3. Recommendations for Debt Instruments. On the basis of the information developed by the survey described above, and other information and experience available, submit to the Issuer recommendations regarding the Debt Instruments under consideration, including such elements as the date of issue, interest payment dates, schedule of principal maturities, options of prior payment, security provisions, and such other provisions as may be appropriate in order to make the issue attractive to investors while achieving the objectives of the Issuer. All recommendations will be consistent with the goal of designing the Debt Instruments to be sold on terms which are advantageous to the Issuer, including the lowest interest cost consistent with all other considerations.

4. Market Information. Advise the Issuer of our interpretation of current bond market conditions, other related forthcoming bond issues and general information, with economic data, which might normally be expected to influence interest rates or bidding conditions so that the date of sale of the Debt Instruments may be set at a favorable time.

5. Elections. In the event it is necessary to hold an election to authorize the Debt Instruments then under consideration, FSC will assist in coordinating the assembly of such data as may be required for the preparation of necessary petitions, orders, resolutions, ordinances, notices and certificates in connection with the election, including assistance in the transmission of such data to a firm of municipal bond attorneys ("Bond Counsel") retained by the Issuer.

B. Debt Management and Financial Implementation. At the direction of Issuer, FSC shall:

1. Method of Sale. Evaluate the particular financing being contemplated, giving consideration to the complexity, market acceptance, rating, size and structure in order to make a recommendation as to an appropriate method of sale, and:

a. If the Debt Instruments are to be sold by an advertised competitive sale, FSC will:

(1) Supervise the sale of the Debt Instruments, reserving the right, alone or in conjunction with others, to submit a bid for any Debt Instruments issued under this Agreement which the Issuer advertises for competitive bids; however, in keeping with the provisions of Rule G-23 of the Municipal Securities Rulemaking Board, FSC will request and obtain written consent to bid prior to submitting a bid, in any instance wherein FSC elects to bid, for any installment of such Debt Instruments;

(2) Disseminate information to prospective bidders, organize such informational meeting as may be necessary, and facilitate prospective bidders' efforts in making timely submission of proper bids;

(3) Assist the staff of the Issuer in coordinating the receipt of bids, the safekeeping of good faith checks and the tabulation and comparison of submitted bids; and

(4) Advise the Issuer regarding the best bid and provide advice regarding acceptance or rejection of the bids.

b. If the Debt Instruments are to be sold by negotiated sale, FSC will:

(1) Recommend for Issuer's final approval and acceptance one or more investment banking firms as managers of an underwriting syndicate for the purpose of negotiating the purchase of the Debt Instruments.

(2) Cooperate with and assist any selected managing underwriter and their counsel in connection with their efforts to prepare any Official Statement or Offering Memorandum. FSC will cooperate with and assist the underwriters in the preparation of a bond purchase contract, an underwriters agreement and other related documents. The costs incurred in such efforts, including the printing of the documents, will be paid in accordance with the terms of the Issuer's agreement with the underwriters, but shall not be or become an obligation of FSC, except to the extent specifically provided otherwise in this Agreement or assumed in writing by FSC.

(3) Assist the staff of the Issuer in the safekeeping of any good faith checks, to the

extent there are any such items, and provide a cost comparison, for both expenses and interest which are suggested by the underwriters, to the then current market.

(4) Advise the Issuer as to the fairness of the price offered by the underwriters.

2. Offering Documents. Coordinate the preparation of the notice of sale and bidding instructions, official statement, official bid form and such other documents as may be required and submit all such documents to the Issuer for examination, approval and certification. After such examination, approval and certification, FSC shall provide the Issuer with a supply of all such documents sufficient to its needs and distribute by mail or, where appropriate, by electronic delivery, sets of the same to prospective purchasers of the Debt Instruments. Also, FSC shall provide copies of the final Official Statement to the purchaser of the Debt Instruments in accordance with the Notice of Sale and Bidding Instructions.

3. Credit Ratings. Make recommendations to the Issuer as to the advisability of obtaining a credit rating, or ratings, for the Debt Instruments and, when directed by the Issuer, coordinate the preparation of such information as may be appropriate for submission to the rating agency, or agencies. In those cases where the advisability of personal presentation of information to the rating agency, or agencies, may be indicated, FSC will arrange for such personal presentations, utilizing such composition of representatives from the Issuer as may be finally approved or directed by the Issuer.

4. Trustee, Paying Agent, Registrar. Upon request, counsel with the Issuer in the selection of a Trustee and/or Paying Agent/Registrar for the Debt Instruments, and assist in the negotiation of agreements pertinent to these services and the fees incident thereto.

5. Financial Publications. When appropriate, advise financial publications of the forthcoming sale of the Debt Instruments and provide them with all pertinent information.

6. Consultants. After consulting with and receiving directions from the Issuer, arrange for such reports and opinions of recognized independent consultants as may be appropriate for the successful marketing of the Debt Instruments.

7. Auditors. In the event formal verification by an independent auditor of any calculations incident to the Debt Instruments is required, make arrangements for such services.

8. Issuer Meetings. Attend meetings of the governing body of the Issuer, its staff,

representatives or committees as requested at all times when FSC may be of assistance or service and the subject of financing is to be discussed.

9. Printing. To the extent authorized by the Issuer, coordinate all work incident to printing of the offering documents and the Debt Instruments.

10. Bond Counsel. Maintain liaison with Bond Counsel in the preparation of all legal documents pertaining to the authorization, sale and issuance of the Debt Instruments.

11. Changes in Laws. Provide to the Issuer copies of proposed or enacted changes in federal and state laws, rules and regulations having, or expected to have, a significant effect on the municipal bond market of which FSC becomes aware in the ordinary course of its business, it being understood that FSC does not and may not act as an attorney for, or provide legal advice or services to, the Issuer.

12. Delivery of Debt Instruments. As soon as a bid for the Debt Instruments is accepted by the Issuer, coordinate the efforts of all concerned to the end that the Debt Instruments may be delivered and paid for as expeditiously as possible and assist the Issuer in the preparation or verification of final closing figures incident to the delivery of the Debt Instruments.

13. Debt Service Schedule; Authorizing Resolution. After the closing of the sale and delivery of the Debt Instruments, deliver to the Issuer a schedule of annual debt service requirements for the Debt Instruments and, in coordination with Bond Counsel, assure that the paying agent/registrars and/or trustee has been provided with a copy of the authorizing ordinance, order or resolution.

SECTION II OTHER AVAILABLE SERVICES

In addition to the services set forth and described in Section I herein above, FSC agrees to make available to Issuer the following services, when so requested by the Issuer and subject to the agreement by Issuer and FSC regarding the compensation, if any, to be paid for such services, it being understood and agreed that the services set forth in this Section II shall require further agreement as to the compensation to be received by FSC for such services:

1. Investment of Funds. From time to time, as an incident to the other services provided hereunder as financial advisor, FSC may purchase such investments as may be directed and authorized by Issuer to be purchased, it being understood that FSC will be compensated in the

normal and customary manner for each such transaction. In any instance wherein FSC may become entitled to receive fees or other compensation in any form from a third party with respect to these investment activities on behalf of Issuer, we will disclose to Issuer the nature and, to the extent such is known, the amount of any such compensation so that Issuer may consider the information in making its investment decision. It is understood and agreed that FSC is a duly licensed broker/dealer and is affiliated with First Southwest Asset Management, Inc. ("FSAMI"), a duly registered investment advisor. Issuer may, from time to time, utilize the broker/dealer services of FSC and/or the investment advisory services of FSAMI with respect to matters which do not involve or affect the financial advisory services referenced in this Agreement. The terms and conditions of the engagement of FSC and/or FSAMI to provide such services shall be determined by mutual agreement at the time such services are requested.

2. Exercising Calls and Refunding. Provide advice and assistance with regard to exercising any call and/or refunding of any outstanding Debt Instruments.

3. Capital Improvements Programs. Provide advice and assistance in the development of any capital improvements programs of the Issuer.

4. Long-Range Planning. Provide advice and assistance in the development of other long-range financing plans of the Issuer.

5. Post-Sale Services. Subsequent to the sale and delivery of Debt Instruments, review the transaction and transaction documentation with legal counsel for the Issuer, Bond Counsel, auditors and other experts and consultants retained by the Issuer and assist in developing appropriate responses to legal processes, audit procedures, inquiries, internal reviews and similar matters.

SECTION III TERMINATION

This Agreement may be terminated with or without cause by the Issuer or FSC upon the giving of at least thirty (30) days' prior written notice to the other party of its intention to terminate, specifying in such notice the effective date of such termination. In the event of such termination, it is understood and agreed that only the amounts due FSC for services provided and expenses incurred to the date of termination will be due and payable. No penalty will be assessed for termination of this Agreement.

**SECTION IV
COMPENSATION AND EXPENSE REIMBURSEMENT**

The fees due to FSC for the services set forth and described in Section I of this Agreement with respect to each issuance of Debt Instruments during the term of this Agreement shall be calculated in accordance with the schedule set forth on Appendix A attached hereto. Notwithstanding anything which is or may appear to be to the contrary herein, unless this Agreement is amended, by mutual consent of the Issuer and FSC, evidenced in writing and executed by the parties hereto, then such fees referenced herein (with the exception of expenses for which FSC is entitled to reimbursement in the manner indicated in Appendix A) shall be entirely contingent upon the delivery of Debt Instruments and shall be due at the time that Debt Instruments are delivered to and the purchase price thereof fully funded by the purchaser thereof.

**SECTION V
MISCELLANEOUS**

1. Choice of Law. This Agreement shall be construed and given effect in accordance with the laws of the State of Texas.

2. Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the Issuer and FSC, their respective successors and assigns; provided however, neither party hereto may assign or transfer any of its rights or obligations hereunder without the prior written consent of the other party.

3. Amendment. This Agreement may only be amended by mutual consent of the Issuer and FSC as evidenced in writing and executed by the parties hereto.

4. Entire Agreement. This instrument contains the entire agreement between the parties relating to the rights herein granted and obligations herein assumed. Any oral or written representations or modifications concerning this Agreement shall be of no force or effect except for a subsequent modification in writing signed by all parties hereto.

FIRST SOUTHWEST COMPANY

By: Hill A. Feinberg
Hill A. Feinberg, Chairman and
Chief Executive Officer

By: James S. Sabonis
James S. Sabonis
Senior Vice President

CITY OF SPRINGTOWN, TEXAS

By: Mark W. Dyer
Date: 11-8-2011

APPENDIX A

The fees due FSC will not exceed those contained in our customary fee schedule as listed below.

Base Fee – Any Debt Issue	\$15,000
Plus: \$10.00 per \$1,000 up to	500,000
Plus: \$9.00 per \$1,000 up to	500,000
Plus: \$6.00 per \$1,000 up to	1,500,000
Plus: \$4.00 per \$1,000 up to	75,000,000

The above charges shall be multiplied by 1.25 times for the completion of an application to a federal or state government agency or for the issuance of revenue bonds or refunding bonds, reflecting the additional services required.

The payment of charges for financial advisory services described in Section I of the foregoing Agreement shall be contingent upon the delivery of bonds and shall be due at the time that bonds are delivered to and the purchase price thereof fully funded by the purchaser thereof. The payment of charges for services described in Section II of the foregoing Agreement shall be due and payable in accordance with the mutual agreement in writing therefor between FSC and Issuer.

The Issuer shall be responsible for the following expenses, if and when applicable, whether they are charged to the Issuer directly as expenses or charged to the Issuer by FSC as reimbursable expenses:

- Bond counsel
- Bond printing
- Bond ratings
- Computer structuring
- Credit enhancement
- CPA fees for refunding
- Official statement preparation and printing
- Paying agent/registrar/trustee
- Travel expenses
- Underwriter and underwriters counsel
- Miscellaneous, including copy, delivery, and phone charges

The payment of reimbursable expenses that FSC has assumed on behalf of the Issuer shall NOT be contingent upon the delivery of bonds and shall be due at the time that services are rendered and payable upon receipt of an invoice therefor submitted by FSC.

Part B: Legal

Part B17: Resolution

Application Filing and Authorized Representative Resolution 576

A RESOLUTION by the City Council of the City of Springtown requesting financial assistance from the Texas Water Development Board; authorizing the filing of an application for assistance; and making certain findings in connection therewith.

BE IT RESOLVED BY THE City Council OF THE City of Springtown :

SECTION 1: That an application is hereby approved and authorized to be filed with the Texas Water Development Board seeking financial assistance in an amount not to exceed \$ 1,390,000.00 to provide for the costs of Springtown Wells in the Trinity Aquifer.

SECTION 2: That Doug Hughes be and is hereby designated the authorized representative of the City of Springtown for purposes of furnishing such information and executing such documents as may be required in connection with the preparation and filing of such application for financial assistance and the rules of the Texas Water Development Board.

SECTION 3: That the following firms and individuals are hereby authorized and directed to aid and assist in the preparation and submission of such application and appear on behalf of and represent the City of Springtown before any hearing held by the Texas Water Development Board on such application, to wit:

Financial Advisor: Jim Sabonis, Hilltop Securities
1201 Elm Street, Suite 3500, Dallas, Tx 75270

Engineer: Aaron Redder, Freese and Nichols
2220 San Jacinto Blvd, Suite 300, Denton, TX 76205

Bond Counsel: Paul A. Braden, Norton Rose Fulbright US LLP
2200 Ross Avenue, Suite 3600, Dallas, TX 75201-7932

PASSED AND APPROVED, this the 27th day of April, 20 17.

ATTEST: Jhanna Bogan
Jhanna Bogan, City Secretary

By: Tom Clayton
Tom Clayton, Mayor

(Seal)

Part B18: Application Affidavit

Application Affidavit

THE STATE OF TEXAS §
COUNTY OF Parker §
APPLICANT City of Springtown §

BEFORE ME, the undersigned, a Notary Public in and for the State of Texas, on this day personally appeared Doug Hughes, City Administrator as the Authorized Representative of the City of Springtown, who being by me duly sworn, upon oath says that:

1. The decision by the City of Springtown City Council (authority, city, county, corporation, district) to request financial assistance from the Texas Water Development Board ("TWDB") was made in a public meeting held in accordance with the Open Meetings Act (Government Code, §551.001, et seq,) and after providing all such notice as required by such Act as is applicable to the City of Springtown City Council (authority, city, county, corporation, district).

2. The information submitted in the application is true and correct according to my best knowledge and belief.

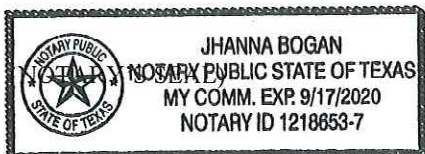
3. The City of Springtown City Council (authority, city, county, corporation, district) has no pending, threatened, or outstanding judgments, orders, fines, penalties, taxes, assessment or other enforcement or compliance issue of any kind or nature by the Environmental Protection Agency, Texas Commission on Environmental Quality, Texas Comptroller, Texas Secretary of State, or any other federal, state or local government, except for the following (if no such outstanding compliance issues, write in "none").

4. The City of Springtown City Council (authority, city, county, corporation, district) warrants compliance with the representations made in the application in the event that the TWDB provides the financial assistance; and

5. the City of Springtown City Council (authority, city, county, corporation, district) will comply with all applicable federal laws, rules, and regulations as well as the laws of this state and the rules and regulations of the TWDB.

Doug Hughes
Official Representative
Title: City Administrator

SWORN TO AND SUBSCRIBED BEFORE ME, by Doug Hughes,
on this 28th day of April, 2017.



Jhanna Bogan
Notary Public, State of Texas

Part B19: Certificate of Secretary

Part B21: Issuance of Parity Debt

**ORDINANCE
AUTHORIZING THE ISSUANCE OF**

**\$3,930,000
CITY OF SPRINGTOWN, TEXAS
TAX AND WATERWORKS AND SEWER SYSTEM SURPLUS REVENUE
CERTIFICATES OF OBLIGATION,
SERIES 2012A**

ADOPTED: AUGUST 4, 2012

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Working Draft as of 4-25-17

ORDINANCE NO. 800

AN ORDINANCE authorizing the issuance of "CITY OF SPRINGTOWN, TEXAS TAX AND WATERWORKS AND SEWER SYSTEM SURPLUS REVENUE CERTIFICATES OF OBLIGATION, SERIES 2012A"; specifying the terms and features of said certificates; providing for the payment of said certificates of obligation by the levy of an ad valorem tax upon all taxable property within the City and a pledge of the net revenues derived from the operation of the City's combined Waterworks and Sewer System; and resolving other matters incident and relating to the issuance, payment, security, sale and delivery of said Certificates, including the approval and execution of a Paying Agent/Registrar Agreement; and providing an effective date.

WHEREAS, pursuant to an application filed with the Texas Water Development Board (the "Board"), the City has received a loan commitment from the Board for financial assistance in the amount of \$3,930,000 to finance the costs of constructing, acquiring, purchasing, renovating, enlarging, equipping, and improving sewer system properties and facilities, and such financial assistance is to be evidenced by the Board's purchase of certificates of obligation payable from the proceeds of an ad valorem tax levied within the limitations prescribed by law, upon all taxable property in the City and a pledge of the City's Revenues (as defined in Section 10 hereof) of the City's combined Waterworks and Sewer System; and

WHEREAS, notice of the City Council's intention to issue certificates of obligation in the maximum principal amount of \$3,930,000 for the purpose of paying contractual obligations to be incurred for (1) the construction of public works, to wit: constructing, acquiring, purchasing, renovating, enlarging, equipping, and improving sewer system properties and facilities, and (2) professional services rendered in connection with such projects and the financing, has been duly published in the *Springtown Epigraph* on June 6, 2012 and June 13, 2012, the date of the first publication of such notice being not less than thirty-one (31) days prior to the tentative date stated therein (July 26, 2012) for the adoption of the ordinance authorizing the issuance of such certificates, and

WHEREAS, the City Council convened on July 26, 2012 and rescheduled the adoption of this Ordinance to the date hereof; and

WHEREAS, no petition protesting the issuance of the certificates of obligation and bearing the petition signatures of at least 5% of the qualified electors of the City, has been presented to or filed with the Mayor, City Secretary or any other official of the City on or prior to the date of the passage of this ordinance; and

WHEREAS, the Council hereby finds and determines that the certificates of obligation described in the aforesaid notice should be issued and sold at this time in the amount and manner as hereinafter provided; now, therefore,

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

SECTION 1: Authorization, Designation, Principal Amount, Purpose. Certificates of obligation of the City shall be and are hereby authorized to be issued in the aggregate principal amount of \$3,930,000, to be designated and bear the title “CITY OF SPRINGTOWN, TEXAS TAX AND WATERWORKS AND SEWER SYSTEM SURPLUS REVENUE CERTIFICATES OF OBLIGATION, SERIES 2012A” (hereinafter referred to as the “Certificates”), for the purpose of paying contractual obligations to be incurred for (1) the construction of public works, to wit: constructing, acquiring, purchasing, renovating, enlarging, equipping, and improving sewer system properties and facilities, and (2) professional services rendered in connection with such projects and the financing, pursuant to authority conferred by and in conformity with the Constitution and laws of the State of Texas, including V.T.C.A., Local Government Code, Subchapter C of Chapter 271, as amended.

SECTION 2: Fully Registered Obligations - Authorized Denominations - Stated Maturities - Date. The Certificates shall be issued as fully registered obligations, shall be dated August 1, 2012 (the “Certificate Date”) and shall be in denominations of \$1,000 or any integral multiple thereof (within a Stated Maturity) and the Certificates shall become due and payable on August 15 in each of the years and in principal amounts (the “Stated Maturities”) and bear interest at the per annum rates in accordance with the following schedule:

<u>Year of Stated Maturity</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate(s) (%)</u>
2014	80,000	0.00
2015	80,000	0.00
2016	80,000	0.00
2017	80,000	0.40
2018	220,000	0.35
2019	220,000	0.64
2020	225,000	0.90
2021	225,000	1.10
2022	230,000	1.24
2023	230,000	1.38
2024	235,000	1.51
2025	240,000	1.60
2026	240,000	1.68
2027	245,000	1.76
2028	250,000	1.84
2029	255,000	1.90
2030	260,000	1.96
2031	265,000	2.02
2032	270,000	2.07

The Certificates shall bear interest on the unpaid principal amount from the date of delivery to the initial purchaser (which date shall be the registration date appearing on the “Registration Certificate of Paying Agent/Registrar” typed or printed on the global Certificates deposited with The Depository Trust Company (“DTC”) and noted in the records of the Paying/Agent Registrar) at the rate(s) per annum shown above in this Section (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Certificates shall be payable

on February 15, 2013, and each August 15 and February 15 thereafter until maturity or prior redemption.

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

The selection and appointment of The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, to serve as Paying Agent/Registrar for the Certificates is hereby approved and confirmed. Books and records relating to the registration, payment, transfer and exchange of the Certificates (the "Security Register") shall at all times be kept and maintained on behalf of the City by the Paying Agent/Registrar, as provided herein and in accordance with the terms and provisions of a "Paying Agent/Registrar Agreement", substantially in the form attached hereto as **Exhibit A**, and such reasonable rules and regulations as the Paying Agent/Registrar and the City may prescribe. The Mayor or Mayor Pro Tem and City Secretary are authorized to execute and deliver such Agreement in connection with the delivery of the Certificates. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Certificates are paid and discharged, and any successor Paying Agent/Registrar 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 any change in the Paying Agent/Registrar for the Certificates, the City agrees to promptly cause a written notice thereof to be sent to each Holder by United States Mail, first class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Principal of and premium, if any, on the Certificates shall be payable at the Stated Maturities or upon prior redemption thereof only upon presentation and surrender of the Certificates to the Paying Agent/Registrar at its designated offices in East Syracuse, New York, or, with respect to a successor Paying Agent/Registrar, at the designated offices of such successor (the "Designated Payment/Transfer Office"). Interest on the Certificates shall be paid to the Holders whose names appear in the Security Register at the close of business on the Record Date (the last business day of the month next preceding each interest payment date) and shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid to the address of the Holder recorded in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder. Provided, however, while the Board is the registered owner of the Certificates, payments on the Certificates shall be made by wire transfer without expense to the Holder. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

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

SECTION 4: Redemption.

(a) Optional Redemption. The Certificates having Stated Maturities on and after August 15, 2023 shall be subject to redemption prior to maturity, at the option of the City, in whole or in part (in inverse order of Stated Maturities, if less than all) in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity by lot by the Paying Agent/Registrar), on August 15, 2022, or on any date thereafter at the redemption price of par plus accrued interest to the date of redemption.

(b) Exercise of Redemption Option. At least forty-five (45) days prior to a date set for the redemption of Certificates (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar), the City shall notify the Paying Agent/Registrar of its decision to exercise the right to redeem Certificates, the principal amount of each Stated Maturity to be redeemed, and the date set for the redemption thereof. The decision of the City to exercise the right to redeem Certificates shall be entered in the minutes of the governing body of the City.

(c) Selection of Certificates for Redemption. If less than all Outstanding Certificates of the same Stated Maturity are to be redeemed on a redemption date, the Paying Agent/Registrar shall treat such Certificates as representing the number of Certificates Outstanding which is obtained by dividing the principal amount of such Certificates by \$5,000 and shall select the Certificates to be redeemed within such Stated Maturity by lot.

(d) Notice of Redemption. Not less than thirty (30) days prior to a redemption date for the Certificates, a notice of redemption shall be sent by United States Mail, first class postage prepaid, in the name of the City and at the City's expense, to each Holder of a Certificate to be redeemed in whole or in part at the address of the Holder appearing on the Security Register at the close of business on the business day next preceding the date of mailing such notice, and any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Holder.

All notices of redemption shall (i) specify the date of redemption for the Certificates, (ii) identify the Certificates to be redeemed and, in the case of a portion of the principal amount to be redeemed, the principal amount thereof to be redeemed, (iii) state the redemption price, (iv) state that the Certificates, or the portion of the principal amount thereof to be redeemed, shall become due and payable on the redemption date specified and the interest thereon, or on the portion of the principal amount thereof to be redeemed, shall cease to accrue from and after the redemption date, provided moneys sufficient for the payment of such Certificate (or the principal amount thereof to be redeemed) at the then applicable redemption price are held for the purpose of such payment by the Paying Agent/Registrar and (v) specify that payment of the redemption price for the Certificates, or the principal amount thereof to be redeemed, shall be made at the Designated

Payment/Transfer Office of the Paying Agent/Registrar only upon presentation and surrender thereof by the Holder. If a Certificate is subject by its terms to prior redemption and has been called for redemption and notice of redemption thereof has been duly given or waived as herein provided, such Certificate (or the principal amount thereof to be redeemed) shall become due and payable and interest thereon shall cease to accrue from and after the redemption date therefor.

(e) Conditional Notice of Redemption. With respect to any optional redemption of the Certificates, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Certificates to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption is conditional upon the receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in such notice of redemption; and, if sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Certificates and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Certificates have not been redeemed.

SECTION 5: Registration - Transfer - Exchange of Certificates - Predecessor Certificates. The Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of each and every registered owner of the Certificates issued under and pursuant to the provisions of this Ordinance, and, if appropriate, the nominee thereof. Any Certificate may be transferred or exchanged for Certificates of other authorized denominations by the Holder, in person or by his duly authorized agent, upon surrender of such Certificate to the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

Upon surrender of any Certificate at the Designated Payment/Transfer Office of the Paying Agent/Registrar, the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Certificates, executed on behalf of, and furnished by, the City, of authorized denominations and having the same Stated Maturity and of a like aggregate principal amount as the Certificate or Certificates surrendered for transfer.

At the option of the Holders, Certificates may be exchanged for other Certificates of authorized denominations and having the same Stated Maturity, bearing the same rate of interest and of like aggregate principal amount as the Certificates surrendered for exchange, upon surrender of the Certificates to be exchanged at the Designated Payment/Transfer Office of the Paying Agent/Registrar. Whenever any Certificates so surrendered for exchange, the Paying Agent/Registrar shall register and deliver new Certificates, executed on behalf of, and furnished by the City, to the Holder requesting the exchange.

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

All transfers or exchanges of Certificates pursuant to this Section shall be made without expense or service charge to the Holder, except as otherwise herein provided, and except that the

Paying Agent/Registrar shall require payment by the Holder requesting such transfer or exchange of any tax or other governmental charges required to be paid with respect to such transfer or exchange.

Certificates cancelled by reason of an exchange or transfer pursuant to the provision hereof are hereby defined to be "Predecessor Certificates," evidencing all or a portion, as the case may be, of the same obligation to pay evidenced by the new Certificate or Certificates registered and delivered in the exchange or transfer therefor. Additionally, the term "Predecessor Certificates" shall include any mutilated, lost, destroyed, or stolen Certificate for which a replacement Certificate has been issued, registered and delivered in lieu thereof pursuant to Section 20 hereof and such new replacement Certificate shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Certificate.

Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Certificate called for redemption, in whole or in part, within forty-five (45) days of the date fixed for redemption of such Certificate; provided, however, such limitation on transferability shall not be applicable to an exchange by the Holder of an unredeemed balance of a Certificate called for redemption in part.

SECTION 6: Book-Entry-Only Transfers and Transactions. Notwithstanding the provisions contained in Sections 3, 4 and 5 hereof relating to the payment and transfer/exchange of the Certificates, the City hereby approves and authorizes the use of "Book-Entry-Only" securities clearance, settlement and transfer system provided by The Depository Trust Company ("DTC"), a limited purpose trust company organized under the laws of the State of New York, in accordance with the operational arrangements referenced in the Blanket Issuer Letter of Representations by and between the City and DTC (the "Depository Agreement").

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

In the event DTC determines to discontinue serving as securities depository for the Certificates or otherwise ceases to provide book-entry clearance and settlement of securities transactions in general or the City determines that DTC is incapable of properly discharging its duties as securities depository for the Certificates, the City covenants and agrees with the Holders of the Certificates to cause Certificates to be printed in definitive form and provide for the Certificates to be issued and delivered to DTC Participants and Beneficial Owners, as the case may be. Thereafter, the Certificates in definitive form shall be assigned, transferred and exchanged on the Security Register maintained by the Paying Agent/Registrar and payment of such Certificates shall be made in accordance with the provisions of Sections 3, 4 and 5 hereof.

The City agrees it will not discontinue its use of the DTC Book-Entry-Only System with respect to the Certificates without prior notice to and consent from the Board while the Board is the Holder of any of the Certificates.

SECTION 7: Execution - Registration. The Certificates shall be executed on behalf of the City by the Mayor or Mayor Pro Tem under its seal reproduced or impressed thereon and countersigned by the City Secretary. The signature of said officers on the Certificates may be manual or facsimile. Certificates bearing the manual or facsimile signatures of individuals who are or were the proper officers of the City on the Certificate Date shall be deemed to be duly executed on behalf of the City, notwithstanding that one or more of the individuals executing the same shall cease to be such officer at the time of delivery of the Certificates to the initial purchaser and with respect to Certificates delivered in subsequent exchanges and transfers, all as authorized and provided in V.T.C.A., Government Code, Chapter 1201, as amended.

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

SECTION 8: Initial Certificate(s). The Certificates herein authorized shall be initially issued either (i) as a single fully registered certificate for the total principal amount stated in Section 1 hereof with principal installments to become due and payable as provided in Section 2 hereof and numbered T-1, or (ii) as multiple fully registered certificates, being one certificate for each year of maturity in the applicable principal amount and denomination and to be numbered consecutively from T-1 and upward (hereinafter called the "Initial Certificate(s)") and, in either case, the Initial Certificate(s) shall be registered in the name of the initial purchaser or the designee thereof. The Initial Certificate(s) shall be the Certificates submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the initial purchaser. Any time after the delivery of the Initial Certificate(s), the Paying Agent/Registrar, pursuant to written instructions from the initial purchaser, or the designee thereof, shall cancel the Initial Certificate(s) delivered hereunder and exchange therefor definitive Certificates of authorized denominations, stated maturities, principal amounts and bearing applicable interest rates for transfer and delivery to the Holders named at the addresses identified therefor; all pursuant to and in accordance with such written instructions from the initial purchaser, or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

SECTION 9: Forms.

(a) Forms Generally. The Certificates, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Registration Certificate of Paying Agent/Registrar, and the form of Assignment to be printed on each of the Certificates, shall be substantially in the forms set forth in this Section with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance and may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including insurance legends in the event the Certificates, or any maturities thereof, are purchased with insurance and any reproduction of an

opinion of counsel) thereon as may, consistently herewith, be established by the City or determined by the officers executing such Certificates as evidenced by their execution. Any portion of the text of any Certificates may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Certificate.

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

(b) Form of Definitive Certificates.

REGISTERED
NO. ____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF SPRINGTOWN, TEXAS
TAX AND WATERWORKS AND SEWER SYSTEM SURPLUS REVENUE
CERTIFICATE OF OBLIGATION, SERIES 2012A

Certificate Date: August 1, 2012 Interest Rate: _____% Stated Maturity: August 15, 20____ CUSIP NO: _____

Registered Owner:

Principal Amount:

The City of Springtown (hereinafter referred to as the "City"), a body politic and corporate and municipal corporation in the County of Parker, State of Texas, for value received, acknowledges itself indebted and hereby promises to pay to the Registered Owner named above, or the registered assigns thereof, on the Stated Maturity date specified above, the Principal Amount stated above (or so much thereof as shall not have been redeemed prior to maturity), and to pay interest on the unpaid principal amount hereof from the date of the delivery of the Certificate to the initial purchaser at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 in each year, commencing February 15, 2013, until maturity or prior redemption. Principal of this Certificate is payable at its Stated Maturity or upon its prior redemption to the registered owner hereof, upon presentation and surrender, at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing hereon, or its successor; provided, however, while this Certificate is registered to Cede & Co., the payment of principal upon a partial redemption of the principal amount hereof may be accomplished without presentation and surrender of this Certificate. Interest is payable to the registered owner of this Certificate (or one or more Predecessor Certificates, as defined in the Ordinance hereinafter referenced) whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the last business day of the month next preceding each interest payment date, and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to

the address of the registered owner recorded in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the original date payment was due. All payments of principal of, premium, if any, and interest on this Certificate shall be without exchange or collection charges to the owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

This Certificate is one of the series specified in its title issued in the aggregate principal amount of \$3,930,000 (herein referred to as the "Certificates") for the purpose of paying contractual obligations to be incurred for (1) the construction of public works, to wit: constructing, acquiring, purchasing, renovating, enlarging, equipping, and improving sewer system properties and facilities, and (2) professional services rendered in connection with such projects and the financing; under and in strict conformity with the Constitution and laws of the State of Texas, particularly V.T.C.A., Local Government Code, Subchapter C of Chapter 271, as amended, and pursuant to an Ordinance adopted by the City Council of the City (herein referred to as the "Ordinance").

The Certificates maturing on and after August 15, 2023, may be redeemed prior to their Stated Maturities, at the option of the City, in whole or in part (in inverse order of Stated Maturities, if less than all) in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity by lot by the Paying Agent/Registrar), on August 15, 2022, or on any date thereafter, at the redemption price in par, together with accrued interest to the date of redemption.

At least thirty (30) days prior to a redemption date, the City shall cause a written notice of such redemption to be sent by United States Mail, first class postage prepaid, to the registered owners of the Certificates to be redeemed, and subject to the terms and provisions relating thereto contained in the Ordinance. If a Certificate (or any portion of its principal sum) shall have been duly called for redemption and notice of such redemption duly given, then upon the redemption date such Certificate (or the portion of its principal sum to be redeemed) shall become due and payable, and, if moneys for the payment of the redemption price and the interest accrued on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar, interest shall cease to accrue and be payable from and after the redemption date on the principal amount redeemed.

With respect to any optional redemption of the Certificates, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Certificates to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption is conditional upon the receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in such notice of redemption; and, if sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem

such Certificates and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Certificates have not been redeemed.

