

**RESOLUTION NO. 26-\_\_\_**

**AMENDED AND RESTATED FIFTY-FIRST SUPPLEMENTAL RESOLUTION  
TO THE MASTER RESOLUTION AUTHORIZING THE  
LOWER COLORADO RIVER AUTHORITY REVENUE REVOLVING NOTES,  
SERIES D**

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SERIES D**

**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; and

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

**WHEREAS**, LCRA has certain outstanding Parity Debt; and

**WHEREAS**, the Board finds and determines that it should issue the Direct Purchase Notes as a series of Parity Debt pursuant to this Fifty-First Supplement to finance and refinance Project Costs of Eligible Projects and to refinance, renew, or refund any notes herein authorized and issued, Prior Encumbered Obligations, Parity Debt, and Debt including interest thereon, all in accordance with and subject to Chapter 1371 and the terms, conditions, and limitations contained herein; and

**WHEREAS**, this Fifty-First Supplement constitutes an "obligation authorization" (as defined in Chapter 1371); and

**WHEREAS**, the LCRA Board finds and determines that the Original Fifty-First Supplement must be amended and restated by this Fifty-First Supplement to, among other purposes, extend the maximum maturity date of the Direct Purchase Notes and authorize an amended and restated note purchase agreement to, among other purposes, extend the term of the prior note purchase agreement; and

**WHEREAS**, the Direct Purchase Notes are issued pursuant to Texas law, including the Acts; and

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

**WHEREAS**, the Board intends to refinance the Direct Purchase Notes with refunding bonds issued under Chapter 1207, Texas Government Code, as amended, on parity with or subordinate to LCRA's outstanding Parity Debt and, therefore (in accordance with Section 1371.057(c) of Chapter 1371), LCRA will treat the Direct Purchase Notes as having the intended term and payment schedule of such refunding bonds, as determined by the LCRA Officer.

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

***ARTICLE I***  
***DIRECT PURCHASE NOTES 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-First Supplement, the capitalized terms used herein (except in the FORM OF DIRECT PURCHASE NOTES 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-First Supplement. The recitals to this Fifty-First Supplement and Exhibits A and B hereto are incorporated herein and made a part hereof for all purposes.

(b) Construction of Terms. If appropriate in the context of this Fifty-First 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-First Supplement. By adoption of the Master Resolution, LCRA has established the 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 on and lien on the Pledged Revenues, subject only to any Prior Encumbered Obligations. This Fifty-First Supplement provides for the authorization, issuance, sale, delivery, form, characteristics, provisions of payment and redemption, and security of the Direct Purchase Notes which are a series of Parity Debt and, as set forth in Section 2.04 of this Fifty-First Supplement, the Note Purchase Agreement in connection, and on a parity, with the Direct

Purchase Notes. This Fifty-First Supplement is subject to the terms of the Master Resolution which is incorporated herein by reference and as such made a part hereof for all purposes.

(b) Direct Purchase Notes and Note Purchase Agreement Are Parity Debt. As required by Section 5 of the Master Resolution, the Board hereby determines that, upon the issuance of the Direct Purchase Notes and delivery of the Note Purchase Agreement, 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 Direct Purchase Notes and the other obligations of LCRA under the Note Purchase Agreement are hereby declared to be Parity Debt under the Master Resolution. The Note Purchase Agreement is hereby declared to be a Credit Agreement.

(c) Perfection. Pursuant to Section 1201.044, Texas Government Code, as amended, and Chapter 1208, Texas Government Code, as amended, the pledge, security and lien on the Pledged Revenues for the benefit of the Owners of the Direct Purchase Notes and the Bank under the Note Purchase Agreement are hereby established and perfected for all purposes. The Bank under the Note Purchase Agreement and the Owners of the Direct Purchase Notes 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-First Supplement.

Chapter 1208, Texas Government Code, as amended, applies to the Note Purchase Agreement, the issuance of the Direct Purchase Notes and the pledge of Pledged Revenues granted by LCRA under this Fifty-First Supplement, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Note Purchase Agreement is in effect or any obligation remains outstanding thereunder or the Direct Purchase Notes are outstanding and unpaid such that the pledge of Pledged Revenues granted by LCRA under this Fifty-First 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 Direct Purchase Notes and the Bank under the Note Purchase Agreement 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, as amended, and enable a filing to perfect the security interest in said pledge to occur.

