

**RESOLUTION NO. 19-\_\_**

**FIFTY-SIXTH SUPPLEMENTAL RESOLUTION TO THE  
MASTER RESOLUTION AUTHORIZING  
LOWER COLORADO RIVER AUTHORITY  
REFUNDING REVENUE BONDS**

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**FIFTY-SIXTH SUPPLEMENTAL RESOLUTION TO THE  
MASTER RESOLUTION AUTHORIZING THE  
LOWER COLORADO RIVER AUTHORITY  
REFUNDING REVENUE BONDS**

**WHEREAS**, the Lower Colorado River Authority ("LCRA") is a governmental agency, and body corporate and politic of the State of Texas, being a conservation and reclamation district created and functioning under Article XVI, Section 59, of the Texas Constitution, pursuant to the provisions of Chapter 8503, Texas Special District Local Laws Code, as amended (the "LCRA Act"); and

**WHEREAS**, on September 22, 1999, the Board of Directors of LCRA (the "Board") adopted a Master Resolution Establishing the Lower Colorado River Authority Revenue Financing Program (referred to herein as the "Master Resolution"); and

**WHEREAS**, the capitalized terms used in this resolution and not otherwise defined shall have the meanings given in the Master Resolution and Exhibit A hereto; and

**WHEREAS**, the Master Resolution establishes a revenue financing structure pursuant to which LCRA can issue and enter into obligations, including bonds and other types of obligations, secured by and payable from a lien on and pledge of all lawfully available funds of LCRA; and

**WHEREAS**, the Master Resolution authorizes the Board to issue Parity Debt for any lawful purpose, including financing or refinancing the acquisition, construction, and completion of additions, betterments, improvements, and extensions to the properties of LCRA; and

**WHEREAS**, LCRA has certain outstanding Parity Debt consisting of its Commercial Paper Notes, Tax-Exempt Series A (program authorized but no notes or any related credit agreement are currently outstanding), the Guarantee Agreement between the LCRA Transmission Services Corporation and LCRA relating to the performance of the Joint Development Agreement with the American Electric Power Service Company, its Refunding Revenue Bonds, Series 2010, its Refunding Revenue Bonds, Series 2010A, its Refunding Revenue Bonds, Series 2010B, its Commercial Paper Notes, Series B and Taxable Series B and related credit agreement, its Refunding Revenue Bonds, Series 2012A, its Refunding Revenue Bonds, Series 2012B, its Refunding Revenue Bonds, Series 2013, its Refunding Revenue Bonds, Series 2015A, its Refunding Revenue Bonds, Series 2015B, its Refunding and Improvement Revenue Bonds, Series 2015C, its Refunding Revenue Bonds, Series 2015D, its Revenue Revolving Notes, Series C and Taxable Series C and related credit agreement, its Revenue Revolving Notes, Series D and Taxable Series D and related credit agreement, its Revenue Revolving Notes, Series E and Taxable Series E and related credit agreement and its Electric Nodal Market Revenue Notes, Taxable Series M and related credit agreement; and

**WHEREAS**, the Board finds and determines that it should issue refunding bonds pursuant to this resolution (the "Fifty-Sixth Supplement") to refund the Refunded Obligations to achieve an economic savings in debt service payments related to such obligations, pursuant to the terms of this Fifty-Sixth Supplement, fund a debt service reserve fund relating to the Bonds and to pay the costs of issuance relating to the Bonds; and

**WHEREAS**, Chapters 1207 and 1371, Texas Government Code, as amended, and particularly Section 1371.051 thereof, authorizes LCRA to issue refunding bonds to refund the Refunded Obligations; and

**WHEREAS**, pursuant to authority granted in Chapter 1371, Texas Government Code, as amended ("Chapter 1371"), the provisions of Section 1207.061, Texas Government Code, as amended, authorize LCRA to deposit the proceeds from the sale of such refunding bonds, and any other available funds or resources, directly with a place of payment (a paying agent or certain trust companies or commercial banks) for the Refunded Obligations, and such deposit, if made before such payment dates, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations; and

**WHEREAS**, all the Refunded Obligations mature or are subject to redemption prior to maturity within 20 years of the date of the Bonds hereinafter authorized; and

**WHEREAS**, the Board deems it necessary to issue Parity Debt pursuant to this Fifty-Sixth Supplement; and

**WHEREAS**, with respect to the creation of a debt service reserve fund or funds for the Bonds, if such fund or funds is determined to be beneficial to LCRA in the Pricing Certificate and so created, the Board hereby finds and determines that the establishment and operation of such funds will not have a material adverse effect on the ability of LCRA to comply with its covenants in the Master Resolution or in the Supplements authorizing the issuance of the Outstanding Parity Debt; and

**WHEREAS**, the Board further finds and determines that all terms and conditions for the issuance of the Bonds herein authorized as Parity Debt have been or can be met and satisfied; and

**WHEREAS**, the Bonds authorized to be issued by this Fifty-Sixth Supplement are to be issued and delivered pursuant to the Acts, and other applicable laws.

**NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LOWER COLORADO RIVER AUTHORITY THAT:**

**ARTICLE I**  
**BONDS ISSUED UNDER MASTER REVENUE**  
**FINANCING PROGRAM**

**Section 1.01. DEFINITIONS.** (a) Definitions. In addition to the definitions set forth in the preamble of this Fifty-Sixth Supplement, the capitalized terms used herein (except in the FORM OF BONDS set forth in Exhibit B hereto) and not otherwise defined shall have the meanings given in the Master Resolution or in Exhibit A to this Fifty-Sixth Supplement. The recitals to this Fifty-Sixth Supplement and the exhibits hereto are incorporated herein and made a part hereof for all purposes.

(b) Construction of Terms. If appropriate in the context of this Fifty-Sixth Supplement, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, words of the masculine, feminine, or neuter gender shall be considered to include the other genders, and words importing persons shall include firms, associations, and corporations.

**Section 1.02. ESTABLISHMENT OF FINANCING PROGRAM AND ISSUANCE OF PARITY DEBT.** (a) Fifty-Sixth Supplement. By adoption of the Master Resolution, LCRA has established the Lower Colorado River Authority Revenue Financing Program for the purpose of providing an alternative financing structure for indebtedness of LCRA payable from and secured by a pledge of and lien on the Pledged Revenues, subject only to any Prior Encumbered Obligations. The Master Resolution is intended to establish a master program under which LCRA may incur Debt payable from a pledge of and lien on the Pledged Revenues, subject only to any Prior Encumbered Obligations. This Fifty-Sixth Supplement provides for the authorization, form, characteristics, provisions of payment and redemption, and security of the Bonds. This Fifty-Sixth Supplement is subject to the terms of the Master Resolution that is incorporated herein by reference and as such made a part hereof for all purposes.

(b) Bonds Are Parity Debt. As required by Section 5 of the Master Resolution, the Board hereby determines that, upon the issuance of the Bonds, it will have sufficient funds to meet the financial obligations of LCRA, including the receipt of Pledged Revenues in amounts sufficient to satisfy the Annual Debt Service Requirements and to meet all other financial obligations of LCRA payable from Pledged Revenues. The Bonds are hereby declared to be Parity Debt under the Master Resolution.

(c) Perfection. Pursuant to Section 1201.044, Texas Government Code, as amended, and Chapter 1208, Texas Government Code, the pledge, security and lien on the Pledged Revenues for the benefit of the Owners of the Bonds is hereby established and perfected for all purposes. The Owners of the Bonds shall never have the right to demand payment out of funds raised or to be raised by taxation, or from any source other than as specified in the Master Resolution or this Fifty-Sixth Supplement.

Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of revenues granted by LCRA under this Fifty-Sixth Supplement, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of revenues granted by LCRA under this Fifty-Sixth Supplement is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the Owners of the Bonds the perfection of the security interest in said pledge, LCRA agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

**Section 1.03. FIFTY-SIXTH SUPPLEMENT TO CONSTITUTE A CONTRACT; EQUAL SECURITY.** In consideration of the acceptance of the Bonds by those who shall hold the same from time to time, this Fifty-Sixth Supplement shall be deemed to be and shall constitute a contract between LCRA and the Owners from time to time of the Bonds, and the pledge made in this Fifty-Sixth Supplement by LCRA and the covenants and agreements set forth in this Fifty-Sixth Supplement to be performed by LCRA shall be for the equal and proportionate benefit, security, and protection of all Owners from time to time of the Bonds, without preference, priority, or distinction as to security or otherwise of any of the Bonds authorized hereunder over any of the other Bonds by reason of time of issuance, sale, or maturity thereof or otherwise for any cause whatsoever, except as expressly provided in or permitted by this Fifty-Sixth Supplement and the Master Resolution.

**Section 1.04. LIMITATION OF BENEFITS WITH RESPECT TO THIS FIFTY-SIXTH SUPPLEMENT.** With the exception of the rights or benefits herein expressly conferred, nothing expressed or contained herein or implied from the provisions of this Fifty-Sixth Supplement or the Bonds is intended or should be construed to confer upon or give to any person other than LCRA, the Owners, and the Paying Agent/Registrar, any legal or equitable right, remedy, or claim under or by reason of or in respect to this Fifty-Sixth Supplement or any covenant, condition, stipulation, promise, agreement, or provision herein contained. This Fifty-Sixth Supplement and all of the covenants, conditions, stipulations, promises, agreements, and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of LCRA, the Owners, and the Paying Agent/Registrar as herein provided.

## **ARTICLE II BOND AUTHORIZATION AND SPECIFICATIONS**

**Section 2.01. AMOUNT, PURPOSE AND DESIGNATION OF THE BONDS.** The Bonds designated "**LOWER COLORADO RIVER AUTHORITY REFUNDING REVENUE BONDS, SERIES 20\_\_**" (the "Bonds") are hereby authorized to be issued in one or more series and delivered pursuant to this Fifty-Sixth Supplement in a maximum aggregate principal amount not to exceed \$250,000,000 for the purposes of (i) refunding the Refunded Obligations, (ii) funding a debt service reserve fund for the Bonds, as determined in the Pricing Certificate, and (iii) paying the costs of issuing such Bonds. The Bonds are authorized pursuant to authority conferred by and in conformity with the laws of the State of Texas, particularly the provisions of the Acts.

The title of the Bonds shall be designated to reflect the year in which each series is awarded pursuant to Section 2.02(b) below, and in the event that multiple series of bonds constituting Parity Debt are issued by the Board within a calendar year, each series within such year shall have a letter designation following the year. The title of the Bonds may also be revised by an LCRA Officer as reflected in the Pricing Certificate pursuant to Section 2.02(b) below to reflect the tax status of the Bonds as either Taxable Bonds or Tax-Exempt Bonds, as applicable.

The Bonds may be in the form of either Current Interest Bonds or Capital Appreciation Bonds as provided in Section 2.02.

**Section 2.02. DATE, DENOMINATIONS, NUMBERS, MATURITIES AND TERMS OF BONDS.** (a) Terms of Bonds. There initially shall be issued, sold and delivered fully registered bonds, without interest coupons, which may be in the form of Current Interest Bonds or Capital Appreciation Bonds, numbered consecutively from R-1 upward, in the case of Current Interest Bonds, and from CR-1 upward, and in the case of Capital Appreciation Bonds (except the Initial Bond (as defined in Section 2.06 hereof) delivered to the Attorney General of the State of Texas which shall be numbered T-1 and TCR-1, respectively) payable to the initial purchaser(s) thereof, or to the registered assignee or assignees of said Bonds or any portion or portions thereof (in each case, the "Registered Owner" or the "Owner"), in the denomination of \$5,000 or any integral multiple thereof with respect to Current Interest Bonds and in the denomination of \$5,000 in Maturity Amount or any integral multiple thereof with respect to Capital Appreciation Bonds (each an "Authorized Denomination"), maturing not later than May 15, 2040, serially or otherwise on the dates, in the years and in the principal amounts, respectively, and dated, all as set forth in the Pricing Certificate to be executed and delivered by the LCRA Officer pursuant to subsection (b) of this Section. The Pricing Certificate is hereby incorporated in and made a part of this Fifty-Sixth Supplement.

In the event the Pricing Certificate (and any Bond Purchase Agreement as provided in subsection (c) of this Section) shall not be executed on or before 5:00 p.m. on October 23, 2020, the delegation to the LCRA Officers pursuant to this Fifty-Sixth Supplement shall cease to be effective unless the Board shall act to extend such delegation.