In the event a portion of the principal amount of a Certificate is to be redeemed and the registered owner is someone other than Cede & Co., payment of the redemption price of such principal amount shall be made to the registered owner only upon presentation and surrender of such Certificate to the Designated Payment/Transfer Office of the Paying Agent/Registrar, and a new Certificate or Certificates of like maturity and interest rate in any authorized denominations provided by the Ordinance for the then unredeemed balance of the principal sum thereof will be issued to the registered owner, without charge. If a Certificate is selected for redemption, in whole or in part, the City and the Paying Agent/Registrar shall not be required to transfer such Certificate to an assignee of the registered owner within forty-five (45) days of the redemption date therefor; provided, however, such limitation on transferability shall not be applicable to an exchange by the registered owner of the unredeemed balance of a Certificate redeemed in part.

The Certificates are payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the City, and, together with the outstanding Previously Issued Certificates, are additionally payable from and secured by a lien on and pledge of the Net Revenues of the City's combined Waterworks and Sewer System (the "System"), such lien and pledge, however, being junior and subordinate to the lien on and pledge of such Net Revenues securing the payment of the "Prior Lien Obligations" hereafter issued by the City. In the Ordinance, the City reserves and retains the right to issue Prior Lien Obligations without limitation as to principal amount but subject to any applicable terms, conditions or restrictions under law or otherwise as well as the right to issue additional obligations payable from the same sources as the Certificates and together with the Certificates, equally and ratably secured by a parity lien on and pledge of the Net Revenues of the System.

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

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

interest, and of the same aggregate principal amount will be issued by the Paying Agent/Registrar to the designated transferee.

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

It is hereby certified, recited, represented and declared that the City is a body corporate and political subdivision duly organized and legally existing under and by virtue of the Constitution and laws of the State of Texas; that the issuance of the Certificates is duly authorized by law; that all acts, conditions and things required to exist and be done precedent to and in the issuance of the Certificates to render the same lawful and valid obligations of the City have been properly done, have happened and have been performed in regular and due time, form and manner as required by the Constitution and laws of the State of Texas, and the Ordinance; that the Certificates do not exceed any Constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on the Certificates as aforesated. In case any provision in this Certificate shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. The terms and provisions of this Certificate and the Ordinance shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the City Council of the City has caused this Certificate to be duly executed under the official seal of the City as of the Certificate Date.

CITY OF SPRINGTOWN, TEXAS

Mayor

COUNTERSIGNED:

City Secretary

(SEAL)

(c) Form of Registration Certificate of Comptroller of Public Accounts to appear on Initial Certificate only.

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER)
)
OF PUBLIC ACCOUNTS)
)
THE STATE OF TEXAS)

REGISTER NO. _____

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

WITNESS my signature and seal of office this _____.

Comptroller of Public Accounts
of the State of Texas

(SEAL)

(d) Form of Certificate of Paying Agent/Registrar to appear on Definitive Certificates Only.

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

This Certificate has been duly issued and registered under the provisions of the within-mentioned Ordinance; the certificate or certificates of the above entitled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

The designated office of the Paying Agent/Registrar located in East Syracuse, New York, is the "Designated Payment/Transfer Office" for this Certificate.

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., Dallas, Texas,
as Paying Agent/Registrar

Registration Date:

By: _____
Authorized Signature

(e) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto (Print or typewrite name, address, and zip code of transferee): _____

(Social Security or other identifying number _____) the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney to transfer the within Certificate on the books kept for registration thereof with full power of substitution in the premises.

DATED: _____

Signature guaranteed: _____

NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within Certificate in every particular.

(f) The Initial Certificate(s) shall be in the form set forth in paragraph (b) of this Section, except that the form of a single fully registered Initial Certificate shall be modified as follows:

Heading and first paragraph shall be modified to read as follows:

REGISTERED
NO. T-1

REGISTERED
\$3,930,000

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF SPRINGTOWN, TEXAS
TAX AND WATER WORKS AND SEWER SYSTEM SURPLUS REVENUE
CERTIFICATE OF OBLIGATION, SERIES 2012A

Certificate Date: August 15, 2012

Registered Owner: TEXAS WATER DEVELOPMENT BOARD

Principal Amount: THREE MILLION NINE HUNDRED THIRTY THOUSAND DOLLARS

The City of Springtown (hereinafter referred to as the "City"), a body corporate and municipal corporation in the County of Parker, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the Registered Owner named above, or the registered assigns thereof, the Principal Amount hereinabove stated on August 15 in each of the years and in principal installments in accordance with the following schedule:

<u>YEAR</u>	<u>PRINCIPAL INSTALLMENTS</u>	<u>INTEREST RATE</u>
-------------	-----------------------------------	--------------------------

(Information to be inserted from schedule in Section 2 hereof)

(or so much thereof as shall not have been redeemed prior to maturity) and to pay interest on the unpaid principal amount hereof from the date of the delivery to the initial purchaser at the per annum rate(s) of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 in each year, commencing February 15, 2013, until maturity or prior redemption. Principal of this Certificate is payable at its Stated Maturity or on a redemption date to the registered owner hereof by The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Paying Agent/Registrar"), upon presentation and surrender, at its designated offices in East Syracuse, New York, or, with respect to a successor paying agent/registrar, at the designated office of such successor (the "Designated Payment/Transfer Office"). Interest is payable to the registered owner of this Certificate whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the last business day of the month next preceding each interest payment date hereof and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or by such other method, acceptable to the Paying Agent/ Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal or interest on the Certificates shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/ Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the original date payment was due. All payments of principal of, premium, if any, and interest on this Certificate shall be without exchange or collection charges to the owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

SECTION 10: Definitions. For purposes of this Ordinance and for clarity with respect to the issuance of the Certificates herein authorized, and the levy of taxes and appropriation of Net Revenues therefor, the following words or terms, whenever the same appears herein without qualifying language, are defined to mean as follows:

(a) The term "Additional Obligations" shall mean tax and revenue obligations hereafter issued which by their terms are payable from ad valorem taxes and additionally payable from and secured by a parity lien on and pledge of the Net Revenues of the System of equal rank and dignity with the lien and pledge securing the payment of the Previously Issued Certificates and the Certificates.

(b) The term "Certificates" shall mean the "CITY OF SPRINGTOWN, TEXAS TAX AND WATERWORKS AND SEWER SYSTEM SURPLUS REVENUE CERTIFICATES OF OBLIGATION, SERIES 2012A" authorized by this Ordinance.

(c) The term "Certificate Fund" shall mean the special Fund created and established under the provisions of Section 11 of this Ordinance.

(d) The term "Collection Date" shall mean, when reference is being made to the levy and collection of annual ad valorem taxes, the date annual ad valorem taxes levied each year by the City become delinquent.

(e) The term "Fiscal Year" shall mean the twelve month accounting period used by the City in connection with the operation of the System which may be any twelve consecutive month period established by the City.

(f) The term "Government Securities" shall mean (i) direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations unconditionally guaranteed or insured by the agency or instrumentality and on the date of their acquisition or purchase by the City are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (iv) any other authorized securities or obligations under applicable law that may be used to defease obligations such as the Certificates.

(g) The term "Gross Revenues" shall mean all income, receipts and revenues of every nature derived or received from the operation and ownership (excluding refundable meter deposits, restricted gifts and grants in aid of construction) of the System, including earnings and income derived from the investment or deposit of moneys in any special funds or accounts created and established for the payment and security of the Prior Lien Obligations and other obligations payable solely from and secured only by them on and pledge of the Net Revenues.

(h) The term "Maintenance and Operating Expenses" shall mean all current expenses of operating and maintaining the System, including all salaries, labor, materials, repairs and extensions necessary to render efficient service; provided, however, that only such repairs and extensions, as in the judgment of the City Council, reasonably and fairly exercised, are necessary to maintain the operations and render adequate service to the City and the inhabitants thereof, or such as might be necessary to meet some physical accident or condition which would otherwise impair obligations payable from Net Revenues shall be deducted in determining "Net Revenues". Depreciation charges shall not be considered Maintenance and Operating Expenses. Maintenance and Operating Expenses shall include payments under contracts for the purchase of water supply, treatment of sewage or other materials, goods or services for the System to the extent authorized by law and the provisions of such contract.

(i) The term "Net Revenues" shall mean Gross Revenues of the System, with respect to any period, after deducting the System's Maintenance and Operating Expenses during such period.

(j) The term "Outstanding" when used in this Ordinance with respect to Certificates means, as of the date of determination, all Certificates theretofore issued and delivered under this Ordinance, except:

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

(2) those Certificates deemed to be duly paid by the City in accordance with the provisions of Section 21 hereof; and

(3) those mutilated, destroyed, lost, or stolen Certificates which have been replaced with Certificates registered and delivered in lieu thereof as provided in Section 20 hereof.

(k) The term “Previously Issued Certificates” shall mean the outstanding and unpaid “City of Springtown, Texas Combination Tax and Revenue Certificates of Obligation, Series 2007”, dated August 1, 2007.

(l) The term “Prior Lien Obligations” shall mean obligations hereafter issued which by the terms of the authorizing ordinance are made payable from and secured by lien on and pledge of the Net Revenues of the System ranking prior and superior to the lien and pledge securing the payment of the Certificates.

(m) The term “System” shall mean all properties, facilities and plants currently owned, operated and maintained by the City for the supply, treatment, transmission and distribution of treated potable water and the collection, treatment and disposal of water carried wastes, together with all future extensions, improvements, replacements and additions thereto; provided, however, that notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the term “System” shall not mean to include facilities of any kind which are declared not to be a part of the System and which are acquired or constructed by or on behalf of the City with the proceeds from the issuance of “Special Facilities Bonds”, which are hereby defined as being special revenue obligations of the City which are not Prior Lien Obligations but which are payable from and secured by other liens on and pledges of any revenues, sources or payments, not pledged to the payment of the Prior Lien Obligations including, but not limited to, special contract revenues or payments received from any other legal entity in connection with such facilities.

SECTION 11: Certificate Fund. For the purpose of paying the interest on and to provide a sinking fund for the payment, redemption and retirement of the Certificates, there shall be and is hereby created a special account or fund on the books and records of the City known as the “SPECIAL SERIES 2012A TAX AND WATERWORKS AND SEWER SYSTEM SURPLUS REVENUE CERTIFICATES OF OBLIGATION FUND” (the “Certificate Fund”), and all moneys deposited to the credit of such Fund shall be kept and maintained in a special banking account at the depository bank of the City. The Mayor, Mayor Pro Tem, City Administrator, Finance Manager, and City Secretary of the City, individually or collectively, are hereby authorized and directed to make withdrawals from said Fund sufficient to pay the principal of and interest on the Certificates as the same become due and payable, and, shall cause to be transferred to the Paying Agent/Registrar from moneys on deposit in the Certificate Fund an amount sufficient to pay the amount of principal and/or interest falling due on the Certificates, such transfer of funds to the Paying Agent/Registrar to be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar on or before the last business day next preceding each interest and principal payment date for the Certificates.

Pending the transfer of funds to the Paying Agent/Registrar, money in the Certificate Fund may, at the option of the City, be invested in obligations identified in, and in accordance with the provisions of the “Public Funds Investment Act” (V.T.C.A., Government Code, Chapter 2256, as amended) relating to the investment of “bond proceeds”; provided that all such investments shall be made in such a manner that the money required to be expended from said Fund will be available at the proper time or times. All interest and income derived from deposits

and investments in said Certificate Fund shall be credited to, and any losses debited to, the said Certificate Fund. All such investments shall be sold promptly when necessary to prevent any default in connection with the Certificates.

SECTION 12: Tax Levy.

(a) To provide for the payment of the "Debt Service Requirements" on the Certificates being (i) the interest on said Certificates and (ii) a sinking fund for their redemption at maturity or a sinking fund of 2% (whichever amount shall be the greater), there shall be and there is hereby levied a sufficient tax on each one hundred dollars' valuation of taxable property in said City, adequate to pay such Debt Service Requirements while the Certificates are Outstanding, full allowance being made for delinquencies and costs of collection, and said tax shall be assessed and collected each year and applied to the payment of the Debt Service Requirements, and the same shall not be diverted to any other purpose. The taxes so levied and collected shall be paid into the Certificate Fund. The City Council hereby declares its purpose and intent to provide and levy a tax legally and fully sufficient to pay the said Debt Service Requirements, it having been determined that the existing and available taxing authority of the City for such purpose is adequate to permit a legally sufficient tax in consideration of all other outstanding indebtedness.

(b) Notwithstanding the provisions of paragraph (a) above of this Section 12:

(1) if Net Revenues of the System hereinafter pledged to the payment of the Certificates are actually on deposit in the Certificate Fund in advance of the time ad valorem taxes are scheduled to be levied for any year, then the amount of taxes otherwise required to be levied for such year pursuant to (a) above may be reduced to the extent and by the amount of the funds then on deposit in the Certificate Fund; or

(2) if the City's annual budget provides for the Net Revenues of the System to pay the Debt Service Requirements of the Certificates to become due and payable during the budget year and thereby reduce the amount of ad valorem taxes to be levied in such year for the Certificates, then:

(3) The City shall transfer and deposit in the Certificate Fund each month an amount of not less than 1/12th of the annual Debt Service Requirements on the Certificates until the amount accumulated and maintained in the Certificate Fund equals the amount required for the full payment of the Debt Service Requirements on the Certificates then Outstanding; and provided further, save and except for required payments to the special funds maintained for the payment of the Prior Lien Obligations and Additional Obligations, if issued, the City shall not transfer any Net Revenues from the System Fund to any fund of the City other than the Certificate Fund until such time as an amount equal to the annual Debt Service Requirements for the Certificates for the then current fiscal year has been deposited in the Certificate Fund;

(ii) Each year while the Certificates are Outstanding, and prior to the time of the annual ad valorem tax rate is established and levied by the City, the City shall establish, adopt and maintain an annual budget that provides for either the monthly deposit of sufficient Net Revenues of the System and/or ad valorem tax revenues, the monthly deposit of any other legally available funds on hand at the time of the adoption of the annual budget, or a combination thereof, into the Certificate Fund for the payment of the Certificates; and

(iii) The City shall at all times maintain and collect sufficient rates and charges for water and sewer services, in conjunction with any other legally available funds that, after payment of the costs of operating and maintaining the System, produce Net Revenues in an amount not less than 1.10 times the debt service payments for all outstanding water or sewer system revenue bonds of the City and other obligations of the City which are secured in whole or in part by a pledge of the revenues of the System for which the City is budgeting the repayment of such obligations from the revenues of the System, or the City shall provide documentation which evidences the levy of an ad valorem tax rate dedicated to the payment of the Certificates, in conjunction with any other legally available funds other than revenues of the System, sufficient for the repayment of System debt service requirements.

SECTION 13: Pledge of Surplus Net Revenues. The City hereby covenants and agrees that, subject to the prior lien on and pledge of the Net Revenues of the System to the payment and security of Prior Lien Obligations, the Net Revenues of the System, with the exception of those in excess of the amounts required to be deposited to the Certificate Fund, are hereby irrevocably pledged, equally and ratably, to the payment of the principal of and interest on the Previously Issued Certificates, the Certificates, and Additional Obligations, if issued, and the pledge of Net Revenues of the System herein made for the payment of the Certificates shall constitute a lien on the Net Revenues of the System in accordance with the terms and provisions hereof and be valid and binding and fully perfected from and after the date of adoption of this Ordinance without physical delivery or transfer or transfer of control of the Net Revenues, the filing of this Ordinance or any other act; all as provided in Chapter 1208 of the Texas Government Code, as amended ("Chapter 1208").

Chapter 1208 applies to the issuance of the Certificates and the pledge of the Net Revenues of the System granted by the City under this Section 13, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Certificates are Outstanding such that the pledge of the Net Revenues of the System granted by the City under this Section 13 is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, as amended, then in order to preserve to the registered owners of the Certificates the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable

provisions of Chapter 9, Business & Commerce Code, as amended, and enable a filing to perfect the security interest in said pledge to occur.

SECTION 14: System Fund. The City hereby covenants and agrees that all Gross Revenues (excluding earnings from the investment of money held in any special funds or accounts created for the payment and security of Prior Lien Obligations) shall be deposited as collected into a fund maintained at an official depository of the City and known on the books of the City as the "Utility System Fund" (hereinafter called the "System Fund"). All moneys deposited to the credit of the System Fund shall be allocated, appropriated and budgeted to the extent required for the following purposes and in the order of priority shown, to wit:

FIRST: To the payment of all necessary and reasonable Maintenance and Operating Expenses as defined herein or required by statute to be a first charge on and claim against the Gross Revenues thereof.

SECOND: To the payment of all amounts required to be deposited in the special Funds created and established for the payment, security and benefit of Prior Lien Obligations in accordance with the terms and provisions of the ordinances authorizing the issuance of Prior Lien Obligations.

THIRD: Equally and ratably, to the payment of the limited amounts pledged to the payment of the Previously Issued Certificates and the Certificates.

Any Net Revenues remaining in the System Fund after satisfying the foregoing payments, or making adequate and sufficient provision for the payment thereof, may be appropriated and used for any other City purpose now or hereafter permitted by law.

SECTION 15: Deposits to Certificate Fund. The City hereby covenants and agrees to cause to be deposited to the credit of the Certificate Fund prior to each principal and interest payment date for the Certificates from the pledged Net Revenues of the System in the System Fund, after the deduction of all payments required to be made to the special Funds or accounts created for the payment and security of the Previously Issued Certificates, an amount equal to one hundred per centum (100%) of the amount required to fully pay the interest and principal payments then due and payable on the Certificates, such deposits to pay accrued interest and maturing principal on the Certificates to be made in substantially equal monthly installments on or before the 10th day of each month beginning on or before the 10th day of the month following the date of delivery of the Certificates to the initial purchaser.

The monthly deposits to the Certificate Fund, as hereinabove provided, shall be made until such time as such Fund contains an amount equal to pay the principal of and interest on the Certificates to maturity. Ad valorem taxes levied, collected and deposited in the Certificate Fund for and on behalf of the Certificates may be taken into consideration and reduce the amount of the monthly deposits otherwise required to be deposited in the Certificate Fund from the Net Revenues of the System. In addition, any proceeds of sale of the Certificates in excess of the amount required to pay the contractual obligations to be incurred (including change orders to a construction contract) shall be deposited in the Certificate Fund, which amount shall reduce the sums otherwise required to be deposited in said Fund from ad valorem taxes and the Net Revenues of the System.

SECTION 16: Security of Funds. All moneys on deposit in the Funds for which this Ordinance makes provision (except any portion thereof as may be at any time properly invested) shall be secured in the manner and to the fullest extent required by the laws of Texas for the security of public funds in accordance with the provisions of the Public Funds Collateral Act, Chapter 2257, Government Code, as amended, and moneys on deposit in such Funds shall be used only for the purposes permitted by this Ordinance.

SECTION 17: Special Covenants. The City hereby further covenants as follows:

(a) It has the lawful power to pledge the Net Revenues of the System to the payment of the Certificates in the manner herein contemplated and has lawfully exercised such power under the Constitution and laws of the State of Texas, including said power existing under V.T.C.A, Government Code, Sections 1502.056 and 1502.058 and V.T.C.A., Local Government Code, Sections 271.041, et seq.

(b) Other than for the payment of the outstanding Previously Issued Certificates, the "City of Springtown, Texas, Tax and Waterworks System (Limited Pledge) Revenue Certificates of Obligation, Series 1998" and "City of Springtown, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2009" (to be refunded by the City's General Obligation Refunding Bonds, Series 2012 proposed to be issued concurrently with the Certificates), and the Certificates, the Net Revenues of the System have not in any manner been pledged to the payment of any debt or obligation of the City or of the System.

SECTION 18: Issuance of Prior Lien Obligations and Additional Parity Obligations. The City hereby expressly reserves the right to hereafter issue Prior Lien Obligations, without limitation as to principal amount but subject to any terms, conditions or restrictions applicable thereto under law or otherwise, and such Prior Lien Obligations hereafter issued may be payable, in whole or in part, from the Net Revenues (without impairment of the obligation of contract with the Holders of the Certificates) upon such terms and secured in such manner as the City Council may determine. Additionally, the City reserves the right without any limitations or restrictions to issue additional obligations payable (in whole or in part) from and secured by lien on and pledge of the Net Revenues of the System of equal rank and dignity with the lien on and pledge of such Net Revenues securing the payment of the Previously Issued Certificates and the Certificates.

SECTION 19: Application of Prior Lien Obligations Covenants and Agreements. It is the intention of this governing body and accordingly hereby recognized and stipulated that the provisions, agreements and covenants contained herein bearing upon the management and operations of the System, and the administering and application of revenues derived from the operation thereof, shall to the extent possible be harmonized with like provisions, agreements and covenants contained in the ordinances authorizing the issuance of the Prior Lien Obligations, and to the extent of any irreconcilable conflict between the provisions contained herein and in the ordinances authorizing the issuance of the Prior Lien Obligations, the provisions, agreements and covenants contained therein shall prevail to the extent of such conflict and be applicable to this Ordinance but in all respects subject to the priority of rights and benefits, if any, conferred thereby to the holders of the Prior Lien Obligations. Notwithstanding the above, any change or modification affecting the application of revenues derived from the operation of the System shall not impair the obligation of contract with respect to the pledge of revenues herein made for the payment and security of the Certificates.

SECTION 20: Mutilated - Destroyed - Lost and Stolen Certificates. In case any Certificate shall be mutilated, or destroyed, lost or stolen, the Paying Agent/Registrar may execute and deliver a replacement Certificate of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Certificate, or in lieu of and in substitution for such destroyed, lost or stolen Certificate, only upon the approval of the City and after (i) the filing by the Holder thereof with the Paying Agent/Registrar of evidence satisfactory to the Paying Agent/Registrar of the destruction, loss or theft of such Certificate, and of the authenticity of the ownership thereof and (ii) the furnishing to the Paying Agent/Registrar of indemnification in an amount satisfactory to hold the City and the Paying Agent/Registrar harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Certificate shall be borne by the Holder of the Certificate mutilated, or destroyed, lost or stolen.

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

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

SECTION 21: Satisfaction of Obligation of City. If the City shall pay or cause to be paid, or there shall otherwise be paid to the Holders, the principal of, premium, if any, and interest on the Certificates, at the times and in the manner stipulated in this Ordinance, then the pledge of taxes levied under this Ordinance and the lien on and pledge of the Net Revenues of the System and all covenants, agreements and other obligations of the City to the Holders shall thereupon cease, terminate, and be discharged and satisfied.

Certificates or any principal amount(s) thereof shall be deemed to have been paid within the meaning and with the effect expressed above in this Section when (i) money sufficient to pay in full such Certificates or the principal amount(s) thereof at maturity or the redemption date therefor, together with all interest due thereon, shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar, or an authorized escrow agent, or (ii) Government Securities shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Securities have been certified by an independent accounting firm to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any moneys deposited therewith, if any, to pay when due the principal of and interest on such Certificates, or the principal amount(s) thereof, on and prior to the Stated Maturity thereof or (if notice of redemption has been duly given or waived or if irrevocable arrangements therefor acceptable to the Paying Agent/Registrar have been made) the redemption date thereof. The City covenants that no deposit of moneys or Government Securities will be made under this Section and no use made of any such deposit which would cause the Certificates to be treated as "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or regulations adopted pursuant thereto.

Any moneys so deposited with the Paying Agent/Registrar, or an authorized escrow agent, and all income from Government Securities held in trust by the Paying Agent/Registrar, or

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

SECTION 22: Ordinance a Contract - Amendments. This Ordinance shall constitute a contract with the Holders from time to time, be binding on the City, and shall not be amended or repealed by the City while any Certificates remain Outstanding except as permitted in this Section and in Section 37 hereof. The City may, without the consent or notice to any Holders, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Holders, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the City may, with the consent of Holders holding a majority in aggregate principal amount of the Certificates then Outstanding, amend, add to, or rescind any of the provisions of this Ordinance; provided that, without the consent of all Holders of Outstanding Certificates, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Certificates, reduce the principal amount thereof, the redemption price or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Certificates, (2) give any preference to any Certificate over any other Certificate, or (3) reduce the aggregate principal amount of Certificates required to be held by Holders for consent to any such amendment, addition, or rescission.

SECTION 23: Covenants to Maintain Tax-Exempt Status.

(a) Definitions. When used in this Section, the following terms have the following meanings:

“Closing Date” means the date on which the Certificates are first authenticated and delivered to the initial purchaser against payment therefor.

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

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

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

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

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

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

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

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

(b) Not to Cause Interest to Become Taxable. The City shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively would cause the interest on (1) any Certificate issued hereunder or (2) any series of bonds or obligations issued or incurred by the Board or the Texas Water Resources Finance Authority to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Certificate, the City shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by section 141 of the Code and the Regulations and rulings thereunder, the City shall at all times prior to the last Stated Maturity of Certificate:

(1) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Certificates, and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different from those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(2) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Certificates or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within the City or interest earned

on investments acquired with such Gross Proceeds pending application for their intended purposes.

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

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

(f) Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the Regulations and rulings thereunder, the City shall not take or omit to take any action which would cause the Certificates to be federally guaranteed within the meaning of section 149(b) of the Code and the Regulations and rulings thereunder.

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

(1) The City shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last Outstanding Certificate is discharged. However, to the extent permitted by law, the City may commingle Gross Proceeds of the Certificates with other money of the City, provided that the City separately accounts for each receipt and expenditure of Gross Proceeds and the obligations required therewith.

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

(3) As additional consideration for the purchase of the Certificates by the Purchaser and the loan of the money represented thereby and in order to

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

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

(h) Not to Divert Arbitrage Profits. Except to the extent permitted by Section 148 of the Code and the Regulations and rulings thereunder, the City shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Certificates, enter into any transaction that reduces the amount required to be paid to the United States pursuant to subsection (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Certificates not been relevant to either party.

(i) Information Report. The City shall timely file the information required by Section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(j) Elections. The City hereby directs and authorizes the Mayor, Mayor Pro Tem, City Administrator, Finance Manager, and City Secretary, individually or jointly, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Certificates, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

(k) Qualified Tax Exempt Obligations. In accordance with the provisions of paragraph (3) of subsection (b) of Section 265 of the Code, the City hereby designates the Certificates to be "qualified tax exempt obligations" in that the Certificates are not "private activity bonds" as defined in the Code and the reasonably anticipated amount of "qualified tax exempt obligations" to be issued by the City (including all subordinate entities of the City) for the calendar year 2012 will not exceed \$10,000,000.

SECTION 24: Confirmation of Sale. The sale of the Certificates to the Texas Water Development Board (the "Purchaser" or the "Board") at the price of par, less a loan origination fee of 1.85%, pursuant to a loan commitment received from the Purchasers, is hereby confirmed and determined to be in the best interest of the City. Delivery of said Certificates shall be made to said Purchaser as soon as may be after the adoption of this Ordinance, upon payment therefor in accordance with the terms of sale, which terms the City has determined and does determine to be in the City's best interests.

SECTION 25: Compliance with State Revolving Loan Fund Rules. In compliance with the State Revolving Loan Fund Permanent Rules of the Board, the City agrees and covenants:

(a) to keep and maintain full and complete records and accounts pertaining to the construction of the project financed with the proceeds of sale of the Certificates, including the construction fund account created below, in accordance with the standards set forth by the Government Accounting Standards Board;

(b) to create and establish at an official depository of the City a "Special 2012 City of Springtown Loan Construction Fund" (the "Construction Fund") for the receipt and disbursement of all proceeds from the sale of the Certificates and all other funds acquired by the City in connection with the planning and construction of the projects financed, in whole or in part, by the Board pursuant to a loan evidenced by the Certificates and all funds deposited to the credit of the Construction Fund shall be disbursed only for the payment of costs and expenses incurred in connection with the planning and building of such projects as approved by the Board and as otherwise allowed by the rules;

(c) upon completion of the construction of the projects financed, in whole or in part, by the loan evidenced by the Certificates to provide (i) to the Executive Administrator of the Board a complete set of as-built drawings and (ii) to the Board a final accounting of the total costs of the projects. If the projects as finally completed were built at a total cost less than the amount of available funds for building the projects, then the City may use such surplus proceeds of the Certificates remaining after completion of the projects for the following purposes as approved by the Executive Administrator: (1) to redeem Certificates, in inverse annual order of stated maturities, (2) to deposit into the Certificate Fund for the payment of capitalized interest or principal on the Certificates or (3) to pay eligible project costs as authorized by the Executive Administrator. In determining the amount of available funds for building the project, the City agrees to account for all amounts deposited to the credit of the Construction Fund, including all loan funds extended by the Board, all other funds available from the projects as described in the project engineer's or fiscal representative's sufficiency of funds statement and all interest earned by the City on money in the Construction Fund;

(d) funds statement and all interest earned by the City on money in the Construction Fund;

(e) to maintain adequate insurance coverage customarily maintained by municipal corporations on the projects financed with the proceeds of the Certificates in amounts adequate to protect the Board's interest;

(f) maintain current, accurate and complete records and accounts necessary to demonstrate compliance with financial assistance related legal and contractual provisions;

(g) to implement any water conservation program required by the Board until all financial obligations to the State have been discharged;

(h) to comply with any special conditions specified by the Board's environmental determination until all financial obligations to the State have been discharged;

(i) to abide by the Board's rules and relevant state statutes, including the Texas Water Code, Chapters 15, 16 and 17;

(j) to furnish a copy of each annual audit (prepared in accordance with generally accepted accounting procedures) to the Texas Water Development Board, Attention: Development Fund Manager, State Water Pollution Control Revolving Fund, not later than 120 days following the close of the Fiscal Year;

(k) To the extent permitted by law, the City agrees to indemnify, hold harmless and protect the Board from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the City, its contractors, consultants, agents, officials and employees as a result of activities relating to the project;

(l) that the use of Certificate proceeds will meet the requirements of Section 513 of the Federal Water Pollution Control Act 33 U.S.C. 1372 as it applies to the construction of treatment works funded in whole or part with financial assistance from the State Revolving Fund. All laborers and mechanics employed by contractors and subcontractors for projects shall be paid wages at rates not less than prevailing on projects of a similar character in the locality in accordance with the Davis-Bacon Act and the U.S. Department of Labor's implementing regulations;

(m) All Certificate proceeds will be timely and expeditiously used, as required by federal statute and EPA regulations and the City agrees and covenants to adhere to a project schedule, acceptable to the Executive Administrator, that facilitates the timely use of funds and project completion;

(n) The Board may exercise all remedies available to it in law or equity, and any provision of the Certificates that restricts or limits the Board's full exercise of these remedies shall be of no force and effect;

(o) Prior to any action by the City to convey the project (including the related obligation to repay the Certificates) to another entity, the conveyance and assumption must be approved by the Board; the City agrees to notify the Board's Executive Administrator prior to taking actions to alter the City's legal status in any manner, including any transfer of substantially all of its assets to another entity;

(p) The City will not acquire any of the Board's bonds that were issued to provide financing for the Certificates in the amount of the Certificates to be acquired from the City by the Board; and

(q) The City shall provide the Board with all information required to be reported in accordance with the Federal Funding Accountability and Transparency Act of 2006, Pub. L. 109-282 (the "FFATA Act") and, pursuant to the FFATA Act, the City shall obtain a Data Universal Numbering System ("DUNS") Number and shall register with Central Contractor Registration ("CCR"), and maintain current registration at all times while the Certificates are outstanding.

SECTION 26: Proceeds of Sale. (a) Immediately following the delivery of the Certificates to the initial purchaser, the proceeds of sale (less amounts to pay costs of issuance) shall be deposited in an account to be maintained at The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Escrow Agent") and held in escrow pending written authorization to release said moneys. An "Escrow Agreement" by and between the City and the Escrow Agent providing for the deposit, safekeeping and administration of such funds pending their release from escrow is attached hereto as **Exhibit B** and incorporated herein by reference as a part of this Ordinance for all purposes, and such Escrow Agreement is hereby approved as to form and content. The Mayor, Mayor Pro Tem, and City Secretary of the City are hereby authorized and directed to execute such Agreement for and on behalf of the City and as the act and deed of the City Council.

Upon the release of funds from such escrow account maintained pursuant to the "Escrow Agreement", the released amount shall be deposited to the credit of the Construction Fund. Pending expenditure for authorized projects and purposes, the amounts deposited to the credit of the Construction Fund may be invested in accordance with laws of the State and investment policies and guidelines of the City for such type funds, and any investment earnings realized may be expended for such authorized projects and purposes or deposited in the Certificate Fund as shall be determined by the City Council. All surplus proceeds of sale of the Certificates, including investment earnings, remaining in the Construction Fund after completion of all authorized projects or purposes and after satisfying the requirements of Section 25 hereof shall be deposited to the credit of the Certificate Fund.

(b) As provided in the Escrow Agreement, the proceeds of sale of the Certificates are held in escrow shall only be invested in investments that are authorized by the Public Funds Investment Act, Chapter 2256, TEX. GOV'T CODE ANN., as amended.

(c) As provided in the Escrow Agreement, the proceeds of sale of the Certificate held in escrow pursuant to the Escrow Agreement and any accrued interest in excess of the amounts insured by the FDIC and remaining uninvested under the terms of the Escrow Agreement shall be continuously secured by a valid pledge of direct obligations of the United States of America or other material meeting the requirements of the Public Funds Collateral Act, Chapter 2257, TEX. GOV'T CODE ANN., as amended.

SECTION 27: Control and Custody of Certificates. The Mayor of the City shall be and is hereby authorized to take and have charge of all necessary orders and records pending the sale of the Certificates, the investigation by the Attorney General of the State of Texas, including the printing and supply of definitive Certificates, and shall take and have charge and control of the Initial Certificate(s) pending the approval thereof by the Attorney General, the registration thereof by the Comptroller of Public Accounts and the delivery thereof to the Purchaser.

SECTION 28: Notices to Holders - Waiver. Wherever this Ordinance provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein

expressly provided) if in writing and sent by United States Mail, first class postage prepaid, to the address of each Holder appearing in the Security Register at the close of business on the business day next preceding the mailing of such notice.