**Section 1.03. AMENDED AND RESTATED FIFTY-FIRST SUPPLEMENT TO CONSTITUTE A CONTRACT; EQUAL SECURITY.** In consideration of the acceptance of the Direct Purchase Notes by those who shall hold the same from time to time, this Fifty-First Supplement shall be deemed to be and shall constitute a contract between LCRA and the Owners from time to time of the Direct Purchase Notes and the Bank under the Note Purchase Agreement, and the pledge made in this Fifty-First Supplement by LCRA and the covenants and agreements set forth in this Fifty-First 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 Direct Purchase Notes and the Bank under the Note Purchase Agreement, without preference, priority, or distinction as to security or otherwise of any of the Owners of the Direct Purchase Notes and the Bank under the Note Purchase Agreement, authorized hereunder over any of the

other Direct Purchase Notes 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-First Supplement and the Master Resolution.

**Section 1.04. LIMITATION OF BENEFITS WITH RESPECT TO THIS AMENDED AND RESTATED FIFTY-FIRST 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-First Supplement or the Direct Purchase Notes is intended or should be construed to confer upon or give to any person other than LCRA, the Owners of the Direct Purchase Notes, the Bank under the Note Purchase Agreement, and the Paying Agent/Registrar, any legal or equitable right, remedy, or claim under or by reason of or in respect to this Fifty-First Supplement or any covenant, condition, stipulation, promise, agreement, or provision herein contained. This Fifty-First 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 of the Direct Purchase Notes, the Bank under the Note Purchase Agreement and the Paying Agent/Registrar as herein and therein provided.

**ARTICLE II**  
**DIRECT PURCHASE NOTE AUTHORIZATION AND SPECIFICATIONS**

**Section 2.01. AMOUNT, PURPOSE AND DESIGNATION OF THE DIRECT PURCHASE NOTES.** Under and pursuant to the authority granted hereby and subject to the limitations contained herein, the Tax-Exempt Notes designated "**LOWER COLORADO RIVER AUTHORITY REVENUE REVOLVING NOTES, SERIES D**" and the Taxable Notes designated "**LOWER COLORADO RIVER AUTHORITY REVENUE REVOLVING NOTES, TAXABLE SERIES D**" are hereby authorized to be issued to finance or refinance Project Costs of Eligible Projects and to refinance, renew or refund notes herein authorized and issued, Prior Encumbered Obligations, Parity Debt, and Debt, including interest thereon, all in accordance with and subject to Chapter 1371, the terms, conditions, and limitations contained herein. The Direct Purchase Notes are authorized in an aggregate principal amount not to exceed **ONE HUNDRED MILLION DOLLARS (\$100,000,000)** at any one time outstanding and may be issued, sold, and delivered from time to time in such principal amounts as approved and determined by an LCRA Officer. The Direct Purchase Notes 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 authority to issue Direct Purchase Notes from time to time under the provisions of this Fifty-First Supplement shall exist until the Maximum Maturity Date regardless of whether at any time prior to the Maximum Maturity Date there are any Direct Purchase Notes Outstanding. For purposes of this Section, any portion of Outstanding Direct Purchase Notes to be paid from money on deposit in the Note Payment Fund and from the proceeds of Direct Purchase Notes or other Parity Debt on the day of calculation shall not be considered Outstanding. As determined by an LCRA Officer in accordance with this Section and Section 2.02(b) hereof for each issuance of Notes, such Notes shall be issued either as (i) Tax Exempt Notes, 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 or (ii)

Taxable Notes, the interest on which is includable in the gross income of the owners thereof for federal income tax purposes.

**Section 2.02. DATE, DENOMINATIONS, NUMBERS, MATURITIES, AND TERMS OF THE DIRECT PURCHASE NOTES.** (a) Terms of Direct Purchase Notes. Subject to the limitations contained herein, Direct Purchase Notes herein authorized shall be issued as Tax-Exempt Notes or Taxable Notes and dated as of their date of issuance (the "Note Date"), as determined by an LCRA Officer; shall bear interest at such rate or rates and in the manner set forth in the Note Purchase Agreement (but in no event, subject to the terms of the Note Purchase Agreement, to exceed the Maximum Rate) and all Direct Purchase Notes authorized herein shall mature and become due and payable on the earlier of (i) 364 days from the Note Date, (iii) the applicable expiration date of the commitment to purchase the Direct Purchase Notes under the Note Purchase Agreement or (ii) the Maximum Maturity Date.

Direct Purchase Notes issued hereunder are subject to redemption or the prepayment thereof prior to maturity as provided in the FORM OF DIRECT PURCHASE NOTES.

The Direct Purchase Notes shall be numbered in ascending consecutive numerical order in the order of their issuance. At the direction of an LCRA Officer, the numbers of the Direct Purchase Notes may be prefixed or suffixed with a distinct letter or letters as determined by an LCRA Officer. The Direct Purchase Notes shall be issued in registered form, without coupons.