(b) Selling and Delivering the Bonds. As authorized by Chapter 1207 and by Chapter 1371, Texas Government Code, as amended, an LCRA Officer is hereby authorized to act on behalf of LCRA in selling and delivering the Bonds and carrying out the other procedures specified in this Fifty-Sixth Supplement, including determining and fixing (i) the portion of the then outstanding Parity Debt that shall constitute the Refunded Obligations to be refunded under this Fifty-Sixth Supplement, (ii) the creation of any debt service reserve fund or funds for the Bonds and the amount of any such reserve requirement, as provided in Section 4.03, (iii) the date of the Bonds, (iv) any additional or different series, designation, name or title by which the Bonds shall be known, (v) the price at which the Bonds will be sold, (vi) the years in which the Bonds will mature, (vii) the principal amount to mature in each of such years, (viii) the aggregate principal amount of Current Interest Bonds and Capital Appreciation Bonds, (ix) whether the Bonds will be issued as Tax-Exempt Bonds or Taxable Bonds, (x) the rate of interest to be borne by each such maturity, (xi) the



interest payment periods, (xii) the dates, price, and terms, if any, upon and at which the Bonds shall be subject to redemption prior to maturity at the option of LCRA, as well as any mandatory sinking fund redemption provisions, (xiii) the procurement of any municipal bond insurance and approving modifications to this Fifty-Sixth Supplement related to the procurement of such insurance and executing such instrument, documents and agreements as may be necessary with respect thereto, if it is determined by such officer that LCRA providing such insurance would be financially desirable and advantageous, (xiv) the Authorized Denominations for any Taxable Bonds and (xv) all other matters relating to the issuance, sale, and delivery of the Bonds and the refunding of the Refunded Obligations, all of which shall be specified in the Pricing Certificate; provided that (A) the price to be paid for the Bonds shall not be less than 95% of the aggregate original principal amount thereof (excluding the underwriters' discount) plus accrued interest thereon from their date to their delivery, (B) the amount of underwriters' discount may not exceed 1.25% of the aggregate principal amount of the Bonds, (C) none of the Bonds shall bear interest at a rate greater than the Maximum Rate and (D) the Bonds shall be issued to refund the Refunded Obligations only if that refunding results in a present value savings on the Annual Debt Service Requirements of the Refunded Obligations. The Bonds may also be sold to the public on either a competitive or negotiated basis as determined by the LCRA Officer in the Pricing Certificate. It is further provided, however, that, notwithstanding the foregoing provisions, the Bonds shall not be delivered unless prior to delivery, the Bonds have been rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for long-term obligations, as required by the Acts.

(c) Negotiated Sale of the Bonds. In the event that the LCRA Officer determines that the Bonds are to be sold by a negotiated sale, such sale may be through a private placement, an underwriting or any other type of negotiated sale as determined by the LCRA Officer. The LCRA Officer may determine the purchaser of the Bonds, including selection of a syndicate of investment banks and underwriters, including any selection of a senior managing underwriter for the Bonds (collectively, the "Underwriters"). The Bonds shall be sold and delivered to purchaser or purchasers thereof at the price and with the terms set forth in the Pricing Certificate and pursuant to the terms and provisions of a bond purchase agreement, placement agreement or other type of purchase agreement. The LCRA Officer, acting for and on behalf of the Board, is authorized to enter into and carry out a purchase agreement relating to the Bonds in the form acceptable to the LCRA Officer.

(d) Competitive Sale and Notice of Sale Relating to the Bonds. In the event that the LCRA Officer determines that the Bonds are to be sold by a competitive sale, the LCRA Officer shall cause to be prepared a notice of sale and official statement in such manner as the LCRA Officer deems appropriate, to make the notice of sale and official statement available to those institutions and firms wishing to submit a bid for the Bonds, to receive such bids, and to award the sale of the Bonds to the bidder submitting the best bid in accordance with the provisions of the notice of sale.

(e) General. The Bonds (i) may be redeemed prior to the respective scheduled maturity dates, (ii) may be assigned and transferred, (iii) may be exchanged for other Bonds, (iv) shall have the characteristics, and (v) shall be signed and sealed and the principal of and interest on the Bonds shall be payable, all as provided, and in the manner required or indicated, in this Fifty-Sixth Supplement, including the FORM OF BONDS set forth in Exhibit B to this Fifty-Sixth Supplement

and with such changes and additions as required to be consistent with the provisions shown in the Pricing Certificate relating to the Bonds.

(f) Interest. The Current Interest Bonds shall bear interest calculated on the basis of a 360-day year composed of twelve 30-day months from the dates specified in the FORM OF BONDS set forth in Exhibit B to this Fifty-Sixth Supplement to their respective dates of maturity or redemption at the rates per annum set forth in the Pricing Certificate.

The Capital Appreciation Bonds shall bear interest from the Issuance Date, calculated on the basis of a 360-day year composed of twelve 30-day months (subject to rounding to the Compounded Amounts thereof), compounded semiannually on the dates set forth in the Pricing Certificate (the "Compounding Dates") commencing on the date set forth in the Pricing Certificate, and payable, together with the principal amount thereof, in the manner provided in the Form of Bonds at the rates set forth in the Pricing Certificate. Attached to the Pricing Certificate, if Capital Appreciation Bonds are to be issued, shall be an exhibit (the "Compounded Amount Table") that will set forth the rounded original principal amounts at the Issuance Date for the Capital Appreciation Bonds and the Compounded Amounts and Maturity Amounts thereof (per \$5,000 Maturity Amount) as of each Compounding Date, commencing the date set forth in the Pricing Certificate, and continuing until the final maturity of such Capital Appreciation Bonds. The Compounded Amount with respect to any date other than a Compounding Date is the amount set forth on the Compounded Amount Table with respect to the last preceding Compounding Date, plus the portion of the difference between such amount and the amount set forth on the Compounded Amount Table with respect to the next succeeding Compounding Date that the number of days (based on 30-day months) from such last preceding Compounding Date to the date for which such determination is being calculated bears to the total number of days (based on 30-day months) from such last preceding Compounding Date to the next succeeding Compounding Date.

(g) Payments on Holidays. In the event that any date for payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment will be the next succeeding day that is not a Saturday, Sunday, legal holiday, or day on which such banking institutions are authorized to close. Payment on such later date will not increase the amount of interest due and will have the same force and effect as if made on the original date payment was due.

(H) Delegation to Establish Sinking Fund for Balloon Debt. In the event that an LCRA Officer determines to issue Bonds that constitute Balloon Debt, an LCRA Officer may upon determining that it is in the best interests of LCRA provide in the Award Certificate for (i) the establishment of a sinking fund for such Balloon Debt, (ii) the accumulation of amounts in such sinking fund either by a fixed schedule stated in such Award Certificate or by a formula setting forth the amount and timing of required contributions that in each case is sufficient to provide for the payment of all amounts due on such Balloon Debt, and (iii) any restrictions with respect to such sinking fund, including the investment thereof, necessary to ensure compliance with any applicable provisions of the Code.

**Section 2.03. PAYMENT OF BONDS; PAYING AGENT/REGISTRAR.** The principal of, premium, if any, and the interest on the Bonds shall be payable, without exchange or collection charges to the Owner thereof, in any coin or currency of the United States of America that at the time of payment is legal tender for the payment of public and private debts.

The appointment of The Bank of New York Mellon Trust Company, National Association, Austin, Texas as Paying Agent and Registrar for the Bonds is hereby ratified and confirmed. By accepting the appointment as Paying Agent/Registrar, the Paying Agent/Registrar acknowledges receipt of copies of the Master Resolution and this Fifty-Sixth Supplement, and is deemed to have agreed to the provisions of thereof and hereof. LCRA agrees and covenants to cause to be kept and maintained at the principal trust office of the Paying Agent/Registrar a Security Register, all as provided herein, in accordance with the terms and provisions of the Paying Agent/Registrar Agreement and such reasonable rules and regulations as the Paying Agent/Registrar and LCRA may prescribe. In addition, to the extent required by law, LCRA covenants to cause to be kept and maintained the Security Register or a copy thereof in the State of Texas. LCRA expressly reserves the right to appoint one or more successor Paying Agent/Registrars, by filing with the Paying Agent/Registrar a certified copy of a resolution of the Board making such appointment. LCRA further expressly reserves the right to terminate the appointment of the Paying Agent/Registrar by filing a certified copy of a resolution of the Board giving notice of LCRA's termination of LCRA's agreement with such Paying Agent/Registrar and appointing a successor. LCRA covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are paid and discharged, and any successor Paying Agent/Registrar shall be a bank, trust company, financial institution, or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. If a Paying Agent/Registrar is replaced, such Paying Agent/Registrar, promptly upon the appointment of the successor, will deliver the Security Register (or a copy thereof) and all other pertinent books and records relating to the Bonds to the successor Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar, LCRA agrees promptly to cause a written notice thereof to be sent to each Owner by United States mail, first-class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

The principal of, premium, if any, and interest on the Bonds due and payable by reason of maturity, redemption, or otherwise, shall be payable only to the Owner thereof appearing on the Security Register, and, to the extent permitted by law, neither LCRA nor the Paying Agent/Registrar, nor any agent of either, shall be affected by notice to the contrary.

Principal of, and premium, if any, on the Bonds, shall be payable only upon the presentation and surrender of said Bonds to the Paying Agent/Registrar at its principal office. Interest on the Bonds shall be paid to the Owner whose name appears in the Security Register at the close of business on the Record Date and shall be paid (i) by check sent on or prior to the appropriate date of payment by United States mail, first-class postage prepaid, by the Paying Agent/Registrar to the address of the Owner appearing in the Security Register on the Record Date or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested in writing by, and at the risk and expense of, the Owner.

In the event of a nonpayment of interest on a scheduled payment date on a Current Interest Bond, 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 LCRA. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Owner of a Current Interest Bond appearing on the Security Register at the close of business on the last business day immediately preceding the date of mailing of such notice.

**Section 2.04. REDEMPTION.** (a) Generally. The Bonds shall be subject to redemption prior to scheduled maturity at such times and with such provisions as provided in the Pricing Certificate.

(b) Notices of Redemption and Defeasance. (i) In addition to the Notice of Redemption set forth in the FORM OF BONDS, LCRA shall give notice of redemption or defeasance to the Paying Agent/Registrar at least 35 days prior to a redemption date in the case of a redemption and on the defeasance date in the case of a defeasance (unless a lesser period is acceptable to the Paying Agent/Registrar) and the Paying Agent/Registrar shall give notice of redemption or of defeasance of Bonds by mail, first-class postage prepaid at least thirty (30) days prior to a redemption date and within thirty (30) days after a defeasance date to each registered securities depository and to any national information service that disseminates such notices. In addition, in the event of a redemption caused by an advance refunding of the Bonds, the Paying Agent/Registrar shall send a second notice of redemption to the persons specified in the immediately preceding sentence at least thirty (30) days but not more than ninety (90) days prior to the actual redemption date. Any notice sent to the registered securities depositories or such national information services shall be sent so that they are received at least two (2) days prior to the general mailing or publication date of such notice. The Paying Agent/Registrar shall also send a notice of prepayment or redemption to the registered owner of any Bond who has not sent the Bonds in for redemption sixty (60) days after the redemption date.

(ii) Each Notice of Redemption or Defeasance, whether required in the FORM OF BONDS or in this Section, shall contain a description of the Bonds to be redeemed or defeased including the complete name of the Bonds, the date of issue, the interest rate, the maturity date, the CUSIP number, the certificate numbers, the amounts called of each certificate, the publication and mailing date for the notice, the date of redemption or defeasance, the redemption price, if any, the name of the Paying Agent/Registrar, and the address at which the Bonds may be redeemed or paid, including a contact person telephone number.

(iii) All redemption payments made by the Paying Agent/Registrar to the registered owners of the Bonds shall include a CUSIP number relating to each amount paid to such registered owner.

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

**Section 2.05. REGISTRATION; TRANSFER; EXCHANGE OF BONDS; PREDECESSOR BONDS; BOOK-ENTRY-ONLY SYSTEM; SUCCESSOR SECURITIES DEPOSITORY; PAYMENTS TO CEDE & CO.** (a) Registration, Transfer, Exchange, and Predecessor Bonds. The Registrar shall obtain, record, and maintain in the Security Register the name and address of each Owner issued under and pursuant to the provisions of this Fifty-Sixth Supplement. Any Bond may, in accordance with its terms and the terms hereof, be transferred or exchanged for Bonds in Authorized Denominations upon the Security Register by the Owner, in person or by his duly authorized agent, upon surrender of such Bond to the Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Owner or by his duly authorized agent, in form satisfactory to the Registrar.