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

SECTION 29: Cancellation. All Certificates surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly cancelled by it and, if surrendered to the City, shall be delivered to the Paying Agent/Registrar and, if not already cancelled, shall be promptly cancelled by the Paying Agent/Registrar. The City may at any time deliver to the Paying Agent/Registrar for cancellation any Certificates previously certified or registered and delivered which the City may have acquired in any manner whatsoever, and all Certificates so delivered shall be promptly cancelled by the Paying Agent/Registrar. All cancelled Certificates held by the Paying Agent/Registrar shall be returned to the City.

SECTION 30: Bond Counsel's Opinion. The Purchaser's obligation to accept delivery of the Certificates is subject to being furnished a final opinion of Fulbright & Jaworski L.L.P., Dallas, Texas, approving the Certificates as to their validity, said opinion to be dated and delivered as of the date of delivery and payment for the Certificates. An executed counterpart of said opinion shall accompany the final certificates deposited with DTC.

SECTION 31: CUSIP Numbers. CUSIP numbers may be printed or typed on the definitive Certificates. It is expressly provided, however, that the presence or absence of CUSIP numbers on the definitive Certificates shall be of no significance or effect as regards the legality thereof and neither the City nor attorneys approving the Certificates as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the definitive Certificates.

SECTION 32: Benefits of Ordinance. Nothing in this Ordinance, expressed or implied, is intended or shall be construed to confer upon any person other than the City, the Paying Agent/Registrar and the Holders, any right, remedy, or claim, legal or equitable, under or by reason of this Ordinance or any provision hereof, and this Ordinance and all its provisions is intended to be and shall be for the sole and exclusive benefit of the City, the Paying Agent/Registrar and the Holders.

SECTION 33: Inconsistent Provisions. Except as provided in Section 19 hereof, all ordinances, orders or resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict, and the provisions of this Ordinance shall be and remain controlling as to the matters contained herein.

SECTION 34: Governing Law. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 35: Effect of Headings. The Section headings herein are for convenience of reference only and shall not affect the construction hereof.

SECTION 36: Construction of Terms. If appropriate in the context of this Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders..

SECTION 37: Continuing Disclosure Undertaking.

(a) Definitions. As used in this Section, the following terms have the meanings ascribed to such terms below:

“MSRB” means the Municipal Securities Rulemaking Board.

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

“SEC” means the United States Securities and Exchange Commission.

(b) Annual Reports. The City shall provide annually to the MSRB (1) within six months after the end of each fiscal year, beginning in or after 2012, financial information and operating data with respect to the City of the general type described in **Exhibit C** hereto, and (2) if not provided as part of such financial information and operating data, audited financial statements of the City, when and if available. Any financial statements so provided shall be prepared in accordance with the accounting principles described in **Exhibit C** hereto, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided.

If the City changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB’s Internet Web site or filed with the SEC.

(c) Notice of Certain Events. The City shall provide notice of any of the following events with respect to the Certificates to the MSRB in a timely manner and not more than 10 business days after occurrence of the event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates;
7. Modifications to rights of holders of the Certificates, if material;
8. Certificate calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Certificates, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership, or similar event of the City which shall occur as described below;
13. The consummation of a merger, consolidation, or acquisition involving the City 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.

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

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

(c) Filings with the MSRB. All financial information, operating data, financial statements, notices and other documents provided to the MSRB in accordance with this Section shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

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

The provisions of this Section are for the sole benefit of the Holders and beneficial owners of the Certificates, 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 City 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 City'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 City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Certificates at any future date.

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

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

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

Notwithstanding anything herein to the contrary, the provisions of this Section may be amended by the City from time to time to adapt to changed circumstances resulting from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Certificates in the primary offering of the Certificates in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the Outstanding Certificates consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Holders and beneficial owners of the Certificates. The provisions of this Section may also be amended from time to time or repealed by the City if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but only if and to the extent that reservation of the City's right to do so would not prevent underwriters of the initial public offering of the Certificates from lawfully purchasing or selling Certificates in such offering. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided pursuant to subsection (b) hereof an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

SECTION 38: Further Procedures. Any one or more of the Mayor, Mayor Pro Tem, City Administrator, Finance Manager, and City Secretary are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and on behalf of the City all agreements, instruments, certificates or other documents, whether mentioned herein or not, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance and the issuance, sale and delivery of the Certificates, including, but not limited to, the Interest Rate Agreement to be entered into with the Board. In addition, prior to the delivery of the Certificates, Mayor, Mayor Pro Tem, City Administrator, Finance Manager, City Secretary, or Bond Counsel to the City are each hereby authorized and directed to approve any changes or corrections to this Ordinance or to any of the documents authorized and approved by this Ordinance: (i) in order to cure any ambiguity, formal defect, or omission in this Ordinance or such other document, or (ii) as requested by the Attorney General of the State of Texas or his representative to obtain the approval of the Certificates by the Attorney General. In the event that any officer of the City whose signature shall appear on any document shall cease to be such officer before the delivery of such document, such signature nevertheless shall be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 39: Incorporation of Findings and Determinations. The findings and determinations of the City Council contained in the preamble hereof are hereby incorporated by reference and made a part of this Ordinance for all purposes as if the same were restated in full in this Section.

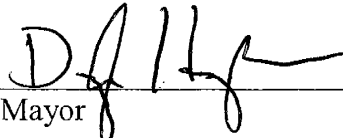
SECTION 40: Severability. If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance and the application thereof to other circumstances shall nevertheless be valid, and the City Council hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 41: Public Meeting. It is officially found, determined, and declared that the meeting at which this Ordinance was 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 Ordinance, was given, all as required by V.T.C.A., Government Code, Chapter 551, as amended.

SECTION 42: Effective Date. This Ordinance shall take effect and be in full force from and after its adoption on the date shown below in accordance with V.T.C.A., Government Code, Section 1201.023, as amended.

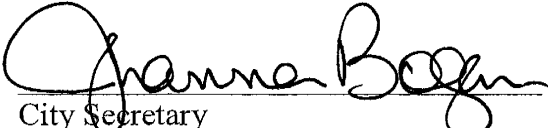
PASSED AND ADOPTED, this August 4, 2012.

CITY OF SPRINGTOWN, TEXAS



Mayor

ATTEST:



City Secretary

(CITY SEAL)

Working Draft as of 4-25-17

Part B22: CNN and Maps

THE STATE OF TEXAS
TEXAS WATER COMMISSION OF TRAVIS



I hereby certify that this is a true and correct copy of a Texas Water Commission Document, the original of which is filed in the permanent records of the Commission.

Given under my hand and the seal of office on
MAR 05 1991

Gloria A. Vasquez

Gloria A. Vasquez, Chief Clerk
Texas Water Commission

CERTIFICATE OF CONVENIENCE AND NECESSITY

To Provide Water Service Under V.T.C.A., Water Code
and Texas Water Commission Substantive Rules

Certificate No. 12397

I. Certificate Holder:

Name: City of Springtown
Address: 102 Second Street
P.O. Box 444
Springtown, Texas 76082

II. General Description and Location of Service Area:

The area covered by this certificate is located approximately 15 miles northeast of downtown Weatherford, Texas on State Highway 199. The service area is generally bounded on the east by Walnut Creek, on the south by State Highway 199, and on the north by the Dry Branch of Walnut Creek in Parker County, Texas.

Dual certification exists with the Walnut Creek Water Supply Corporation (CCN No. 10285) in an area located approximately 1.5 miles southeast of downtown Springtown and is generally bounded on the south by State Highway 199 and on the west by a county road.

III. Certificate Maps:

The certificate holder is authorized to provide water service in the area identified on the Commission's official water service area map, WRS-184, maintained in the offices of the Texas Water Commission, 1700 North Congress, Austin, Texas with all attendant privileges and obligations.

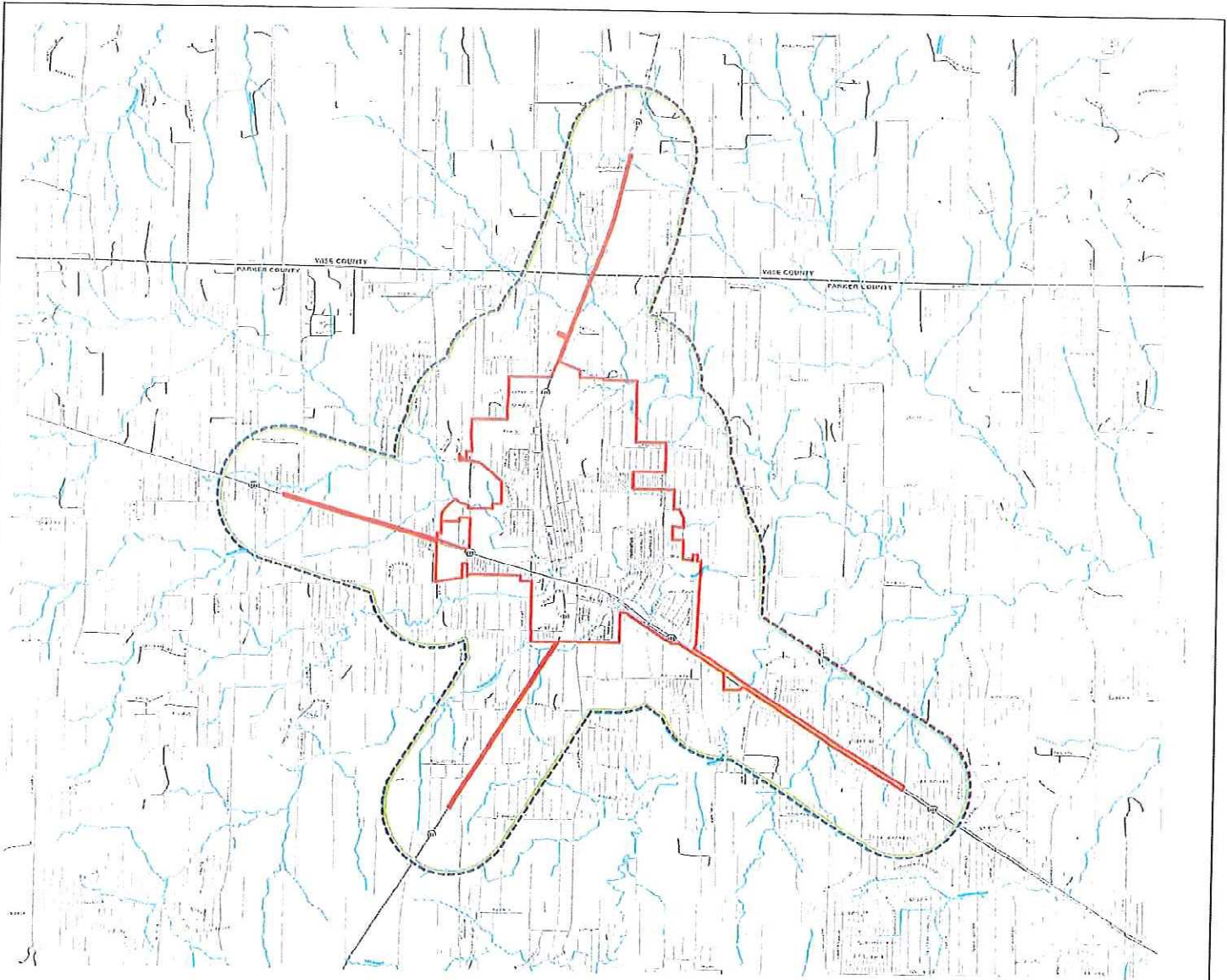
This certificate is issued subject to the rules and orders of the Commission, the laws of the State of Texas, conditions contained herein and may be revoked for violations thereof. The certificate is valid until amended or revoked by the Commission.

Date Issued: FEB 28 1991

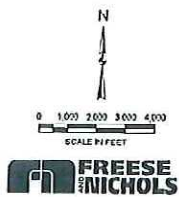
ATTEST:

Gloria A. Vasquez






BDW
For the Commission



CITY OF SPRINGTOWN, TEXAS OFFICIAL BOUNDARY MAP

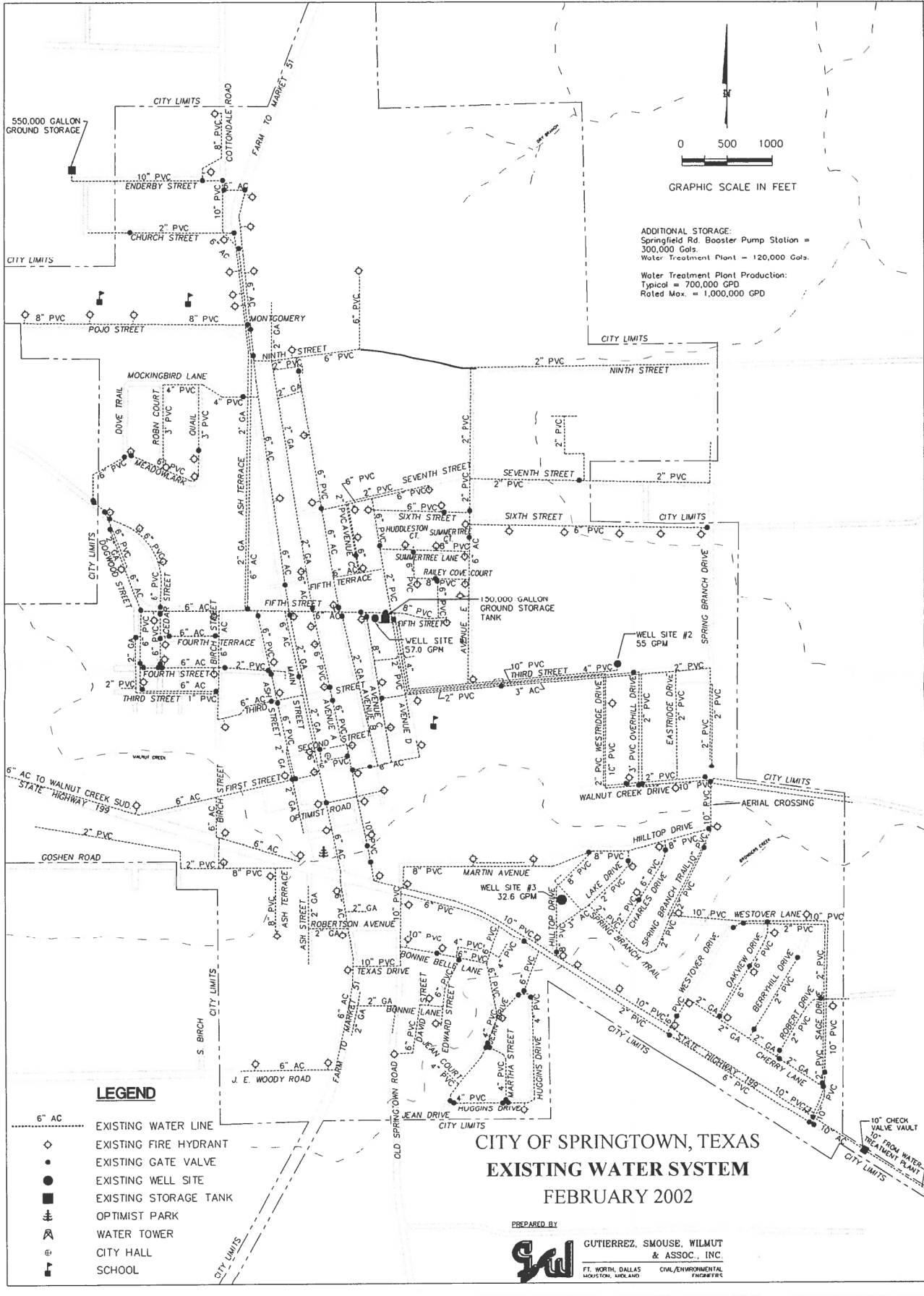


LEGEND

-  City Limits
-  ETJ Boundary
-  Parcels
-  Roads
-  Streams

MAP REVISIONS

DATE	ORDINANCE NO.	BASIS
1/22/09	676	ANNEXATION
8/28/09	706	REVISION
10/21/10	754	REVISION



0 500 1000
 GRAPHIC SCALE IN FEET

ADDITIONAL STORAGE:
 Springfield Rd. Booster Pump Station = 300,000 Gals.
 Water Treatment Plant = 120,000 Gals.
 Water Treatment Plant Production:
 Typical = 700,000 GPD
 Rated Max. = 1,000,000 GPD

LEGEND

- 6" AC
- EXISTING WATER LINE
- EXISTING FIRE HYDRANT
- EXISTING GATE VALVE
- EXISTING WELL SITE
- EXISTING STORAGE TANK
- OPTIMIST PARK
- WATER TOWER
- CITY HALL
- SCHOOL

**CITY OF SPRINGTOWN, TEXAS
 EXISTING WATER SYSTEM
 FEBRUARY 2002**

PREPARED BY
CUTIERREZ, SMOUSE, WILMUT & ASSOC., INC.
 FT. WORTH, DALLAS HOUSTON, MILOAN CIVIL/ENVIRONMENTAL ENGINEERS

Part B23: Enforcement Actions

Central Registry

The Customer Name displayed may be different than the Customer Name associated to the Additional IDs related to the customer. This name may be different due to ownership changes, legal name changes, or other administrative changes.

Detail of: **Public Water System/Supply Registration 1840003**

For: **CITY OF SPRINGTOWN PWS (RN101392397)**

E OF 730 ON PEDEN ROAD N OF AZLE

Registration Status: **ACTIVE**

Held by: **City of Springtown (CN600638738)** View 'Issued To' History

N/A

Mailing Address: Not on file

Effective Enforcement Orders [Current TCEQ Rules](#)

Type	Effective Date	Docket Number	Citation/Requirement Provision	Violation Allegation	Classification
ADMINISTRATIVE ORDER	12/19/2014	2014-0076-MLM-E	30 TAC Chapter 290, SubChapter D 290.46(m) (Not applicable to CH)	Failed to initiate maintenance and housekeeping practices to ensure the good working condition and general appearance of the Facility and its equipment. Specifically, both lagoons had large sludge accumulations, were overgrown with cattails and other vegetation, and the concrete pond was almost full of sludge and had vegetative growth.	MINOR
ADMINISTRATIVE ORDER	12/19/2014	2014-0076-MLM-E	30 TAC Chapter 290, SubChapter D 290.46(m)(4) (Not applicable to CH)	Failed to maintain all distribution system lines, storage and pressure maintenance facilities, water treatment units, and all related appurtenances in a watertight condition. Specifically, the 100,000 gallon ground storage tank ("GST") at the 5th Street pump station was leaking.	MODERATE
ADMINISTRATIVE ORDER	12/19/2014	2014-0076-MLM-E	2D TWC Chapter 26, SubChapter A 26.121(a) ; 30 TAC Chapter 290, SubChapter D 290.42(i) ; 30 TAC Chapter 305, SubChapter C 305.42(a) (Not applicable to CH)	Failed to obtain authorization from the Commission prior to any discharge of wastewater. Specifically, the Facility was discharging backwash water from the filters and	MODERATE

				decant water from the sedimentation lagoons to the nearby unnamed creek without authorization.	
ADMINISTRATIVE ORDER	12/19/2014	2014-0076-MLM-E	30 TAC Chapter 290, SubChapter D 290.45(b)(1)(D)(i) ; 30 TAC Chapter 290, SubChapter D 290.45(b)(2)(B) ; 5A THSC Chapter 341, SubChapter A 341.0315(c) (Not applicable to CH)	Failed to provide a production capacity of 0.6 gallons per minute ("gpm") per connection. Specifically, the surface water treatment plant produces 700 gpm and the wells produce 59 gpm. With 1,414 connections, the minimum required production capacity is 848 gpm which is a 10.5% deficiency.	MODERATE

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Wastewater
23

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 [Permit Detail](#)
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Central Registry

The Customer Name displayed may be different than the Customer Name associated to the Additional IDs related to the customer. This name may be different due to ownership changes, legal name changes, or other administrative changes.

Detail of: **Wastewater Permit WQ0010649001**

For: **CITY OF SPRINGTOWN WWTP (RN101920445)**

1361 HURSTVIEW DR, SPRINGTOWN

Permit Status: **ACTIVE**

Held by: **CITY OF SPRINGTOWN (CN600638738)** [View 'Issued To' History](#)

N/A [View Compliance History](#)

Mailing Address: PO BOX 444 SPRINGTOWN, TX 76082 -0444

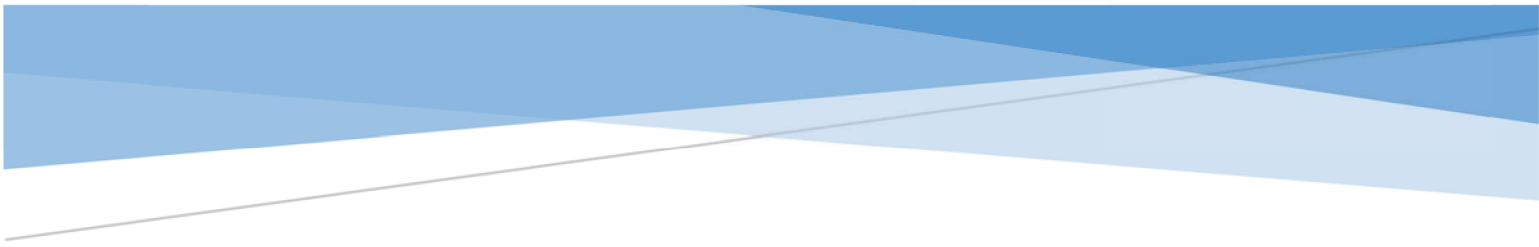
Effective Enforcement Orders [Current TCEQ Rules](#)

Type	Effective Date	Docket Number	Citation/Requirement Provision	Violation Allegation	Classification
ADMINISTRATIVE ORDER	10/27/2012	2012-0449-MWD-E	2D TWC Chapter 26, SubChapter A 26.176(a) (Not applicable to CH)	Failure to enforce the sewer use ordinance to prevent detrimental commercial or industrial discharges into the collection system. TCEQ staff documented that the Respondent did not enforce the sewer use ordinance to prevent detrimental commercial or industrial discharges into the collection system. Specifically, wastewater treatment was impacted by the presence of grease allowed into the Facility.	MODERATE
ADMINISTRATIVE ORDER	10/27/2012	2012-0449-MWD-E	30 TAC Chapter 305, SubChapter F 305.125(1) ; 30 TAC Chapter 319, SubChapter A 319.11(d) ; PERMIT WQ0010649-001 (Not applicable to CH)	Failure to ensure flow meter accuracy. TCEQ staff documented that the Respondent did not ensure flow meter accuracy. Specifically, the flow measurements obtained during the investigation did not satisfy the ±10% requirement between the primary and secondary flow measuring devices at the Facility.	MODERATE
ADMINISTRATIVE ORDER	10/27/2012	2012-0449-MWD-E	30 TAC Chapter 305, SubChapter F 305.125(1) ; PERMIT WQ0010649-001 (Not applicable to CH)	Failure to submit noncompliance notifications for any effluent violation which deviates from the permitted effluent limitation	MODERATE

Wastewater
23

				by greater than 40% in writing to the Regional Office and the Enforcement Division within five working days of becoming aware of the noncompliance. TCEQ staff documented that the Respondent did not submit the noncompliance notifications for the carbonaceous biochemical oxygen demand (5-day), total suspended solids and ammonia nitrogen exceedances	
ADMINISTRATIVE ORDER	10/27/2012	2012-0449-MWD-E	2D TWC Chapter 26, SubChapter A 26.121(a) ; 30 TAC Chapter 305, SubChapter F 305.125(1) ; 30 TAC Chapter 305, SubChapter F 305.125(5) ; PERMIT WQ0010649-001 ; PERMIT Effluent Limitations and Monitoring Requ (Not applicable to CH)	Failure to ensure that all systems of collection, treatment, and disposal are properly operated and maintained which resulted in the discharge of wastewater-related trash and large amounts of solids build-up in numerous areas immediately downstream of the outfall. TCEQ staff documented that significant foam was present throughout the Facility and in the receiving stream, the drying beds contained vegetatin, and the oxidation ditch did not appear to provide the required 18 inches of freeboard.	MODERATE
ADMINISTRATIVE ORDER	10/27/2012	2012-0449-MWD-E	30 TAC Chapter 305, SubChapter F 305.125(17) ; PERMIT WQ0010649-001 (Not applicable to CH)	Failure to timely submit monitoring results at the intervals specified in the permit. Failure to timely submit the annual sludge report for the reporting period ending July 31, 2011 by September 1, 2011.	MINOR

Part B25: 2016 Water Conservation Drought Contingency Plan



CITY OF SPRINGTOWN

2016 Water Conservation & Drought Contingency
Plan

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CHAPTER 1

Introduction

This report outlines the City's water conservation and emergency water demand management program. The objective of the conservation program is to reduce the quantity required for each water using activity, insofar as is practical, through the implementation of efficient water practices. The emergency water demand management program provides procedures for voluntary and mandatory actions to be put in place upon the City's water supply system during a water shortage emergency. Emergency water demand management procedures include a prohibition of certain uses. Both programs are tools that the City will have available to operate effectively in all situations.

PLANNING AREA AND PROJECT DESCRIPTION

The City of Springtown is located in northeast Parker County. The water and wastewater service area is defined by the City's Certificate of Convenience and Necessity (CNN) boundary. Presently, only a small percentage of the City's water and wastewater customers are located outside the City's corporate limits. The service area is approximately 4.72 square miles.

UTILITY PROFILE

A detailed summary of utility evaluation data is included in Appendix A. This data substantiates the need for implementing a water conservation program along with other improvements.

WATER CONSERVATION GOALS-5 & 10 YEAR TARGETS

The objective of a water conservation plan is to reduce the per capita consumption of water, a finite resource. Many communities throughout the United States have used conservation measures to successfully cope with various water and wastewater problems. Reductions in water use of as much as twenty-five percent (25%) have been achieved, but normal range is five percent (5%) to fifteen percent (15%). It is the goal of this Water Conservation Plan to reduce per capita water consumption by a minimum of five percent (5%) within five (5) years of adopting this plan and an additional two and one-half percent (2.5%) within 10 years, for a total of seven and one-half percent (7.5%).

CHAPTER 2

Water Conservation Plan

PLAN ELEMENTS

There are many elements to be considered in developing a water conservation plan. The principal water conservation methods to be considered in preparing this water conservation plan are:

- Universal Metering and Meter Repair/Replacement
- Water Audits and Leak Detection
- Unaccounted-for Water Use
- Continuing Public Education and Information
- Non-promotional Water Rate Structure
- Water Conservation Implementation Report
- Record Management System
- Coordination with Regional Water Planning Group
- Implementation and Enforcement

UNIVERSAL METERING AND METER REPAIR/REPLACEMENT.

All water users including retail, city and other public facilities are metered. Master meters for intake and discharge are located at the Water Treatment Plant.

A regular scheduled maintenance program of meter testing, repair and replacement will be established in accordance with the following schedule:

1. Meters 3" and larger-test once a year.
2. Meters from 1.5" to 3"- test every 5 years.
3. Meters 1.5" and smaller-test/replace every 10 years.

WATER AUDITS AND LEAK DETECTION

The City will continue their on-going leak detection, location, and repair programs. Water line leaks are detected by utility personnel while reading meters, maintaining the water and wastewater systems and while performing other routine surveillance programs.

Additionally, water audits shall be utilized to determine if leaks exist which have gone undetected. The City shall conduct water audits at least once a year to compare water purchased versus water sold.

UNACCOUNTED-FOR WATER USE

As mentioned previously, measures to control unaccounted water use are part of the routine operations of the City. Maintenance crews and personnel consistently monitor and inspect for and report evidence of leaks in the water distribution system. City personnel watch for and report signs of illegal connections so they can be addressed quickly.

Part B26: Water Use Survey

TEXAS WATER DEVELOPMENT BOARD WATER USE SURVEY

WATER USE IN CALENDAR YEAR: 2016

SYSTEM NAME:	CITY OF SPRINGTOWN	SURVEY NUMBER:	0820180
OPERATOR NAME:		PRIMARY USED COUNTY:	PARKER
MULTIPLE SURVEY ORG:		PRIMARY USED RIVER BASIN:	TRINITY
MAILING ADDRESS 1:	PO BOX 444	ORGANIZATION MAIN PHONE:	817-220-4834
MAILING ADDRESS 2:	SPRINGTOWN TX 75082-	MAIN EMAIL:	dhughes@cityofspringtown.com
CITY/STATE/ZIP:	SPRINGTOWN TX	WEB:	www.cityofspringtown.com
PWS NAME:	CITY OF SPRINGTOWN	PWS CODE:	1840003

INTAKE:

Water Type	County	Basin	Aquifer	Well Name (if applicable)	Metered or Estimated	Brackish / Saline (Y or N)	% Treated Prior to Intake	Total Volume (gallons)
GROUND WATER SELF SUPPLIED	PARKER	TRINITY	TRINITY AQUIFER	1-P Ave D / E Fifth St	M	N	0.00	31,443,000
JANUARY	MARCH	APRIL	MAY	JUNE	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER
0	0	544,000	2,440,000	2,498,000	4,409,000	5,146,000	4,796,000	3,815,000
JULY							DECEMBER	5,229,000
Water Type	County	Basin	Seller Name and/or Seller System	River / Reservoir	Metered or Estimated	Brackish / Saline (Y or N)	% Treated Prior to Intake	Total Volume (gallons)
SURFACE WATER PURCHASED	PARKER	TRINITY	TARRANT REGIONAL WD	EAGLE MOUNTAIN LAKE/RESERVOIR	M	N	0.00	76,956,278
JANUARY	MARCH	APRIL	MAY	JUNE	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER
8,126,626	7,453,355	6,998,565	6,244,785	7,602,841	6,851,178	4,302,031	4,298,555	4,100,921
JULY							DECEMBER	3,582,531
Water Type	County	Basin	Seller Name and/or Seller System	River / Reservoir	Metered or Estimated	Brackish / Saline (Y or N)	% Treated Prior to Intake	Total Volume (gallons)
SURFACE WATER PURCHASED			WALNUT CREEK SUD		M	N	0.00	4,096,700
JANUARY	MARCH	APRIL	MAY	JUNE	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER
458,800	0	0	0	0	629,500	162,600	263,000	0
JULY							DECEMBER	845,500

SALES:

BUYER	SALE TYPE (MUNICIPAL or INDUSTRIAL)	COUNTY NAME	BASIN NAME	WATER TYPE	AQUIFER NAME (if GW)	SURFACE WATER Name (if SW)	RAW or TREATED	TOTAL VOLUME (GALLONS)
OTHER MINING PARKER COUNTY	I			SURFACE WATER			Raw	0
CITY OF RENO	M			SURFACE WATER			Raw	0

COUNTY CONNECTIONS:

COUNTY NAME	TOTAL CONNECTIONS
PARKER	9

CONNECTIONS & USAGE:	CONNECTIONS	VOLUME (GALLONS)
TOTAL METERED RETAIL:	1,292	93,347,000
Residential - Single Family	1,056	47,368,000
Residential - Multi Family	10	3,795,000
Institutional	18	5,416,000
Commercial	208	25,861,000
Industrial	0	0
Agriculture	0	10,907,000
Reuse	0	0
TOTAL UNMETERED:	18	1,019,950

WATER SYSTEM INFORMATION:

Estimated full-time residential population served directly by this system 2,670

CONTACTS:

LAST NAME	FIRST NAME	TITLE	PHONE	PHONE EXT.	EMAIL
WEBB	MELVIN	DIRECTOR OF PUBLIC WORKS	817-220-4834		MWEBB@CITYOFSPRINGTOWN.CO
Garrett	Donna	Public Works Clerk	817-220-4834	241	dgarrett@cityofspringtown.com
Hughes	Doug	City Administrator	817-220-4834	222	dughes@cityofspringtown.com

TEXAS WATER DEVELOPMENT BOARD WATER USE SURVEY

WATER USE IN CALENDAR YEAR: 2015

SYSTEM NAME: CITY OF SPRINGTOWN

OPERATOR NAME:

MULTIPLE SURVEY ORG:

MAILING ADDRESS 1: PO BOX 444

MAILING ADDRESS 2:

CITY/STATE/ZIP: SPRINGTOWN TX 76082-

PWS NAME: CITY OF SPRINGTOWN

INTAKE:

SURVEY NUMBER: 0820180

PRIMARY USED COUNTY: PARKER

PRIMARY USED RIVER BASIN: TRINITY

ORGANIZATION MAIN PHONE: 817-220-4834

MAIN EMAIL: dhughes@cityofspringtown.com

WEB: www.cityofspringtown.com

PWS CODE: 1840003

Water Type	County	Basin	Aquifer	Well Name (if applicable)	Metered or Estimated	Brackish / Saline (Y or N)	% Treated Prior to Intake	Total Volume (gallons)	
GROUND WATER SELF SUPPLIED	PARKER	TRINITY	TRINITY AQUIFER	1-P Ave D / E Fifth St	M	N	0.00	58,037,000	
JANUARY	FEBRUARY	MARCH	MAY	JUNE	JULY	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
5,455,000	4,486,000	4,338,000	3,518,000	2,470,000	11,572,000	5,101,000	5,303,000	5,119,000	374,000
Water Type	County	Basin	Seller Name and/or Seller System	River / Reservoir	Metered or Estimated	Brackish / Saline (Y or N)	% Treated Prior to Intake	Total Volume (gallons)	
SURFACE WATER PURCHASED	PARKER	TRINITY	TARRANT REGIONAL WD	EAGLE MOUNTAIN LAKE/RESERVOIR	M	N	0.00	49,543,305	
JANUARY	FEBRUARY	MARCH	MAY	JUNE	JULY	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
3,109,300	2,197,400	3,649,600	2,506,000	6,253,000	5,425,050	3,559,100	4,784,000	4,798,429	7,738,976
Water Type	County	Basin	Seller Name and/or Seller System	River / Reservoir	Metered or Estimated	Brackish / Saline (Y or N)	% Treated Prior to Intake	Total Volume (gallons)	
SURFACE WATER PURCHASED			WALNUT CREEK SUD		M	N	0.00	8,422,500	
JANUARY	FEBRUARY	MARCH	MAY	JUNE	JULY	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
0	0	0	0	4,437,100	1,978,100	0	0	65,300	1,311,300

SALES:

BUYER	SALE TYPE (MUNICIPAL or INDUSTRIAL)	COUNTY NAME	BASIN NAME	WATER TYPE	AQUIFER NAME (if GW)	SURFACE WATER Name (if SW)	RAW or TREATED	TOTAL VOLUME (GALLONS)
CITY OF RENO	M			SURFACE WATER				0
OTHER MINING PARKER COUNTY	I			SURFACE WATER				0

CITY CONNECTIONS:

CITY NAME	TOTAL CONNECTIONS
SPRINGTOWN	1,266

COUNTY CONNECTIONS:

CCJUNTY NAME	TOTAL CONNECTIONS
PARKER	12

CONNECTIONS/USAGE:

CONNECTIONS/USAGE:	CONNECTIONS	VOLUME (GALLONS)
Total Metered Retail	1277	88510000
Residential - Single Family	1035	48811000
Residential - Multi Family	12	4715000
Institutional	23	6095000
Commercial	207	28889000
Industrial	0	0
Agriculture	0	0
Reuse	0	0
Total Unmetered	20	2299000

WATER SYSTEM INFORMATION:

Estimated full-time residential population served directly by this system	2,658
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CONTACTS:

LAST NAME	FIRST NAME	TITLE	PHONE	PHONE EXT.	EMAIL
WEBB	MELVIN	DIRECTOR OF PUBLIC WORKS	817-220-4834		MWEBB@CITYOFSPRINGTOWN.CO
Garrett	Dorma	Public Works Clerk	817-220-4834	241	dgarrett@cityofspringtown.com
Hughes	Doug	City Administrator	817-220-4834	222	dhughes@cityofspringtown.com

TEXAS WATER DEVELOPMENT BOARD

MUNICIPAL Water Use Survey for End of Calendar Year December 31, 2014

Deadline to return completed survey is March 1, 2015, according to Chapter 31 in Texas Administrative Code (TAC) Section 358.