Interest, if any, on the Direct Purchase Notes shall be payable in accordance with the this Fifty-First Supplement, including the FORM OF DIRECT PURCHASE NOTES set forth in Exhibit B to this Fifty-First Supplement, and terms of the Note Purchase Agreement.

The Direct Purchase Notes are authorized to be issued, sold, and delivered to the purchaser thereof (in each case, the "Owner"), in denominations as set forth in the Note Purchase Agreement.

Any finding or determination made by an LCRA Officer in connection with the issuance, sale, and delivery of the Direct Purchase Notes shall have the same force and effect as if made by the LCRA Board.

(b) Selling and Delivering Direct Purchase Notes. Subject to applicable terms, limitations, and procedures contained herein and in the Note Purchase Agreement, Direct Purchase Notes shall be sold to a designated Owner in such manner as determined by an LCRA Officer at the time of the sale thereof and pursuant to the Note Purchase Agreement. Upon compliance with the provisions of subsection (c) below, the Direct Purchase Notes shall be completed and delivered by the Paying Agent/Registrar in accordance with written instructions of the LCRA Officer and in the manner specified below. The instructions shall include instructions regarding the disposition of the purchase price of the Direct Purchase Notes and a request that the Paying Agent/Registrar authenticate such Direct Purchase Notes by countersignature of its authorized officer or employee and deliver them to the named purchaser or purchasers thereof upon receipt of the purchase price in regard to such Direct Purchase Notes.

Such instructions shall also specify the amounts of the proceeds of such issue of Direct Purchase Notes which are to be deposited to the Note Payment Fund pursuant to Section 4.01(b) hereof. Such written instructions shall also certify that the aggregate amount of principal and interest on all Direct Purchase Notes outstanding after the contemplated issuance of Direct Purchase Notes will not exceed the amount authorized in Section 2.01 hereof.

(c) LCRA Certificate Required to Issue Direct Purchase Notes. Prior to the issuance of any Direct Purchase Notes under Section 2.02(b) hereof, an LCRA Officer shall execute a written certificate, as of the date of the issuance of any such Direct Purchase Notes, to the effect that (A) LCRA is in compliance with the covenants set forth in Article V of this Fifty-First Supplement, (B) the specific Eligible Projects and/or Debt to be refunded for which the Direct Purchase Notes are being issued, (C) LCRA has been advised by nationally recognized bond counsel that the projects described by LCRA financed with the proceeds of the Direct Purchase Notes will constitute Eligible Projects, (D) the aggregate amount of principal and interest on all Direct Purchase Notes outstanding after the contemplated issuance of Direct Purchase Notes will not exceed the amount available under Section 2.01 hereof and (E) all action on the part of LCRA necessary for the valid issuance of such Direct Purchase Notes has been taken, that all provisions of this Fifty-First Supplement necessary for the valid issuance of such Direct Purchase Notes have been complied with, and that such Direct Purchase Notes are valid and enforceable special obligations of LCRA according to their terms, subject to the exercise of judicial discretion in accordance with general principles of equity and bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable.

(c) General. The Direct Purchase Notes (i) may be assigned and transferred, (ii) may be exchanged for other Direct Purchase Notes, (iii) may be redeemed in accordance with the terms of the Note Purchase Agreement, (iv) shall be signed and sealed, (v) shall be payable, and (vi) shall have the characteristics set forth, required or indicated in this Fifty-First Supplement, including the FORM OF DIRECT PURCHASE NOTES set forth in Exhibit B to this Fifty-First Supplement and the Note Purchase Agreement.

**Section 2.03. PAYMENT OF DIRECT PURCHASE NOTES; PAYING AGENT/REGISTRAR.** The principal of and interest on the Direct Purchase Notes 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, N.A. as Paying Agent and Registrar for the Direct Purchase Notes 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-First 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 designated 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, subject to the terms of the Note Purchase Agreement, 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 Direct Purchase Notes 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 Direct Purchase Notes. 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 Direct Purchase Notes 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 and interest on the Direct Purchase Notes 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 the Direct Purchase Notes shall be payable only upon the presentation and surrender of said Direct Purchase Notes to the Paying Agent/Registrar at its designated office or as may otherwise be provided in the Note Purchase Agreement. Interest on the Direct Purchase Notes 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 as provided in the Note Purchase Agreement.