Upon surrender for transfer of any Bond at the principal office of the Registrar, there shall be registered and delivered in the name of the designated transferee or transferees, one or more new Bonds, executed on behalf of, and furnished by, LCRA, of Authorized Denominations and having the same Maturity and of a like aggregate principal amount as the Bond or Bonds surrendered for transfer.

At the option of the Owner, Bonds may be exchanged for other Bonds of Authorized Denominations and having the same Maturity, bearing the same rate of interest, and of like aggregate principal amount as the Bonds surrendered for exchange, upon surrender of the Bonds to be exchanged at the principal office of the Registrar. Whenever any Bonds are so surrendered for exchange, there shall be registered and delivered new Bonds executed on behalf of, and furnished by, LCRA to the Owner requesting the exchange.

All Bonds issued upon any transfer or exchange of Bonds shall be delivered at the principal office of the Registrar or sent by United States Mail, first-class, postage prepaid to the Owners or the designee thereof, and, upon the registration and delivery thereof, the same shall be the valid obligations of LCRA, evidencing the same debt, and entitled to the same benefits under the Master Resolution and this Fifty-Sixth Supplement, as the Bonds surrendered in such transfer or exchange.

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

Bonds canceled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be "Predecessor Bonds," evidencing all or a portion, as the case may be, of the same debt evidenced by the new Bond or Bonds registered and delivered in the exchange or transfer therefor. Additionally, the term "Predecessor Bonds" shall include any mutilated Bond that is surrendered to the Paying Agent/Registrar or any Bond satisfactory evidence of the loss of which has been received by LCRA and the Paying Agent/Registrar and, in either case, in lieu of which a Bond or Bonds have been registered and delivered pursuant to Section 3.05 hereof.

Neither LCRA nor the Registrar shall be required to issue or transfer to an assignee of a Owner any Bond called for redemption, in whole or in part, within forty-five (45) days of the date fixed for the redemption of such Bond; provided, however, such limitation of transfer shall not be applicable to an exchange by the Owner of the unredeemed balance of a Bond called for redemption in part.

(b) Ownership of Bonds. The entity in whose name any Bond shall be registered in the Security Register at any time shall be deemed and treated as the absolute owner thereof for all purposes of this Fifty-Sixth Supplement, whether or not such Bond shall be overdue, and, to the extent permitted by law, the Board and the Paying Agent/Registrar shall not be affected by any notice to the contrary; and payment of, or on account of, the principal of, premium, if any, and interest on any such Bond shall be made only to such registered owner. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(c) Book-Entry-Only System. The Bonds issued in exchange for the Initial Bond issued as provided in Section 2.06 shall be issued in the form of a separate single fully-registered Bond for each of the maturities thereof registered in the name of Cede & Co., as nominee of DTC, and except as provided in this subsection (c), all of the Outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, LCRA, and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, LCRA and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a Owner as shown on the Security Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than a Owner as shown on the Security Register, of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other

provision of this Fifty-Sixth Supplement to the contrary but to the extent permitted by law, LCRA and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Security Register as the absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest, with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the Owners, as shown in the Security Register as provided in this Fifty-Sixth Supplement, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge LCRA's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than a Owner, as shown in the Security Register, shall receive a Bond certificate evidencing the obligation of LCRA to make payments of principal, premium, if any, and interest pursuant to this Fifty-Sixth Supplement. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Fifty-Sixth Supplement with respect to interest checks being mailed to the Owner at the close of business on the Record Date the words "Cede & Co." in this Fifty-Sixth Supplement shall refer to such new nominee of DTC.

(d) Successor Securities Depository; Transfers Outside Book-Entry-Only System. In the event that LCRA determines to discontinue the book-entry-only system through DTC or a successor or DTC determines to discontinue providing its services with respect to the Bonds, LCRA shall either (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository, and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Security Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Fifty-Sixth Supplement.

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

**Section 2.06. INITIAL BOND.** The Bonds shall initially be issued as a fully registered bond, being one bond (or two bonds, being one initial Current Interest Bond and one initial Capital Appreciation Bond, if both such bonds are issued) (singularly or collectively, the "Initial Bond"). The Initial Bond shall be registered in the name of initial purchaser as set forth in the Pricing Certificate. The Initial Bond shall be submitted to the Office of the Attorney General of the State of Texas for approval and registration by the Office of the Comptroller of Public Accounts of the State of Texas

and delivered to the initial purchaser(s). Immediately after the delivery of the Initial Bond on the closing date, the Registrar shall cancel the Initial Bond and exchange therefor Bonds in the form of a separate single fully-registered Bond for each of the maturities thereof registered in the name of Cede & Co., as nominee of DTC and, except as provided in Section 2.05(d), all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

**Section 2.07. FORM OF BONDS.** The Bonds (including the Initial Bond), the Registration Certificate of the Comptroller of Public Accounts of the State of Texas or the Authentication Certificate, and the form of Assignment to be printed on each of the Bonds shall be substantially in the forms set forth in Exhibit B to this Fifty-Sixth Supplement with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Fifty-Sixth Supplement and the Pricing Certificate, may have such letters, numbers, or other marks of identification and such legends and endorsements (including any reproduction of an opinion of counsel and information regarding the issuance of any bond insurance policy) thereon as may, consistently herewith, be established by LCRA or determined by the officers executing such Bonds as evidenced by their execution thereof. Any portion of the text of any Bonds may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Bond.

The Bonds shall be typewritten, photocopied, printed, lithographed, engraved, or produced in any other similar manner, all as determined by the officers executing such Bonds as evidenced by their execution thereof.

### **ARTICLE III EXECUTION; REPLACEMENT OF BONDS; AND BOND INSURANCE**

**Section 3.01. EXECUTION AND REGISTRATION.** The Bonds shall be executed on behalf of LCRA by the Chair or Vice Chair of the Board under its seal reproduced or impressed thereon and attested by the Secretary of the Board. The signature of said officers on the Bonds may be manual or facsimile. Bonds bearing the manual or facsimile signatures of individuals who are or were the proper officers of the Board as of their authorization shall be deemed to be duly executed on behalf of LCRA, notwithstanding that such individuals or either of them shall cease to hold such offices at the time of delivery of the Bonds to the initial purchaser(s) and with respect to Bonds delivered in subsequent exchanges and transfers, all as authorized and provided in Chapter 1201, Texas Government Code, as amended.

No Bond shall be entitled to any right or benefit under this Fifty-Sixth Supplement, or be valid or obligatory for any purpose, unless there appears on such Bond either a certificate of registration substantially in the form provided in Exhibit B to this Fifty-Sixth Supplement, executed by the Comptroller of Public Accounts of the State of Texas or its duly authorized agent by manual signature, or the Paying Agent/Registrar's Authentication Certificate substantially in the form provided in Exhibit B to this Fifty-Sixth Supplement executed by the manual signature of an authorized officer or employee of the Registrar, and either such certificate duly signed upon any Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly certified, registered, and delivered.



**Section 3.02. CONTROL AND CUSTODY OF BONDS.** The LCRA Officer shall be and is hereby authorized to take and have charge of all necessary orders and records pending investigation and examination by the Attorney General of the State of Texas, including the printing and supply of printed Bonds, and shall take and have charge and control of the Initial Bond pending the approval thereof by the Attorney General, the registration thereof by the Comptroller of Public Accounts, and the delivery thereof to the initial purchaser(s).

Furthermore, any one or more of the Chair and Secretary of the Board, the General Manager, the Chief Financial Officer, the Treasurer, the General Counsel, and the other officers and employees of LCRA are hereby authorized and directed to furnish and execute such documents relating to LCRA and its financial affairs as may be necessary for the issuance of the Bonds, the approval of the Attorney General, and the registration by the Comptroller of Public Accounts and, together with LCRA's Bond Counsel and the Paying Agent/Registrar, make the necessary arrangements for the delivery of the Initial Bond to the initial purchaser(s) and the initial exchange thereof for Bonds other than the Initial Bond.

**Section 3.03. OPINION.** The initial purchaser(s)' obligation to accept delivery of the Bonds is subject to the initial purchaser(s) being furnished the final opinion of McCall, Parkhurst & Horton L.L.P. approving the Bonds as to their validity, said opinion to be dated and delivered as of the date of delivery and payment for the Bonds.

**Section 3.04. CUSIP NUMBERS.** CUSIP numbers may be printed or typed on the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards the legality thereof and neither LCRA nor attorneys approving the Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the Bonds.

**Section 3.05. MUTILATED, DESTROYED, LOST, AND STOLEN BONDS.** If (1) any mutilated Bond is surrendered to the Paying Agent/Registrar, or LCRA and the Paying Agent/Registrar receive evidence to their satisfaction of the destruction, loss, or theft of any Bond, and (2) there is delivered to LCRA and the Paying Agent/Registrar such security or indemnity as may be required to save each of them harmless, then, in the absence of notice to LCRA or the Paying Agent/Registrar that such Bond has been acquired by a bona fide purchaser, LCRA shall execute and, upon its request, the Paying Agent/Registrar shall register and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Bond, a new Bond of the same Maturity and of like tenor and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost, or stolen Bond has become or is about to become due and payable, LCRA in its discretion may, instead of issuing a new Bond, pay such Bond and the interest due thereon to the date of payment.

Upon the issuance of any new Bond under this Section, LCRA may require payment by the Owner of a sum sufficient to cover any tax or other governmental charge imposed in relation thereto

and any other expenses (including the fees and expenses of the Paying Agent/Registrar) connected therewith.

Every new Bond issued pursuant to this Section in lieu of any mutilated, destroyed, lost, or stolen Bond shall constitute a replacement of the prior obligation of LCRA, whether or not the mutilated, destroyed, lost, or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Fifty-Sixth Supplement equally and ratably with all other Outstanding Bonds.

**Section 3.06. BOND INSURANCE.** In connection with the sale of the Bonds, LCRA may obtain municipal bond insurance policies from one or more recognized municipal bond insurance organizations (the "Bond Insurer" or "Bond Insurers") to guarantee the full and complete payment required to be made by or on behalf of LCRA on those Bonds so designated in the Pricing Certificate, as provided in Section 2.02(b) hereof. The General Manager, the Chief Financial Officer, the Treasurer or the General Counsel of LCRA are hereby authorized to sign a commitment letter with the Bond Insurer or Bond Insurers and to pay the premium for the bond insurance policies at the time of the delivery of the Bonds to the initial purchaser(s) out of the proceeds of sale of the Bonds or from other available funds and to execute such other documents and certificates as necessary in connection with the bond insurance policies as they may deem appropriate, including the execution of any commitment agreements, membership agreements in mutual insurance companies and other similar agreements. Printing on the Bonds covered by the bond insurance policies a statement describing such insurance, in form and substance satisfactory to the Bond Insurer and the General Manager, the Chief Financial Officer, the Treasurer or the General Counsel of LCRA, is hereby approved and authorized. The Pricing Certificate may contain provisions related to the bond insurance policies, including payment provisions thereunder, and the rights of the Bond Insurer or Insurers, and any such provisions shall be read and interpreted as an integral part of this Fifty-Sixth Supplement.

Provided a Bond Insurer is not in default on the related bond insurance policy for the Bonds, the Bond Insurer shall be deemed to be the sole Owner of such Bonds insured by it for all purposes of this Fifty-Sixth Supplement and the Master Resolution, including initiation by the Owners of any action taken pursuant to the provisions of Section 13 of the Master Resolution, and except with respect to those amendments set forth in Section 6.02(a)(i) through (vi), in which case the consent of the Bond Insurer will be required in addition to the consents of the Owners of the Bonds as provided in Section 6.02. LCRA shall provide the Bond Insurer with any notice or other information furnished other parties pursuant to this Fifty-Sixth Supplement.

#### **ARTICLE IV PAYMENTS, REBATE FUND AND DEBT SERVICE RESERVE FUND**

**Section 4.01. PAYMENTS.** (a) Accrued Interest. Immediately after the delivery of the Bonds the Board shall deposit all accrued interest received from the sale and delivery of the Bonds to the credit of a special account to be held to pay interest on the Bonds on the first interest payment date.