Once complete, make a copy for your records. For guidance, refer to end notes on the last pages of the survey form. For assistance, call Water Use Survey hotline (512) 463-7952.

CONTACT INFORMATION

As listed in previous correspondence; please note any revisions or changes to the contact information:

SURVEY Number¹: 820180 County: 184 PARKER

Name of System: City of Springtown PWS ID²: 1840003

Mailing Address: PO Box 444

City/State: Springtown, TX Zip Code: 76082

Contact Name: Melvin Webb Title: Director, Public Works

Email Address: mwebb@cityofspringtown.com Telephone Number: (817) 220-4834

Please provide any additional comments or remarks below.

Please return completed survey to TWDB Water Use Survey (WUS) Team:

Email waterusesurvey@twdb.texas.gov OR Fax (512) 463-8468 OR

Mail to TWDB-WUS Team at P.O. Box 13231 Austin, Texas 78711-3231

Pumped Groundwater (Self-Supplied)³

Did this system pump groundwater last year? Yes No

If no, go on to next page.

Volume of Water Intake in Gallons

Please provide the Intake information and volumes (in GALLONS) below for each Aquifer/County group of wells. If groundwater is pumped from more than 3 Aquifer/County combinations, please include a copy of this page with the additional groundwater sources. Do not enter comma separators or decimal points in monthly intakes. Total volume automatically calculates.

GROUNDWATER	Source 1	Source 2	Source 3
Aquifer from which groundwater was pumped	Trinity		
County where groundwater was pumped	184 PARKER		
Number of active wells	2		
January	2214000		
February	2149000		
March	1763000		
April	2711000		
May	2578000		
June	2510000		
July	364000		
August	0		
September	0		
October	2133000		
November	4092000		
December	5157000		
TOTAL VOLUME gallons	25,671,000	0	0
Metered or Estimated ⁴	Metered		
Percent of Volume Treated Before Intake ⁵	0 %	%	%
Brackish/Saline ⁶	No		

1 acre-foot = 325,851 gallons; 1 barrel = 42 gallons; 1 cubic foot = 7.48 gallons

Surface Water under a TCEQ Water Right (Self-Supplied)⁷

Did this system pump surface water under a TCEQ Water Right last year? Yes No

If no, go on to next page.

Volume of Water Intake in Gallons

Please provide the Intake information and volumes (in **GALLONS**) below for each Surface Water source **OR** for each TCEQ Water Right. (Multiple Water Rights from a single surface water source can be combined in reporting or reported separately.) If surface water is diverted from more than 3 surface water sources or from more than 3 Water Rights, please include a copy of this page with the additional surface water sources. Do not enter comma separators or decimal points in monthly intakes. *Total volume automatically calculates.*

SURFACE WATER	Source 1	Source 2	Source 3
Source River or Reservoir Name	Eagle Mountain Lake		
County where diversion took place	184 PARKER		
TCEQ Water Right Number(s)	343		
January	7396000		
February	5385200		
March	5236800		
April	5485000		
May	5780600		
June	7962000		
July	7944800		
August	9278800		
September	7020500		
October	3906100		
November	2317200		
December	2401000		
TOTAL VOLUME gallons	70,114,000	0	0
Metered or Estimated ⁸	Metered		
Percent of Volume Treated Before Intake ⁹	0 %	%	%
Brackish/Saline ¹⁰	No		
Percent of Volume Not Returned ¹¹	86% %	%	%

1 acre-foot = 325,851 gallons; 1 barrel = 42 gallons; 1 cubic foot = 7.48 gallons

Purchased Water

Did this system purchase ground or surface water last year? Yes No

If no, go on to next page.

Volume of Water Intake in Gallons

Please provide the Intake information and volumes (in GALLONS) below for water purchased. If water is purchased from more than 3 water providers, please include a copy of this page with the additional water purchases. If water is purchased from a provider and metered through more than one connection, then combine the metered volumes in reporting the purchase below. Do not enter comma separators or decimal points in monthly intakes. *Total volume automatically calculates.*

PURCHASED GW/SW	Source 1	Source 2	Source 3
Name of Water Provider	TRWD	Walnut Creek MUD	
Type of water ¹²	Surface Water	Surface Water	
Name of Source ¹³	Eagle Mountain Lake	Lake Bridgeport	
Source County	220 TARRANT	249 WISE	
January	7396000	745300	
February	5385200	0	
March	5236800	2200	
April	5485000	0	
May	5780600	0	
June	7962000	1145000	
July	7944800	0	
August	9278800	0	
September	7020500	0	
October	3906100	0	
November	2317200	0	
December	2401000	0	
TOTAL VOLUME gallons	70,114,000	1,892,500	0
Metered or Estimated ¹⁴	Metered	Metered	
Percent of Volume Treated Before Intake ¹⁵	0 %	0 %	%
Brackish/Saline ¹⁶	No	No	

1 acre-foot = 325,851 gallons; 1 barrel = 42 gallons; 1 cubic foot = 7.48 gallons

Reuse/Treated Effluent (Self-Supplied or Purchased)

Did this system reuse treated effluent water last year? Yes No
 If no, go on to next page.

Please enter the annual volume of waste-water effluent that was treated by the system with the purpose of reuse. Complete a column for each unique reuse water source. Please note that percentage(s) must total 100%.

REUSE	Source 1	Source 2	Source 3
Name of Water Source ¹⁷	_____	_____	_____
Treatment County ¹⁸	_____	_____	_____
If purchased, Seller ¹⁹			
Direct or Indirect ²⁰	_____	_____	_____
If Indirect, TCEQ Water Right Number ²¹			
TOTAL VOLUME gallons²²			
% Used for Industrial	%	%	%
% Used for Landscape	%	%	%
% Used for Agriculture	%	%	%
% Used for Other	%	%	%

1 acre-foot = 325,851 gallons; 1 barrel = 42 gallons; 1 cubic foot = 7.48 gallons

Did this system sale water to another water system or industry last year? Yes No
If no, go on to next page.

Wholesale Water Sales to other Water Systems

If the system sells water to other public water systems, please complete the row for each sale. If system has more than 3 sales, please include a copy of this page with the additional sales.

WATER SYSTEM SALES	Name of Buyer	Type of Water ²³ GW,SW,CS	Name of Source ²⁴	Source County	TOTAL VOLUME gallons ²⁵
Sale 1					
Sale 2					
Sale 3					

Water Sales to Industrial Production Facilities ²⁶

If the system sells water to industrial facilities (mining, manufacturing, or power generation), please complete the row for each sale. If system has more than 3 sales, please include a copy of this page with the additional sales. If volume sold is less than 10 million gallons, then combine industry sale volumes.

INDUSTRY SALES	Name of Buyer ²⁷	Type of Water ²⁸ GW,SW,CS	Name of Source ²⁹	Source County	TOTAL VOLUME gallons ³⁰
Sale 1	Other manufacturing	CS	Eagle Mountain Lake	220 TARRANT	200000
Sale 2					
Sale 3					

Does this system serve connections within a city limit? Yes No

Direct Retail Connections within Cities

Please list per column the cities in which the system had direct retail (non-wholesale) connections. Include the number of active connections located within each city. If system is connected to more than 4 cities, please include a copy of this page with the additional cities.

CITY	City Name	Number of Connections
City 1	Springtown	1,255
City 2		
City 3		
City 4		

Does this system serve connections within a county? Yes No

Direct Retail Connections within Counties

Please list per column the counties in which the system had direct retail (non-wholesale) connections. Include the number of active connections located within each county. If system is connected to more than 4 counties, please include a copy of this page with the additional counties.

COUNTY	County Name	Number of Connections
County 1	184 PARKER	11
County 2		
County 3		
County 4		

Water System Information

What is the estimated total full-time residential population served directly by this system?

2,690

Retail Water Metered

For each Customer Category, please provide the connection and metered volume information for the following recommended retail customer categories. "Retail water" refers to the amount of water sold to customers. *If you are unable to report for a category, please leave the field blank.*

Retail Customer Category	# of Connections (or Units ³¹)	Total Retail METERED Water in Gallons
Residential Single Family* ³²	1,065	50,854,000
Residential Multi-Family* ³³	3	424,000
Institutional* ³⁴	6	3,250,000
Commercial* ³⁵	176	25,344,000
Industrial* (including Industrial sales listed earlier) ³⁶	5	265,000
Agricultural* ³⁷	0	0
TOTAL Metered Connections and Annual Retail Volume (gal)	1,255	80,137,000

Retail Water Unmetered

What is the total number of Un-Metered Connections and annual volume? (Ex: Back-flushing, line-flushing, and fire department use)

Connections	Volume in Gallons
20	17540500

Please provide any additional comments or remarks below.

¹ The survey number is a unique number assigned by Texas Water Development Board (TWDB) to each system. Survey number does not change and is the same every year. This number can be found in the upper-right header on the notification letter that is sent to all systems annually.

² The public water supply (PWS) identification number is a unique number assigned by the Texas Commission on Environmental Quality to each public water system in Texas. <<http://dww.tceq.state.tx.us/DWW/>>

³ If the system pumps groundwater, please provide those volumes in gallons by aquifer. If your system is able to provide volumes by individual wells, please use our Online data-entry application located at, <<http://www.twdb.texas.gov/waterplanning/waterusesurvey/survey/online.asp>>.

⁴ Was the pumped groundwater volume, Metered or Estimated? Select "Metered" or "Estimated".

⁵ What percent of the volume was treated prior to intake? May include raw water purchases (0% treated), treated water purchases (100%), or a combination. For self-supplied, would normally be 0%.

⁶ Was the water brackish or saline (seawater) prior to treatment? Brackish water is between 1,000 and 10,000 milligrams per liter (mg/L) of total dissolved solids (TDS). Saline water is considered water having greater than 10,000 mg/L of TDS. Select either "Yes" if brackish/saline, or "No" if not brackish/saline.

⁷ If the system diverts or receives surface water from an owned or contracted Texas Commission on Environmental Quality (TCEQ) water right, please provide those **diverted volumes that enter the system**. The monthly diversion volumes for each water right must be included here, in addition to the reported required by TCEQ or Water-master office.

⁸ Was the surface water volume diverted, Metered or Estimated? Select "Metered" or "Estimated".

⁹ What percent of the volume was treated prior to the intake pump? May include raw water purchases (0% treated), treated water purchases (100%), or a combination. For self-supplied, would normally be 0%.

¹⁰ Was the water brackish or saline (seawater) prior to treatment? Brackish water is between 1,000 and 10,000 milligrams per liter (mg/L) of total dissolved solids (TDS). Saline water is considered water having greater than 10,000 mg/L of TDS. Select either "Yes" if brackish/saline, or "No" if not brackish/saline.

¹¹ If surface water was used in an industrial process, such as once-through cooling, where a significant portion of the water was returned to the original water source with minimal treatment; what PERCENT of the diverted volume was not returned to the original source? (This is similar to the volume CONSUMED in the annual Water Right Report to the TCEQ).

-
- ¹² Select the type of water purchased: Groundwater, Surface Water or Combined Source (ground and surface water).
- ¹³ If ground water, please enter the aquifer name; if surface water, enter the river or reservoir name.
- ¹⁴ Was the purchased water volume, Metered or Estimated? Select "Metered" or "Estimated".
- ¹⁵ What percent of the volume was treated prior to intake? May include raw water purchases (0% treated), treated water purchases (100%), or a combination. For self-supplied, would normally be 0%.
- ¹⁶ Was the water brackish or saline (seawater) prior to treatment? Brackish water is between 1,000 and 10,000 milligrams per liter (mg/L) of total dissolved solids (TDS). Saline water is considered water having greater than 10,000 mg/L of TDS. Select either "Yes" if brackish/saline, or "No" if not brackish/saline.
- ¹⁷ What was the name of the water source prior to water use and treatment?
- ¹⁸ In which county was the effluent treated for reuse?
- ¹⁹ If the reuse water was purchased, what was the Seller's name?
- ²⁰ Direct reuse is the use of reclaimed water that is piped directly from the wastewater treatment plant to the place where it is used. Indirect reuse is the use of reclaimed water by discharging to a water supply source, such as surface water or groundwater, where it blends with the water supply and may be further purified before being removed for non-potable or potable uses.
- ²¹ If Indirect-reuse water is blended with a surface water source, what is the TCEQ Water Right or Adjudication number?
- ²² Total annual reuse water volume in gallons.
- ²³ Where GW is Ground Water, SW is Surface Water, and CS is Combined Source (ground water and surface water).
- ²⁴ If ground water, please enter the aquifer name; if surface water, enter the river or reservoir name.
- ²⁵ Please enter the Total Volume sold in gallons.
- ²⁶ Please list the buyers **only when the volumes are greater than 10 million gallons**. These should be sales to production facilities, not administrative offices. If sold to a significant number of MINING or MANUFACTURING facilities where each sale is less than 10 million gallons, please sum the sales together and list as "Other Mining" or "Other Manufacturing".
- ²⁷ Enter name of each Industrial Customer.
- ²⁸ Where GW is Ground Water, SW is Surface Water, and CS is Combined Source (ground water and surface water).
- ²⁹ If ground water, please enter the aquifer name; if surface water, enter the river or reservoir name.
- ³⁰ Please enter the Total Annual Volume for each sale in gallons.
- ³¹ For Multi-family water customers, please include the number of multi-family connections or units rather than the number of meters. A connection/unit is an apartment or condo within a building or complex.
- ³² A classification of housing where a single detached dwelling or separate house is a free-standing residential building. Also includes duplexes.
- ³³ A classification of housing where multiple housing units for residents are contained within one building or complex. A common form is an apartment building or condominiums.
- ³⁴ The use of water by an establishment dedicated to public service, such as a school, university, church, hospital, nursing home, prison or government facility. All facilities dedicated to public service are considered institutional regardless of ownership. (Examples: Educational services, Health care, Recreation, and Public Administration).
- ³⁵ A place of business such as a hotel, restaurant, or office building which uses water. Commercial water use does not include water used for multi-family residences, agricultural, industrial, or institutional users.
- ³⁶ The use of water in processes designed to convert materials of a lower order of value into forms having greater usability and commercial value, and the development of power by means other than hydroelectric, but does not include agricultural use. (Examples: mining, utilities, construction, and manufacturing).
- ³⁷ Any use or activity involving agriculture, including irrigation. (Examples: Agriculture, Forestry, Fishing and Hunting).

Part B27: Water Loss Audit

TEXAS WATER DEVELOPMENT BOARD
P.O. BOX 13231, CAPITOL STATION
AUSTIN, TX 78711-3231
2016 WATER AUDIT REPORT

A. Water Utility General Information

1. Water Utility Name	<u>CITY OF SPRINGTOWN</u>		
1a. Regional Water Planning Area	<u>C</u>		
1b. Address	<u>PO BOX 444</u>		
	<u>SPRINGTOWN, TX 76082-0444</u>		
2. Contact Information			
2a. Name	<u>Donna Garrett</u>		
2b. Telephone Number	<u>(817) 220-4834</u>		
2c. Email Address	<u>dgarrett@cityofspringtown.com</u>		
3. Reporting Period			
3a. Start Date	<u>01/01/2016</u>		
3b. End Date	<u>12/31/2016</u>		
4. Source Water Utilization			
4a. Surface Water	<u>72.00</u>	%	
4b. Ground Water	<u>28.00</u>	%	
5. Population Served			
5a. Retail Population Served	<u>2,670</u>		Assessment Scale
5b. Wholesale Population Served	<u>0</u>		
6. Utility's Length of Main Lines	<u>32.00</u>	miles	<u>2.5</u>
7. Total Retail Metered Connections - Active and Inactive	<u>1,292</u>		<u>4.5</u>
8. Number of Wholesale Connections Served	<u>0</u>		
9. Service Connection Density	<u>40.38</u>	connections per mile	
10. Average Yearly System Operating Pressure	<u>85.00</u>	psi	<u>2</u>
11. Volume Units of Measure	<u>Gallons</u>		

B. System Input Volume

12. Volume of Water Intake	<u>112,494,978</u>	gallons	
13. Produced Water	<u>71,533,000</u>	gallons	<u>4.5</u>
13a. Production Meter Accuracy	<u>99.0</u>	%	<u>4</u>
13b. Corrected Input Volume	<u>72,255,556</u>	gallons	
14. Total Treated Purchased Water	<u>0</u>	gallons	<u>N/A</u>
14a. Treated Purchased Water Meter Accuracy	<u>0.0</u>	%	<u>N/A</u>
14b. Corrected Treated Purchased Water Volume	<u>0</u>	gallons	

TEXAS WATER DEVELOPMENT BOARD

P.O. BOX 13231, CAPITOL STATION

AUSTIN, TX 78711-3231

2016 WATER AUDIT REPORT

15. Total Treated Wholesale Water Sales	0	gallons	N/A
15a. Treated Wholesale Water Meter Accuracy	0.0	%	N/A
15b. Corrected Treated Wholesale Water Sales Volume	0	gallons	
16. Total System Input Volume Line 13b + Line 14b - Line 15b	72,255,556	gallons	
			Assessment Scale
C. Authorized Consumption			
17. Billed Metered	93,347,000	gallons	3.5
18. Billed Unmetered	0	gallons	0.5
19. Unbilled Metered	0	gallons	0.5
20. Unbilled Unmetered	903,194	gallons	1
21. Total Authorized Consumption	94,250,194	gallons	
D. Water Losses			
22. Water Losses Line 16 - Line 21	-21,994,639	gallons	
E. Apparent Losses			
23. Average Customer Meter Accuracy	95.00	%	1.5
24. Customer Meter Accuracy Loss	4,913,000	gallons	
25. Systematic Data Handling Discrepancy	0	gallons	0.5
26. Unauthorized Consumption	180,639	gallons	1
27. Total Apparent Losses	5,093,639	gallons	
F. Real Losses			
28. Reported Breaks and Leaks	545,000	gallons	2.5
29. Unreported Loss	-27,633,278	gallons	1.5
30. Total Real Losses Line 28 + Line 29	-27,088,278	gallons	
31. Total Water Losses Line 27 + Line 30	-21,994,639	gallons	
32. Non-Revenue Water Line 31 + Line 19 + Line 20	-21,091,444	gallons	
G. Technical Performance Indicator for Apparent Loss			
33. Apparent Losses Normalized Line 27 / Line 7 / 365	10.80	gallons lost per connection per day	

TEXAS WATER DEVELOPMENT BOARD
P.O. BOX 13231, CAPITOL STATION
AUSTIN, TX 78711-3231
2016 WATER AUDIT REPORT

H. Technical Performance Indicators for Real Loss

34. Real Loss Volume	-27,088,278	gallons
Line 30		
35. Unavoidable Annual Real Losses Volume	0	gallons
(5.41 * Line 6 + (Line 7 * 0.15)) * 365 * Line 10		
36. Infrastructure Leakage Index	0.00	I.L.I
Line 34 / Line 35		
37. Real Losses Normalized - Service Connections	0.00	gallons lost per connection per day
Line 34 / Line 7 / 365		
38. Real Losses Normalized - Main Lines	0.00	gallons lost per mile per day
Line 34 / Line 6 / 365		

I. Financial Performance Indicators

39. Total Apparent Losses	5,093,639	gallons	
Line 27			
40. Retail Price of Water	6.25000	\$/gallons	<u>5</u>
41. Cost of Apparent Losses	\$31,835,243.06		
Line 39 x Line 40			
42. Total Real Losses	- 27,088,278	gallons	
Line 30			
43. Variable Production Cost of Water	0.00093	\$/gallons	<u>2.5</u>
44. Cost of Real Losses	(\$25,192.10)		
Line 42 x Line 43			
45. Total Cost Impact of Apparent and Real Losses	\$31,810,050.96		
Line 41 + Line 44			
46. Total Assessment Score	57.5		

J. System Losses and Gallons Per Capita per Day (GPCD)

47. Total Water Loss - Percentage	0.00	%
48. GPCD Input	74	
Line 16 / Line 5a / 365		
49. GPCD Loss	0	
Line 31 / Line 5a / 365		

K. Wholesale Factor Adjustments

50. Percent of Treated Wholesale Water Traveling through General Distribution System	0.00	%
--	------	---

TEXAS WATER DEVELOPMENT BOARD

P.O. BOX 13231, CAPITOL STATION

AUSTIN, TX 78711-3231

2016 WATER AUDIT REPORT

51. Volume of Treated Wholesale Water Traveling through General Distribution System (Line 50/100) * Line 15b	0	gallons
52. Wholesale Factor Line 15b / (Line 13b + Line 14b)	0.00	
53. Adjusted Real Loss Volume ((1 - Line 52) x (Line 30 * Line 50 / 100)) + (Line 30 - (Line 30 * Line 50/100))	- 27,088,278	gallons
54. Adjusted Cost of Real Losses ((1 - Line 52) x (Line 44 * Line 50 / 100)) + (Line 44 - (Line 44 * Line 50/100))	(\$25,192.10)	
55. Adjusted Total Water Loss Volume ((1 - Line 52) x (Line 31 * Line 50 / 100)) + (Line 31 - (Line 31 * Line 50/100))	- 21,994,639	gallons
56. Adjusted Total Cost Impact of Apparent and Real Losses ((1 - Line 52) x (Line 45 * Line 50 / 100)) + (Line 45 - (Line 45 * Line 50/100))	\$31,810,050.96	
57. Adjusted Real Loss Per Connection ((1 - Line 52) x (Line 37 * Line 50 / 100)) + (Line 37 - (Line 37 * Line 50/100))	0.00	gallons lost per connection per day
58. Adjusted Real Loss Per Mile ((1 - Line 52) x (Line 38 * Line 50 / 100)) + (Line 38 - (Line 38 * Line 50/100))	0.00	gallons lost per mile per day
59. Adjusted Infrastructure Leakage Index ((1 - Line 52) x (Line 36 * Line 50 / 100)) + (Line 36 - (Line 36 * Line 50/100))	0.00	I.L.I
60. Adjusted Total Water Loss - Percentage ((1 - Line 52) x (Line 47 * Line 50 / 100)) + (Line 47 - (Line 47 * Line 50/100))	0.00	%
61. Adjusted GPCD Loss ((1 - Line 52) x (Line 49 * Line 50 / 100)) + (Line 49 - (Line 49 * Line 50/100))	0	

Comments

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Part C: Financial

Part C39: Assessed Values by Classification

City of Springtown, Texas
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2017
Texas Water Development Board
State Water Implementation Fund for Texas (SWIFT) Financing
ATTACHMENT #39

Category	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2017		2016		2015	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 90,080,510	53.00%	\$ 88,997,570	52.59%	\$ 76,917,550	50.54%
Real, Residential, Multi-Family	4,790,830	2.82%	4,790,830	2.83%	4,356,230	2.86%
Real, Vacant Lots/Tracts	2,482,940	1.46%	2,450,070	1.45%	2,072,700	1.36%
Real, Acreage (Land Only)	3,662,057	2.15%	4,058,936	2.40%	3,954,055	2.60%
Real, Farm and Ranch Improvements	3,140,086	1.85%	3,664,203	2.17%	3,248,760	2.13%
Real, Commercial	30,812,913	18.13%	29,809,339	17.62%	27,550,450	18.10%
Real, Industrial	14,190,780	8.35%	15,836,970	9.36%	16,599,840	10.91%
Real, Oil & Gas	52,770	0.03%	118,870	0.07%	81,710	0.05%
Real and Tangible Personal, Utilities	8,330,380	4.90%	9,014,590	5.33%	8,924,830	5.86%
Tangible Personal, Commercial	9,506,450	5.59%	8,425,150	4.98%	6,200,680	4.07%
Tangible Personal, Industrial	2,757,530	1.62%	1,865,360	1.10%	2,099,130	1.38%
Tangible Personal, Mobile Homes	29,640	0.02%	29,640	0.02%	39,330	0.03%
Intangible Personal Property	39,130	0.02%	69,100	0.04%	9,450	0.01%
Real, Inventory	87,000	0.05%	81,000	0.05%	144,800	0.10%
Special Inventory	11,390	0.01%	10,190	0.01%	4,220	0.00%
Other	-	0.00%	-	0.00%	-	0.00%
Total Appraised Value Before Exemptions	\$ 169,974,406	100.00%	\$ 169,221,778	100.00%	\$ 152,203,735	100.00%
Less: Total Exemptions/Reductions	8,636,744		11,355,452		7,997,791	
Taxable Assessed Value	<u>\$ 161,337,662</u>		<u>\$ 157,866,326</u>		<u>\$ 144,205,944</u>	

Category	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2014		2013	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 76,400,870	50.64%	\$ 78,547,500	53.42%
Real, Residential, Multi-Family	4,355,430	2.89%	4,348,360	2.96%
Real, Vacant Lots/Tracts	1,935,560	1.28%	2,074,440	1.41%
Real, Acreage (Land Only)	3,294,635	2.18%	4,798,250	3.26%
Real, Farm and Ranch Improvements	2,975,050	1.97%	1,552,570	1.06%
Real, Commercial	26,908,210	17.84%	24,545,900	16.69%
Real, Industrial	17,325,830	11.48%	14,346,740	9.76%
Real, Oil & Gas	140,120	0.09%	146,180	0.10%
Real and Tangible Personal, Utilities	8,757,570	5.80%	8,262,100	5.62%
Tangible Personal, Commercial	6,180,680	4.10%	5,949,950	4.05%
Tangible Personal, Industrial	2,384,190	1.58%	2,208,840	1.50%
Tangible Personal, Mobile Homes	54,440	0.04%	101,400	0.07%
Intangible Personal Property	9,450	0.01%	120	0.00%
Real, Inventory	144,800	0.10%	144,800	0.10%
Special Inventory	4,220	0.00%	-	0.00%
Other	-	0.00%	-	0.00%
Total Appraised Value Before Exemptions	\$ 150,871,055	100.00%	\$ 147,027,150	100.00%
Less: Total Exemptions/Reductions	7,492,281		7,326,110	
Taxable Assessed Value	<u>\$ 143,378,774</u>		<u>\$ 139,701,040</u>	

Part C40: Direct and Overlapping Tax Table

City of Springtown, Texas
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2017
Texas Water Development Board
State Water Implementation Fund for Texas (SWIFT) Financing
ATTACHMENT #40

Taxing Jurisdiction	2016/17 Taxable Assessed Valuation	2016/17 Tax Rate	Tax Debt as of 3/31/2017	Estimated % Applicable	Overlapping G.O. Tax Debt	Authorized But Unissued
City of Springtown	\$ 161,337,662	\$0.6230	\$ 13,050,000 ⁽²⁾	100.00%	\$ 13,050,000	\$ 20,000 ⁽¹⁾
Parker County	10,590,972,250	0.3340	125,055,000	1.52%	1,900,836	20,000,000
Parker County Hospital Dist.	10,545,551,660	0.1120	-	1.52%	-	-
Parker County JCD	10,539,962,566	0.1200	5,665,000	1.52%	86,108	-
Springtown ISD	807,128,786	1.4290	56,490,000	19.99%	11,292,351	-
Total Direct and Overlapping G.O. Tax Debt					\$ 26,329,295	
Ratio of Direct and Overlapping G.O. Tax Debt to Taxable Assessed Valuation					16.32%	
Per Capita Direct and Overlapping G.O. Tax Debt					\$ 9,574	
Total Overlapping Tax Rate					\$ 2.6180	

¹ per the MAC

* Excludes authorizations from the following election propositions(s) because the remaining authorization is deemed too small or too old: 06/15/1981 - \$20,000 Water

Part C45: Proforma for Debt Outstanding

City of Springtown, Texas
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2017
Texas Water Development Board
State Water Implementation Fund for Texas (SWIFT) Financing
ATTACHMENT #45

TWDB SWIFT Low-interest Loan **\$ 1,390,000.00**

Uses of Funds:

Project Funds
Water Wells **\$ 1,320,000.00**

Financing Costs
Bond Counsel 30,000.00
Attorney General Review Fee 1,390.00
Financial Advisor 33,550.00
Paying Agent 1,000.00
Escrow Agent 2,000.00
CUSIP Fee 1,000.00
Financing Costs Contingency 1,060.00
Total Uses of Funds **\$ 1,390,000.00**

City of Springtown, Texas
 Combination Tax and Surplus Revenue Certificates of Obligation, Series 2017
 Texas Water Development Board
 State Water Implementation Fund for Texas (SWIFT) Financing
 ATTACHMENT #45

Preliminary; for Discussion Purposes Only

A Fiscal Year Ending 30-Sep	B FYE 2016 Audited Gross Revenues ⁽¹⁾	C FYE 2016 Audited Operating Expenses ⁽²⁾	D Net Revenue Available for Debt Service	E Existing W&W System Debt Service ⁽³⁾	F \$1,390,000 Comb Tax & Surplus Rev C/Os, Series 2017 True Interest Cost = 2.79% ⁽⁴⁾			I Projected W&W System Debt Service	J Projected Surplus Cash Flow	K Projected Debt Service Coverage Ratio	L Surplus (Deficit) to Cover Debt Service	M 2016/2017 Taxable Assessed Valuation	N Required Tax Rate To Cover Deficit ⁽⁵⁾
					Principal	Interest	Total D/S						
2017	\$ 1,548,054	\$ (1,117,501)	\$ 430,553	\$ 350,581	\$ -	\$ -	\$ -	\$ 350,581	\$ 79,972	1.23x	\$ 79,972	\$ 161,337,662	\$ -
2018	1,548,054	(1,117,501)	430,553	429,198	-	24,424	24,424	453,622	(23,069)	0.95x	(23,069)	161,337,662	0.0143
2019	1,548,054	(1,117,501)	430,553	425,961	35,000	35,171	70,171	496,132	(65,579)	0.87x	(65,579)	161,337,662	0.0406
2020	1,548,054	(1,117,501)	430,553	423,553	35,000	34,853	69,853	493,406	(62,853)	0.87x	(62,853)	161,337,662	0.0390
2021	1,548,054	(1,117,501)	430,553	430,453	35,000	34,485	69,485	499,938	(69,385)	0.86x	(69,385)	161,337,662	0.0430
2022	1,548,054	(1,117,501)	430,553	426,478	35,000	34,065	69,065	495,543	(64,990)	0.87x	(64,990)	161,337,662	0.0403
2023	1,548,054	(1,117,501)	430,553	427,126	35,000	33,589	68,589	495,715	(65,162)	0.87x	(65,162)	161,337,662	0.0404
2024	1,548,054	(1,117,501)	430,553	427,227	40,000	33,064	73,064	500,291	(69,738)	0.86x	(69,738)	161,337,662	0.0432
2025	1,548,054	(1,117,501)	430,553	427,554	40,000	32,416	72,416	499,970	(69,417)	0.86x	(69,417)	161,337,662	0.0430
2026	1,548,054	(1,117,501)	430,553	426,589	40,000	31,728	71,728	498,317	(67,763)	0.86x	(67,763)	161,337,662	0.0420
2027	1,548,054	(1,117,501)	430,553	420,207	40,000	31,000	71,000	491,207	(60,654)	0.88x	(60,654)	161,337,662	0.0376
2028	1,548,054	(1,117,501)	430,553	418,745	40,000	30,244	70,244	488,989	(58,436)	0.88x	(58,436)	161,337,662	0.0362
2029	1,548,054	(1,117,501)	430,553	422,045	40,000	29,408	69,408	491,453	(60,900)	0.88x	(60,900)	161,337,662	0.0377
2030	1,548,054	(1,117,501)	430,553	419,900	40,000	28,496	68,496	488,396	(57,843)	0.88x	(57,843)	161,337,662	0.0359
2031	1,548,054	(1,117,501)	430,553	422,404	45,000	27,536	72,536	494,940	(64,387)	0.87x	(64,387)	161,337,662	0.0399
2032	1,548,054	(1,117,501)	430,553	419,451	45,000	26,402	71,402	490,853	(60,300)	0.88x	(60,300)	161,337,662	0.0374
2033	1,548,054	(1,117,501)	430,553	425,200	45,000	25,223	70,223	495,423	(64,870)	0.87x	(64,870)	161,337,662	0.0402
2034	1,548,054	(1,117,501)	430,553	421,200	45,000	24,004	69,004	490,204	(59,651)	0.88x	(59,651)	161,337,662	0.0370
2035	1,548,054	(1,117,501)	430,553	421,800	50,000	22,757	72,757	494,557	(64,004)	0.87x	(64,004)	161,337,662	0.0397
2036	1,548,054	(1,117,501)	430,553	421,800	50,000	21,342	71,342	493,142	(62,589)	0.87x	(62,589)	161,337,662	0.0388
2037	1,548,054	(1,117,501)	430,553	421,200	50,000	19,902	69,902	491,102	(60,549)	0.88x	(60,549)	161,337,662	0.0375
2038	1,548,054	(1,117,501)	430,553	-	55,000	18,442	73,442	73,442	357,111	5.86x	357,111	161,337,662	-
2039	1,548,054	(1,117,501)	430,553	-	55,000	16,820	71,820	71,820	358,734	5.99x	358,734	161,337,662	-
2040	1,548,054	(1,117,501)	430,553	-	55,000	15,181	70,181	70,181	360,373	6.13x	360,373	161,337,662	-
2041	1,548,054	(1,117,501)	430,553	-	55,000	13,531	68,531	68,531	362,023	6.28x	362,023	161,337,662	-
2042	1,548,054	(1,117,501)	430,553	-	60,000	11,870	71,870	71,870	358,684	5.99x	358,684	161,337,662	-
2043	1,548,054	(1,117,501)	430,553	-	60,000	10,046	70,046	70,046	360,508	6.15x	360,508	161,337,662	-
2044	1,548,054	(1,117,501)	430,553	-	65,000	8,210	73,210	73,210	357,344	5.88x	357,344	161,337,662	-
2045	1,548,054	(1,117,501)	430,553	-	65,000	6,208	71,208	71,208	359,346	6.05x	359,346	161,337,662	-
2046	1,548,054	(1,117,501)	430,553	-	65,000	4,199	69,199	69,199	361,354	6.22x	361,354	161,337,662	-
2047	1,548,054	(1,117,501)	430,553	-	70,000	2,184	72,184	72,184	358,369	5.96x	358,369	161,337,662	-
				\$ 8,828,668	\$ 1,390,000	\$ 686,796	\$ 2,076,796	\$ 10,905,464					

Notes:
 (1) Includes investment income, tap fees, and miscellaneous revenue.
 (2) Excludes depreciation expense.
 (3) Includes General Obligation Refunding Bonds, Series 2017 and Tax Notes, Series 2017 expected to close on May 25, 2017.
 (4) Assumes SWIFT Tax-Exempt Interest Rates. Low Interest Rural 30-Year Loan 26.15% Subsidy.
 (5) Assumes Collection Rate of 100% for purposes of illustration.