**Section 2.04. INITIAL NOTE PURCHASE AGREEMENT.** The draft of the Initial Note Purchase Agreement relating to the Direct Purchase Notes, in substantially the form presented to the LCRA Board, is hereby approved. Any LCRA Officer is hereby authorized to complete and modify such agreement and any LCRA Officer of LCRA is each hereby authorized to execute and deliver the Initial Note Purchase Agreement in the form so completed and modified. The Initial Note Purchase Agreement must be executed and delivered by 5:00 pm on May 19, 2027. The Note Purchase Agreement and the obligations of LCRA thereunder will constitute Parity Debt. Any LCRA Officer may enter into transactions under the Note Purchase Agreement and execute any instruments in connection therewith.

**Section 2.05. PAYING AGENT/REGISTRAR AGREEMENT.** The draft of the Paying Agent/Registrar Agreement (the "Paying Agent/Registrar Agreement") by and between LCRA and The Bank of New York Mellon Trust Company, N.A. relating to the Direct Purchase Notes, in substantially the form presented to the LCRA Board, is hereby approved. Any LCRA Officer is hereby authorized to complete and modify the draft Paying Agent Agreement and any LCRA Officer is hereby authorized to execute and deliver such agreement in the form so completed and modified.

**Section 2.06. REGISTRATION; TRANSFER; EXCHANGE OF DIRECT PURCHASE NOTES; PREDECESSOR DIRECT PURCHASE NOTES.** (a) Registration, Transfer, Exchange and Predecessor Direct Purchase Notes. The Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of each Owner of any Direct Purchase Note issued under and pursuant to the provisions of this Fifty-First Supplement. Any Direct Purchase Note may, in accordance with its terms and the terms hereof, be transferred or exchanged for Direct Purchase Notes in Authorized Denominations upon the Security Register by the Owner, in person or by his duly authorized agent, upon surrender of such Direct Purchase Note to the Paying Agent/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 Paying Agent/Registrar.

Upon surrender for transfer of any Direct Purchase Note at the designated office of the Paying Agent/Registrar, there shall be registered and delivered in the name of the designated transferee or transferees, one or more new Direct Purchase Notes, executed on behalf of, and furnished by, LCRA, of Authorized Denominations and having the same maturity date and of a like aggregate principal amount as the Direct Purchase Note or Direct Purchase Notes surrendered for transfer.

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

All Direct Purchase Notes issued upon any transfer or exchange of Direct Purchase Notes shall be delivered at the designated office of the Paying Agent/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-First Supplement, as the Direct Purchase Notes surrendered in such transfer or exchange.

All transfers or exchanges of Direct Purchase Notes pursuant to this Section shall be made without expense or service charge to the Owner, except as otherwise herein provided, and except that the Paying Agent/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.

Direct Purchase Notes canceled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be "Predecessor Direct Purchase Notes," evidencing all or a portion, as the case may be, of the same debt evidenced by the new Direct Purchase Note or Direct Purchase Notes registered and delivered in the exchange or transfer therefor. Additionally, the term "Predecessor Direct Purchase Notes" shall include any mutilated Direct Purchase Note that is surrendered to the Paying Agent/Registrar or any Direct Purchase Note 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 Direct Purchase Note or Direct Purchase Notes have been registered and delivered pursuant to Section 3.04 hereof.

(b) Ownership of Direct Purchase Notes. The entity in whose name any Direct Purchase Note 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-First Supplement, whether or not such Direct Purchase Note 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 and interest on any such Direct Purchase Note shall be made only to such registered owner. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Direct Purchase Note to the extent of the sum or sums so paid.

**Section 2.07. SUBSTITUTION OR EXTENSION OF NOTE PURCHASE AGREEMENT; SUBSTITUTE PAYING AGENT/REGISTRAR.** (a) Right to Substitute or Extend. LCRA reserves the right to extend a Note Purchase Agreement or substitute a Note Purchase Agreement with a Substitute Note Purchase Agreement. Upon any extension, LCRA will comply with the requirements of the Note Purchase Agreement therefor. Upon any substitution, the Direct Purchase Notes shall reflect the Substitute Note Purchase Agreement.

(b) Substitute Paying Agent/Registrar. Subject to Section 2.03 hereof, LCRA reserves the right to substitute the Paying Agent/Registrar.

(c) Defeasance of Direct Purchase Notes upon Substitution of Note Purchase Agreement. All outstanding Direct Purchase Notes issued in connection with a particular Note Purchase Agreement pursuant to this Fifty-First Supplement must be defeased or retired prior to any substitution of such agreement and, in connection therewith, LCRA will comply with the requirements of said Note Purchase Agreement relating to defeasance or retirement of the Direct Purchase Notes that are subject thereof.