(b) Debt Service Payments. Semiannually on or before each principal or interest payment date while any of the Bonds are outstanding and unpaid, commencing on the first interest payment date for the Bonds as provided in the Pricing Certificate, LCRA shall make available to the Paying Agent/Registrar, money, including funds in the Debt Service Reserve Fund, if necessary, sufficient to pay such interest on and such principal of the Bonds as will accrue or mature, or be subject to mandatory redemption prior to maturity, on such principal, redemption, or interest payment date. The Paying Agent/Registrar shall cancel all paid Bonds and shall furnish LCRA with an appropriate certificate of cancellation.

(c) Debt Service Reserve Fund Payments. If applicable, LCRA shall use Pledged Revenues to make any required payments to the Debt Service Reserve Fund, provided such payments are subordinate to the full payment of debt service and scheduled payments on all then Outstanding Parity Debt, as provided in Section 4.03 hereof. Payments shall be made to the Debt Service Reserve Fund only if there is not a payment default with respect to any scheduled payments on any then Outstanding Parity Debt.

**Section 4.02. REBATE FUND.** A separate and special fund to be known as the Rebate Fund is hereby established by LCRA pursuant to the requirements of Section 148(f) of the Code and the tax covenants of LCRA contained in Section 5.01(i) of this Fifty-Sixth Supplement for the benefit of the United States of America and LCRA, as their interests may appear pursuant to this Fifty-Sixth Supplement. Such amounts shall be deposited therein and withdrawn therefrom as is necessary to comply with the provisions of Section 5.01.

**Section 4.03. DEBT SERVICE RESERVE FUND.** (a) As provided in Sections 2.01 and 2.02, the LCRA Officer shall determine whether to create a debt service reserve fund or funds for the Bonds and fix the terms and provisions of such fund or funds. If such funds or funds are so created, the following provisions shall apply unless otherwise provided in the Pricing Certificate. If the LCRA Officer determines not to create a debt service reserve fund for a Series or group of series of the Bonds or determines the amount of any required reserve that varies from Board Policy 301.305, such determinations are hereby deemed to be modifications of Board Policy 301.305 with respect to such bonds.

(b) To accumulate and maintain a reserve for the payment of the Bonds equal the applicable required reserve amount set forth in the Pricing Certificate for a series or group of Series of Bonds (the "Required Reserve Amount"), one or more separate and special accounts or funds known as the "Lower Colorado River Authority Revenue Bonds, Series 20\_\_\_ (with such designation being determined in the Pricing Certificate to reflect the name of the Bonds, Series of Bonds or group of Series of the Bonds issued hereunder) Debt Service Reserve Fund" (the "Debt Service Reserve Fund") are hereby created. If applicable, the Debt Service Reserve Fund may be initially cash or Reserve Fund Obligations, funded with a portion of the proceeds of a series of the Bonds pursuant to Section 7.01 hereof, and as determined in the Pricing Certificate. Earnings and income derived from the investment of amounts held for the credit of the Debt Service Reserve Fund shall be retained in the Debt Service Reserve Fund until the Debt Service Reserve Fund contains the related Required Reserve Amount; thereafter, such earnings and income shall, at the option of LCRA, be

(i) deposited in a separate and special account or fund to be used to pay debt service on the relevant series of Bonds when due, (ii) to the extent the Debt Service Reserve Fund was funded with funds other than proceeds of the Bonds, deposited in the general revenue fund of LCRA for use in any manner permitted by law or (iii) otherwise used by LCRA in any other manner permitted by law. As provided in Section 4.01(c) of this Fifty-Sixth Supplement, LCRA shall deposit and credit to the respective Debt Service Reserve Fund amounts required to maintain the balance in the respective Debt Service Reserve Fund in an amount equal to the relevant Required Reserve Amount. The Required Reserve Amount shall be calculated and determined as of (i) the date of delivery of the related series of Bonds, (ii) the last day of each Fiscal Year or (iii) the date of delivery of any indebtedness of LCRA issued to refund all or a portion of the related series of Bonds; provided that for any such calculation that involves a partial Fiscal Year, such calculation shall be made using the number of actual days remaining in such Fiscal Year. There shall be deposited into the Debt Service Reserve Fund any Reserve Fund Obligations so designated by LCRA. All funds, investments and any Reserve Fund Obligations on deposit and credited to the respective Debt Service Reserve Fund shall be used solely (i) to pay the principal of and interest on the related series of Bonds, when and to the extent other funds available for such purposes are insufficient, (ii) to make Reserve Fund Obligation Payments related to such debt Service Reserve Fund and (iii) to retire the last Stated Maturity or Stated Maturities of, premium, if any, or interest on the related series of Bonds.

(c) When and for so long as the aggregate amount of cash, investments and any Reserve Fund Obligations in a particular Debt Service Reserve Fund equals the Required Reserve Amount, no deposits need be made to the credit of such Debt Service Reserve Fund; but, if and when the aggregate amount of the cash, the amortized cost of investments and any Reserve Fund Obligations in such Debt Service Reserve Fund at any time is less than the Required Reserve Amount, LCRA covenants and agrees that LCRA shall cure the deficiency in such Debt Service Reserve Fund, but only from Pledged Revenues remaining after any required payments of debt service and scheduled payments on all then Outstanding Parity Debt have been made pursuant to Section 4.01(c) of this Fifty-Sixth Supplement, by instituting deposits into such fund from such Pledged Revenues in accordance with such Section 4.01(c) by monthly deposits and credits in amounts equal to not less than 1/24th of the Required Reserve Amount with any such deficiency payments being made until the Required Reserve Amount has been fully restored; provided, however, that no such deposits shall be made into such Debt Service Reserve Fund during any period until there has been full payment of all scheduled payments on Outstanding Parity Debt, through and including the next following interest payment date or principal payment date, as the case may be. In addition, in the event that a portion of the Required Reserve Amount of such Debt Service Reserve Fund is represented by a Reserve Fund Obligation, the portion of the Required Reserve Amount represented by such Reserve Fund Obligation shall be restored as soon as possible from monthly deposits of Pledged Revenues in accordance with Section 4.01(c) of this Fifty-Sixth Supplement, but subject to making the full payment of all scheduled payments on all then Outstanding Parity Debt, through and including the next following interest payment date or principal payment date, as the case may be. LCRA further covenants and agrees that, subject only to this Section and Section 4.01(c) and of this Fifty-Sixth Supplement, the Pledged Revenues shall be applied and appropriated and used to establish and maintain the Required Reserve Amount of such Debt Service Reserve Fund, including by paying Reserve Fund Obligation Payments when due, and any reserve established for the benefit of any

issue or series of Parity Debt and to cure any deficiency in such amounts as required by the terms of this Fifty-Sixth Supplement and any other resolution pertaining to the issuance of Parity Debt, all on an equal and pro rata basis unless any such reserve related to an issue or series of Parity Debt is expressly junior and subordinate to the particular Debt Service Reserve Fund established in this Fifty-Sixth Supplement.

During such time as a particular Debt Service Reserve Fund contains the Required Reserve Amount or any cash is replaced with a Reserve Fund Obligation pursuant to subsection (d) below, LCRA may, at its option, withdraw all surplus funds in such Debt Service Reserve Fund and (i) deposit such surplus in a separate and special account or fund to be used to pay debt service on the related series of Bonds when due, (ii) to the extent such Debt Service Reserve Fund was funded with funds other than proceeds of the Bonds, deposit such surplus (or allocable portion thereof) in the general revenue fund of LCRA for use in any manner permitted by law or (iii) otherwise use such surplus for any other manner permitted by law.

(d) A Reserve Fund Obligation issued in an amount equal to all or part of the Required Reserve Amount for a series of the Bonds may be used in lieu of depositing cash into the related Debt Service Reserve Fund. In addition, a Reserve Fund Obligation may be substituted for monies and investments or existing Reserve Fund Obligations in a particular Debt Service Reserve Fund if the substitution of the Reserve Fund Obligation will not, in and of itself, cause any ratings then assigned to the related series of Bonds by any Rating Agency to be lowered, the Reserve Fund Obligation is approved by the Texas Attorney General, if then required by State law, and the resolution authorizing the substitution of the Reserve Fund Obligation for all or part of the Required Reserve Amount contains a finding that such substitution is cost effective.

(e) A Reserve Fund Obligation permitted under subsections (b) and (d) above, must meet the requirements described below:

(1) Any Reserve Fund Obligation Payment shall be made from the deposits made to the particular Debt Service Reserve Fund as provided in this Section. The Reserve Fund Obligation shall provide for a revolving feature under which the amount available thereunder will be reinstated to the extent of any reimbursement of draws or claims paid. If the revolving feature is suspended or terminated for any reason, the right of the issuer of the Reserve Fund Obligation to a Reserve Fund Obligation Payment will be subordinated to the cash replenishment of the particular Debt Service Reserve Fund to an amount equal to the difference between the full original amount available under the Reserve Fund Obligation and the amount then available for further draws or claims. In the event (i) the issuer of a Reserve Fund Obligation becomes insolvent, or (ii) the issuer of a Reserve Fund Obligation defaults in its payment obligations thereunder, or (iii) no Rating Agency rates the issuer of the Reserve Fund Obligation associated with such obligation equal to or above the fourth highest generic rating category (i.e., "BBB" or "Baa"), the obligation to make any Reserve Fund Obligation Payment to the issuer of the Reserve Fund Obligation shall be subordinated to the cash replenishment of the particular Debt Service Reserve Fund.

(2) In the event that (i) the revolving reinstatement feature described in the preceding paragraph is suspended (and continuing) or terminated, (ii) no Rating Agency rates the issuer of the Reserve Fund Obligation associated with such obligation equal to or above the fourth highest generic rating category (i.e., "BBB" or "Baa"), (iii) the issuer of the Reserve Fund Obligation defaults in its payment obligations thereunder, or (iv) the issuer of the Reserve Fund Obligation becomes insolvent, LCRA shall within six months of such occurrence either, only to the extent Pledged Revenues are available pursuant to Section 4.01(c) of this Fifty-Sixth Supplement, (A) institute equal monthly deposits into the particular Debt Service Reserve Fund an amount sufficient to cause the cash and investments on deposit in such Debt Service Reserve Fund to accumulate to the Required Reserve Amount within 24 months from such initial monthly deposit, or (B) replace such instrument with a Reserve Fund Obligation meeting the requirements of this Section. Upon replacement, LCRA may terminate the existing Reserve Fund Obligation in accordance with its terms.

(3) The Paying Agent/Registrar shall ascertain the necessity for a claim or draw upon any Reserve Fund Obligation and provide notice to the issuer of the Reserve Fund Obligation in accordance with its terms not later than three days (or such appropriate time period as will, when combined with the timing of required payment under the Reserve Fund Obligation, ensure payment under the Reserve Fund Obligation on or before the applicable interest payment date or principal payment date) prior to each date upon which the principal of or interest on the particular series of the Bonds will be due.

Draws upon one or more Reserve Fund Obligations shall be made on a pro-rata basis and deposits to the particular Debt Service Reserve Fund to restore such fund to the Required Reserve Amount shall be applied on a pro-rata basis to pay Reserve Fund Obligation Payments to reimburse the issuers of such Reserve Account Obligations, thus restoring that portion of the Required Reserve Amount, all pursuant to the terms of the respective Reserve Fund Obligations.