Part C46: Five Year Comparison

City of Springtown, Texas
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2017
Texas Water Development Board
State Water Implementation Fund for Texas (SWIFT) Financing
 ATTACHMENT #46

Statement of Operations (5 Year)
Fiscal Year Ending 9/30,

	2016	2015	2014	2013	2012
OPERATING REVENUES					
Water & Sewer Service	\$ 1,533,449	\$ 1,509,807	\$ 1,433,540	\$ 1,431,069	\$ 1,398,348
Total Operating Revenues	\$ 1,533,449	\$ 1,509,807	\$ 1,433,540	\$ 1,431,069	\$ 1,398,348
OPERATING EXPENSES					
Personnel Services	\$ 422,660	\$ 374,750	\$ 369,689	\$ 392,678	\$ 379,031
Materials and Supplies	378,343	330,241	312,225	301,004	355,230
Contractual Services	316,498	353,795	328,448	283,133	298,746
Depreciation	437,426	440,233	321,634	318,727	300,154
Bad Debt Expense	-	5,165	3,597	-	-
Total Operating Expenses	\$ 1,554,927	\$ 1,504,184	\$ 1,335,593	\$ 1,295,542	\$ 1,333,161
Operating Income (Loss)	\$ (21,478)	\$ 5,623	\$ 97,947	\$ 135,527	\$ 65,187
NON-OPERATING REVENUES (EXPENSES)					
Tap Fees	\$ 263	\$ 6,712	\$ 11,353	\$ 1,950	\$ 6,134
Impact Fees	-	-	-	-	19,260
Investment Income	1,978	362	403	925	3,450
Miscellaneous	12,364	1,975	11,965	9,412	4,321
Interest and Fiscal Agent Fees	(174,582)	(182,349)	(128,984)	(144,480)	(139,657)
Total Non-Operating Revenues (Expenses), net	\$ (159,977)	\$ (173,300)	\$ (105,263)	\$ (132,193)	\$ (106,492)
Income (Loss) Before Transfers and Capital Contributions	\$ (181,455)	\$ (167,677)	\$ (7,316)	\$ 3,334	\$ (41,305)
Transfers In (Out)	\$ (65,163)	\$ 94,711	\$ (4,400)	\$ 252,935	\$ 21,701
Capital Contributions	331,972	-	-	-	-
Change in Net Position	\$ 85,354	\$ (72,966)	\$ (2,916)	\$ 256,269	\$ (19,604)
NET POSITION, beginning of year, as originally reported	\$ 4,150,787	\$ 4,207,274	\$ 4,429,234	\$ 4,173,022	\$ 4,192,626
Change in Accounting Principle	\$ -	\$ 16,479	\$ (219,044)	\$ -	\$ -
NET POSITION, end of year	\$ 4,236,141	\$ 4,150,787	\$ 4,207,274	\$ 4,429,291	\$ 4,173,022
Net Revenue Available for Debt Service⁽¹⁾	\$ 430,553	\$ 454,905	\$ 443,302	\$ 466,541	\$ 379,246

(1) Includes investment income, tap fees, miscellaneous revenue. Excludes Depreciation and Non-Operating Expenses

Part C47: Annual Audit and Management Letter

CITY OF SPRINGTOWN, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
September 30, 2016



CITY OF SPRINGTOWN, TEXAS

FINANCIAL REPORT

SEPTEMBER 30, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor,
City Council and City Administrator
City of Springtown, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Springtown, Texas (the City) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City's 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Honorable Mayor,
City Council and City Administrator

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City, as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information on pages 4 through 12, and 48 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2017, on our consideration of the City's internal control over financial reporting and on 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 an opinion on 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 City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
February 14, 2017

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CITY OF SPRINGTOWN, TEXAS

Management's Discussion and Analysis (unaudited)

As management of the City of Springtown (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2016.

Financial Highlights

- The assets of the City of Springtown exceeded its liabilities at the close of the most recent fiscal year by \$12,450,692 (net position). Of this amount, \$2,334,074 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$15,365. This increase is attributed to paying down debt at a faster rate than assets are depreciating.
- As of the close of the current fiscal year, the City of Springtown's governmental funds reported combined ending fund balances of \$2,673,870, a decrease of \$98,660 in comparison with the prior year. Approximately 65% of this total amount is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,737,096 or 55% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the City of Springtown's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Springtown's finances, in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City of Springtown that are principally supported by taxes and inter-governmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, culture and recreation, and public works. The business-type activities of the City include water and sewer activities.

The government-wide financial statements can be found on pages 13-14 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Springtown, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Debt Service and Capital Projects funds.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 15-18 of this report.

Proprietary Funds. The City maintains one type of proprietary fund. An enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer activities.

Proprietary funds provide the same type of information as the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 19-21 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-47 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees and a budgetary comparison schedule for the General Fund. Required supplementary information can be found on pages 48-51 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of September 30, 2016, the City of Springtown's assets exceeded liabilities by \$12,450,692.

A significant portion of the City's net position (79%) reflects its investment in capital assets (e.g., land, building, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Springtown's Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$3,091,350	\$3,787,829	\$ 706,787	\$ 788,508	\$ 3,798,137	\$ 4,576,337
Capital assets	12,070,333	12,353,521	10,102,511	10,153,972	22,172,844	22,507,493
Total Assets	15,161,683	16,141,350	10,809,298	10,942,480	25,970,981	27,083,830
Deferred outflows of resources	330,290	166,243	77,765	31,646	408,055	197,889
Long term liabilities	6,742,744	7,071,069	6,403,200	6,590,864	13,145,944	13,661,933
Other liabilities	337,795	850,841	195,448	206,715	533,243	1,057,556
Total liabilities	7,080,539	7,921,910	6,598,648	6,797,579	13,679,187	14,719,489
Deferred inflows of resources	196,883	101,143	52,274	25,760	249,157	126,903
Net Position:						
Net investment in capital assets	6,136,127	6,175,411	3,697,097	3,563,108	9,833,224	9,738,519
Restricted for debt service	199,478	229,775	-	-	199,478	229,775
Restricted for impact fees	-	-	83,916	73,569	83,916	73,569
Unrestricted	1,878,946	1,879,354	455,128	514,110	2,334,074	2,393,464
Total Net Position	\$8,214,551	\$8,284,540	\$4,236,141	\$4,150,787	\$12,450,692	\$12,435,327

An additional portion of the City's net position (3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$2,334,074) may be used to meet the government's ongoing obligations to citizens and creditors.

- Overall, there is an increase of \$15,365 in total net position during the fiscal year as mentioned above.

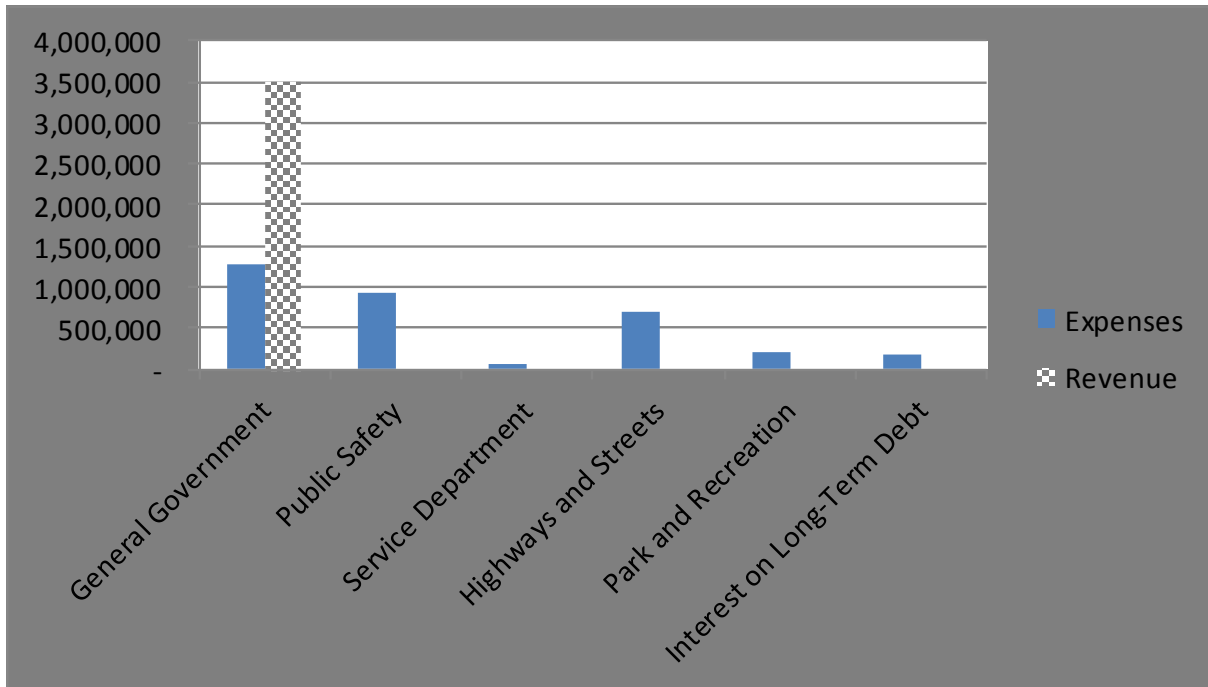
Governmental Activities. Governmental activities decreased the City's net position by \$69,989, thereby accounting for a 0.84% decline in the net position. Key highlights include a 11.58% increase in sales tax revenue compared to 2015, electric franchise showed a 1.56% decrease, tower rental fees had a decrease of 4.82%, licenses and permits had a 22.07% increase, service charges showed an increase of 3.70%, court revenue decreased 24.17% and miscellaneous revenue increased by 167%, resulting in an overall 15.96% increase in revenues. For the most part, increases in expense closely parallel inflation and growth in demand for services.

Business-type Activities. Revenues in the City's business-type activities totaled \$1,548,054 for the fiscal year ending September 30, 2016. Expenses for these activities were \$1,729,509 resulting in a net loss of \$181,455 from business-type activities before transfers. The net position of business-type activities increased by 2.06% to \$4,236,141 in 2016, compared to \$4,150,787 in 2015. Generally, the City can only use this net position to finance the continuing operations of the water and sewer operations.

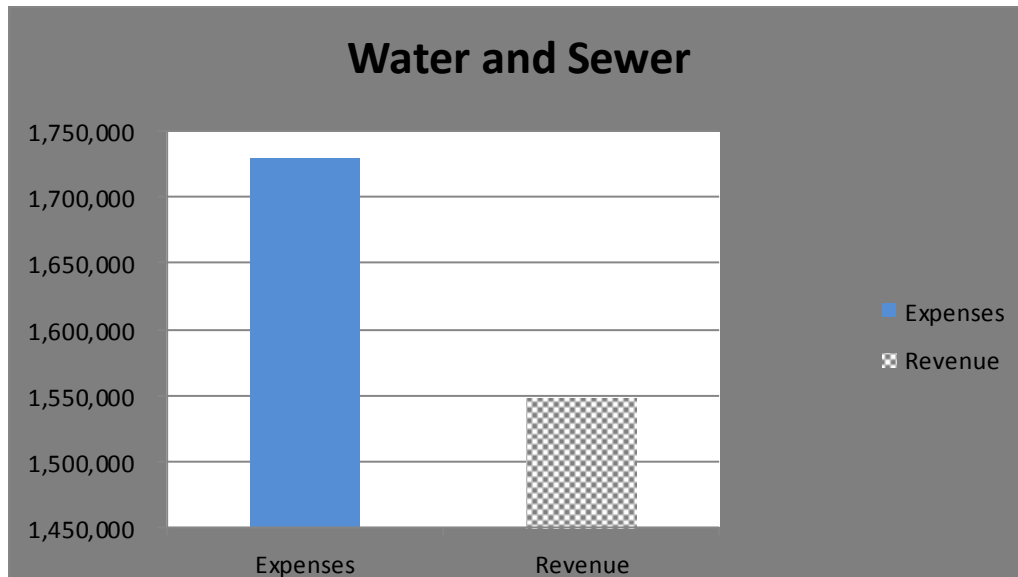
City of Springtown's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Fees, Fines and Charges for ser	\$ 546,945	\$ 641,726	\$ 1,533,449	\$ 1,509,807	\$ 2,080,394	\$ 2,151,533
Capital grants and contributions	266,809	8,191	-	-	266,809	8,191
General revenues:						
Property taxes	964,090	899,335	-	-	964,090	899,335
Sales taxes	1,177,065	1,054,918	-	-	1,177,065	1,054,918
Franchise Taxes	335,217	347,398	-	-	335,217	347,398
Penalties and interest on propert	8,588	12,158	-	-	8,588	12,158
Interest	11,567	5,051	1,978	362	13,545	5,413
Miscellaneous	233,524	87,344	12,627	8,687	246,151	96,031
Total revenues	<u>3,543,805</u>	<u>3,056,121</u>	<u>1,548,054</u>	<u>1,518,856</u>	<u>5,091,859</u>	<u>4,574,977</u>
Expenses:						
General government	1,282,111	1,002,632	-	-	1,282,111	1,002,632
Public safety	929,545	954,575	-	-	929,545	954,575
Service Department	56,197	58,245	-	-	56,197	58,245
Highway and Recreation	701,505	730,269	-	-	701,505	730,269
Parks and Recreation	191,710	166,165	-	-	191,710	166,165
Interest on long-term debt	185,917	192,478	174,582	182,349	360,499	374,827
Water and sewer operations	-	-	1,554,927	1,504,184	1,554,927	1,504,184
Total expenses	<u>3,346,985</u>	<u>3,104,364</u>	<u>1,729,509</u>	<u>1,686,533</u>	<u>5,076,494</u>	<u>4,790,897</u>
Increase (decrease) in net position before transfers	196,820	(48,243)	(181,455)	(167,677)	15,365	(215,920)
Transfers	(266,809)	(94,711)	266,809	94,711	-	-
Increase (decrease) in net position	(69,989)	(142,954)	85,354	(72,966)	15,365	(215,920)
Net position - October 1	8,284,540	8,427,494	4,150,787	4,223,753	12,435,327	12,651,247
Net position - September 30	<u>\$ 8,214,551</u>	<u>\$ 8,284,540</u>	<u>\$ 4,236,141</u>	<u>\$ 4,150,787</u>	<u>\$ 12,450,692</u>	<u>\$ 12,435,327</u>

Expenses and Program Revenues – Governmental Activities



Expenses and Program Revenue – Business-type Activities



Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular,

unassigned fund balance may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Springtown's governmental funds reported combined ending fund balances of \$2,673,870, a decrease of \$98,660 in comparison with the prior year. Approximately 65% constitutes unassigned, undesignated fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved. This indicates that it is not available for new spending because it has already been committed to pay debt service in the amount of \$137,323 and capital projects in the amount of \$799,451.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance was \$1,737,096. The fund balance of the General Fund decreased by \$6,655 during the fiscal year. This decrease is attributable to increase in expenditures.

The Debt Service Fund had an increase of \$1,503 in fund balance. Funds are reserved for the payment of debt service. This increase is from greater than anticipated collections of property taxes. The Capital Projects Fund experienced a decrease of \$93,508 due to the construction needed to finish the creek widening project. The remaining balance of \$799,451 will be utilized for street resurfacing and other projects as designated by city council.

In the General Fund, the City did not adjust the budget at mid-year as there was no anticipation of significant variances from budget.

Proprietary Funds. The City's proprietary fund statements provide the same type of information found in the government-wide financial statements.

Unrestricted net position of the proprietary fund is \$455,128. The water and sewer fund has a net position increase of \$85,354.

General Fund Budgetary Highlights

The GASB issued Statement No. 72, *Fair Value Measurement and Application*, which is effective for periods beginning after June 15, 2015. The objective of this Statement is to provide guidance for determining fair value measurement for financial reporting purposes and provide guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement applies to all state and governmental entities. As the City only invests in investment pools and non-negotiable certificates of deposit during year ended September 30, 2016, this Statement had no material impact on the City's financial statements.

The GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*, which is effective for periods beginning after June 15, 2015. This standard created an election option for external investment pools and pool participants (local and state governments) to continue to utilize amortized cost accounting, rather than fair

value, for certain investment pools and eliminated the reference to SEC 2a-7 guidance. Participants in qualifying pools would be permitted to continue measuring investments at amortized cost if they met certain criteria. The Texpool investment pools operate pursuant to investment strategies, operating procedures, and protocols that meet the criteria of GASB 79, and are, therefore, shown at amortized cost on the City's financial statements.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of September 30, 2016, amount to \$22,172,844 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, office equipment, infrastructure and construction in progress. The total decrease in the City's investment in capital assets for the current fiscal year was \$134,649. This was comprised of a 2.30% decrease in governmental activities and a 1.50% increase for business type activities.

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

- Construction in Progress for the Water and Sewer replacement plant project of \$377,474.
- Additional cost related to the waterworks and Sewer plant of \$20,492.
- Sale of Farmer's Market land of \$70,566.
- Sale of machinery and equipment for \$7,500.
- Completion of Creek Widening Project for the \$600,000 noted in 2015 plus an additional \$97,946 of cost.
- Improvements to the Tabernacle in the amount of \$105,192.
- Purchase of new police car, lawn mowers, and other machinery and equipment for a total of \$50,010.
- Purchase of new computer software and hardware for \$20,353.
- Completion of ground storage tank rehabilitation for a total cost of \$331,972.
- Construction in progress for \$116,942 for construction the Roy Lane Street.

City of Springtown's Capital Assets (Net of Accumulated Depreciation)

Asset	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 5,302,014	\$ 4,578,234	\$ 210,649	\$ 22,649	\$ 5,512,663	\$ 4,600,883
Building and Improvements	1,075,469	1,060,404	91,904	106,032	1,167,373	1,166,436
Office Equipment	43,419	35,649	-	-	43,419	35,649
Machinery and equipment	147,464	218,512	63,980	95,828	211,444	314,340
Waterworks and Sewer System	-	-	9,275,284	9,646,242	9,275,284	9,646,242
Infrastructure	5,385,025	5,860,722	-	-	5,385,025	5,860,722
Construction in Progress	116,942	600,000	460,694	83,221	577,636	683,221
	<u>\$ 12,070,333</u>	<u>\$ 12,353,521</u>	<u>\$ 10,102,511</u>	<u>\$ 9,953,972</u>	<u>\$ 22,172,844</u>	<u>\$ 22,307,493</u>

Additional information on the City's capital assets can be found in note 3 of this report.

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$12,850,000. All of the debt is backed by the full faith and credit of the government.

City of Springtown's Outstanding Debt

Type of Debt	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
General Obligation	\$ 1,865,000	\$ 2,030,000	\$ 175,000	\$ 185,000	\$ 2,040,000	\$ 2,215,000
Certificates of Obligations	4,651,546	4,752,950	6,158,454	6,352,050	10,810,000	11,105,000
Total	<u>\$ 6,516,546</u>	<u>\$ 6,782,950</u>	<u>\$ 6,333,454</u>	<u>\$ 6,537,050</u>	<u>\$ 12,850,000</u>	<u>\$ 13,320,000</u>

During the current fiscal year the City's total long-term debt decreased by \$470,000. This decrease is a result of principal payments.

Additional information on the City's long-term debt can be found in Note 4.

Economic Factors and Next Year's Budgets and Rates

The City of Springtown made the following changes to water rates for fiscal year 2016-2017; all residential customers in the city shall have a base rate increase of \$2.08 and .94, .98, 1.39, or 1.64/1,000 gal increase depending on usage with no change in sewer rates. The two commercial types, C1 and C2 were adjusted based on yearly average usage; C1 uses more than 5,000 gallons per month; an increase of \$9.71 for base rate and \$2.19, \$2.36, \$3.14, or \$3.39/1,000 gal increase based on usage with no change in sewer rates. C2 usage is below 5,000 based on a yearly average. C2 base rate was increased by \$3.08 with the same usage increases as C1 with no changes to sewer rates. The property tax rate shall have a slight increase, 3% to .62170264 per \$100 valuation, compared to .61293025 for fiscal year 2015-2016. Overall general fund revenues are expected to be higher in fiscal year 2016-2017 by \$192,091, not including any transfers. This can be attributed to an anticipated increase of sales tax collections. This year 47% of property tax collections have been designated for the Interest & Sinking fund for repayment of the City's outstanding debt obligation. This is lower than last year's designation of 48.20%. This is attributed to increased property values and new property added to the tax roll.

Request for Information

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need additional information, contact the Finance Department, Attn: Finance Manager, at PO Box 444, Springtown, Texas 76082, call (817) 220-4834, or e-mail dtaylor@cityofspringtown.com.

**CITY OF SPRINGTOWN, TEXAS
GOVERNMENT-WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,689,162	\$ 376,759	\$ 3,065,921
Receivables (net of allowances for uncollectibles)	325,311	119,915	445,226
Net investment in direct financing lease	46,500	-	46,500
Internal balances	3,711	(3,711)	-
Capital assets, net			
Land	5,302,014	210,649	5,512,663
Buildings and improvements	1,075,469	91,904	1,167,373
Office equipment	43,419	-	43,419
Machinery and equipment	147,464	63,980	211,444
Waterworks and sanitary sewer system	-	9,275,284	9,275,284
Infrastructure	5,385,025	-	5,385,025
Construction in progress	116,942	460,694	577,636
Restricted deposits and investments	-	208,238	208,238
Net pension asset	26,666	5,586	32,252
Total assets	15,161,683	10,809,298	25,970,981
DEFERRED OUTFLOWS OF RESOURCES			
Deferred gain on refunding	39,512	-	39,512
Deferred outflows related to pensions	290,778	77,765	368,543
Total deferred outflows of resources	330,290	77,765	408,055
LIABILITIES			
Accounts payable and accrued liabilities	299,473	58,860	358,333
Accrued payroll and related liabilities	38,322	12,266	50,588
Deposits	-	124,322	124,322
Noncurrent liabilities			
Due within one year	345,072	236,353	581,425
Due in more than one year	6,397,672	6,166,847	12,564,519
Total liabilities	7,080,539	6,598,648	13,679,187
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	196,883	52,274	249,157
NET POSITION			
Net investment in capital assets	6,136,127	3,697,097	9,833,224
Restricted for debt service	199,478	-	199,478
Restricted for impact fees	-	83,916	83,916
Unrestricted	1,878,946	455,128	2,334,074
Total net position	\$ 8,214,551	\$ 4,236,141	\$ 12,450,692

The Notes to Basic Financial Statements are an integral part of this statement.

**CITY OF SPRINGTOWN, TEXAS
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2016**

Program Activities	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities							
General government	\$ 1,282,111	\$ 505,494	\$ -	\$ 266,809	\$ (509,808)	\$ -	\$ (509,808)
Public safety	929,545	16,435	-	-	(913,110)	-	(913,110)
Service department	56,197	-	-	-	(56,197)	-	(56,197)
Highways and streets	701,505	-	-	-	(701,505)	-	(701,505)
Parks and recreation	191,710	25,016	-	-	(166,694)	-	(166,694)
Interest on long-term debt	185,917	-	-	-	(185,917)	-	(185,917)
Total governmental activities	3,346,985	546,945	-	266,809	(2,533,231)	-	(2,533,231)
Business-type activities							
Water and sewer	1,729,509	1,533,449	-	-	-	(196,060)	(196,060)
Total business-type activities	1,729,509	1,533,449	-	-	-	(196,060)	(196,060)
Total primary government	\$ 5,076,494	\$ 2,080,394	\$ -	\$ 266,809	(2,533,231)	(196,060)	(2,729,291)
General revenues and transfers							
Taxes							
Property taxes, levied for general purposes					964,090	-	964,090
Sales taxes					1,177,065	-	1,177,065
Franchise taxes on gross receipts					335,217	-	335,217
Penalties and interest on property taxes					8,588	-	8,588
Interest on investments					11,567	1,978	13,545
Tap fees					-	263	263
Miscellaneous					233,524	12,364	245,888
Transfers					(266,809)	266,809	-
Total general revenues and transfers					2,463,242	281,414	2,744,656
Change in net position					(69,989)	85,354	15,365
NET POSITION, beginning of year					8,284,540	4,150,787	12,435,327
NET POSITION, end of year					\$ 8,214,551	\$ 4,236,141	\$ 12,450,692

The Notes to Basic Financial Statements are an integral part of this statement.

**CITY OF SPRINGTOWN, TEXAS
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 1,752,388	\$ 137,323	\$ 799,451	\$ 2,689,162
Receivables				
Property taxes, net of allowance for doubtful accounts of \$1,244	20,007	15,655	-	35,662
Accounts receivable, net of allowance for doubtful accounts of \$8,151	76,958	-	-	76,958
Due from other governments	212,691	-	-	212,691
Due from other funds	3,711	-	-	3,711
Net investment in direct financing lease	-	46,500	-	46,500
TOTAL ASSETS	<u>\$ 2,065,755</u>	<u>\$ 199,478</u>	<u>\$ 799,451</u>	<u>\$ 3,064,684</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 271,038	\$ -	\$ -	\$ 271,038
Accrued payroll and related liabilities	38,322	-	-	38,322
Due to other funds	-	-	-	-
Total liabilities	309,360	-	-	309,360
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property tax	19,299	15,655	-	34,954
Unavailable revenue - lease receivable	-	46,500	-	46,500
Total deferred inflows of resources	19,299	62,155	-	81,454
FUND BALANCES				
Restricted				
Debt service	-	137,323	-	137,323
Capital projects	-	-	799,451	799,451
Unassigned	1,737,096	-	-	1,737,096
Total fund balances	<u>1,737,096</u>	<u>137,323</u>	<u>799,451</u>	<u>2,673,870</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 2,065,755</u>	<u>\$ 199,478</u>	<u>\$ 799,451</u>	<u>\$ 3,064,684</u>

The Notes to Basic Financial Statements
are an integral part of this statement.

**CITY OF SPRINGTOWN, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016**

Total fund balances - governmental funds \$ 2,673,870

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. 12,070,333

Net pension asset on the statement of net position does not provide current financial resources and therefore are not reported in the governmental funds balance sheet. 26,666

Deferred outflows and inflows of resources are not current financial resources and therefore are not reported in the governmental funds balance sheet. 133,407

Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet. (28,435)

Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements. 81,454

Long-term liabilities, including bonds payable and related items and compensated absences, are not due and payable in the current period and therefore are not reported in the fund financial statements. (6,742,744)

Net position of governmental activities \$ 8,214,551

CITY OF SPRINGTOWN, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2016

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes and franchise fees	\$ 2,019,306	\$ 468,679	\$ -	\$ 2,487,985
Licenses and permits	85,837	-	-	85,837
Charges for services	116,179	-	-	116,179
Fines and forfeitures	344,929	-	-	344,929
Interest income	6,133	996	4,438	11,567
Proceeds from direct financing lease	-	31,800	-	31,800
Grant revenue	266,809	-	-	266,809
Miscellaneous	150,925	-	-	150,925
Total revenues	2,990,118	501,475	4,438	3,496,031
EXPENDITURES				
Current				
General government	1,273,306	-	-	1,273,306
Public safety	916,383	-	-	916,383
Service department	56,732	-	-	56,732
Highways and streets	697,552	-	-	697,552
Parks and recreation	193,537	-	-	193,537
Capital outlay	-	-	97,946	97,946
Debt service	-	499,972	-	499,972
Total expenditures	3,137,510	499,972	97,946	3,735,428
Excess (deficiency) of revenues over expenditures	(147,392)	1,503	(93,508)	(239,397)
Other financing sources (uses)				
Proceeds from sale of asset	75,574	-	-	75,574
Transfers in	65,163	-	-	65,163
Total other financing sources (uses)	140,737	-	-	140,737
Net change in fund balances	(6,655)	1,503	(93,508)	(98,660)
FUND BALANCES, beginning of year	1,743,751	135,820	892,959	2,772,530
FUND BALANCES, end of year	\$ 1,737,096	\$ 137,323	\$ 799,451	\$ 2,673,870

The Notes to Basic Financial Statements
are an integral part of this statement.

**CITY OF SPRINGTOWN, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2016**

Net change in fund balances - total governmental funds \$ (98,660)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.	748,249
Contribution of capital assets to the water and sewer fund is not recorded as an expenditure in the fund financial statements.	(331,972)
Depreciation expense on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.	(699,465)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. The transaction, however, has no effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	314,055
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.	(31,800)
Current year changes in long-term liability for compensated absences do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.	13,010
Current year changes in net pension position, deferred inflows and deferred outflows of resources from pensions do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.	16,594
Change in net position of governmental activities	<u>\$ (69,989)</u>

The Notes to Basic Financial Statements are an integral part of this statement.

**CITY OF SPRINGTOWN, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
SEPTEMBER 30, 2016**

	Enterprise Fund Water and Sewer
ASSETS AND DEFERRED OUTFLOWS	
Current assets	
Cash and cash equivalents	\$ 376,759
Accounts receivable, net of allowance for doubtful accounts of \$9,955	119,915
Total current assets	496,674
Noncurrent assets	
Property, plant and equipment	
Land	210,649
Buildings and improvements	559,695
Waterworks and sanitary sewer system	14,365,222
Machinery and equipment	451,151
Office equipment	23,353
Construction in progress	460,694
	16,070,764
Less accumulated depreciation	(5,968,253)
Net property, plant and equipment	10,102,511
Cash and cash equivalents - restricted	208,238
Net pension asset	5,586
Total noncurrent assets	10,316,335
Total assets	10,813,009
Deferred Outflows of Resources	
Deferred outflows related to pensions	77,765
LIABILITIES, DEFERRED INFLOWS AND NET POSITION	
Current liabilities	
Accounts payable and accrued liabilities	36,359
Accrued payroll and related liabilities	12,266
Accrued interest	22,501
Due to other funds	3,711
Current portion of bonds payable	216,066
Current portion of compensated absences	20,287
Deposits	124,322
Total current liabilities	435,512
Noncurrent liabilities	
Bonds payable	6,166,847
Total noncurrent liabilities	6,166,847
Total liabilities	6,602,359
Deferred Inflows of Resources	
Deferred inflows related to pensions	52,274
Net position	
Net investment in capital assets	3,697,097
Restricted for impact fees	83,916
Unrestricted	455,128
TOTAL NET POSITION	\$ 4,236,141

The Notes to Basic Financial Statements are an integral part of this statement.