**Section 2.08. FORM OF DIRECT PURCHASE NOTES.** The Direct Purchase Notes and the Authentication Certificate of the Paying Agent/Registrar to appear on each of the Direct Purchase Notes, shall be substantially in the form set forth in Exhibit B to this Fifty-First Supplement with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Fifty-First Supplement, including Section 2.04 and 2.07(a), and may have such letters, numbers or other marks of identification and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as may be

established by LCRA or determined by the officers executing such Direct Purchase Notes as evidenced by their execution thereof. Any portion of the text of any Direct Purchase Notes may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Direct Purchase Note.

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

**ARTICLE III**  
**EXECUTION; REPLACEMENT OF DIRECT PURCHASE NOTES**

**Section 3.01. EXECUTION AND REGISTRATION.** The Direct Purchase Notes 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 Direct Purchase Notes may be manual or facsimile. Direct Purchase Notes 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 Direct Purchase Notes to the Owners thereof and with respect to Direct Purchase Notes delivered in subsequent exchanges and transfers, all as authorized and provided in Chapter 1201, Texas Government Code, as amended.

No Direct Purchase Note shall be entitled to any right or benefit under this Fifty-First Supplement, or be valid or obligatory for any purpose, unless there appears on such Direct Purchase Note the Authentication Certificate of the Paying Agent/Registrar substantially in the form provided in Exhibit B to this Fifty-First Supplement, executed by the manual signature of an authorized officer or employee of the Paying Agent/Registrar, and either such certificate duly signed upon any Direct Purchase Note shall be conclusive evidence, and the only evidence, that such Direct Purchase Note has been duly certified, registered, and delivered.

**Section 3.02. CONTROL AND CUSTODY OF DIRECT PURCHASE NOTES.** 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 Direct Purchase Notes.

Furthermore, any one or more of the Chair and Secretary of the Board and any LCRA Officer is each 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 Direct Purchase Notes, the approval of the Attorney General of the State of Texas and, together with LCRA's bond counsel and the Paying Agent/Registrar, make the necessary arrangements for the delivery of the Direct Purchase Notes to the initial purchasers thereof.

**Section 3.03. BOND COUNSEL OPINION.** LCRA shall cause the applicable final opinions of McCall, Parkhurst & Horton L.L.P. (or other bond counsel) approving the Direct Purchase Notes as to their validity to be furnished to any Owner without cost.

**Section 3.04. MUTILATED, DESTROYED, LOST, AND STOLEN DIRECT PURCHASE NOTES.** If (1) any mutilated Direct Purchase Note 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 Direct Purchase Note, 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 Direct Purchase Note 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 Direct Purchase Note, a new Direct Purchase Note of the same maturity date and of like tenor and principal amount, bearing a number not contemporaneously outstanding.

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

Upon the issuance of any new Direct Purchase Note 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 Direct Purchase Note issued pursuant to this Section in lieu of any mutilated, destroyed, lost, or stolen Direct Purchase Note shall constitute a replacement of the prior obligation of LCRA, whether or not the mutilated, destroyed, lost, or stolen Direct Purchase Note shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Fifty-First Supplement equally and ratably with all other outstanding Direct Purchase Notes.

#### ***ARTICLE IV FUNDS AND PAYMENTS THEREFROM***

**Section 4.01. NOTE PAYMENT FUND.** (a) An LCRA Officer shall create and establish a separate and special fund to be designated as the "Lower Colorado River Authority Revolving Note Series D Note Payment Fund" (the "Note Payment Fund") and within such fund there shall be created and established such additional separate accounts or subaccounts as may be necessary for the Paying Agent/Registrar to facilitate the issuance of the Direct Purchase Notes as approved by an LCRA Officer. Moneys on deposit in the Note Payment Fund shall be used to pay principal of and interest on Direct Purchase Notes, hereafter issued at the respective interest payment or maturity dates of each issue of such Direct Purchase Notes as provided herein. All proceeds of Direct Purchase Notes issued to refund the principal of and/or interest on maturing Direct Purchase Notes shall be deposited into the Note Payment Fund and used to pay the

principal of and/or interest on the applicable Direct Purchase Notes to be refunded. Provided the Paying Agent/Registrar and the Owner of the Direct Purchase Notes under the Note Purchase Agreement are the same entity, any direct payment of the Direct Purchase Notes to the Owner pursuant to the Note Purchase Agreement shall be deemed a deposit to and payment from the Note Purchase Fund.

(b) All proceeds of Direct Purchase Notes issued to refund the principal of and/or interest on maturing Direct Purchase Notes shall be deposited into the Note Payment Fund and used to pay the principal of and/or interest on the applicable Direct Purchase Notes to be refunded.