## **ARTICLE V COVENANTS REGARDING TAX EXEMPTION**

**Section 5.01. COVENANTS REGARDING TAX EXEMPTION.** LCRA covenants to take any action necessary to assure, and to refrain from any action which would adversely affect, the treatment of the Tax-Exempt Bonds as obligations described in Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, LCRA covenants as follows:

(a) to take any action to assure that no more than 10 percent of the proceeds of the Tax-Exempt Bonds, the projects being financed therewith or the projects financed with the proceeds of the obligations being refunded by the Tax-Exempt Bonds (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in Section 141(b)(6) of the Code or, if more than 10 percent of the proceeds of the Tax-Exempt

Bonds, the projects being financed therewith or the projects financed with the proceeds of the obligations being refunded by the Tax-Exempt Bonds are so used, such amounts, whether or not received by LCRA, with respect to such private business use, do not, under the terms of this Fifty-Sixth Supplement or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Tax-Exempt Bonds, in contravention of Section 141(b)(2) of the Code;

(b) to take any action to assure that no amount in excess of the lesser of 10 percent of the proceeds of the Tax-Exempt Bonds or \$15 million is used by non-governmental persons on a basis other than as a member of the general public with respect to any output facility (other than a facility for the furnishing of water, within the meaning of Section 141(b)(3) of the Code);

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

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

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

(f) to refrain from taking any action that would result in the Tax-Exempt Bonds being "federally guaranteed" within the meaning of Section 149(b) of the Code;

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

(i) proceeds of the Tax-Exempt Bonds invested for a reasonable temporary period of 3 years or less or, in the case of a refunding bond, for a period of 90 days or less until such proceeds are needed for the purpose for which the Tax-Exempt Bonds are issued,

(ii) amounts invested in a bona fide debt service fund, within the meaning of Section 1.148-1(b) of the Treasury Regulations, and

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

(h) to otherwise restrict the use of the proceeds of the Tax-Exempt Bonds or amounts treated as proceeds of the Tax-Exempt Bonds, as may be necessary, so that the Tax-Exempt Bonds do not otherwise contravene the requirements of Section 148 of the Code (relating to arbitrage);

(i) to refrain from using the proceeds of the Tax-Exempt Bonds or proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Tax-Exempt Bonds in contravention of the requirements of Section 149(d) of the Code (relating to advance refundings);

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

(k) to maintain such records as will enable LCRA to fulfill its responsibilities under this Section and Section 148 of the Code and to retain such records for at least six years following the final payment of principal and interest on the Tax-Exempt Bonds; and

(l) that no deposit will be made or accepted under Section 14 of the Master Resolution and no use made of any such deposit which would cause the Tax-Exempt Bonds to be treated as arbitrage bonds within the meaning of Section 148 of the Code and that no such deposit shall release LCRA from the other covenants contained in this Section or in Section 4.02 of this Fifty-Sixth Supplement.

For purposes of the foregoing, the term "proceeds" means transferred proceeds and investment proceeds. It is the understanding of LCRA that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Tax-Exempt Bonds, LCRA will not be required to comply with any covenant contained herein to the extent that such modification or expansion, in the opinion of Bond Counsel, will not adversely affect the exemption from federal income taxation of interest on the Tax-Exempt Bonds under Section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional



requirements which are applicable to the Tax-Exempt Bonds, LCRA agrees to comply with the additional requirements to the extent necessary, in the opinion of Bond Counsel, to preserve the exemption from federal income taxation of interest on the Tax-Exempt Bonds under Section 103 of the Code.

In furtherance of such intention, LCRA hereby authorizes and directs the General Manager, the Chief Financial Officer, the Treasurer or the General Counsel of LCRA to execute any documents, certificates, or reports required by the Code and to make such elections, on behalf of LCRA, which may be permitted by the Code as are consistent with the purpose for LCRA.

**Section 5.02. DISPOSITION OF PROJECT.** LCRA covenants that the projects financed with the proceeds of the Refunded Obligations (to the extent refinanced with the proceeds of Tax-Exempt Bonds) will not be sold or otherwise disposed in a transaction resulting in the receipt by LCRA of cash or other compensation, unless LCRA obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Tax-Exempt Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, LCRA shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

## **ARTICLE VI AMENDMENTS AND MODIFICATIONS**

**Section 6.01. AMENDMENTS OR MODIFICATIONS WITHOUT CONSENT OF OWNERS OF BONDS.** Subject to the provisions of the Master Resolution, this Fifty-Sixth Supplement and the rights and obligations of LCRA and of the Owners of the Outstanding Bonds may be modified or amended at any time without notice to or the consent of any Owner of the Bonds or any other Parity Debt, solely for any one or more of the following purposes:

- (i) To add to the covenants and agreements of LCRA contained in this Fifty-Sixth Supplement, other covenants and agreements thereafter to be observed, or to surrender any right or power reserved to or conferred upon LCRA in this Fifty-Sixth Supplement;
- (ii) To cure any ambiguity or inconsistency, or to cure or correct any defective provisions contained in this Fifty-Sixth Supplement, upon receipt by LCRA of an opinion of Bond Counsel, that the same is needed for such purpose, and will more clearly express the intent of this Fifty-Sixth Supplement;

(iii) To supplement the security for the Bonds, replace or provide additional credit facilities, or change the form of the Bonds or make such other changes in the provisions hereof, as LCRA may deem necessary or desirable and that shall not, in the judgment of LCRA, materially adversely affect the interests of the Owners of the Outstanding Bonds; or

(iv) To make any changes or amendments requested by any bond rating agency then rating or requested to rate the Bonds, as a condition to the issuance or maintenance of a rating or as required by the office of the Texas Attorney General as a condition to the approval of the Bonds, which changes or amendments do not, in the judgment of LCRA, materially adversely affect the interests of the Owners of the Outstanding Bonds.

**Section 6.02. AMENDMENTS OR MODIFICATIONS WITH CONSENT OF OWNERS OF BONDS.** (a) Subject to the other provisions of this Fifty-Sixth Supplement (including Section 3.06 hereof) and the Master Resolution, the Owners of Outstanding Bonds aggregating a majority in Outstanding Principal Amount shall have the right from time to time to approve any amendment, other than amendments described in Section 6.01 hereof, to this Fifty-Sixth Supplement that may be deemed necessary or desirable by LCRA, provided, however, that nothing herein contained shall permit or be construed to permit, without the approval of the Owners of all of the Outstanding Bonds, the amendment of the terms and conditions in this Fifty-Sixth Supplement or in the Bonds so as to:

(i) Make any change in the maturity of the Outstanding Bonds;

(ii) Reduce the rate of interest borne by Outstanding Bonds;

(iii) Reduce the amount of the principal payable on Outstanding Bonds;

(iv) Modify the terms of payment of principal of or interest on the Outstanding Bonds, or impose any conditions with respect to such payment;

(v) Affect the rights of the Owners of less than all Bonds then Outstanding; or

(vi) Change the minimum percentage of the Outstanding Principal Amount of Bonds necessary for consent to such amendment.

(b) Notice. If at any time LCRA shall desire to amend this Fifty-Sixth Supplement pursuant to Subsection (a), LCRA shall cause notice of the proposed amendment to be published in a financial newspaper or journal of general circulation in The City of New York, New York, once during each calendar week for at least two successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of the Paying Agent/Registrar for inspection by all Owners of Bonds. Such publication is not required, however, if LCRA gives or causes to be given such notice in writing to each Owner of Bonds. A copy of such notice shall be provided in writing to each national rating agency maintaining a rating on the Bonds.

(c) Receipt of Consents. Whenever at any time not less than thirty (30) days, and within one year, from the date of the first publication of said notice or other service of written notice of the proposed amendment, LCRA shall receive an instrument or instruments executed by all of the Owners or the Owners of Outstanding Bonds aggregating a majority in Outstanding Principal Amount, as appropriate, which instrument or instruments shall refer to the proposed amendment described in said notice and which consent to and approve such amendment in substantially the form of the copy thereof on file as aforesaid, LCRA may adopt the amendatory resolution in substantially the same form.

(d) Effect of Amendments. Upon the adoption by LCRA of any resolution to amend this Fifty-Sixth Supplement pursuant to the provisions of this Section, this Fifty-Sixth Supplement shall be deemed to be amended in accordance with the amendatory resolution, and the respective rights, duties, and obligations of LCRA and all the Owners of Outstanding Bonds shall thereafter be determined, exercised, and enforced under the Master Resolution and this Fifty-Sixth Supplement, as amended.

(e) Consent Irrevocable. Any consent given by any Owner pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the first publication or other service of the notice provided for in this Section, and shall be conclusive and binding upon all future Owners of the same Bond during such period. Such consent may be revoked at any time after six months from the date of the first publication of such notice by the Owner who gave such consent, or by a successor in title, by filing notice thereof with the Paying Agent/Registrar and LCRA, but such revocation shall not be effective if the Owners of Outstanding Bonds aggregating a majority in Outstanding Principal Amount prior to the attempted revocation consented to and approved the amendment. Notwithstanding the foregoing, any consent given at the time of and in connection with the initial purchase of Bonds shall be irrevocable.

(f) Ownership. For the purpose of this Section, the ownership and other matters relating to all Bonds registered as to ownership shall be determined from the Security Register kept by the Paying Agent/Registrar therefor. The Paying Agent Registrar may conclusively assume that such ownership continues until written notice to the contrary is served upon the Paying Agent Registrar.

**ARTICLE VII  
MISCELLANEOUS**

**Section 7.01. DISPOSITION OF BOND PROCEEDS AND OTHER FUNDS.** Proceeds from the sale of each series of Bonds shall, as determined in the Pricing Certificate, promptly upon receipt thereof, be applied by the LCRA Officer as follows:

- (i) accrued interest for the Bonds, if any, shall be deposited as provided in Section 4.01; and
- (ii) an amount sufficient to accomplish the refunding of the Refunded Obligations, together with any lawfully available funds, all as provided in Section 7.05, shall be so applied;
- (iii) an amount, together with any lawfully available funds resulting from the refunding of the Refunded Obligations, sufficient to fund the Required Reserve Amount for the Debt Service Reserve Fund related to a series of the Bonds shall be deposited into such fund, if applicable; and
- (iv) the remainder of the proceeds of the Bonds shall be applied to pay the costs of issuance of the Bonds.

Any sale proceeds of the Bonds remaining after making all deposits and payments provided for above shall be applied to the payment of principal of and interest on the Bonds.

**Section 7.02. MAILED NOTICES.** Except as otherwise required herein, all notices required or authorized to be given to LCRA, any Bond Insurer (as defined in, and pursuant to, Section 3.06 hereof) or the Paying Agent/Registrar pursuant to this Fifty-Sixth Supplement shall be in writing and shall be sent by registered or certified mail, postage prepaid, to the following addresses or otherwise given in a manner deemed, in writing, acceptable to the party to receive the notice:

- 1. to LCRA:  
3700 Lake Austin Boulevard  
Austin, Texas 78703  
Attn: Chief Financial Officer  
Telephone: (512) 578-3200  
Facsimile: (512) 473-4003
- 2. to the Paying Agent/Registrar:  
The Bank of New York Mellon Trust Company, National Association  
601 Travis Street  
Houston 77002  
Attn: Corporate Trust  
Telephone: (713) 483-6764

3. to any Bond Insurer:  
The address, phone number and fax number specified in the Pricing Certificate.

or to such other addresses as may from time to time be furnished to the parties, effective upon the receipt of notice thereof given as set forth above.

**Section 7.03. REDEMPTION RIGHTS OF DEFEASED BONDS.** Pursuant to Section 14(b) of the Master Resolution, LCRA reserves the right to exercise its redemption rights with respect to any of the Bonds defeased pursuant to Section 14(a)(ii) of the Master Resolution.

**Section 7.04. PAYING AGENT/REGISTRAR AGREEMENT.** The Paying Agent/Registrar Agreement by and between LCRA and the Paying Agent/Registrar is hereby approved and the LCRA Officer is hereby authorized to complete, amend, modify, execute, and deliver such Paying Agent/Registrar Agreement, as necessary.

**Section 7.05. REFUNDING OF REFUNDED OBLIGATIONS AND ESCROW AGREEMENT.** Concurrently with the delivery of the Bonds, the LCRA Officers shall cause to be deposited an amount from the proceeds from the sale of the Bonds into an escrow fund created by the Escrow Agreement with the Escrow Agent, if necessary, sufficient, together with other legally available funds of LCRA, to provide for the refunding and defeasance of the Refunded Obligations. The LCRA Officers are further authorized and directed to apply and there is hereby appropriated such moneys of LCRA as are necessary to provide for the defeasance of the Refunded Obligations on the date of delivery of the Bonds.

An Escrow Agreement by and between LCRA and the Escrow Agent is hereby approved and the LCRA Officer is hereby authorized to complete, amend, modify, execute, and deliver such Escrow Agreement, as and if necessary.

**Section 7.06. FURTHER PROCEDURES.** The General Manager, the Chief Financial Officer, the Treasurer or their designees shall be and they 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 under the corporate seal and on behalf of the Board all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Fifty-Sixth Supplement, the Bonds, the sale and delivery of the Bonds, and fixing all details in connection therewith, and the Paying Agent/Registrar Agreement, to approve the Official Statement, or supplements thereto, in connection with the Bonds, and to enter into any escrow or deposit agreement or agreements to provide for the payment of the Refunded Obligations. Notwithstanding anything to the contrary contained herein, while the Bonds are subject to DTC's Book-Entry-Only System and to the extent permitted by law, the Blanket Letter of Representation is hereby incorporated herein and its provisions shall prevail over any other provisions of this Fifty-Sixth Supplement in the event of conflict. In connection with the issuance and delivery of the Bonds, the above-stated officers, with the advice of General Counsel and Bond Counsel, are hereby authorized to approve, subsequent to the date of the adoption of this Fifty-Sixth Supplement, any amendments to the above named documents, and any technical amendments to this Fifty-Sixth Supplement as permitted by Section 6.01(iv).