**CITY OF SPRINGTOWN, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION – PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2016**

	Enterprise Fund Water and Sewer
OPERATING REVENUES	
Water and sewer service	\$ 1,533,449
Total operating revenues	1,533,449
OPERATING EXPENSES	
Personnel services	422,660
Materials and supplies	378,343
Contractual services	316,498
Depreciation	437,426
Total operating expenses	1,554,927
Operating income (loss)	(21,478)
NON-OPERATING REVENUES (EXPENSES)	
Tap fees	263
Investment income	1,978
Miscellaneous	12,364
Interest and fiscal agent fees	(174,582)
Total nonoperating revenues (expenses), net	(159,977)
Income (loss) before transfers and capital contributions	(181,455)
Transfers out	(65,163)
Capital contributions	331,972
Change in net position	85,354
NET POSITION, beginning of year, as originally reported	4,150,787
NET POSITION, end of year	\$ 4,236,141

**CITY OF SPRINGTOWN, TEXAS
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2016**

	<u>Enterprise Fund Water and Sewer</u>
OPERATING ACTIVITIES	
Cash received from customers	\$ 1,532,450
Cash payments to suppliers for goods and services	(688,015)
Cash payments to employees for services	(427,411)
Net cash provided by operating activities	<u>417,024</u>
NONCAPITAL FINANCING ACTIVITIES	
Transfers in	<u>(65,163)</u>
Net cash used in noncapital financing activities	(65,163)
CAPITAL AND RELATED FINANCING ACTIVITIES	
Insurance proceeds	12,364
Tap fees	263
Acquisition and construction of capital assets	(53,993)
Repayment of debt	(207,951)
Interest paid on debt	(174,582)
Net cash used in capital and related financing activities	<u>(423,899)</u>
INVESTING ACTIVITIES	
Investment income	<u>1,978</u>
Net cash provided by investing activities	<u>1,978</u>
Net change in cash and cash equivalents	(70,060)
Cash and cash equivalents, beginning of year	<u>655,057</u>
Cash and cash equivalents, end of year	<u>\$ 584,997</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (21,478)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation	437,426
Change in assets and liabilities	
Accounts receivable	(5,160)
Accounts payable and accrued liabilities	(15,428)
Net changes in pension balances	(4,596)
Net change in compensated absences	20,287
Due to other funds	1,812
Deposits	4,161
Net cash provided by operating activities	<u>\$ 417,024</u>
RECONCILIATION TO STATEMENT OF NET POSITION	
Cash and cash equivalents	\$ 376,759
Cash and cash equivalents - restricted	<u>208,238</u>
	<u>\$ 584,997</u>
NONCASH FINANCING TRANSACTION	
Capital contributions from general fund	<u>\$ 331,972</u>

The Notes to Basic Financial Statements are an integral part of this statement.

**CITY OF SPRINGTOWN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Springtown, Texas (the City) is a "general law city" and operates under a Mayor-Council form of government.

The accounting and reporting policies of the City included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for state and local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units*. The more significant accounting policies of the City are described below.

Financial Reporting Entity

The basic financial statements of the City include the primary government organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

There are no entities that were found to be component units of the City.

**CITY OF SPRINGTOWN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the City. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses, and balance of current financial resources. The City has presented the following major governmental funds:

General Fund

The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund.

**CITY OF SPRINGTOWN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Financial Statements – Continued

Debt Service Fund

The debt service fund is used to account for the accumulation of financial resources for the payment of principal, interest, and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the debt service fund is restricted to signify the amounts that are exclusively for debt service expenditures.

Capital Projects Fund

The capital projects fund is used to account for funds received and expended for the construction and renovation of thoroughfares, arterial streets and drainage improvements in the City and construction, renovation, expansion and major improvement of various city facilities, acquisition of land and other large nonrecurring projects.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flow. All assets and liabilities are included in the statement of net position. The City has presented the following major proprietary fund:

Water and Sewer Fund

The water and sewer fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations, and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**CITY OF SPRINGTOWN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services, which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income, and intergovernmental revenues. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

Taxes

Property taxes are levied for appropriation for the fiscal year beginning on October 1, are due October 1, attach as an enforceable lien on property as of January 1, and become delinquent on February 1. Property taxes are accrued based on the period for which they are levied and available. Delinquent taxes estimated not to be available are treated as deferred revenue in the governmental fund financial statements. Property taxes for cities, including those applicable to debt service, are limited by the Texas Constitution to \$2.50 per \$100 of assessed valuation. The City's current tax rate is \$0.6129 per \$100 of assessed valuation and assessed valuation is approximately 100% of estimated value.

**CITY OF SPRINGTOWN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both governmental and proprietary funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized, not including infrastructure assets, have an original cost of \$1,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings and improvements	10-20 Years
Office equipment	5-10 Years
Machinery and equipment	3-20 Years
Infrastructure	9-50 Years
Waterworks and sanitary sewer system	5-40 Years

Deferred Outflows/Inflows of Resources

In addition to assets, the government wide and proprietary fund statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the government wide and proprietary fund statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**CITY OF SPRINGTOWN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Compensated Absences

City employees are granted vacation and sick pay in varying amounts. In the event of termination, an employee is reimbursed for accumulated unused vacation days up to maximum accrual depending on years of service. Employees are reimbursed for one-third of accumulated unused sick leave if the employee has at least five years of service and began employment prior to June 1, 2004. Compensated absences are paid out of the General Fund, and the liability is accrued with long-term liabilities in the government-wide financial statements. Employees also receive sick incentive pay each November. In the event of termination, an employee who has at least one year of service is reimbursed for accumulated unused vacation days up to one and one half times what is eligible to be earned in one year, based on years of service. Sick incentive pay is a liability included with accrued liabilities in the government-wide and fund financial statements.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When expense is incurred for purposes for which both restricted and unrestricted net positions are available, the City's policy is to apply restricted net position first.

Nature and Purpose of Designations of Fund Balance

Fund balance categories are nonspendable and spendable. Classifications under the spendable category are restricted, committed, assigned, and unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Unassigned fund balance is a residual classification within the general fund. The general fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

The City classifies governmental fund balances as follows:

1. Nonspendable Fund Balance – Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements. Examples include inventories, long-term receivables, endowment principal, and/or prepaid/deferred items.

**CITY OF SPRINGTOWN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Nature and Purpose of Designations of Fund Balance – Continued

2. Spendable Fund Balance

- a. Restricted Fund Balance – Includes amounts that can be spent only for the specific purposes as imposed by law, or imposed by creditors, grantors, contributors, or other governments' laws and regulations. Examples include federal and state grant programs, retirement of long-term debt, and construction.
 - i. The aggregate fund balance of the debt service fund is legally restricted for payment of bonded indebtedness and is not available for other purposes until all bonded indebtedness is liquidated.
 - ii. The fund balance of the capital projects fund reflects an amount restricted for construction and major renovation projects, and it usually represents unexpended proceeds from the sale of bonds, which primarily have restricted use.
 - iii. The proceeds of specific revenue sources which are restricted to expenditures for specified purposes as designated by grantors, contributors, by vote of citizens, or governmental entities over state or local program grants.
- b. Committed Fund Balance – Includes amounts that can be used only for the specific purposes as determined by the governing body by formal action recorded in the minutes of the governing body. Commitments may be changed or lifted only by the governing body taking the same formal action that imposed the constraint originally. Examples include, but are not specifically limited to, council action items, retirement of loans/notes payable, and capital expenditures. The City Council must take action to commit funds for a specific purpose prior to the end of the fiscal year, but the amount of the commitment may be determined after the end of the fiscal year.
- c. Assigned Fund Balance – Includes amounts intended to be used by the City for specific purposes. This intent can be expressed by an official or body to which the governing body delegates that authority. The City has delegated to the City Administrator the ability to determine and define the amounts of those components of fund balance that are classified as assigned. Examples take on the similar appearance as those enumerated for committed fund balance, including the appropriation of existing fund balance to eliminate a deficit in next year's budget.
- d. Unassigned Fund Balance – Includes the residual classification of the general fund and includes all amounts not contained in other classifications. By accounting for amounts in other funds, the City has implicitly assigned the funds for the purposes of those particular funds.

**CITY OF SPRINGTOWN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Nature and Purpose of Designations of Fund Balance – Continued

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be extended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly unassigned fund balance.

Based on criteria set forth by the City Council, at the end of each fiscal year, the general fund should maintain unassigned fund balance that is no less than 120 days (32.88%) of general fund expenditures. This target amount has been established in order to provide a reasonable level of assurance that the City's day-to-day operations will be able to continue even if circumstances occur where revenues are insufficient to cover expenditures.

New Accounting Pronouncements

The GASB issued Statement No. 72, *Fair Value Measurement and Application*, which is effective for periods beginning after June 15, 2015. The objective of this Statement is to provide guidance for determining fair value measurement for financial reporting purposes and provide guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement applies to all state and governmental entities. As the District only invests in investment pools and non-negotiable certificates of deposit during year ended September 30, 2016, this Statement had no material impact on the City's financial statements.

The GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*, which is effective for periods beginning after June 15, 2015. This standard created an election option for external investment pools and pool participants (local and state governments) to continue to utilize amortized cost accounting, rather than fair value, for certain investment pools and eliminated the reference to SEC 2a-7 guidance. Participants in qualifying pools would be permitted to continue measuring investments at amortized cost if they met certain criteria. The Texpool investment pools operate pursuant to investment strategies, operating procedures, and protocols that meet the criteria of GASB 79, and are, therefore, shown at amortized cost on the City's financial statements.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments

**CITY OF SPRINGTOWN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 2. DEPOSITS AND INVESTMENTS

Cash and cash equivalents as of September 30, 2016, are classified in the accompanying financial statements as follows:

Cash and cash equivalents	\$ 3,065,921
Cash and cash equivalents - restricted	<u>208,238</u>
	<u><u>\$ 3,274,159</u></u>

Cash and investments as of September 30, 2016, consist of the following:

Demand deposits with financial institutions	\$ 1,112,771
Certificates of deposit and investment pools	<u>2,161,388</u>
	<u><u>\$ 3,274,159</u></u>

As noted in Note 1, The City's investment in TexPool meets the requirements of GASB 79 to be reported at amortized cost. The City's investment in TexSTAR is reported at net asset value (NAV) determined by the pool, which approximates fair value.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by investing mainly in investment pools which purchase a combination of shorter term investments with an average maturity of less than 60 days thus reducing the interest rate risk. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The City has no formal policy related to interest rate risk.

**CITY OF SPRINGTOWN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED

Disclosures Relating to Interest Rate Risk – Continued

As of September 30, 2016, the City had the following positions subject to interest rate risk:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity</u>
TexPool	\$ 345,521	41 days
TexSTAR	945,670	46 days
Certificates of deposit	<u>870,197</u>	159 days
Total	<u>\$ 2,161,388</u>	

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Public Funds Investment Act, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type. Certificates of deposit are unrated.

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Rating as of September 30, 2015</u>
TexPool	\$ 345,521	AAA	AAAm
TexSTAR	<u>945,670</u>	AAA	AAAm
Total	<u>\$ 1,291,191</u>		

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer. As of September 30, 2016, other than external investment pools and certificates of deposit, the City did not have 5% or more of its investments with one issuer.

**CITY OF SPRINGTOWN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

At September 30, 2016, the carrying amount of the City's cash on hand and deposits was \$1,112,771 and the bank balance was \$1,141,244. The bank balance was covered by federal depository insurance or collateral held by the bank in the name of the City.

The Texpool is an external investment pool that is measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, investment pool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pool transact at a net asset value of \$1.00 per share, have weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. Texpool has a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

The TexStar is an external investment pool measured at their net asset value. TexStars' strategy are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The City has no unfunded commitments related to the investment pool. TexStar has a redemption notice period of one day and may redeem daily. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

**CITY OF SPRINGTOWN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED

Restricted assets in the enterprise fund are held for the following purposes in accordance with refundable deposits, and other legal restrictions:

Refundable deposits	\$ 124,322
Impact fees	<u>83,916</u>
 Total restricted assets	 <u><u>\$ 208,238</u></u>

For purposes of the statement of cash flows, the City considers all highly liquid investments with maturities at the date of purchase of three months or less to be cash equivalents.

**CITY OF SPRINGTOWN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 3. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2016, was as follows:

	Balance Beginning of Year	Additions/ Completions	Retirements/ Adjustments	Balance End of Year
Governmental activities				
Capital assets not being depreciated				
Land	\$ 4,578,234	\$ 723,780	\$ -	\$ 5,302,014
Construction in progress	600,000	546,860	(1,029,918)	116,942
Total capital assets not being depreciated	5,178,234	1,270,640	(1,029,918)	5,418,956
Capital assets being depreciated				
Buildings and improvements	1,666,107	105,192	(16,028)	1,755,271
Office equipment	260,219	20,353	-	280,572
Machinery and equipment	1,332,456	50,010	(29,870)	1,352,596
Infrastructure	9,145,297	-	-	9,145,297
Total capital assets being depreciated	12,404,079	175,555	(45,898)	12,533,736
Less accumulated depreciation				
Buildings and improvements	605,703	90,127	(16,028)	679,802
Office equipment	224,570	12,583	-	237,153
Machinery and equipment	1,113,944	121,058	(29,870)	1,205,132
Infrastructure	3,284,575	475,697	-	3,760,272
Total accumulated depreciation	5,228,792	699,465	(45,898)	5,882,359
Total capital assets being depreciated, net	7,175,287	(523,910)	-	6,651,377
Governmental activities capital assets, net	<u>\$ 12,353,521</u>	<u>\$ 746,730</u>	<u>\$(1,029,918)</u>	<u>\$ 12,070,333</u>

**CITY OF SPRINGTOWN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 3. CAPITAL ASSETS – CONTINUED

	Balance Beginning of Year	Additions/ Completions	Retirements/ Adjustments	Balance End of Year
Business-type activities				
Capital assets not being depreciated				
Land	\$ 222,649	\$ -	\$ (12,000)	\$ 210,649
Construction in progress	83,221	377,473	-	460,694
Total capital assets not being depreciated	305,870	377,473	(12,000)	671,343
Capital assets being depreciated				
Buildings and improvements	559,695	-	-	559,695
Office equipment	23,353	-	-	23,353
Machinery and equipment	458,650	-	(7,500)	451,150
Waterworks and sewer system	14,344,731	20,492	-	14,365,223
Total capital assets being depreciated	15,386,429	20,492	(7,500)	15,399,421
Less accumulated depreciation				
Buildings and improvements	453,662	14,129	-	467,791
Office equipment	23,353	-	-	23,353
Machinery and equipment	362,821	31,849	(7,500)	387,170
Waterworks and sewer system	4,698,491	391,448	-	5,089,939
Total accumulated depreciation	5,538,327	437,426	(7,500)	5,968,253
Total capital assets being depreciated, net	9,848,102	(416,934)	-	9,431,168
Business-type activities capital assets, net	<u>\$ 10,153,972</u>	<u>\$ (39,461)</u>	<u>\$ (12,000)</u>	<u>\$ 10,102,511</u>

Included in deletions in governmental activities construction in process and in additions in business-type activities construction in process is a transfer of \$331,972 between these activities.

**CITY OF SPRINGTOWN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 3. CAPITAL ASSETS – CONTINUED

Depreciation expense was charged as direct expense to programs of the primary government as follows:

Governmental activities	
General government	\$ 130,212
Public safety	51,740
Highways and streets	<u>517,513</u>
Total depreciation expense - governmental activities	<u>\$ 699,465</u>
Business-type activities	
Water and sewer	<u>\$ 437,426</u>
Total depreciation expense - business-type activities	<u>\$ 437,426</u>

NOTE 4. LONG-TERM DEBT

Bonds payable and note payable at September 30, 2016 are comprised of the following individual issues:

	<u>Governmental</u>	<u>Business-type</u>
\$3,250,000 Series 2007 Tax and Revenue Certificates of Obligation due in annual installments of \$15,000 to \$390,000 through August 15, 2027, with interest at 4.0% to 5.0%.	\$ 586,546	\$ 2,523,454
\$2,680,000 Series 2012 General Obligation Refunding Bonds due in annual installments of \$120,000 to \$185,000 through August 15, 2029, with interest at 2.0% to 3.5%.	1,865,000	175,000
\$3,930,000 Series 2012A Tax and Revenue Certificates of Obligation due in annual installments of \$80,000 to \$270,000 through August 15, 2032, with interest at 2.0% to 3.0%.	-	3,635,000
\$2,230,000 Series 2012B Tax and Revenue Certificates of Obligation due in annual installments of \$15,000 to \$320,000 through August 15, 2035, with interest at 2.0% to 3.0%.	2,170,000	-
\$2,075,000 Series 2013 Tax and Revenue Certificates of Obligation due in annual installments of \$60,000 to \$130,000 through August 15, 2038, with interest at 1.0% to 4.8%.	1,895,000	-
\$139,531 note payable to a local government, maturing June 30, 2018, with interest at 2.75%, to be settled with services provided by the City to the seller annually through the maturity date.	49,467	-
	<u>\$ 6,566,013</u>	<u>\$ 6,333,454</u>

**CITY OF SPRINGTOWN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 4. LONG-TERM DEBT – CONTINUED

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2016:

	Balance Beginning of Year	Increase	Decrease	Balance End of Year	Due Within One Year
Governmental activities					
Certificates of obligation	\$ 4,752,950	\$ -	\$ 101,404	\$ 4,651,546	\$ 103,290
General obligation					
refunding bonds	2,030,000	-	165,000	1,865,000	155,000
Note payable	76,451	-	26,984	49,467	28,609
Capital lease	22,828	-	12,052	10,776	10,776
Bond premium	160,776	-	11,005	149,771	11,005
Bond discount	(22,467)	-	(1,129)	(21,338)	(1,129)
Compensated absences	50,531	45,025	58,034	37,522	37,522
	<hr/>			<hr/>	
Total governmental activities	7,071,069	45,025	373,350	6,742,744	345,073
Business-type activities					
General obligation					
refunding bonds	185,000	-	10,000	175,000	10,000
Certificates of obligation	6,352,050	-	193,596	6,158,454	201,710
Bond premium	53,814		4,356	49,458	4,354
Compensated absences	12,866	24,965	17,543	20,288	20,288
	<hr/>			<hr/>	
Total business-type activities	6,603,730	24,965	225,495	6,403,200	236,352
	<hr/>			<hr/>	
Total government-wide activities	<u>\$ 13,674,799</u>	<u>\$ 69,990</u>	<u>\$ 598,845</u>	<u>\$ 13,145,944</u>	<u>\$ 581,425</u>

The total interest incurred for business-type activities for the year ended September 30, 2016 was \$174,582 and was charged to expense.

General Obligation Bonds and Certificates of Obligation

General obligation bonds and certificates of obligation are issued periodically to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the City. General obligation bonds and certificates of obligation require the City to compute, at the time other taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) a fund to pay interest and principal at maturity. The City is in compliance with this requirement.

**CITY OF SPRINGTOWN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 4. LONG-TERM DEBT – CONTINUED

Annual Requirements to Retire Debt Obligations

The annual aggregate maturities for each bond type are as follows for fiscal years ending September 30:

General obligation bonds:

	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2017	\$ 155,000	\$ 53,225	\$ 10,000	\$ 5,150	\$ 223,375
2018	155,000	50,125	10,000	4,950	220,075
2019	155,000	47,025	10,000	4,750	216,775
2020	125,000	43,925	10,000	4,550	183,475
2021	130,000	41,426	15,000	4,350	190,776
2022-2026	675,000	153,625	70,000	15,600	914,225
2027-2029	470,000	33,425	50,000	3,850	557,275
	<u>\$ 1,865,000</u>	<u>\$ 422,776</u>	<u>\$ 175,000</u>	<u>\$ 43,200</u>	<u>\$ 2,505,976</u>

Certificates of obligation:

	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2017	\$ 103,290	173,636	201,710	169,234	\$ 647,870
2018	104,233	171,214	345,767	164,334	785,548
2019	111,119	168,711	353,881	158,344	792,055
2020	131,865	165,400	448,135	151,380	896,780
2021	132,808	161,166	452,192	139,984	886,150
2022-2026	774,677	727,827	2,550,323	489,996	4,542,823
2027-2031	1,273,554	551,053	1,591,446	118,963	3,535,016
2032-2036	1,765,000	246,639	215,000	5,589	2,232,228
2037-2038	255,000	18,286	-	-	273,286
	<u>\$ 4,651,546</u>	<u>\$ 2,383,932</u>	<u>\$ 6,158,454</u>	<u>\$ 1,397,824</u>	<u>\$14,591,756</u>

**CITY OF SPRINGTOWN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 4. LONG-TERM DEBT – CONTINUED

Annual Requirements to Retire Debt Obligations – Continued

Notes payable:

	Governmental Activities	
	Principal	Interest
2017	\$ 28,609	\$ 1,004
2018	20,858	228
	\$ 49,467	\$ 1,232

NOTE 5. CAPITAL LEASES

The City has entered into capital leases for equipment. The current servicing of the capital lease with an interest rate of 4.8% is accounted for in the debt service fund.

The following is a schedule by fiscal year of the future minimum lease payments under capital leases together with the present value of net minimum lease payments as of September 30, 2016:

2017	11,394
Minimum lease payments	11,394
Less amount representing interest	618
Present value of net minimum lease payments	\$ 10,776

Included in capital assets is \$60,157 of equipment related to capital leases and \$18,799 in accumulated depreciation. Amortization expense has been included in depreciation expense for the year ended September 30, 2016.

**CITY OF SPRINGTOWN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 6. INTERFUND BALANCES AND TRANSFERS

All interfund transfers between the various funds are approved supplements to the operations of those funds.

Transfers Out	Transfers In	Amount
General Fund	Enterprise Fund	\$ 266,809

Transfers were used to move grant funding initially recognized in the general fund to the enterprise fund, where the funding was ultimately utilized.

The enterprise fund owes the general fund \$3,711 at September 30, 2016. The interfund balance is related to employee benefits paid by the general fund, and is to be repaid or collected in the normal course of business, within one year of the fiscal year-end.

NOTE 7. EMPLOYEE RETIREMENT SYSTEM

Plan Description

The City participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member board of trustees. Although the Governor, with the advice and consent of the Senate, appoints the board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes. Plan provisions for the City were as follows:

	Plan Year 2015	Plan Year 2014
Employee deposit rate	7%	7%
Matching ratio (city to employee)	2 : 1	2 : 1
Years required for vesting	5 yrs	5 yrs
	60/5, 0/20	60/5, 0/20
Service retirement eligibility (expressed as age/years of service)		
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

**CITY OF SPRINGTOWN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 7. EMPLOYEE RETIREMENT SYSTEM – CONTINUED

Benefits

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee’s contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member’s deposits and interest.

Employees Covered by Benefit Terms

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	12
Inactive employees entitled to but not yet receiving benefits	44
Active employees	39
Total	95

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees of the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rate for the City was 10.68% and 10.14% in calendar years 2015 and 2016, respectively. The city’s contributions to TMRS for the year ended September 30, 2016, were \$151,685, and were equal to required contributions.

Net Pension Liability

The City’s net pension asset (NPA) was measured as of December 31, 2015 and the total pension liability (TPL) used to calculate the NPA was determined by an actuarial valuation as of that date.

**CITY OF SPRINGTOWN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 7. EMPLOYEE RETIREMENT SYSTEM – CONTINUED

Actuarial Assumptions

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment rate of return	6.75% per year, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2015, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2011 through December 31, 2014, first used in the December 31, 2015 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2015 valuation. After the Asset Allocation Study Analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation, this allocation and best estimates of real rates of return for each major asset class are summarized as follows:

**CITY OF SPRINGTOWN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 7. EMPLOYEE RETIREMENT SYSTEM – CONTINUED

Actuarial Assumptions – Continued

Asset Class	Target Allocation	Long Term Expected Real Rate of Return (Arithmetic)
Domestic equity	17.5%	4.55%
International equity	17.5%	6.10%
Core fixed income	10.0%	1.00%
Non-core fixed income	20.0%	3.65%
Real return	10.0%	4.03%
Real estate	10.0%	5.00%
Absolute return	10.0%	4.00%
Private equity	5.0%	8.00%

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance at December 31, 2014	\$ 3,497,555	\$ 3,599,011	\$ (101,456)
Changes for the year			
Service cost	242,812	-	242,812
Interest	250,889	-	250,889
Difference between expected and actual experience	(212,284)	-	(212,284)
Contributions - employer	-	151,685	(151,685)
Contributions - employee	-	100,931	(100,931)
Changes in assumptions	42,319	-	42,319
Net investment income	-	5,311	(5,311)
Benefit payments, including refunds of employee contributions	(69,673)	(69,673)	-
Administrative expense	-	(3,235)	3,235
Other changes	-	(160)	160
Net changes	254,063	184,859	69,204
Balance at December 31, 2015	\$ 3,751,618	\$ 3,783,870	\$ (32,252)

**CITY OF SPRINGTOWN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 7. EMPLOYEE RETIREMENT SYSTEM – CONTINUED

Changes in Net Pension Liability – Continued

The following represents the net pension (asset) liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower (5.75%) or 1% higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability (asset)	\$ 605,001	\$ (32,253)	\$ (542,799)

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in a separately issued TMRS financial report that may be obtained online at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2016, the City recognized pension expense of \$121,765.

At September 30, 2016, deferred outflows of resources and deferred inflows of resources related to pensions consisted of the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ -	\$ 249,157
Changes in actuarial assumptions	32,590	-
Difference between projected and actual investment earnings	222,820	-
Contributions subsequent to the measurement date	113,133	-
Total	\$ 368,543	\$ 249,157

**CITY OF SPRINGTOWN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 7. EMPLOYEE RETIREMENT SYSTEM – CONTINUED

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Continued

\$113,133 reported as deferred outflows related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows.

Year ended December 31:

2017	\$	(22,470)
2018		(22,470)
2019		15,544
2020		35,649

Other Postemployment Benefits

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefit Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

Other Postemployment Benefits Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers. The City's contributions to the TMRS SDBF for fiscal years 2016, 2015 and 2014 were \$177, \$177, and \$177, respectively, which equaled the required contributions each year.

**CITY OF SPRINGTOWN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 8. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in the Texas Municipal League Joint Self Insurance Fund (TMLIF) to provide both general liability and property insurance. The City, along with other participating entities, contributes annual amounts determined by TMLIF management. As claims arise, they are submitted to and paid by TMLIF. The City is not liable for payments beyond their annual contributions to TMLIF.

The City had no significant changes in insurance coverage from the year ended September 30, 2016. Settlement amounts have not exceeded insurance coverage for the year ended September 30, 2016, nor any of the three preceding years.

NOTE 9. NET INVESTMENT IN DIRECT FINANCING LEASE

In 1999, the City entered into a lease agreement with the Springtown Volunteer Fire Department for the lease of the new fire station constructed in 1999 with the proceeds of bonds issued by the City. The annual lease payments due from the Volunteer Fire Department are equal to the annual debt service payments on the related bonds. The lease expires on February 1, 2019, at which time title to the fire station transfers to the Volunteer Fire Department. The City has recorded its net investment in the direct financing lease and related deferred inflow in the Debt Service Fund at an amount equal to the total minimum lease payments to be received over the term of the lease. The City received \$31,800 under this lease in fiscal year 2016. The following is a schedule by fiscal years of future minimum lease payments to be received as of September 30, 2016:

2017	\$ 15,900
2018	15,600
2019	<u>15,000</u>
	<u>\$ 46,500</u>

**CITY OF SPRINGTOWN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 10. OPERATING LEASES

The City is committed under various noncancelable operating leases for copiers and postage equipment. Future minimum operating lease commitments are as follows for years ending September 30:

2017	\$ 9,972
2018	8,736
2019	<u>8,736</u>
Total	<u>\$ 27,444</u>

Operating lease expenditures were \$10,617 for the year ended September 30, 2016.

NOTE 11. BUDGET COMPLIANCE

For the year ended September 30, 2016, the City exceed budgeted expenditures in the General Fund for general government expenditures by \$204,559 and in total for the General Fund by \$62,526.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF SPRINGTOWN, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015	2014*
TOTAL PENSION LIABILITY		
Service cost	\$ 242,812	\$ 223,669
Interest (on total pension liability)	250,889	236,869
Changes in benefit terms	-	-
Difference in expected and actual experience	(212,284)	(168,132)
Change in assumptions	42,319	-
Benefit payments, including refunds of employee contributions	(69,673)	(133,719)
Net change in total pension liability	254,063	158,687
Total pension liability, beginning	3,497,555	3,338,868
Total pension liability, ending	\$ 3,751,618	\$ 3,497,555
PLAN FIDUCIARY NET POSITION		
Contributions - employer	\$ 151,685	\$ 115,814
Contributions - employee	100,931	99,955
Net investment income	5,311	190,465
Benefit payments, including refunds of employee contributions	(69,673)	(133,719)
Administrative expense	(3,235)	(1,988)
Other	(160)	(163)
Net change in plan fiduciary net position	184,859	270,364
Plan fiduciary net position, beginning	3,599,011	3,328,647
Plan fiduciary net position, ending	\$ 3,783,870	\$ 3,599,011
Net position asset, ending	\$ (32,252)	\$ (101,456)
Plan fiduciary net position as a % of total pension net position	100.86%	102.90%
Covered employee payroll	\$ 1,441,876	\$ 1,422,298
Net pension asset as a % of covered employee payroll	2.24%	7.13%

* The schedule is intended to show information for 10 years. Additional years will be displayed as they become available. 2014 was the first year schedule was reported.

**CITY OF SPRINGTOWN, TEXAS
SCHEDULE OF PENSION CONTRIBUTIONS
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015**

	2016	2015*
Actuarially determined contribution	\$ 151,685	\$ 146,276
Actual contributions	151,685	146,276
Contributions deficiency (excess)	-	-
City covered employee payroll	\$ 1,504,664	\$ 1,450,988
Ratio of actual contributions to covered payroll amount	10.08%	10.08%

* The schedule is intended to show information for 10 years. Additional years will be displayed as they become available. 2015 was the first year schedule was reported.

**CITY OF SPRINGTOWN, TEXAS
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes and franchise fees	\$ 1,984,812	\$ 1,984,812	\$ 2,019,306	\$ 34,494
Licenses and permits	70,025	70,025	85,837	15,812
Charges for services	123,105	123,105	116,179	(6,926)
Fines and forfeitures	508,720	508,720	344,929	(163,791)
Interest income	3,000	3,000	6,133	3,133
Grant revenue	266,809	266,809	266,809	-
Miscellaneous	12,350	12,350	150,925	138,575
Total revenues	2,968,821	2,968,821	2,990,118	21,297
Expenditures				
Current				
General government	1,068,747	1,068,747	1,273,306	(204,559)
Public safety	1,019,764	1,019,764	916,383	103,381
Service department	60,663	60,663	56,732	3,931
Highways and streets	714,167	714,167	697,552	16,615
Parks and recreation	211,643	211,643	193,537	18,106
Total expenditures	3,074,984	3,074,984	3,137,510	(62,526)
Excess of revenues over expenditures	(106,163)	(106,163)	(147,392)	(41,229)
Other financing sources (uses)				
Proceeds from sale of asset	-	-	75,574	75,574
Transfer in	65,163	65,163	65,163	-
Total other financing sources (uses)	65,163	65,163	140,737	75,574
Net change in fund balances	(41,000)	(41,000)	(6,655)	34,345
Fund balances, beginning of year	1,743,751	1,743,751	1,743,751	-
Fund balances, end of year	<u>\$ 1,702,751</u>	<u>\$ 1,702,751</u>	<u>\$ 1,737,096</u>	<u>\$ 34,345</u>

See Notes to Required Supplementary Information.

**CITY OF SPRINGTOWN, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING

The City follows these procedures in establishing the budgetary data reflected in the budgetary comparison schedule:

1. Not later than the August Council meeting, the City Administrator submits to City Council a proposed operating budget for the general, debt service and enterprise funds. The City's operating budget, which is consistent with U.S. generally accepted accounting principles (GAAP), includes expenditures and means of financing them. The City has not adopted a formal budget for the capital projects fund.
2. A public hearing is conducted to obtain taxpayer comment.
3. The City Council approves, by ordinance, budget appropriations by September 30. Any revisions that alter the total appropriations of any fund must be approved by the City Council. Therefore, the level of budgetary responsibility is by fund.
4. Unused appropriations of the above annually budgeted funds lapse at the end of each fiscal year.
5. The City Council may authorize additional appropriations during the year, however, no amendments to the budget were made during the year ended September 30, 2016.