(c) Pending the expenditure of moneys in the Note Payment Fund, if created and established, for authorized purposes, moneys deposited in said fund may be invested by an LCRA Officer in those securities and obligations described in the Master Resolution. Funds in the Note Payment Fund shall be held by a Depository.

**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(a) of this Fifty-First Supplement for the benefit of the United States of America and LCRA, as their interests may appear pursuant to this Fifty-First Supplement. Such amounts shall be deposited therein and withdrawn therefrom as is necessary to comply with the provisions of Section 5.01.

## ***ARTICLE V COVENANTS***

**Section 5.01. COVENANTS REGARDING TAX EXEMPTION.** (a) In order to maintain the exclusion from gross income of the interest on the Tax-Exempt Notes for federal income tax purposes, LCRA will make all calculations required by section 148 of the Code, including, but not limited to, the calculation of rebate, in a reasonable and prudent fashion and to segregate and set aside the lawfully available amounts that such calculations indicate may be required to be paid to the United States of America. LCRA will at all times to do and perform all acts and things within its power and authority necessary to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code. LCRA will execute or cause to be executed a Federal Tax Certificate relating to the Tax-Exempt Notes as may be required by the Code, in the opinion of bond counsel, and the Form 8038-G, or any other forms designated by the Internal Revenue Service in substitution thereof. In furtherance of the foregoing, LCRA will execute annually, or at any other time necessary in the opinion of bond counsel, a Federal Tax Certificate and Form 8038-G necessary to assure the tax-exempt status of the Tax-Exempt Notes.

(b) LCRA covenants to refrain from any action which would adversely affect, or to take such action to assure, the treatment of the Tax-Exempt Notes as obligations described in section 103 of 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:

(i) to take any action to assure that no more than 10 percent of the proceeds of the Tax-Exempt Notes (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 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-First 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 Notes, in contravention of section 141(b)(2) of the Code;

(ii) to take any action to assure that in the event that the "private business use" described in subsection (i) hereof exceeds 5 percent of the proceeds of the Tax-Exempt Notes 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;

(iii) 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 Notes (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;

(iv) to take any action to assure that no more than 5 percent of the proceeds of the Tax-Exempt Notes are used to provide any output facility (other than a facility for furnishing water) with respect to which there is any "private business use" as more fully set forth in section 141(b)(3) of the Code;

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

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

(vii) to refrain from using any portion of the proceeds of the Tax-Exempt Notes, 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 Notes, other than investment property acquired with -

(A) proceeds of the Tax-Exempt Notes invested for a reasonable temporary period of 3 years or less until such proceeds are needed for the purpose for which the Tax-Exempt Notes are issued;

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

(C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the stated principal amount (or, in the case of a discount, the issue price) of the Tax-Exempt Notes;

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

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

(x) 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 Notes) 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 Notes have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code; and

(xi) to establish reasonable expectations to prevent using the proceeds of the Tax-Exempt Notes in contravention of the requirements of section 149(g) of the Code (relating to hedge bonds).

(c) LCRA covenants to account for the expenditure of sale proceeds and investment earnings to be used for any Project Costs of an Eligible Project or any refunding on its books and records in accordance with the requirements of the Internal Revenue Code. LCRA recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the relevant project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, LCRA recognizes that in order for proceeds to be expended under the Internal Revenue Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Tax-Exempt Notes, or (2) the date the Tax-Exempt Notes are retired. LCRA agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure

will not adversely affect the tax-exempt status of the Tax-Exempt Notes. For purposes hereof, the 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 on the Tax-Exempt Notes.

(d) LCRA covenants that the property constituting the projects financed or refinanced with the proceeds of the Tax-Exempt Notes 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 Notes. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Issuer 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 on the Tax-Exempt Notes.

(e) LCRA shall not, expend, or permit to be expended, the proceeds of the Tax-Exempt Notes in any manner inconsistent with its reasonable expectations as certified in the Federal Tax Certificate to be executed from time to time with respect to the Tax-Exempt Notes; provided, however, that LCRA may expend proceeds of the Tax-Exempt Notes in any manner if LCRA first obtains an unqualified opinion of bond counsel that such expenditure will not impair the exemption from federal income taxation of interest paid on the Tax-Exempt Notes. LCRA hereby elects to treat those Tax-Exempt Notes redeemed during each eighteen-month period as one "issue" in accordance with the provisions of section 148(f)(3) of the Code, unless otherwise provided in the Federal Tax Certificate.