**Section 7.07. NONPRESENTMENT OF BONDS.** If any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, if moneys sufficient to pay such Bond shall have been deposited with the Paying Agent/Registrar, it shall be the duty of the Paying Agent/Registrar to hold such moneys, without liability to LCRA, any Owner, or any other person for interest thereon, for the benefit of the Owner of such Bond.

Any moneys so deposited with and held by the Paying Agent/Registrar due to nonpresentment of Bonds must be retained by the Paying Agent/Registrar for a period of at least two years after the final maturity date of the Bonds or advance refunding date, if applicable. Thereafter, to the extent permitted by the unclaimed property laws of the State of Texas, such amounts shall be paid by the Paying Agent/Registrar to LCRA, free from the trusts created by this Fifty-Sixth Supplement and Owners shall be entitled to look only to LCRA for payment, and then only to the extent of the amount so repaid by the Paying Agent/Registrar.

**Section 7.08. EFFECT OF SATURDAYS, SUNDAYS, AND LEGAL HOLIDAYS.** Whenever this Fifty-Sixth Supplement requires any action to be taken on a Saturday, Sunday, or legal holiday, such action shall be taken on the first business day occurring thereafter. Whenever in this Fifty-Sixth Supplement the time within which any action is required to be taken or within which any right will lapse or expire shall terminate on a Saturday, Sunday, or legal holiday, such time shall continue to run until midnight on the next succeeding business day.

**Section 7.09. PARTIAL INVALIDITY.** If any one or more of the covenants or agreements or portions thereof provided in this Fifty-Sixth Supplement on the part of LCRA should be determined by a court of competent jurisdiction to be contrary to law, then such covenant or covenants, or such agreement or agreements, or such portions thereof, shall be deemed severable from the remaining covenants and agreements or portions thereof provided in this Fifty-Sixth Supplement and the invalidity thereof shall in no way affect the validity of the other provisions of this Fifty-Sixth Supplement or of the Bonds, but the Owners of the Bonds shall retain all the rights and benefits accorded to them hereunder and under any applicable provisions of law.

**Section 7.10. CONTINUING DISCLOSURE UNDERTAKING.** (a) Definitions. As used in this Section, the following terms have the meanings ascribed to such terms below:

*"Financial Obligation"* means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with Rule.

*"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. LCRA shall provide annually to the MSRB, in an electronic format as prescribed by the MSRB, (i) within six months after the end of each fiscal year of LCRA ending in or after 2019, financial information and operating data, which information and data may be unaudited, with respect to LCRA of the general type included in the final Official Statement authorized by Section 7.11 of this Fifty-Sixth Supplement, being the information described in Exhibit C hereto, including financial statements of LCRA if audited financial statements of LCRA are then available and (ii) if not provided as part of such financial information and operating data, audited financial statements of LCRA, within twelve months after the end of each fiscal year of LCRA ending in or after 2019. Any financial statements to be so provided shall be (1) prepared in accordance with the accounting principles described in Exhibit C hereto, or such other accounting principles as LCRA may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if LCRA commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then LCRA shall provide unaudited financial statements within such period, and audited financial statements for the applicable fiscal year to the MSRB, when and if the audit report on such statements become available.

If LCRA 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 LCRA otherwise would be required to provide financial information and operating data pursuant to this Section.

(c) Event Notices. LCRA shall file notice to notify the MSRB of any of the following events with respect to the Bonds in a timely manner and not more than ten business days after the occurrence of the event:

- A. Principal and interest payment delinquencies;
- B. Non-payment related defaults, if material;
- C. Unscheduled draws on debt service reserves reflecting financial difficulties;
- D. Unscheduled draws on credit enhancements reflecting financial difficulties;
- E. Substitution of credit or liquidity providers, or their failure to perform;
- F. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds;

- G. Modifications to rights of holders of the Bonds, if material;
- H. Bond calls, if material, and tender offers;
- I. Defeasances;
- J. Release, substitution, or sale of property securing repayment of the Bonds, if material;
- K. Rating changes;
- L. Bankruptcy, insolvency, receivership or similar event of LCRA;
- M. The consummation of a merger, consolidation, or acquisition involving LCRA or the sale of all or substantially all of the assets of LCRA, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- N. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- O. Incurrence of a Financial Obligation of LCRA, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of LCRA, any of which affect security holder, if material; and
- P. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of LCRA, any of which reflect financial difficulties.

For these purposes, (a) any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for LCRA 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 LCRA, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of LCRA 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 LCRA, and (b) LCRA intends the words used in the immediately preceding paragraphs (O)



and (P) and the definition of Financial Obligation in this Section to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

LCRA shall notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner, of any failure by LCRA to provide financial information or operating data in accordance with subsection (a) of this Section by the time required by such subsection. All documents provided to the MSRB pursuant to this Section shall be accompanied by identifying information as prescribed by the MSRB.

(d) Limitations, Disclaimers, and Amendments. LCRA shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, LCRA remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that LCRA in any event will give notice of any deposit made in accordance with Section 14 of the Master Resolution that causes the Bonds no longer to be outstanding.

The provisions of this Section are for the sole benefit of the holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. LCRA 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 LCRA'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. LCRA does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL LCRA BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY LCRA, 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 LCRA in observing or performing its obligations under this Section shall comprise a breach of or default under this Fifty-Sixth Supplement or the Master Resolution for purposes of any other provision of this Fifty-Sixth Supplement.

Should the Rule be amended to obligate LCRA to make filings with or provide notices to entities other than the MSRB, LCRA hereby agrees to undertake such obligation with respect to the Bonds in accordance with the Rule as amended.

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

The provisions of this Section may be amended by LCRA from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of LCRA, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Fifty-Sixth Supplement that authorizes such an amendment) of the outstanding Bonds consents to such amendment or (b) a person that is unaffiliated with LCRA (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the Bonds. If LCRA so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with paragraph (a) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. LCRA may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

(e) Format, Identifying Information, and Incorporation by Reference.

All financial information, operating data, financial statements, and notices required by this Section to be provided to the MSRB shall be provided in an electronic format and be accompanied by identifying information prescribed by the MSRB.

Financial information and operating data to be provided pursuant to Subsection (b) of this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document) available to the public on the MSRB's Internet Web site or filed with the SEC.

**Section 7.11. OFFICIAL STATEMENT.** The Preliminary Official Statement, in substantially the form and substance submitted to the Board at the meeting at which this Fifty-Sixth Supplement is adopted is hereby ratified and approved. The General Manager, the Chief Financial Officer, the Treasurer and the General Counsel of LCRA are hereby authorized to complete, amend, modify such Preliminary Official Statement and the Final Official Statement, as necessary.

**Section 7.12. REDEMPTION OF THE REFUNDED OBLIGATIONS.** The General Manager, the Chief Financial Officer, the Treasurer, the General Counsel and other officers of LCRA are hereby authorized to prepare, or cause to be prepared, appropriate notices of redemption or conditional notices of redemption in the forms prescribed by the resolutions authorizing the issuance of the Refunded Obligations, if required, and to give, or cause to be given, such notices in the manner prescribed by such resolutions.

**Section 7.13. CREDIT AGREEMENT.** To the extent permitted by law, the Board reserves the right to enter into a Credit Agreement or Agreements in connection and on a parity with the Bonds, upon the written opinion of the Chief Financial Officer of LCRA that such Credit Agreements are in the best interest of LCRA given the market conditions at the time. The Credit Agreements will constitute a Credit Agreement as defined in the Master Resolution.

**Section 7.14. LAW AND PLACE OF ENFORCEMENT OF THIS FIFTY-SIXTH SUPPLEMENT.** This Fifty-Sixth Supplement shall be construed and interpreted in accordance with the laws of the State of Texas. All suits and actions arising out of this Fifty-Sixth Supplement shall be instituted in a court of competent jurisdiction in the State of Texas except to the extent necessary for enforcement by any trustee, appointed by or pursuant to the provisions of this Fifty-Sixth Supplement, of remedies under this Fifty-Sixth Supplement.

**Section 7.15. PAYMENT OF ATTORNEY GENERAL FEE.** LCRA hereby authorizes the disbursement of a fee for each Series of Bonds issued hereunder equal to the lesser of (i) one-tenth of one percent of the principal amount of such Bonds or (ii) \$9,500, provided that such fee shall not be less than \$750, to the Attorney General of Texas Public Finance Division for payment of the examination fee charged by the State of Texas for the Attorney General's review and approval of public securities and credit agreements, as required by Section 1202.004 of the Texas Government Code. The appropriate member of LCRA's staff is hereby instructed to take the necessary measures to make this payment. LCRA is also authorized to reimburse the appropriate LCRA funds for such payment from proceeds of the Bonds.

**Section 7.16. ADDITIONAL DEFEASANCE PROVISIONS.** (a) Notwithstanding the provisions of the Section 14 of the Master Resolution, in connection with the defeasance of the Bonds pursuant to Section 14 of the Master Resolution, the term "Government Obligations," as defined in the Master Resolution, shall mean (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Board adopts or approves the proceedings authorizing the financial arrangements are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and (iv) any other then authorized securities or obligations under applicable state law in existence at the time of such defeasance that may be used to defease obligations such as the Bonds.

(b) Notwithstanding the provisions of Section 14 of the Master Resolution, LCRA may provide for the irrevocable deposit contemplated by Section 14 of the Master Resolution to be made with the Paying Agent/Registrar or with any other eligible bank or trust company as then authorized by state law and thereafter LCRA will have no further responsibility with respect to amounts available to such Paying Agent/Registrar (or other financial institution permitted by applicable law) for the payment of such defeased Bonds, including any insufficiency therein caused by the failure of the Paying Agent/Registrar (or other financial institution permitted by law) to receive payment when due on the Government Obligations.

(c) At such time as a Bond shall be deemed to be a Defeased Debt, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the Installment Payments, and such principal, redemption premium, if any, and/or interest shall be payable solely from such money and/or Government Obligations, and shall not be regarded as Outstanding for any purposes other than payment, transfer, and thereafter LCRA will have no further responsibility with respect to amounts available to such Paying Agent (or other financial institution permitted by applicable law) for the payment of such Defeased Debt, including any insufficiency therein caused by the failure of the Paying Agent (or other financial institution permitted by law) to receive payment when due on the Government Obligations.

(d) Notwithstanding the provisions of Section 14 of the Master Resolution or any of the other provisions of this Section, any Taxable Bonds issued under this Fifty-Sixth Supplement may be designated by the LCRA Officer in the Pricing Certificate as not being subject to defeasance to the extent that such LCRA Officer determines in the Pricing Certificate that such treatment is in the best economic interests of LCRA.

**Section 7.17. EXECUTIVE SESSION RECORDS.** In accordance with Board Policy 103, the Board hereby grants Bond Counsel access to the Board's Executive Session records for matters pertaining or related to the Bonds and this Fifty-Sixth Supplement as necessary to comply with state and federal securities laws. The Board also hereby directs the General Manager, the Chief Financial Officer and their designees to discuss such matters pertaining or related to the Bonds and this Fifty-Sixth Supplement addressed in the Board's Executive Session records with the Underwriters and their legal counsel to the extent deemed necessary by the General Counsel of LCRA to comply with state and federal securities laws.

## **EXHIBIT A DEFINITIONS**

As used in this Fifty-Sixth Supplement, the following terms shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

"Acts" - The LCRA Act, Chapters 1207 and 1371, Texas Government Code, as amended, Chapter 152, Texas Water Code, as amended and any other applicable law.

"Authorized Denominations" - Authorized Denominations as defined in Section 2.02 hereof.

"Bonds" - The Bonds in one or more series issued pursuant to and governed by this Fifty-Sixth Supplement, as described in Article II hereof.

"Capital Appreciation Bonds" - The Bonds on which no interest is paid prior to maturity, maturing variously in each of the years and in the aggregate principal amount as set forth in the Pricing Certificate.

"Code" - The Internal Revenue Code of 1986, as amended.