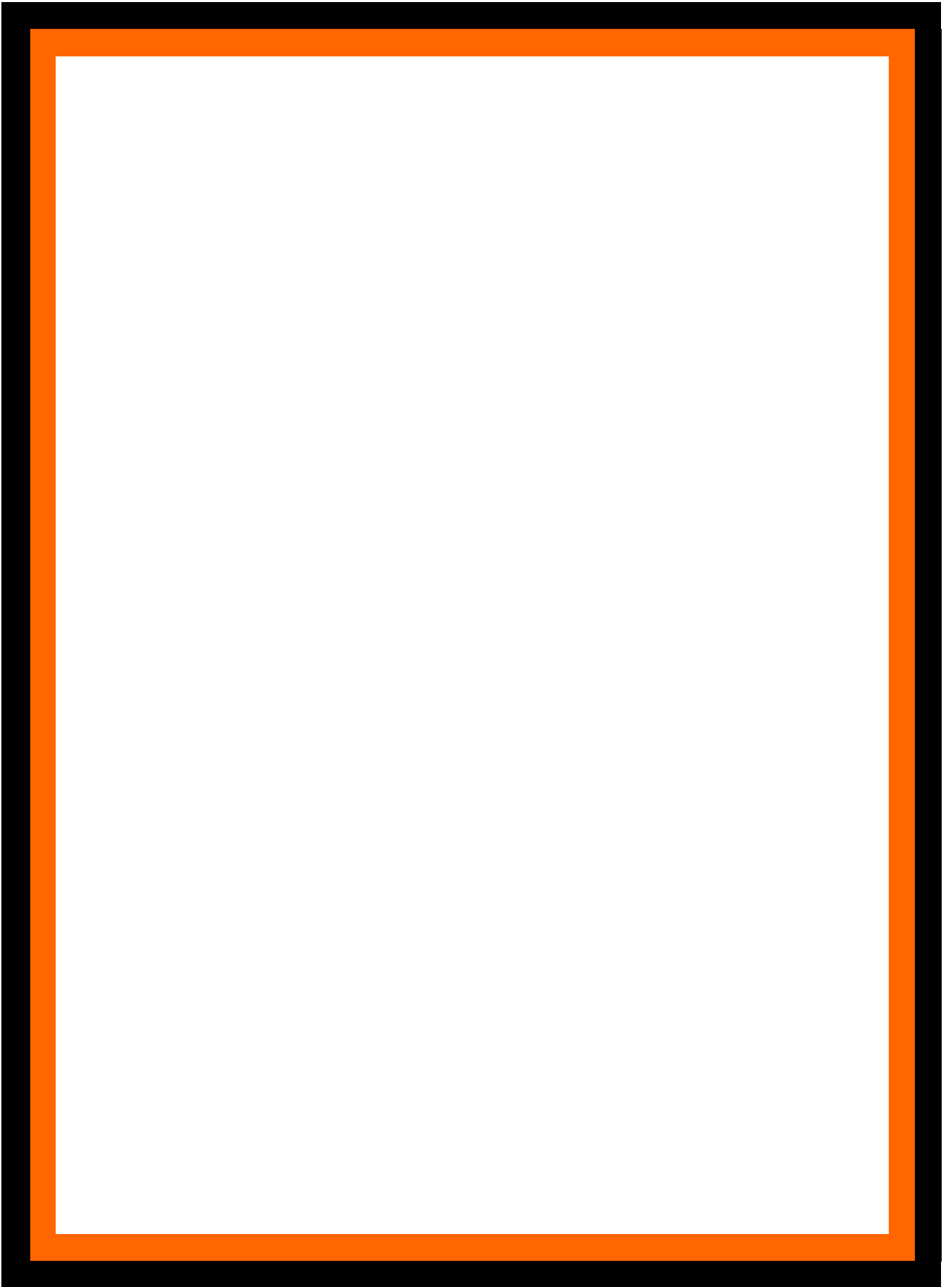
NOTE 2. SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining Amortization	
Period	25 Years
Asset valuation method	10 Years smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with Male rates multiplied by 100% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.



Part C49: Outstanding Debt Schedule

City of Springtown, Texas
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2017
Texas Water Development Board
State Water Implementation Fund for Texas (SWIFT) Financing
 ATTACHMENT #49A (1 of 2)

All Outstanding General Obligation Debt ⁽¹⁾									
Name	Series	Amount		Bondholder	Interest Rates	Final Maturity	Call Date	Existing	
		Issued	Outstanding					Interest Rates	Call Date
GO Ref Bds Ser 2017	2017	\$ 2,905,000	\$ 2,905,000	Open Market	2.00% - 4.00%	8/15/2037	8/15/2027		
Tax Notes Ser 2017	2017	\$ 255,000	\$ 255,000	Open Market	2.00% - 4.00%	2/15/2024	Non Callable		
Comb Tax & Rev C/O Ser 2013	2013	\$ 2,075,000	\$ 1,895,000	Open Market	1.00% - 4.75%	8/15/2038	8/15/2022		
GO Ref Bds Ser 2012	2012	\$ 2,680,000	\$ 2,040,000	Open Market	2.00% - 3.50%	8/15/2029	8/15/2022		
Comb Tax & Rev C/O Ser 2012B	2012B	\$ 2,230,000	\$ 2,170,000	Open Market	2.00% - 3.65%	8/15/2035	8/15/2022		
Tax & WW & SS Surplus Rev C/O Ser 2012A	2012A	\$ 3,930,000	\$ 3,635,000	TWDB	0.04% - 2.07%	8/15/2032	8/15/2022		
Comb Tax & Rev C/O Ser 2007	2007	\$ 3,500,000	\$ 3,110,000	Open Market	4.00% - 5.00%	8/15/2027	8/15/2017		
		\$ 17,575,000	\$ 16,010,000						

(1) Includes General Obligation Refunding Bonds, Series 2017 and Tax Notes, Series 2017 expected to close on May 25, 2017.

City of Springtown, Texas
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2017
Texas Water Development Board
State Water Implementation Fund for Texas (SWIFT) Financing
ATTACHMENT #49A (2 of 2)

Fiscal Year Ending 30-Sep	General Obligation Debt Service ⁽¹⁾			Less: Self-Supporting Debt Service	Net General Obligation Debt Service	% of Principal Retired
	Principal	Interest	Total D/S			
2017	\$ 470,000	\$ 356,778	\$ 826,778	\$ 350,581	\$ 476,196	
2018	530,000	372,323	902,323	429,198	473,125	
2019	540,000	364,096	904,096	425,961	478,135	
2020	530,000	355,868	885,868	423,553	462,315	
2021	545,000	347,113	892,113	430,453	461,660	20.04%
2022	550,000	336,833	886,833	426,478	460,355	
2023	565,000	325,401	890,401	427,126	463,275	
2024	575,000	310,752	885,752	427,227	458,525	
2025	595,000	296,154	891,154	427,554	463,600	
2026	605,000	279,089	884,089	426,589	457,500	42.18%
2027	620,000	261,432	881,432	420,207	461,225	
2028	640,000	243,020	883,020	418,745	464,275	
2029	665,000	224,195	889,195	422,045	467,150	
2030	680,000	203,950	883,950	419,900	464,050	
2031	705,000	184,304	889,304	422,404	466,900	67.55%
2032	725,000	163,676	888,676	419,451	469,225	
2033	755,000	140,250	895,250	425,200	470,050	
2034	780,000	111,513	891,513	421,200	470,313	
2035	805,000	81,038	886,038	421,800	464,238	
2036	510,000	49,613	559,613	421,800	137,813	94.94%
2037	530,000	28,313	558,313	421,200	137,113	
2038	130,000	6,175	136,175	-	136,175	100.00%
	<u>\$ 13,050,000</u>	<u>\$ 5,041,880</u>	<u>\$ 18,091,880</u>	<u>\$ 8,828,668</u>	<u>\$ 9,263,211</u>	

(1) Includes General Obligation Refunding Bonds, Series 2017 and Tax Notes, Series 2017 expected to on May 25, 2017.

Part D: Project Information

Part D54: Description and Purpose

Springtown 2017 SWIFT Application

Springtown New Wells in Trinity Aquifer Project Description and Purpose

This project will develop new wells from the Trinity Aquifer. The new wells will provide the city better water supply mix between surface and ground water. This mix of sources provides redundant water supply and lessens surface water dependency which can be adversely influenced in times of drought. The proposed wells will be designed and constructed to TCEQ public water well standards and then pumped into ground storage tanks. From the tanks, the water will be pumped into the city's water system.

- Design/construction of new wells
 - This includes but is not limited to:
 - Preparing an Environmental Assessment (EA) for SWIFT funding requirement.
 - Preparing an Engineering Design Report for the TWDB.
 - Testing the well water in accordance to TCEQ requirements
 - Inspections as needed
- Design/construction of appurtenances to facilitate pumping into ground storage tank(s)
 - This includes but is not limited to the water lines that goes from the water well to the water storage tanks.
- Design/construction of appurtenances to facilitate pumping into the city's water system
- Acquisition of one piece property. The city owns property for one of the two wells.

Part D54a:
Springtown Preliminary
Engineering Report



APPLICATION FOR FINANCIAL ASSISTANCE FOR WATER AND WASTEWATER INFRASTRUCTURE PROJECTS

Prepared for:

City of Springtown, Texas

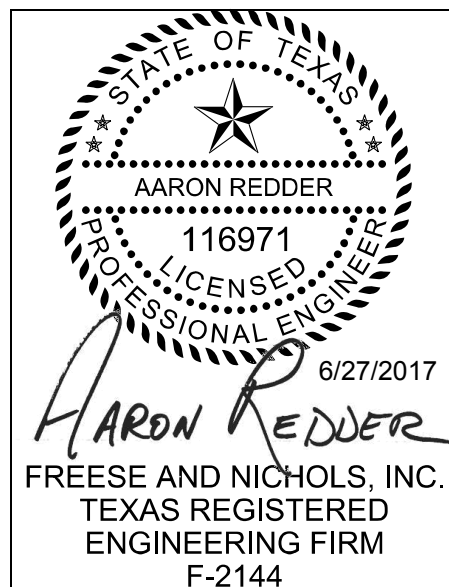
Prepared by:

FREESE AND NICHOLS, INC.
4055 International Plaza, Suite 200
Fort Worth, Texas 76109
817-735-7300

APPLICATION FOR FINANCIAL ASSISTANCE FOR WATER AND WASTEWATER INFRASTRUCTURE PROJECTS

Prepared for:

City of Springtown, Texas



Tom Clayton
Annette Burk
Harold Buffington
Dennie Harms
Richelle Pruitt
Greg Hood

Mayor
Councilwoman Place 1
Councilman Place 2
Councilman Place 3/ Mayor Pro Tem
Councilwoman Place 4
Councilman Place 5

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PRELIMINARY ENGINEERING FEASIBILITY REPORT

CITY OF SPRINGTOWN, TEXAS

Overview:

The City of Springtown is located in Parker County and has a population of 2,741 people. They currently get their water from water wells in the Trinity aquifer as well as raw water from Eagle Mountain Lake purchased from Tarrant Regional Water District (TRWD). As Springtown continues to grow, they must look at water supply strategies to provide for their citizenry including additional water from the Trinity aquifer.

Engineering Feasibility Report:

The development of new wells will provide the city better water supply mix between surface and ground water. This mix of sources provides redundant water supply and lessens surface water dependency which can be adversely influenced in times of drought. The proposed wells will be designed and constructed to Texas Commission on Environmental Quality (TCEQ) public water well standards and then pumped into ground storage tanks. From the tanks, the water will be pumped into the city's water system.

General Description:

1. Projects Political Information
 - a. Subdivision: Parker County
 - b. Address: 102 East Second Street, Springtown, Texas, 76082
 - c. Telephone Number: (817)220-4834
 - d. Legal Owner: City of Springtown

2. Consulting Engineer's Information
 - a. Name: Freese and Nichols, Inc.
 - b. Contact: Aaron Redder, P.E.
 - c. Address: 2229 San Jacinto Blvd, Suite 330, Denton, TX, 76205
 - d. Telephone Number: (940)220-4359
 - e. Email. amr@freese.com

3. Financial Assistance Information

Applicant is requesting funding from the State Water Implementation Fund for Texas (SWIFT) program for \$1,390,000. The requesting funding will be focused on the acquisition, design, and construction phases and are not requesting funding to refinance existing debt.

Bond Counsel -

- a. Firm Name: Norton Rose Fullbright US LLP
- b. Contact: Paul A. Braden
- c. Address: 2200 Ross Avenue, Suite 3600, Dallas, TX, 75201-7932
- d. Telephone Number: (214)855-8189
- e. Email: paul.bragen@nortonrosefullbright.com

4. Current and Future Populations

The City of Springtown is located in Parker County and has a population of 2,741 people. Their population is expected to grow to 5,500 by the year 2030. They currently get their water from water wells in the Trinity aquifer as well as raw water from Eagle Mountain Lake purchased from TRWD. As Springtown continues to grow, they must look at water supply strategies to provide for their citizenry including additional water from the Trinity aquifer.

The new wells will provide the city better water supply mix between surface and ground water. This mix of sources provides redundant water supply and lessens surface water dependency which can be adversely influenced in times of drought. The proposed wells will be designed and constructed to TCEQ public water well standards and then pumped into ground storage tanks. From the tanks, the water will be pumped into the city's water system.

5. Existing systems

The City of Springtown currently receives its water supply from two sources, the Trinity aquifer as well as raw water purchased from the Trinity River Water District.

Surface Water Supply Source	Certificate Number	County	Annual Volume and Unit
Eagle Mountain Lake/Tarrant Regional Water District	TX2200367	Parker	340 ac-ft/yr
Trinity Aquifer		Parker	95 ac-ft/yr

6. Existing drinking water problems

Springtown is not experiencing drinking water quality issues. They are, however, in need of redundant water supply for their growing population.

(Values in Ac-Ft/Yr)	Projected Population and Demand					
	2020	2030	2040	2050	2060	2070
Projected Population (In City Only)	4,079	5,500	5,500	5,500	5,500	5,500
Projected Water Demand						
Municipal Demand	577	757	749	745	744	743
Total Projected Demand	577	757	749	745	744	743

From Region C Water Plan Report

7. Proposed project including expansion

The new wells will provide the city better water supply mix between surface and ground water. This mix of sources provides redundant water supply and lessens surface water dependency which can be adversely influenced in times of drought. The proposed wells will be designed and constructed to TCEQ public water well standards and then pumped into ground storage tanks. From the tanks, the water will be pumped into the city's water system.

- Design/construction of new wells
 - This includes but is not limited to:
 - Preparing an Environmental Assessment (EA) for SWIFT funding requirement.
 - Preparing an Engineering Design Report for the TWDB.
 - Testing the well water in accordance to TCEQ requirements
 - Inspections as needed
- Design/construction of appurtenances to facilitate pumping into ground storage tank(s)
 - This includes but is not limited to the water lines that goes from the water well to the water storage tanks.
- Design/construction of appurtenances to facilitate pumping into the city's water system
- Acquisition of one piece property. The city owns property for one of the two wells.

Additional information will be included in the final engineering report.

Alternatives:

Additional wells are mentioned in the Region C report in the Springtown description. The well locations were chosen based on the nearby storage tanks. The tanks are connected to the water distribution system and are ideal for the water well to be located nearby to reduce pumping costs.

Project Specific Requirements:

1. **New Sources:** water well from the Trinity Aquifer
2. **Site:** See attached map for proposed for water well locations
3. **Treatment:** Disinfection of well water
4. **Design Data:** Preliminary estimates based on surrounding wells anticipates well yield between 50 to 100 gpm.
5. **Adequacy:** The treated well water will be pumped to nearby storage tanks for distribution.
6. **Operations and Maintenance:** For the operations & maintenance, there will be required periodic maintenance to the well pumps and equipment on as needed basis. The disinfection units will be similar to the City's units elsewhere in the system.

5

Alternative Methods for Project Delivery:

This project is expected to be a design-bid-build project. If that determination changes it will be documented in the final engineering report.

U.S. Iron & Steel Requirements:

The TWDB SWIFT projects are exempt from the US Iron and Steel requirements.

Cost of the Project:

The cost of the planning, design and construction of this project is approximated at \$1,320,000. Please see the TWDB-1201 which is included in the SWIFT Application. The budget breakdown information will be revised in the final Engineering Report.

Project Schedule:

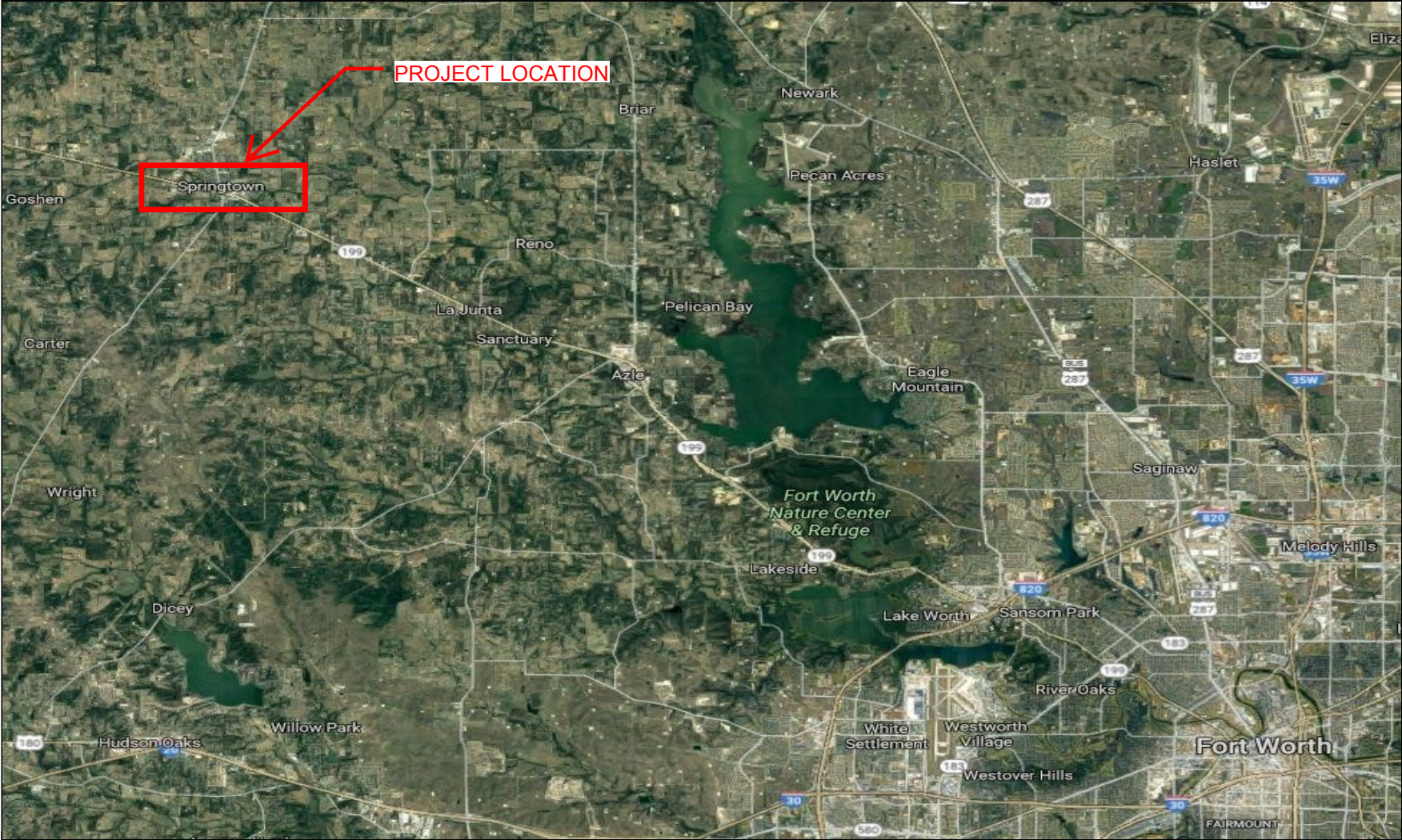
1. Request loan closing date.
December 5, 2017
2. Estimated date to submit environmental planning documents.
April 1, 2018
3. Estimated date to submit engineering planning documents.
July 1, 2018

4. Estimated date for completion of design.
August 1, 2018
5. Estimated Construction start date for first contract.
October 1, 2018
6. Estimated Construction end date for last contract.
October 1, 2019

Environmental Document:

This project will comply with all environmental requirements including TWDB-0800. Additional information will be provided in the final engineering report.

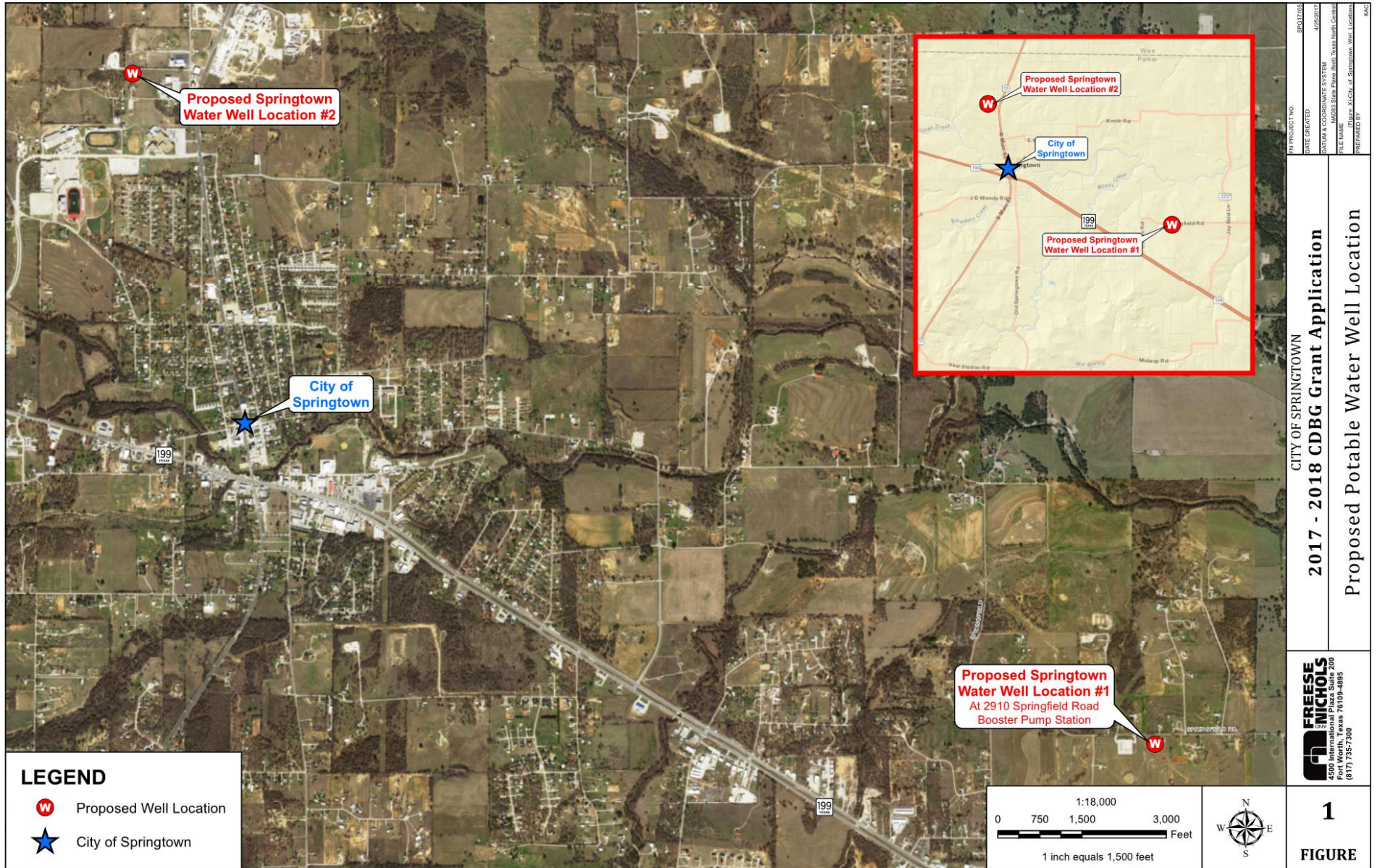
Maps:



FRESE & NICHOLS
4055 International Plaza
Suite 200
Fort Worth, TX 76109 - 4895
Phone - (817) 735 - 7300

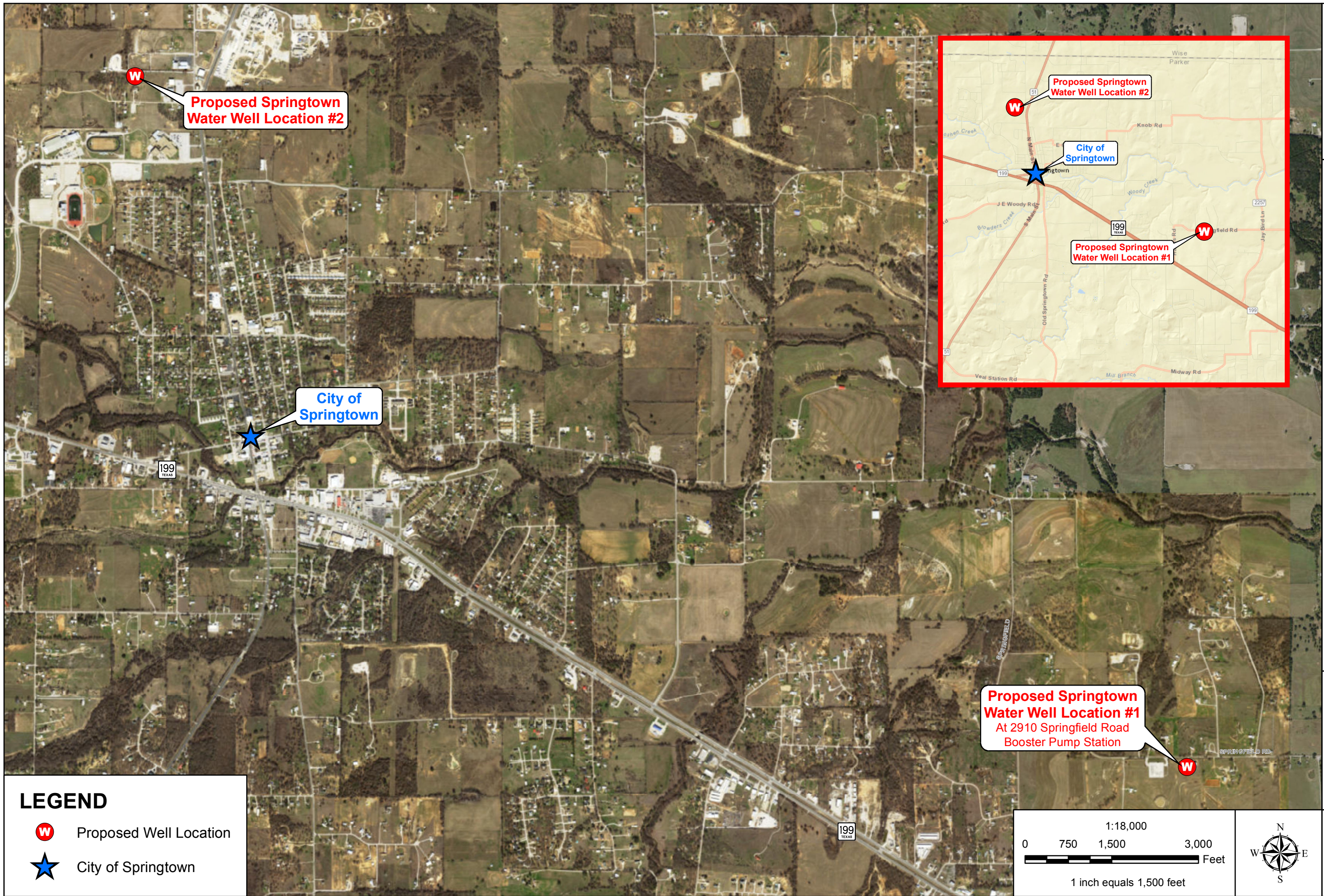
CITY OF SPRINGTOWN, TEXAS
PROJECT LOCATION MAP

Exhibit
1





Path: H:\W_WW_PLANNING\01_DELIVERABLES\01_2017-2018_CDBG_Grant_Application\Figure_X-City_of_Springtown_Well_Locations.mxd
Job Number: SPG17105

Part D56: City of Springtown Well Locations



LEGEND

-  Proposed Well Location
-  City of Springtown

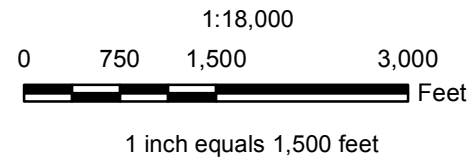
Proposed Springtown Water Well Location #1
 At 2910 Springfield Road
 Booster Pump Station

Proposed Springtown Water Well Location #2

City of Springtown

Proposed Springtown Water Well Location #2

Proposed Springtown Water Well Location #1



PROJECT NO.	SPG17105
DATE CREATED	4/25/2017
DATUM & COORDINATE SYSTEM	NAD83 State Plane (feet) Texas North Central
FILE NAME	(Figure_X)-City_of_Springtown_Well_Locations
PREPARED BY	KAC

CITY OF SPRINGTOWN
2017 - 2018 CDBG Grant Application
Proposed Potable Water Well Location

FREESSE & NICHOLS
 4500 International Plaza Suite 200
 Fort Worth, Texas 76109-4895
 (817) 735-7300

Part D57: Census Tract Information



P1

TOTAL POPULATION

Universe: Total population
2010 Census Summary File 1

NOTE: For information on confidentiality protection, nonsampling error, and definitions, see <http://www.census.gov/prod/cen2010/doc/sf1.pdf>.

	Census Tract 1404.03 (part), Parker County (part), Springtown city, Texas	Census Tract 1404.05 (part), Parker County (part), Springtown city, Texas	Census Tract 1404.09 (part), Parker County (part), Springtown city, Texas	Census Tract 1404.10 (part), Parker County (part), Springtown city, Texas	Census Tract 1404.11 (part), Parker County (part), Springtown city, Texas	Census Tract 1506.01 (part), Wise County (part), Springtown city, Texas
Total	2,658	0	0	0	0	0

Source: U.S. Census Bureau, 2010 Census.



H14

TENURE BY RACE OF HOUSEHOLDER

Universe: Occupied housing units
2010 Census Summary File 1

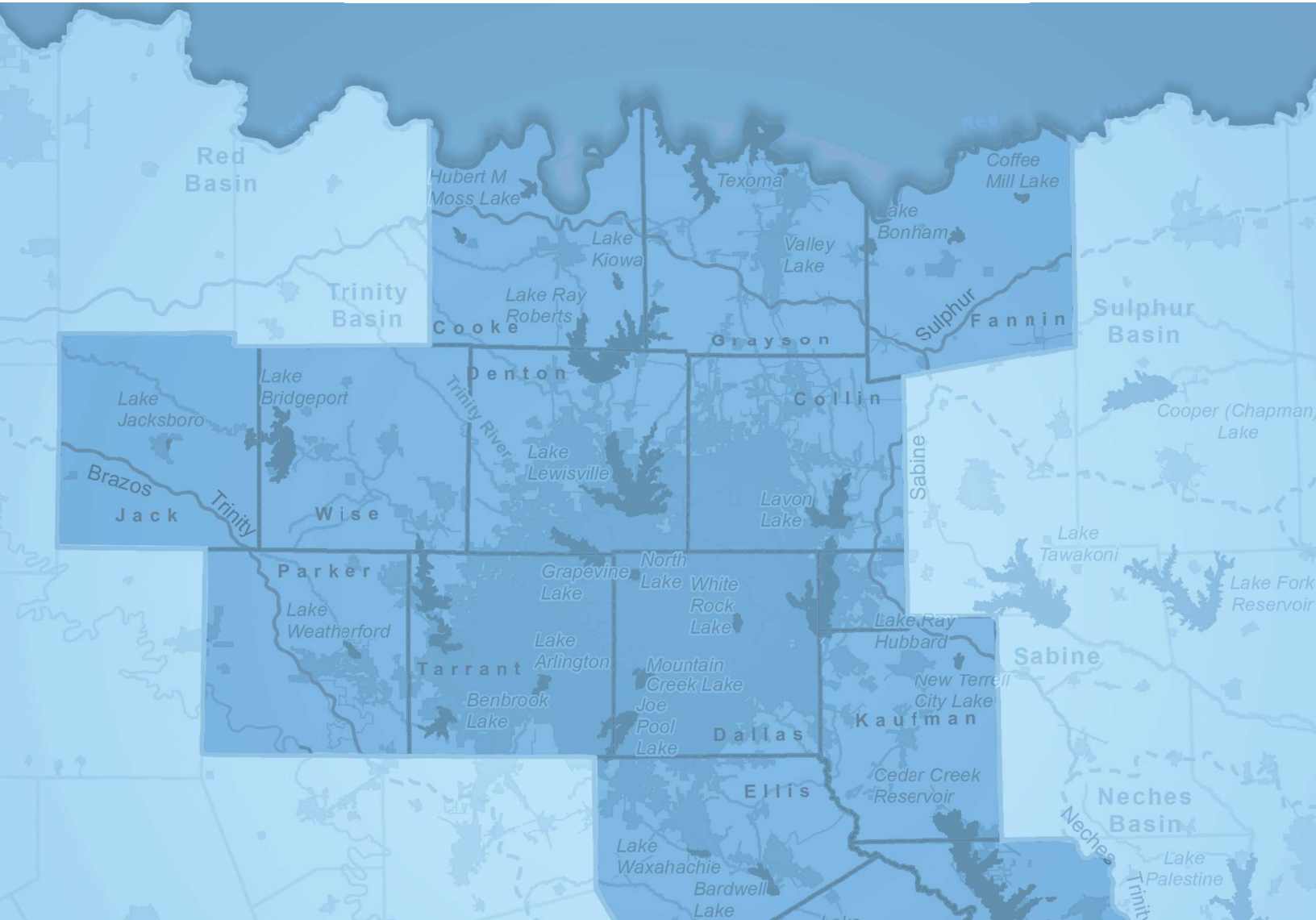
NOTE: For information on confidentiality protection, nonsampling error, and definitions, see <http://www.census.gov/prod/cen2010/doc/sf1.pdf>.

	Census Tract 1404.03 (part), Parker County (part), Springtown city, Texas	Census Tract 1404.05 (part), Parker County (part), Springtown city, Texas	Census Tract 1404.09 (part), Parker County (part), Springtown city, Texas	Census Tract 1404.10 (part), Parker County (part), Springtown city, Texas	Census Tract 1404.11 (part), Parker County (part), Springtown city, Texas
Total:	1,006	0	0	0	0
Owner occupied:	638	0	0	0	0
Householder who is White alone	615	0	0	0	0
Householder who is Black or African American alone	2	0	0	0	0
Householder who is American Indian and Alaska Native alone	8	0	0	0	0
Householder who is Asian alone	1	0	0	0	0
Householder who is Native Hawaiian and Other Pacific Islander alone	0	0	0	0	0
Householder who is Some Other Race alone	9	0	0	0	0
Householder who is Two or More Races	3	0	0	0	0
Renter occupied:	368	0	0	0	0
Householder who is White alone	339	0	0	0	0
Householder who is Black or African American alone	4	0	0	0	0
Householder who is American Indian and Alaska Native alone	6	0	0	0	0
Householder who is Asian alone	2	0	0	0	0
Householder who is Native Hawaiian and Other Pacific Islander alone	0	0	0	0	0
Householder who is Some Other Race alone	8	0	0	0	0
Householder who is Two or More Races	9	0	0	0	0

	Census Tract 1506.01 (part), Wise County (part), Springtown city, Texas
Total:	0
Owner occupied:	0
Householder who is White alone	0
Householder who is Black or African American alone	0
Householder who is American Indian and Alaska Native alone	0
Householder who is Asian alone	0
Householder who is Native Hawaiian and Other Pacific Islander alone	0
Householder who is Some Other Race alone	0
Householder who is Two or More Races	0
Renter occupied:	0
Householder who is White alone	0
Householder who is Black or African American alone	0
Householder who is American Indian and Alaska Native alone	0
Householder who is Asian alone	0
Householder who is Native Hawaiian and Other Pacific Islander alone	0
Householder who is Some Other Race alone	0
Householder who is Two or More Races	0

Source: U.S. Census Bureau, 2010 Census.