(f) With respect to the issuance of Tax-Exempt Notes, this Fifty-First Supplement is intended to satisfy the official intent requirements set forth in section 1.150-2 of the Treasury Regulations in addition to the current Fiscal Year Business Plan.

## *ARTICLE VI*

### *AMENDMENTS AND MODIFICATIONS*

**Section 6.01. AMENDMENTS OR MODIFICATIONS WITHOUT CONSENT OF OWNERS OF DIRECT PURCHASE NOTES.** (a) Subject to the provisions of the Master Resolution and the Note Purchase Agreement, this Fifty-First Supplement and the rights and obligations of LCRA and of the Owners of the outstanding Direct Purchase Notes may be modified or amended at any time without notice to or the consent of any Owner of the Direct Purchase Notes 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-First 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-First Supplement;

(ii) To cure any ambiguity or inconsistency, or to cure or correct any defective provisions contained in this Fifty-First 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-First Supplement;

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

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

**Section 6.02. AMENDMENTS OR MODIFICATIONS WITH CONSENT OF OWNERS OF DIRECT PURCHASE NOTES.** (a) Subject to the other provisions of this Fifty-First Supplement, the Master Resolution and the Note Purchase Agreement, the Owners of outstanding Direct Purchase Notes 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-First 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 Direct Purchase Notes, the amendment of the terms and conditions in this Fifty-First Supplement so as to:

(i) Make any change in the maturity of outstanding Direct Purchase Notes;

(ii) Reduce the rate of interest borne by outstanding Direct Purchase Notes;

(iii) Reduce the amount of the principal payable on outstanding Direct Purchase Notes;

(iv) Modify the terms of payment of principal of or interest on outstanding Direct Purchase Notes, or impose any conditions with respect to such payment;

(v) Affect the rights of the Owners of less than all Direct Purchase Notes then outstanding; or

(vi) Change the minimum percentage of the Outstanding principal amount of Direct Purchase Notes necessary for consent to such amendment.

(b) Notice. If at any time LCRA shall desire to amend this Fifty-First 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 designated office of the Paying Agent/Registrar for inspection by all Owners of Direct Purchase Notes. Such publication is not required, however, if LCRA gives or causes to be given such notice in writing to each Owner of Direct Purchase Notes. A copy of such Notice shall be provided in writing to each national rating agency maintaining a rating on the Direct Purchase Notes.

(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 Direct Purchase Notes 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 specifically 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-First Supplement pursuant to the provisions of this Section, this Fifty-First 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 Direct Purchase Notes shall thereafter be determined, exercised, and enforced under the Master Resolution and this Fifty-First 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 Direct Purchase Note 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 Direct Purchase Notes 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 Direct Purchase Notes shall be irrevocable.

(f) Ownership. For the purpose of this Section, the ownership and other matters relating to all Direct Purchase Notes 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 DIRECT PURCHASE NOTE PROCEEDS AND OTHER FUNDS.** Proceeds from the sale of any Direct Purchase Notes (net of all expenses and costs of sale and issuance) shall, promptly upon receipt thereof, be applied for any or all of the following purposes as directed by an LCRA Officer:

(a) to refinance, renew or refund notes herein authorized and issued, Prior Encumbered Obligations, Parity Debt, Debt, and any other authorized obligations, including interest thereon, as authorized pursuant to Chapter 1371; provided that any such obligations to be refinanced or refunded shall qualify as "obligations," as such term is defined in Chapter 1371 at the time of such refinancing or refunding and provided further that, to the extent required by law, including, without limitation, Chapter 1371, any such refinancing or refunding, other than a simultaneous refunding, shall be by means of a gross defeasance established at the time of the issuance of the refunding Direct Purchase Notes and that the obligations to be refinanced or refunded shall be designated by the Board.

(b) to finance Project Costs of Eligible Projects; or

(c) to reimburse any fund for moneys expended from those funds to finance Project Costs of Eligible Projects.

**Section 7.02. MAILED NOTICES.** Except as otherwise required herein, all notices required or authorized to be given to LCRA, the Bank or the Paying Agent/Registrar pursuant to this Fifty-First 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. the Paying Agent/Registrar, to:  
The Bank of New York Mellon Trust Company, N.A.  
601 Travis Street, 16th Floor  
Houston, Texas 77002  
Attn: Corporate Trust Public Finance Unit  
Telephone: (713) 483-6529

3. to the Bank:

The contact, address, phone number and fax number specified in the Note Purchase Agreement;

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. FURTHER PROCEDURES.** Any LCRA Officer 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-First Supplement, the Direct Purchase Notes, the sale and delivery of the Direct Purchase Notes, and fixing all details in connection therewith, and the Note Purchase Agreement, any Substitute Note Purchase Agreement or the Paying Agent/Registrar Agreement, in connection with the Direct Purchase Notes. The above-stated officers, with the advice of General Counsel of LCRA or bond counsel, are hereby authorized to approve, subsequent to the date of the adoption of this Fifty-First Supplement, any amendments to the above-named documents, and any technical amendments to this Fifty-First Supplement as permitted by Section 6.01(a)(iv).