"Compounded Amount" - With respect to a Capital Appreciation Bond, as of any particular date of calculation, the original principal amount thereof, plus all interest accrued and compounded to the particular date of calculation, as determined in accordance with Section 2.02 of this Fifty-Sixth Supplement and the Compounded Amount Table relating to such Bonds.

"Compounded Amount Table" - With respect to the Capital Appreciation Bonds, the table attached as an exhibit to the Pricing Certificate relating to the Bonds that shows the Compounded Amounts per \$5,000 Maturity Amount on the Compounding Dates for each maturity to its Maturity.

"Compounding Dates" - Compounding Dates as defined in Section 2.02 of this Fifty-Sixth Supplement.

"Current Interest Bonds" - The Bonds paying current interest and maturing in each of the years and in the aggregate principal amounts set forth in the Pricing Certificate.

"Debt Service Reserve Fund" - The special fund or funds created as provided in the Pricing Certificate and maintained as a reserve fund for the payment of the Bonds as the principal of and interest thereon become due and payable as provided in the Pricing Certificate and Sections 4.01 and 4.03 hereof.

"DTC" - The Depository Trust Company, New York, New York, or any successor securities depository.

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

"Escrow Agent" - The Bank of New York Mellon Trust Company, National Association, or any successor or assigns.

"Escrow Agreement" - Any agreement by and between LCRA and the Escrow Agent relating to the defeasance of the Refunded Obligations as contemplated by this Fifty-Sixth Supplement.

"Fifty-Sixth Supplement" - This Fifty-Sixth Supplemental Resolution, which was adopted pursuant to authority reserved by LCRA under the Master Resolution.

"Issuance Date" - The date of delivery of the Bonds to the initial purchaser(s) thereof against payment therefor.

"LCRA Officer" - The General Manager, the Chief Financial Officer, any Executive or Senior Vice President or the Treasurer of LCRA.

"Master Resolution" - Resolution No. 99-165b, being the "Master Resolution Establishing the Lower Colorado River Authority Revenue Financing Program," adopted by the Board on September 22, 1999, as may be amended or supplemented from time to time.

"Maturity" - When used with respect to the Bonds, the scheduled maturity of the Bonds.

"Maturity Amount" - The Compounded Amount of a Capital Appreciation Bond due on its Maturity.

"Maximum Rate" - A net effective interest rate (as defined in and calculated in accordance with the provisions of the Chapter 1204, Texas Government Code, as amended not to exceed fifteen percent (15%).

"MSRB" - The Municipal Securities Rulemaking Board.

"Owner" - The registered owners of the Bonds as shown on the Security Register and the party contracting with LCRA under a Credit Agreement.

"Paying Agent" - The agent selected and appointed by LCRA for purposes of paying the principal of, premium, if any, and interest on the Bonds to the Owners thereof, as identified in Section 2.03 hereof and any successor to such agent.

"Paying Agent/Registrar" - Collectively, the Paying Agent and the Registrar designated in Section 2.03 of this Fifty-Sixth Supplement or any successor to such agent.

"Paying Agent/Registrar Agreement" - The agreement having such name executed by and between LCRA and the Paying Agent/Registrar.

"Predecessor Bonds" - Predecessor Bonds as defined in Section 2.05(a) hereof.

"Pricing Certificate" - The Pricing Certificate of the LCRA Officer to be executed and delivered pursuant to Section 2.02(b) hereof in connection with the Bonds.

"Rating Agency" means Moody's Investors Service, Inc., Fitch Ratings or Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, Kroll Bond Rating Agency, Inc. and any respective successors thereto.

"Record Date" - With respect to each interest payment date of a Current Interest Bond, the date as determined in the Pricing Certificate.

"Refunded Obligations"- All or a portion of the outstanding Parity Debt to be refunded by the Bonds as set forth in the Pricing Certificate, as determined by the LCRA Officer executing the Pricing Certificate.

"Registrar" - The agent selected and appointed by LCRA for purposes of keeping and maintaining books and records relating to the registration, transfer, exchange, and payment of the Bonds and interest thereon, as identified in Section 2.03 hereof and any successor to such agent.

"Reserve Fund Obligation" - (i) A policy of insurance or a surety bond, issued by an issuer of policies of insurance insuring the timely payment of debt service on governmental obligations, provided that a Rating Agency having an outstanding rating on the Bonds would, at the time that such facility is entered into by LCRA, rate the Bonds fully insured by a standard policy issued by the issuer in its third highest generic rating categories for such obligations; and (ii) a letter or line of credit issued by any financial institution, provided that a Rating Agency having an outstanding rating on the Bonds would, at the time that such facility is entered into by LCRA, rate the Bonds in its third highest generic rating categories for such Bonds if the letter or line of credit proposed to be issued by such financial institution secured the timely payment of the entire principal amount of the Bonds and the interest thereon.

"Reserve Fund Obligation Payment" - Any payment LCRA is obligated to make to an issuer of a Reserve Fund Obligation for any claims or draws upon such Reserve Fund Obligation in accordance with its terms, including expenses incurred in connection with such claims or draws, to the extent permitted by law, as provided in Section 4.03 hereof.

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

"SEC" - The United States Securities and Exchange Commission.

"Section" - Unless the context clearly requires otherwise, refers to a Section of this Fifty-Sixth Supplement.

"Security Register" - The books and records kept and maintained by the Registrar relating to the registration, transfer, exchange, and payment of the Bonds and the interest thereon.

"Taxable Bonds" - Any Bonds designated by an LCRA Officer in the Pricing Certificate as Taxable Bonds, the interest on which is includable in the gross income of the owners thereof for federal income tax purposes.

"Tax-Exempt Bonds"- Any Bonds designated by an LCRA Officer in the Pricing Certificate

as Tax-Exempt Bonds, the interest on which is excludable from the gross income of the owners thereof for federal income tax purposes, pursuant to section 103 of the Code.

"Underwriters"- The Underwriters as defined in Section 2.02(c) hereof.



**EXHIBIT B**

**FORM OF BONDS**

**UNITED STATES OF AMERICA  
STATE OF TEXAS  
LOWER COLORADO RIVER AUTHORITY  
REFUNDING REVENUE BOND,  
SERIES 20\_\_**

**[FORM OF FIRST PARAGRAPH OF CURRENT INTEREST BOND]**

**No. R-**\_\_\_\_\_ **\$**\_\_\_\_\_

[ISSUE]<sup>1</sup>[BOND]<sup>1</sup>  
DATE:

INTEREST  
RATE:

MATURITY  
DATE:

CUSIP:

**REGISTERED OWNER:**

**PRINCIPAL AMOUNT:**

**DOLLARS**

Lower Colorado River Authority (hereinafter referred to as "LCRA"), being a governmental agency, body politic and corporate of the State of Texas, for value received, hereby promises to pay, solely from the sources hereinafter identified and as hereinafter stated, to the Registered Owner named above, or the registered assigns thereof, the Principal Amount specified above on the Maturity Date specified above and to pay interest on the unpaid principal amount hereof from the [Issue Date] [Bond Date] specified above 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 \_\_\_\_\_ and \_\_\_\_\_ of each year, commencing \_\_\_\_\_, \_\_\_\_\_. Principal of this Bond shall be payable to the Registered Owner hereof, upon presentation and surrender, at the principal office of the Paying Agent/Registrar named in the registration certificate appearing hereon, or its successor. Interest shall be payable to the Registered Owner of this Bond 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 \_\_\_\_\_ day of the month immediately preceding each interest payment date. All payments of principal of, premium, if any, and interest on this Bond shall be payable in lawful money of the United States of America, without exchange or collection charges, and interest payments shall be made by the Paying Agent/Registrar by check sent on or before the appropriate date of payment, by United States mail, first-class postage prepaid, to the Registered Owner hereof at the address appearing 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 hereof.

<sup>1</sup>Issue Date, being date of initial delivery, if bonds bear interest from such date or Bond Date, if bonds bear interest from such dated date.

**[FORM OF FIRST TWO PARAGRAPHS OF CAPITAL APPRECIATION BOND]**

No. R- \_\_\_\_\_ \$ \_\_\_\_\_

<u>ISSUE</u> <u>DATE:</u>	<u>INTEREST</u> <u>RATE:</u>	<u>MATURITY</u> <u>DATE:</u>	<u>CUSIP:</u>
_____	_____	_____	_____

**REGISTERED OWNER:**

**MATURITY AMOUNT:** \_\_\_\_\_ **DOLLARS**

On the Maturity Date specified above, the Lower Colorado River Authority (hereinafter referred to as "LCRA"), being a governmental agency, body politic and corporate of the State of Texas, hereby promises to pay, solely from the sources hereinafter identified and as hereinafter stated, to the Registered Owner set forth above, or the registered assigns thereof, the Maturity Amount specified above, representing the original principal amount hereof and accrued and compounded interest hereon. Interest shall accrue on the principal amount hereof from the Issue Date at the interest rate per annum specified above, compounded semiannually on \_\_\_\_\_ and \_\_\_\_\_ of each year commencing \_\_\_\_\_.

The Maturity Amount on this Bond shall be payable in lawful money of the United States of America, without exchange or collection charges, and interest payments shall be made by the Paying Agent/Registrar by check sent on or before the appropriate date of payment, by United States mail, first-class postage prepaid, to the Registered Owner hereof at the address appearing 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 hereof. For convenience of reference, a table appears on the back of this Bond showing the "Compounded Amount" of the original principal amount plus initial premium, if any, per \$5,000 Maturity Amount stated above compounded semiannually at the yield shown on such table.

**[REMAINDER OF EACH BOND]**

This Bond is one of a duly authorized issue of bonds of LCRA designated as its Refunding Revenue Bonds, Series 201\_\_ (the "Bonds"), in the aggregate principal amount of \$ \_\_\_\_\_ issued pursuant to the laws of the State of Texas, including specifically the LCRA Act, Chapters 1207 and 1371, Texas Government Code, as amended, and other law (collectively, the "Acts"), and initially under and pursuant to a resolution of LCRA adopted on August 19, 2015, and entitled Fifty-Sixth Supplemental Resolution to the Master Resolution Authorizing Lower Colorado River Authority Refunding Revenue Bonds (the "Fifty-Sixth Supplement") for the purpose of [as determined in the Pricing Certificate - ( ) refunding the \_\_\_\_\_, ( ) funding a debt service reserve fund for the Bonds and ( )] paying the costs of issuing such Bonds. The Bonds are secured by the Master Resolution adopted on September 22, 1999 (the "Master Resolution"), on a parity with all other Parity Debt (as defined in the Master Resolution) subject only to the payment of Prior Encumbered Obligations.

The Master Resolution, as supplemented by the Fifty-Sixth Supplement, is referred to in this

Bond as the "Resolution." Terms used herein and not otherwise defined shall have the meanings given in the Resolution.

<sup>1</sup>[The Bonds are issued in part as "Current Interest Bonds," which total in principal amount \$ \_\_\_\_\_, and which pay accrued interest at stated intervals to the Registered Owners and in part as "Capital Appreciation Bonds," which total in original principal amount \$ \_\_\_\_\_ and pay no accrued interest prior to their Stated Maturities.]

### **Redemption Provisions**

[as provided in the Pricing Certificate]

[At least thirty (30) days prior to the date fixed for any redemption of Bonds, LCRA shall cause a written notice of such redemption to be sent by United States mail, first class postage prepaid, to the Registered Owners of each Bond to be redeemed at the address shown on the Security Register and subject to the terms and provisions relating thereto contained in the Resolution. If this Bond or any portion of the principal sum hereof shall have been duly called for redemption and notice of such redemption duly given, then upon such redemption date this Bond or the portion of the principal sum hereof 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 hereof redeemed.

During any period in which ownership of the Bonds is determined by a book-entry at a securities depository, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between LCRA and the securities depository.]<sup>2</sup>

If this Bond is in a denomination in excess of \$5,000, portions of the principal sum hereof in <sup>3</sup>[principal amount] <sup>4</sup>[Maturity Amount] installments of \$5,000 or any integral multiple thereof may be redeemed, and, if less than all of the principal sum hereof is to be redeemed, there shall be issued, without charge therefor, to the Registered Owner hereof, upon the surrender of this Bond at the principal office of the Paying Agent/Registrar, a new Bond or Bonds of like maturity and interest rate in any authorized denominations provided by the Resolution for the then unredeemed balance

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<sup>1</sup> To be included with respect to a Series of Bonds only if Current Interest Bonds and Capital Appreciation Bonds are both issued.

<sup>2</sup> To be used if any Bonds are subject to redemption.