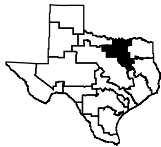
Part D59: Region C Water Plan Report



2016 Region C Water Plan

Volume I
Main Report
December 2015

Freese and Nichols, Inc.
Alan Plummer Associates, Inc.
CP&Y, Inc.
Cooksey Communications, Inc.



**Region C
Water Planning Group**

Freese and Nichols, Inc.
Alan Plummer Associates, Inc.
CP&Y, Inc.
Cooksey Communications, Inc.

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Table ES.3
Summary of Recommended Strategies - Region C WWP and WUGs*

*volumes shown in gray italics are infrastructure projects to utilize the supply volumes from other strategies

Entity	Recommended Strategy	Capital Cost	Cost Table	First Decade of Water Strategy	First Decade Water Supply Volume (acre-foot/year)	First Decade Estimated Annual Average Unit Cost (\$/acre-foot/year)	Year 2070 Water Supply Volume (acre-foot/year)	Year 2070 Estimated Annual Average Unit Cost (\$/acre-foot/year)	Year 2020 Water Supply Volume (acre-foot/year)	Year 2030 Water Supply Volume (acre-foot/year)	Year 2040 Water Supply Volume (acre-foot/year)	Year 2050 Water Supply Volume (acre-foot/year)	Year 2060 Water Supply Volume (acre-foot/year)	Year 2070 Water Supply Volume (acre-foot/year)
Navarro Mills WSC	New wells (Woodbine)	\$1,339,500	Q-168	2050	79	\$993	79	\$370	0	0	0	79	79	79
Parker County														
Aledo	Parallel pipeline and pump station from Fort Worth	\$7,710,500	Q-169	2040	67	\$2,665	269	\$336	0	0	67	164	277	269
Annetta	Connect to Weatherford (TRWD)	\$2,077,600	Q-171	2030	25	\$2,216	196	\$1,326	0	25	28	35	90	196
Annetta North	Connect to Weatherford (TRWD)	\$59,400	Q-171	2040	7	\$1,395	38	\$1,264	0	0	7	16	25	38
Annetta South	Connect to Weatherford (TRWD)	\$1,183,300	Q-171	2040	5	\$6,136	22	\$1,636	0	0	5	10	16	22
Cresson*	New wells in Trinity Aquifer	\$917,300	Q-170	2020	113	\$941	113	\$259	113	113	113	113	113	113
Parker County Other	Water Treatment Plant and Transmission Facilities	\$116,775,000	Q-174	2060	3,635	\$1,668	9,618	\$1,668	0	0	0	0	3,635	9,618
Parker County Other	New wells in Trinity Aquifer	\$1,448,000	Q-173	2020	200	\$849	200	\$244	200	200	200	200	200	200
Parker County SUD*	Additional BRA with 1 MGD Treatment Plant Expansion	\$6,776,000	Q-13	2020	540	\$1,499	540	\$450	540	540	540	540	540	540
Parker County SUD*	Additional Groundwater (new wells in Trinity aquifer)	\$3,860,000	Q-172	2060	513	\$881	513	\$881	0	0	0	0	513	513
Springtown	Infrastructure improvements at Lake intake	\$280,200	Q-175	2020	67	\$119	236	\$25	67	244	237	230	227	236
Springtown	New wells in Trinity Aquifer	\$998,400	Q-176	2020	70	\$1,566	70	\$366	70	70	70	70	70	70
Willow Park	Connect to Weatherford (TRWD) Phase I	\$588,100	Q-171	2030	137	\$1,444	1,562	\$1,284	0	137	306	706	1,135	1,562
Rockwall County														
Blackland WSC*	Direct Connection to NTMWD	\$3,295,550	Q-179	2020	48	\$407	356	\$65	48	153	204	246	296	356
Cash SUD	Increase delivery infrastructure from NTMWD	\$6,654,700	Q-180	2020	1,165	\$531	1,042	\$53	1,165	1,075	782	824	927	1,042
Fate	Increase delivery infrastructure from NTMWD	\$15,075,000	Q-182	2060	390	\$528	2,982	\$528	0	0	0	0	390	2,982
Tarrant County														
Azle*	Water treatment plant expansion	\$11,046,000	Q-13	2020	162	\$805	1,641	\$241	162	255	383	607	925	1,641
Benbrook	Water treatment plant expansions	\$13,715,000	Q-13	2060	2,342	\$701	2,307	\$701	0	0	0	0	2,342	2,307
Bethesda WSC*	Connection to Arlington	\$18,698,000	Q-184	2020	1,416	\$704	2,614	\$104	1,416	1,619	1,833	2,072	2,336	2,614
Blue Mound	Purchase Existing Water System from Monarch Utilities	\$5,000,000	Q-185	2020	0	NA	0	NA	0	0	0	0	0	0
Burleson*	Increase delivery infrastructure from Fort Worth	\$21,780,000	Q-186	2040	967	\$401	5,541	\$72	0	0	967	2,386	3,922	5,541
Crowley	Increase delivery infrastructure from Fort Worth	\$11,558,000	Q-187	2030	184	\$394	3,028	\$75	0	184	678	1,297	2,347	3,028
Johnson County SUD*	Connect to Grand Prairie	\$86,140,000	Q-188	2020	6,726	\$1,248	6,726	\$176	6,726	6,726	6,726	6,726	6,726	6,726
Keller	Increase delivery infrastructure from Fort Worth	\$17,535,000	Q-189	2030	2,170	\$196	5,679	\$49	0	2,170	3,697	4,516	5,139	5,679
Kemmedale	Increase delivery infrastructure from Ft Worth	\$3,685,000	Q-191	2040	188	\$1,284	277	\$192	0	0	188	239	283	277
Kemmedale	Connect to Arlington	\$1,720,000	Q-190	2020	280	\$619	280	\$104	280	280	280	280	280	280
Panitego	Connect to Arlington	\$778,000	Q-192	2030	27	\$2,776	24	\$345	0	27	27	26	25	24
Pantego	Connect to Fort Worth	\$831,000	Q-193	2030	27	\$3,001	24	\$385	0	27	27	26	25	24
Pelican Bay	Azle (TRWD)	\$956,000	Q-194	2030	11	\$7,332	12	\$714	0	11	11	11	11	12
Southlake*	Increase delivery infrastructure from Ft Worth	\$43,035,000	Q-195	2020	141	\$479	8,349	\$46	0	141	2,157	4,198	6,264	8,349

Springtown

Springtown is a city of about 2,700 people located in northern Parker County. The city gets its current water supply from wells in the Trinity aquifer and its own water treatment plant (using raw water purchased from TRWD). Water management strategies for Springtown include conservation, additional water from the Trinity aquifer (new wells), and additional raw water from TRWD with improvements to the lake intake structure due to potentially lower lake levels. Table 5D.296 shows the projected population and demand, the current supplies, and the water management strategies for Springtown.

**Table 5D.296
Projected Population and Demand, Current Supplies,
and Water Management Strategies for the City of Springtown**

(Values in Ac-Ft/Yr)	Projected Population and Demand					
	2020	2030	2040	2050	2060	2070
Projected Population (In City Only)	4,079	5,500	5,500	5,500	5,500	5,500
Projected Water Demand						
Municipal Demand	577	757	749	745	744	743
Total Projected Demand	577	757	749	745	744	743
Currently Available Water Supplies						
Trinity Aquifer	95	95	95	95	95	95
Tarrant Regional Water District	340	340	340	340	340	327
Total Current Supplies	435	435	435	435	435	422
Need (Demand - Current Supply)	142	322	314	310	309	321
Water Management Strategies						
Water Conservation	5	8	7	10	12	15
Trinity Aquifer - new wells	70	70	70	70	70	70
Additional Water from TRWD	67	244	237	230	227	236
<i>Infrastructure needs (Lake Intake modifications for lower lake levels)</i>	<i>67</i>	<i>244</i>	<i>237</i>	<i>230</i>	<i>227</i>	<i>236</i>
Total Water Management Strategies	142	322	314	310	309	321
Reserve (Shortage)	0	0	0	0	0	0

Walnut Creek Special Utility District

Walnut Creek SUD provides retail and wholesale supplies in northern Parker County and southern Wise County. The SUD is a wholesale water provider, and its water supply plans are discussed in Section 5C.2.

Part D60: TWDB 1201

PRELIMINARY PROJECT BUDGET - Entity Name City of Springtown						
Uses	TWDB Funds Series 1	TWDB Funds Series 2	TWDB Funds Series 3	Total TWDB Cost	Other Funds	Total Cost
Construction						
Construction	\$831,100	\$0	\$0	\$831,100	\$0	\$831,100
Subtotal Construction	\$831,100	\$0	\$0	\$831,100	\$0	\$831,100
Basic Engineering Fees						
Planning +	\$24,000	\$0	\$0	\$24,000	\$0	\$24,000
Design	\$195,100	\$0	\$0	\$195,100	\$0	\$195,100
Construction Engineering	\$51,000	\$0	\$0	\$51,000	\$0	\$51,000
Basic Engineering Other **	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Basic Engineering Fees	\$270,100	\$0	\$0	\$270,100	\$0	\$270,100
Special Services						
Application	\$0	\$0	\$0	\$0	\$0	\$0
Environmental	\$45,000	\$0	\$0	\$45,000	\$0	\$45,000
Water Conservation Plan	\$0	\$0	\$0	\$0	\$0	\$0
I/I Studies/Sewer Evaluation	\$0	\$0	\$0	\$0	\$0	\$0
Surveying	\$4,900	\$0	\$0	\$4,900	\$0	\$4,900
Geotechnical	\$0	\$0	\$0	\$0	\$0	\$0
Testing	\$1,500	\$0	\$0	\$1,500	\$0	\$1,500
Permits	\$0	\$0	\$0	\$0	\$0	\$0
Inspection	\$500	\$0	\$0	\$500	\$0	\$500
O&M Manual	\$0	\$0	\$0	\$0	\$0	\$0
Project Management (by engineer)	\$0	\$0	\$0	\$0	\$0	\$0
Pilot Testing	\$0	\$0	\$0	\$0	\$0	\$0
Water Distribution Modeling	\$0	\$0	\$0	\$0	\$0	\$0
Special Services Other **	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Special Services	\$51,900	\$0	\$0	\$51,900	\$0	\$51,900
Other						
Administration	\$0	\$0	\$0	\$0	\$0	\$0
Land/Easements Acquisition	\$86,900	\$0	\$0	\$86,900	\$0	\$86,900
Water Rights Purchase (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0
Capacity Buy-In (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0
Project Legal Expenses	\$0	\$0	\$0	\$0	\$0	\$0
Other **	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Other Services	\$86,900	\$0	\$0	\$86,900	\$0	\$86,900
Fiscal Services						
Financial Advisor	\$33,550	\$0	\$0	\$33,550	\$0	\$33,550
Bond Counsel	\$30,000	\$0	\$0	\$30,000	\$0	\$30,000
Issuance Cost	\$5,060	\$0	\$0	\$5,060	\$0	\$5,060
Bond Insurance/Surety	\$0	\$0	\$0	\$0	\$0	\$0
Fiscal/Legal	\$1,390	\$0	\$0	\$1,390	\$0	\$1,390
Capitalized Interest	\$0	\$0	\$0	\$0	\$0	\$0
Bond Reserve Fund	\$0	\$0	\$0	\$0	\$0	\$0
Loan Origination Fee	\$0	\$0	\$0	\$0	\$0	\$0
Other **	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Fiscal Services	\$70,000	\$0	\$0	\$70,000	\$0	\$70,000
Contingency						
Contingency	\$80,000	\$0	\$0	\$80,000	\$0	\$80,000
Subtotal Contingency	\$80,000	\$0	\$0	\$80,000	\$0	\$80,000
TOTAL COSTS	\$1,390,000	\$0	\$0	\$1,390,000	\$0	\$1,390,000
Other ** description must be entered						
+ For Planning applications under the EDAP Program, please break down Planning costs as follows:						
Category A						0
Category B						0
Category C						0
Category D						0
Total Planning Costs				0	0	0

Part D61: WRD-253d

Texas Water Development Board Water Project Information							
A. Project Name		B. Project No.			C. County		D. Regional Planning Group (A-P)
E. Program(s)		F. Loan <input type="checkbox"/> : \$ _____ Principal Forgiveness <input type="checkbox"/> : \$ _____ Grant <input type="checkbox"/> : \$ _____			G. Loan Term:		
H. Water Project Description: (Multiphase project, new or expansion; plant, well, storage, pump station, distribution system, etc)							
Attach map of service area affected by Project or other documentation.							
I. Is an Inter Basin Transfer potentially involved? Yes <input type="checkbox"/> No <input type="checkbox"/>				J. Is project located in a Groundwater District (If yes, identify District by name)? Yes <input type="checkbox"/> _____ No <input type="checkbox"/>			
K. Service Area Projected Population for at least a 20 year period: (if different from Planning Area, discuss in separate attachment)	Current Population		Projected Population				
	Year:	20	2020	2025	2030	2035	2040
	Population:						
Project Design Year: (Year for which project will be sized)		20		Design Population: (Population served by project on the design year)			
L. Is the proposed project included in a current Regional Water Plan? Yes <input type="checkbox"/> No <input type="checkbox"/> Don't Know <input type="checkbox"/> (If Yes, please specify on what page in the Regional Water Plan - Regional Water Plan Page Number: _____)							
M. What type of water source is associated directly with the proposed project? Surface Water <input type="checkbox"/> Groundwater <input type="checkbox"/> Reuse <input type="checkbox"/>							
N. Will the project increase the volume of water supply? Yes <input type="checkbox"/> No <input type="checkbox"/>							
O. What volume of water is the project anticipated to deliver/ treat per year? _____ Acre-Feet/Year							
P. Current Water Supply Information							
Surface Water Supply Source / Provider Names		Certificate No.		Source County		Annual Volume and Unit	
Groundwater Source Aquifer		Well Field location		Source County		Annual Volume and Unit	
Q. Proposed Water Supply Associated Directly with the Proposed Project							
Surface Water Supply Source / Provider Names		Certificate No.		Source County		Annual Volume and Unit	
Groundwater Source Aquifer		Well Field location:		Source County		Annual Volume and Unit	
R. Consulting Engineer Name			Telephone No.		E-mail address		
S. Applicant Contact Name, Title			Telephone No.		E-mail address		

Part D64: Site Certificate ED 101

STATE OF TEXAS
COUNTY OF PARKER

§
§
§

**SITE
CERTIFICATE**

Before me, the undersigned notary, on this day personally appeared Mayor Tom Clayton, a person whose identity is known to me or who has presented to me a satisfactory proof of identity. After I administered an oath, this person swore to the following:

- (1) My name is Mayor Tom Clayton. I am over 18 years of age and I am of sound mind, and capable of swearing to the facts contained in this Site Certificate. The facts stated in this certificate are within my personal knowledge and are true and correct.
- (2) I am an authorized representative of City of Springtown, an entity that has filed an application for financial assistance with the Texas Water Development Board for a (water) (wastewater) project.

Please complete only those sections that apply to your project:

LEGAL CERTIFICATION – LEASE/CONTRACT

I certify that: _____
(Legal Name of Applicant, i.e., City, District, etc.)

has executed a written lease or other contractual agreement to use the property needed for this (water)(wastewater) project that extends through _____ (date), the life of the Texas Water Development Board loan or grant that will be used to finance this project, either in whole or in part. A copy of this lease or agreement is attached hereto.

LEGAL CERTIFICATION – PROPERTY EASEMENT

I certify that: _____
(Legal Name of Applicant, i.e., City, District, etc.)

has executed an express easement to use the property needed for this (water) (wastewater) project that extends through the life of the Texas Water Development Board loan or grant that will be used to finance this project, either in whole or in part. The express easement to use the property needed for this (water) (wastewater) project extends through _____ (date). A copy of the express easement agreement is attached hereto.

LEGAL CERTIFICATION – OWNERSHIP INTEREST

I certify that City of Springtown

(Legal Name of Applicant, e.g. City, District, etc.)

Option A: has acquired the necessary real property interest, as evidenced by fee simple purchase, deed, fully executed earnest money contracts, or completion of eminent domain proceedings; that such acquisition will guarantee access and egress; and such interest will contain the necessary easements, rights of way, or unrestricted use as is required for the project being financed by the Texas Water Development Board. The legal description is referenced below.

Option B: is in the process of acquiring the necessary real property interest, as evidenced by earnest money contracts, contracts for sale, firm option agreements to purchase the subject property, or the initiation of eminent domain procedures; that such acquisition will guarantee access and egress; and such interest will contain the necessary easements, rights of way, or unrestricted use as is required for the project being financed by the Texas Water Development Board. The legal description is referenced below. The anticipated date of acquisition is:
_____.

The property has been/will be acquired with the use of eminent domain: True False

Location and Description of Property Interests acquired for Project:

Site 1 - See Legal Description in attached Warranty Deed from Hugh L. Springfield to the City of Springtown dated March 23, 1992.

Site 2 - See the City of Springtown's Memorandum Letter

Any deeds or other instruments required to be recorded to protect the title(s) held by _____ (Legal Name of Applicant) have been recorded or filed for the record in the County deed records or other required location. The following documents are attached hereto:

Description of documents that were used or will be used to acquire the property:

EXECUTED this 31st day of May, 20 17.

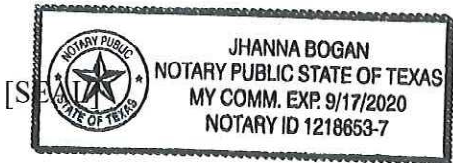
[Signature] (Signature)

Tom Clayton (Print Name)

Mayor, City of Springtown (Title)

Sworn to and subscribed before me by Tom Clayton on this 31st day of May, 20 17.

[Signature] (Notary Public in and for the State of Texas)



WARRANTY DEED

Date: March 23, 1992

Grantor: Hugh L. Springfield

Grantor's Mailing Address (including county): Route 2, Box ~~880~~ 329
Springtown, TX 76082
Parker County

Grantee: City of Springtown

Grantee's Mailing Address (including county): P.O. Box 444
Springtown, TX 76082
Parker County

Consideration: \$10,000

Property (including any improvements):

A tract of land located in Parker County, Texas, described as shown on Exhibit "A" hereto.

Provided, however, Grantor reserves all oil, gas and other minerals which can be extracted without interference of the surface of the tract herein conveyed.

Reservations from and Exceptions to Conveyance and Warranty:

Grantor, for the consideration and subject to the reservations from and exceptions to conveyance and warranty, grants, sells, and conveys to Grantee the property, together with all and singular the rights and appurtenances thereto in any wise belonging, to have and hold it to Grantee, Grantee's heirs, executors, administrators, successors, or assigns forever. Grantor binds Grantor and Grantor's heirs, executors, administrators, and successors to warrant and forever defend all and singular the property to Grantee and Grantee's heirs, executors, administrators, successors, and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof, except as to the reservations from and exceptions to conveyance and warranty.

When the context requires, singular nouns and pronouns include the plural.

BOOK 1528 PAGE 218

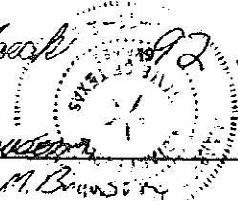
Hugh L. Springfield

(Acknowledgment)

STATE OF TEXAS
COUNTY OF Parker

This instrument was acknowledged before me on the
by Hugh L. Springfield

23rd day of March 1992
James M. Brunson
Notary Public, State of Texas
Notary's name (printed): James M. Brunson



Notary's commission expires: 4-11-92

(Corporate Acknowledgment)

STATE OF TEXAS
COUNTY OF

This instrument was acknowledged before me on the _____ day of _____, 19____
by _____
of _____
a _____ corporation, on behalf of said corporation.

Notary Public, State of Texas
Notary's name (printed): _____
Notary's commission expires: _____

AFTER RECORDING RETURN TO:

PREPARED IN THE LAW OFFICE OF:

EXHIBIT A

Being a tract of land out of the T & P Railway Survey No. 47, Abstract 1433, Parker County, Texas and being a portion of the second tract described in partition deed recorded in Volume 453, Page 266, Deed Records Parker County, Texas, and being more particularly described as follows:

Beginning at a found railroad spike in the edge of Springfield Road and accepted to be the Northeast corner of the T & P Railway Survey No. 47, Abstract 1433;

Thence S $00^{\circ}11'57''$ W, with the East line of said survey, passing a set $1/2''$ iron rod at the fence and apparent Springfield Road R.O.W.; in all a distance of 320.00 ft. to a set $1/2''$ iron rod in the fence line for a corner;

Thence West a distance of 320.00 ft. to a set $1/2''$ iron rod for a corner;

Thence N $00^{\circ}11'57''$ E, passing a set $1/2''$ iron rod in the fence line at the apparent Springfield Road R.O.W. line at 300.00 ft., in all a distance of 320.00 ft to a $1/2''$ iron rod set for a corner in the edge of Springfield Road;

Thence East, with Springfield Road, a distance of 900.00 ft. to the point of beginning and containing 96,000 sq. ft. of which 6,000 sq. ft. is contained within the Springfield Road R.O.W. leaving a net of 90,000 sq. ft. (2.067 acres) of land more or less.

220708

RECEIVED AND PAID
FOR RECORDS

92 MAY -5 P4:04

CARRIERED, CO. CLERK
PARKER COUNTY, TEXAS

BY KE DEF.

$\frac{300}{700} = 1000$

ANY PROVISION HEREIN WHICH RESTRICTS
THE SALE, RENTAL OR USE OF ANY
DISCRIMINATED REAL PROPERTY, BECAUSE OF
COLOR OR RACE IS INVALID AND UNENFORCE-
ABLE UNDER FEDERAL LAW.

SEAL OF THE COUNTY OF PARKER
I hereby certify that the instrument on file
in this office and the original copies on file
in the office of the clerk and judge of the
County Court of Parker County as indicated here-
on by me.

MAY 05 1892



Carrie Paul
County Clerk, Parker County, Tex.

Return:
City of Springtown
PO Box 444
Springtown TX 76082
Attn: Lance Hamilton

BOOK 1528 PAGE 221

Part E: State Water Implementation Fund for Texas

Part E71b: Private Placement Memorandum

PRIVATE PLACEMENT MEMORANDUM DATED April 27, 2017 DRAFT

NEW ISSUE BOOK-ENTRY-ONLY

On the date of initial delivery of the Obligations (defined below), Bond Counsel (defined on page i) will render its opinion substantially in the form attached in APPENDIX C - FORM OF OPINION OF BOND COUNSEL.

\$1,390,000
CITY OF SPRINGTOWN, TEXAS
COMBINATION TAX AND SURPLUS REVENUE CERTIFICATES OF OBLIGATION
SERIES 2017 (the "Obligations")

Dated: November 1, 2017

Due: August 15

Interest Date: Interest on the Obligations will be payable on February 15 and August 15 each year, commencing August 15, 2018 (each an "Interest Payment Date"). The Obligations will bear interest at the rates per annum set forth in "APPENDIX A - MATURITY SCHEDULE."

Record Date: The close of business on the last business day of the calendar month immediately preceding the applicable Interest Payment Date, commencing December 5, 2017.

Date Interest Accrues: Each Obligation shall bear interest from the Delivery Date thereof or the most recent Interest Payment Date to which interest has been paid or provided for at the rate set forth in APPENDIX A, such interest payable semiannually on February 15 and August 15 of each year until the earliest of maturity or prior redemption, commencing on August 15, 2018.

Redemption: The Obligations are subject to redemption prior to maturity as provided herein. See "THE OBLIGATIONS - Redemption Provisions" herein.

Authorized Denominations: The Obligations are being issued as fully registered obligations in denominations of **\$5,000**, or any integral multiple thereof.

Paying Agent/Registrar/Registrar: The paying agent ("Paying Agent/Registrar/Registrar") for the Obligations is The Bank of New York Mellon Trust Company, N.A.

Book-Entry-Only System Upon initial issuance, the ownership of the Obligations will be registered in the registration books of the Issuer kept by the Paying Agent/Registrar, in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") to which principal, redemption premium, if any, and interest payments on the Obligations will be made. The purchasers of the Obligations will not receive physical delivery of obligation certificates. Principal of, interest, and premium if any, on the Obligations will be payable at the designated office of the Paying Agent/Registrar in Dallas, Texas as the same become due and payable.

Issuer: City of Springtown, Texas

Official Action: Ordinance No. _____ dated XXXX, 2017.

Purpose: See "APPENDIX B - OFFICIAL ACTION."

Security for the Obligations: See APPENDIX B - OFFICIAL ACTION."

Ratings: See "OTHER INFORMATION - Ratings"

Delivery Date: December 5, 2017.

See "APPENDIX A - MATURITY SCHEDULE" for Principal Amounts, Maturities, Interest Rates, Prices or Yields, and Initial CUSIP Numbers

CITY OF SPRINGTOWN, TEXAS

102 E. 2nd Street
Springtown, TX 76082-0444

CITY COUNCIL

Tom Clayton – Mayor
Robert E. Wilson – Mayor pro-Tem
Annette Burk – Council Member
Harold Buffington – Council Member
Dennie Harms – Council Member
Greg Hood – Council Member

SELECTED ADMINISTRATIVE STAFF

Doug Hughes – City Administrator
Denise Taylor – Finance Manager

Norton Rose Fulbright US LLP, Dallas, Texas - Bond Counsel

FirstSouthwest, a Division of Hilltop Securities Inc., Dallas, Texas - Financial Advisor

The Bank of New York Mellon Trust Company, N.A., Dallas, Texas - Paying Agent/Registrar

Freese and Nichols, Inc., Dallas, Texas - Project Engineer

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**Private Placement Memorandum
relating to**

\$1,390,000

**CITY OF SPRINGTOWN, TEXAS
COMBINATION TAX AND SURPLUS REVENUE CERTIFICATES OF OBLIGATION
SERIES 2017 (the "Obligations")**

INTRODUCTION

This Private Placement Memorandum, including the cover page and appendices, contains brief descriptions of the Issuer, provides certain information with respect to the issuance by the Issuer, and summaries of certain provisions of the "Obligations" pursuant to the Official Action. Except as otherwise set forth herein, capitalized terms used but not defined in this Private Placement Memorandum have the meanings assigned to them in the Official Action. See "APPENDIX B – "FORM OF OFFICIAL ACTION" attached hereto.

APPENDIX A contains the maturity schedule for the Obligations. APPENDIX B contains the Official Action and a description of the purpose for the proceeds of the Obligations. APPENDIX C contains a copy of the proposed opinion of Bond Counsel with respect to the Obligations. The summaries of the documents contained in the forepart of this Private Placement Memorandum are not complete or definitive, and every statement made in this Private Placement Memorandum concerning any provision of any document is qualified by reference to such document in its entirety.

THE OBLIGATIONS

General Description

The Obligations are being issued in the aggregate principal amount set forth in APPENDIX A of this Private Placement Memorandum and will mature and be subject to redemption prior to maturity as described therein. The Obligations are being issued as fully registered obligations in denominations of **\$5,000**, or any integral multiple thereof. The Obligations will be dated as of the date of issue and will mature on the dates referenced thereon, and will bear interest at the rates per annum set forth in "APPENDIX A - MATURITY SCHEDULE."

Interest on the Obligations is payable semiannually on each Interest Payment Date, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Principal of and the redemption price with respect to the Obligations will be payable to the Owners upon presentation and surrender at the principal office of the Paying Agent/Registrar.

Purpose

See "APPENDIX B - FORM OF OFFICIAL ACTION."

Authority for Issuance

The Obligations are issued pursuant to Chapter 1502, Texas Government Code, as amended, and the Official Action adopted by the Issuer.

Security for the Obligations

See "APPENDIX B - FORM OF OFFICIAL ACTION."

Redemption Provisions

"On February 15, 2028 or on any date thereafter, the Obligations may be redeemed prior to their scheduled maturities, at the option of the Issuer, in whole or in part, in inverse order of maturity, in principal amounts of \$5,000 or an integral multiple thereof (and if within a state maturity by lot by the Paying Agent/Registrar), at a redemption price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption."

Notice of Redemption; Selection of Obligations to Be Redeemed

See “APPENDIX B - FORM OF OFFICIAL ACTION.”

The Paying Agent/Registrar, so long as a Book-Entry-Only System is used for the Obligations, will send any notice of redemption of the Obligations, notice of proposed amendment to the Official Action or other notices with respect to the Obligations 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, shall not affect the validity of the redemption of the Obligations called for redemption or any other action premised on any such notice. Redemption of portions of the Obligations by the Issuer will reduce the outstanding principal amount of such Obligations held by DTC.

Book-Entry-Only System

The information in this caption concerning The Depository Trust Company, New York, New York (“DTC”) and DTC’s book entry system has been obtained from DTC and the Issuer makes no representation or warranty nor takes any responsibility for the accuracy or completeness of such information.

DTC will act as securities depository for the Obligations. The Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Obligations and deposited with DTC. See APPENDIX B - “FORM OF OFFICIAL ACTION.”

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument (from over 100 countries) that DTC’s participants (the “Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions, in deposited securities, through electronic computerized book entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearance Corporation, and Fixed Income Clearance 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 and www.dtc.org.

TAX MATTERS

Opinion

Bond Counsel will deliver its opinion on the date of delivery of the Obligations substantially in the form as attached in “APPENDIX C - FORM OF OPINION OF BOND COUNSEL.”

OTHER INFORMATION

Forward Looking Statements

The statements contained in this Private Placement Memorandum, including the cover page, appendices, and any other information or documents provided by the Issuer, that are not purely historical, are forward-looking statements, including statements regarding the Issuer’s expectations, hopes, intentions, or strategies regarding the future. Holders and beneficial owners of the Obligations have placed reliance on forward-looking statements. All forward looking statements included in this Private Placement Memorandum are based on information available to

the Issuer on the date hereof. It is important to note that the Issuer's actual results could differ materially from those in such forward-looking statements.

Ratings

No application has been made to any ratings agency or municipal bond insurance company for qualification of the Obligations for ratings or municipal bond insurance, respectively.

LITIGATION

General

On the date of delivery of the Obligations to the initial purchasers thereof, the Issuer will execute and deliver a certificate to the effect that, except as disclosed herein, no litigation of any nature has been filed or is pending, as of that date, to restrain or enjoin the issuance or delivery of the Obligations or which would affect the provisions made for their payment or security or in any manner questioning the validity of the Obligations.

The Issuer

There is no litigation, proceeding, inquiry, or investigation pending by or before any court or other governmental authority or entity (or, to the knowledge of the Issuer, threatened) that adversely affects the power, authority or obligation of the Issuer to deliver the Obligations, the security for, or the validity of, the Obligations or the financial condition of the Issuer.

CONTINUING DISCLOSURE OF INFORMATION

In the Official Action, the Issuer has made the following agreement for the benefit of the holders and beneficial owners of the Obligations. The Issuer is required to observe the agreement for so long as it remains obligated to advance funds to pay the Obligations. Under the agreement, the Issuer will be obligated to provide certain updated financial information and operating data, and timely notice of specified material events, to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System. SEE APPENDIX B - "FORM OF OFFICIAL ACTION."

Compliance with Prior Undertakings

During the last five years, the Issuer has complied in all material respects with its continuing disclosure agreements in accordance with SEC Rule 15c2-12.

MISCELLANEOUS

Any statements made in this Private Placement Memorandum involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Private Placement Memorandum nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Obligations.

The information contained above is neither guaranteed as to accuracy or completeness nor to be construed as a representation by the Issuer. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Private Placement Memorandum nor any sale made hereunder is to create, under any circumstances, any implication that there has been no change in the affairs of the Issuer or the Issuer from the date hereof.

The Private Placement Memorandum is submitted in connection with the sale of Obligations to the Texas Water Development Board on the Delivery Date and may not be reproduced or used, as a whole or in part, for any other purpose.

ADDITIONAL INFORMATION

The Private Placement Memorandum speaks only as of its date and the information contained herein is subject to change. Descriptions of the Obligations and the Official Action and any other agreements and documents contained herein constitute summaries of certain provisions thereof and do not purport to be complete. This Private Placement Memorandum was approved by the Issuer.

APPENDIX A
MATURITY SCHEDULE
CUSIP Prefix: 851830

<u>Maturity</u>	<u>Principal Amounts</u>	<u>Interest Rate</u>	<u>Initial Yield</u>	<u>CUSIP</u>
8/15/2019	\$35,000			
8/15/2020	35,000			
8/15/2021	35,000			
8/15/2022	35,000			
8/15/2023	35,000			
8/15/2024	40,000			
8/15/2025	40,000			
8/15/2026	40,000			
8/15/2027	40,000			
8/15/2028	40,000			
8/15/2029	40,000			
8/15/2030	40,000			
8/15/2031	45,000			
8/15/2032	45,000			
8/15/2033	45,000			
8/15/2034	45,000			
8/15/2035	50,000			
8/15/2036	50,000			
8/15/2037	50,000			
8/15/2038	55,000			
8/15/2039	55,000			
8/15/2040	55,000			
8/15/2041	55,000			
8/15/2042	60,000			
8/15/2043	60,000			
8/15/2044	65,000			
8/15/2045	65,000			
8/15/2046	65,000			
8/15/2047	70,000			

APPENDIX B
FORM OF OFFICIAL ACTION

APPENDIX C

FORM OF OPINION OF BOND COUNSEL