<sup>3</sup> Current Interest Bonds only.

<sup>4</sup> Capital Appreciation Bonds only.

of the <sup>1</sup>[principal sum] <sup>2</sup>[Maturity Amount] hereof. If this Bond is selected for redemption, in whole or in part, neither LCRA nor the Paying Agent/Registrar shall be required to transfer this Bond 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 any exchange by the Registered Owner of the unredeemed balance hereof in the event of its redemption in part.

The Bonds are special obligations of LCRA, payable, together with any additional Parity Debt issued in accordance with the terms of the Resolution, solely from and equally secured by a lien on and pledge of the Pledged Revenues. The lien on and pledge of Pledged Revenues for the benefit of the Parity Debt, with respect only to that portion of Pledged Revenues representing revenues pledged to Prior Encumbered Obligations, shall be subject and subordinate to the lien and pledge established for the benefit of such Prior Encumbered Obligations, if any. The Bonds do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any property of LCRA, except with respect to the Pledged Revenues. **THE REGISTERED OWNER HEREOF SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT OF THIS OBLIGATION FROM ANY OTHER REVENUES OR PROPERTIES OF LCRA, OR FROM ANY FUNDS RAISED OR TO BE RAISED BY TAXATION BY LCRA, THE STATE OF TEXAS, OR ANY SUBDIVISION THEREOF.**

The pledge of revenues and funds and the other obligations of LCRA under the Resolution may be discharged at or prior to the maturity of the Bonds upon the making of provision for their payment on the terms and conditions set forth in the Resolution.

Subject to satisfying the terms and conditions stated in the Resolution, LCRA has reserved the right to issue additional Parity Debt payable solely from and equally and ratably secured by a parity lien on and pledge of the Pledged Revenues and other moneys and securities pledged under the Resolution to the payment of the Bonds.

Reference is hereby made to the Resolution, a copy of which is on file in the principal office of the Paying Agent/Registrar, and to all of the provisions of which any Registered Owner of this Bond by his acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the security for the Bonds; the Pledged Revenues; the nature and extent and manner of enforcement of the pledge; the terms and conditions for the issuance of additional Parity Debt; the conditions upon which the Resolution may be amended or supplemented with or without the consent of the Registered Owners of the Bonds; the rights and remedies of the Registered Owner hereof with respect hereto and thereto; the rights, duties and obligations of LCRA; the terms and provisions upon which the liens, pledges, charges, and covenants made therein may be discharged at or prior to the maturity or redemption of this Bond and this Bond thereafter no longer to be secured by the Resolution or be deemed to be outstanding thereunder; and for the other terms and provisions thereof.

This Bond, subject to certain limitations contained in the Resolution, may be transferred only upon its presentation and surrender at the principal office of the Paying Agent/Registrar named

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<sup>1</sup> Current Interest Bonds only.

<sup>2</sup> Capital Appreciation Bonds only.

below, or its successor 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, and such transfer is noted on the Security Register by the Paying Agent/Registrar. When a transfer occurs, one or more new fully-registered Bonds of the same Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate <sup>1</sup>[principal amount] <sup>2</sup>[Maturity Amount] will be issued to the designated transferee or transferees.

LCRA and the Paying Agent/Registrar, and any agent of either, shall treat the Registered Owner whose name appears on the Security Register (i) on the Record Date as the owner entitled to payment of interest hereon, (ii) on the date of surrender of this Bond as the owner entitled to payment of <sup>1</sup>[principal] <sup>2</sup>[the Maturity Amount] hereof at its Maturity or its redemption, in whole or in part, and (iii) on any other date as the owner for all other purposes, and neither LCRA nor the Paying Agent/Registrar, nor any agent of either, shall be affected by notice to the contrary. <sup>2</sup>[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 LCRA. 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 Registered Owner appearing on the Security Register at the close of business on the last business day immediately preceding the date of mailing of such notice.]

It is hereby certified, recited, represented, and declared that LCRA is a duly organized and legally existing governmental agency and body politic and corporate, organized under and by virtue of the Constitution and laws of the State of Texas; that the issuance of this Bond and the series of which it is a part are duly authorized by law; that all acts, conditions, and things required to exist and be done precedent to and in the issuance of this Bond to render the same lawful and valid 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 Resolution; that this series of revenue bonds does not exceed any Constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on this Bond and the series of which it is a part as aforestated. In case any provision in this Bond 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 Bond and the Resolution shall be construed in accordance with and shall be governed by the laws of the State of Texas.

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<sup>1</sup> Current Interest Bonds only.

<sup>2</sup> Capital Appreciation Bonds only.

**[THE REMAINDER OF THIS PAGE HAS INTENTIONALLY BEEN LEFT BLANK]**

**IN TESTIMONY WHEREOF**, the Board of Directors of LCRA has caused its seal to be impressed or a facsimile thereof to be printed hereon and this Bond to be executed in the name of and on behalf of LCRA with the manual or facsimile signatures of its Chair and Secretary, as of the Bond Date: \_\_\_\_\_, 20\_\_.

**LOWER COLORADO RIVER AUTHORITY**

By: \_\_\_\_\_  
[Insert Name]  
Chair, Board of Directors

**ATTEST:**

\_\_\_\_\_  
[Insert Name]  
Secretary, Board of Directors

(SEAL)

**[INSERTIONS FOR THE INITIAL BOND]**

The Initial Bond shall be in the form set forth in this exhibit, except that:

- A. Immediately under the name of the Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As shown below", and the heading "CUSIP NO." shall be deleted.
- B. The first paragraph of the Current Interest Bond shall be deleted and the following will be inserted (with all blanks and bracketed items to be completed with information contained in the Pricing Certificate):

"Lower Colorado River Authority (hereinafter referred to as "LCRA"), being a governmental agency, body politic and corporate of the State of Texas, for value received, hereby promises to pay, solely from the sources hereinafter identified and as hereinafter stated, to the Registered Owner named above, or the registered assigns thereof, on \_\_\_\_\_ in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

Maturity Dates	Principal Installments	Interest Rates
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(Information from Pricing Certificate to be inserted)

LCRA promises to pay interest on the unpaid principal amount hereof from the [Issue Date]<sup>1</sup>[Bond Date]<sup>1</sup> specified above at the respective 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 \_\_\_\_ and \_\_\_\_\_ of each year, commencing \_\_\_\_\_, \_\_\_\_\_. Principal of this Bond shall be payable to the Registered Owner hereof, upon presentation and surrender, at the principal office of the Paying Agent/Registrar named in the registration certificate appearing hereon, or its successor. Interest shall be payable to the Registered Owner of this Bond 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 \_\_\_\_\_ day of the month immediately preceding each interest payment date. All payments of principal of, premium, if any, and interest on this Bond shall be payable in lawful money of the United States of America, without exchange or collection charges, and interest payments shall be made by the Paying Agent/Registrar by check sent on or before the appropriate date of payment, by United States mail, first-class postage prepaid, to the Registered Owner hereof at the address appearing 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 hereof."

- C. The first two paragraphs of the Capital Appreciation Bond shall be deleted and the following will be inserted (with all blanks and bracketed items to be completed with information contained in the Pricing Certificate):

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<sup>1</sup>Issue Date, being date of initial delivery, if bonds bear interest from such date or Bond Date, if bonds bear interest from such dated date.



"On the respective Maturity Dates set forth in the following schedule, the Lower Colorado River Authority (hereinafter referred to as "LCRA"), being a governmental agency, body politic and corporate of the State of Texas, hereby promises to pay, solely from the sources hereinafter identified and as hereinafter stated, to the Registered Owner set forth above, or the registered assigns thereof, the respective Maturity Amounts set forth in the following schedule:

<u>Maturity Dates</u>	<u>Maturity Amounts</u>	<u>Interest Rates</u>
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(Information from Pricing Certificate to be inserted)

The respective Maturity Amounts specified above, represent the original principal amounts hereof and accrued and compounded interest thereon. Interest shall accrue on the principal amounts hereof from the Issue Date at the interest rate per annum specified above, compounded semiannually on \_\_\_\_\_ and \_\_\_\_\_ of each year commencing \_\_\_\_\_.

The respective Maturity Amounts on this Bond shall be payable in lawful money of the United States of America, without exchange or collection charges, and interest payments shall be made by the Paying Agent/Registrar by check sent on or before the appropriate date of payment, by United States mail, first-class postage prepaid, to the Registered Owner hereof at the address appearing 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 hereof. For convenience of reference, a table appears on the back of this Bond showing the "Compounded Amount" of the original principal amount plus initial premium, if any, per \$5,000 Maturity Amount stated above compounded semiannually at the yield shown on such table."

- D. The Initial Bond for a Current Interest Bond shall be numbered "T-1", and the Initial Bond for a Capital Appreciation Bond shall be numbered "TCR-1".

Form of Registration Certificate of Comptroller of Public Accounts to Appear on Initial Bond 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 Bond has been examined, certified as to validity and approved by the Attorney General of the State of Texas, and duly registered by the Comptroller of Public Accounts of the State of Texas.

**WITNESS** my signature and seal of office this \_\_\_\_\_.

\_\_\_\_\_  
Comptroller of Public Accounts  
of the State of Texas

(SEAL)

Form of Authentication Certificate of Paying Agent/Registrar  
to Appear for Execution on All Bonds.

**AUTHENTICATION CERTIFICATE OF  
PAYING AGENT/REGISTRAR**

This Bond has been duly issued and registered under the provisions of the within-mentioned Resolution; the bond or bonds of the above titled 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 BANK OF NEW YORK MELLON  
TRUST COMPANY, NATIONAL  
ASSOCIATION**  
as Paying Agent/Registrar

Registered this date:

\_\_\_\_\_

By: \_\_\_\_\_  
Authorized Signature

Form of Assignment.

**ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto

---

(Please insert Social Security or Taxpayer Identification Number of Transferee)

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(Please print or typewrite name and address, including zip code, of Transferee)

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the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney, to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED: \_\_\_\_\_

Signature guaranteed by:

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NOTICE: The signature on this assignment must correspond with the name of the Registered Owner as it appears on the face of the within Bond in every particular.

**[INSURANCE LEGEND IF APPLICABLE]**

## EXHIBIT C

### DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 7.10 of this Fifty-Sixth Supplement.

#### Annual Financial Statements and Operating Data

The financial information and operating data with respect to LCRA to be provided annually in accordance with "CONTINUING DISCLOSURE OF INFORMATION – Annual Reports" in the Official Statement are as specified (and included in the Appendix or under the headings of the Official Statement referred to) below:

1. "APPENDIX B - Annual Audited Financial Statements and Annual Supplemental Consolidating Schedules;"
2. "SELECTED FINANCIAL AND OPERATING INFORMATION - Energy and Sales Statistics," [Table];
3. "SELECTED FINANCIAL AND OPERATING INFORMATION - Selected Financial Information," [Tables];
4. "OVERVIEW OF LCRA OPERATIONS - Business Organization," the percentage of revenues of LCRA produced by LCRA's wholesale power, transmission, water and its public services functions, respectively, in the most recent completed fiscal year;
5. "WHOLESALE POWER - Wholesale Electric Customers," the table summarizing historical electric demand peaks for LCRA's wholesale electric customers.
6. "WHOLESALE POWER - Generating and Related Facilities - Electric Generation Resources," [Table];
7. "WHOLESALE POWER - Generating and Related Facilities - Electric Generation Sources By Category," [Table];
8. "WHOLESALE POWER - Generating and Related Facilities - Historic Electric Generation," [Table];
9. "WHOLESALE POWER - Wholesale Electric Customers," the identities of each of LCRA's five largest wholesale electric customers and the percentage of wholesale electric revenues of LCRA in the most recent completed fiscal year represented by LCRA's three largest wholesale electric customers, its five largest wholesale electric customers and its ten largest wholesale electric customers;
10. "WHOLESALE POWER - Generating and Related Facilities - Hydroelectric Facilities and Dams," the amount of (i) hydroelectric modernization and improvement projects; and (ii) the amount

of revenues of LCRA for the most recently completed fiscal year representing sale of raw water and hydroelectric power; and

11. Audited Financial Statements of the LCRA Transmission Services Corporation, so long as LCRA Transmission Services Corporation is an "obligated person" under the Rule.

### **Accounting Principles**

The accounting principles referred to in "CONTINUING DISCLOSURE OF INFORMATION - Annual Reports" in the Official Statement are the accounting principles described in the notes to the financial statements referred to in item 1 above.