**Section 7.04. NONPRESENTMENT OF DIRECT PURCHASE NOTES.** If any Direct Purchase Note shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, if moneys sufficient to pay such Direct Purchase Note 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 Direct Purchase Note.

Any moneys so deposited with and held by the Paying Agent/Registrar due to nonpresentment of Direct Purchase Notes must be retained by the Paying Agent/Registrar for a period of at least two years after the final maturity date of the Direct Purchase Notes 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-First 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 7.05. EFFECT OF SATURDAYS, SUNDAYS, AND LEGAL HOLIDAYS.** Except as otherwise provided herein, whenever this Fifty-First 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. Except as otherwise provided herein, whenever in this Fifty-First 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 7.06. PARTIAL INVALIDITY.** If any one or more of the covenants or agreements or portions thereof provided in this Fifty-First 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-First Supplement and the invalidity thereof shall in no way affect the validity of the other provisions of this Fifty-First Supplement or of the Direct Purchase Notes, but the Owners of the Direct Purchase Notes shall retain all the rights and benefits accorded to them hereunder and under any applicable provisions of law.

**Section 7.07. LAW AND PLACE OF ENFORCEMENT OF THIS AMENDED AND RESTATED FIFTY-FIRST SUPPLEMENT.** This Fifty-First 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-First 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-First Supplement, of remedies under this Fifty-First Supplement.

**Section 7.08. APPROVAL OF ATTORNEY GENERAL.** No Direct Purchase Notes authorized under this Fifty-First Supplement to be issued shall be sold or delivered by an LCRA Officer until the Attorney General of the State of Texas shall have approved this Fifty-First Supplement, the Note Purchase Agreement, and other agreements and proceedings as may be required in connection therewith, and the Comptroller of Public Accounts of the State of Texas has registered the record of proceedings relating to this Fifty-First Supplement and the Direct Purchase Notes, all as is required by the Acts.

**Section 7.09. DEFEASANCE OF DIRECT PURCHASE NOTES.** (a) Notwithstanding the provisions of Section 14 of the Master Resolution, in connection with the defeasance of the Direct Purchase Notes 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 Direct Purchase Notes.

(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.

**Section 7.10. TEXAS ATTORNEY GENERAL REVIEW FEE.** The Board hereby authorizes the disbursement of a fee of \$9,500 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 the proceedings related to this Fifty-First Supplement and the Note Purchase Agreement, as required by Section 1202.004, Texas Government Code, as amended. The appropriate member of LCRA's staff is hereby instructed to take the necessary measures to make this payment.

**Section 7.11. EFFECTIVE DATE.** The authority to issue Direct Purchase Notes under this Fifty-First Supplement shall only become effective upon the refunding, including a simultaneous exchange of any Direct Purchase Notes issued and outstanding under the Original Fifty-First Supplement and the Amended and Restated Note Purchase Agreement, dated as of February 1, 2023, between LCRA and JPMorgan Chase Bank, N.A., as amended, subject to the payment of accrued interest, if any, on any such exchanged notes to the closing date of the new Initial Note Purchase Agreement using lawfully available funds of LCRA.

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## **EXHIBIT A**

### **DEFINITIONS**

As used in this Fifty-First 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, and Chapter 152, Texas Water Code, as amended.

"Authorized Denominations" - Authorized Denominations as defined in Section 2.02(a).

"Available Commitment" - The Available Commitment specified in the Note Purchase Agreement.

"Bank" - JPMorgan Chase Bank, N.A., its successor and assigns and, with respect to a Substitute Note Purchase Agreement with LCRA, the other party thereto.

"Board" - The Board of Directors of LCRA.

"Chapter 1371" - Chapter 1371, Texas Government Code, as amended.

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

"Depository" - Such banks or trust companies, or any one of them at any time, selected by LCRA for the custody of the special funds to be maintained by LCRA.

"Direct Purchase Notes" - The Lower Colorado River Authority Revolving Notes, Series D governed by this Fifty-First Supplement, as described in Article II hereof, that shall consist of both Tax-Exempt Notes and Taxable Notes pursuant to Sections 2.01 and 2.02(b) hereof.

"Eligible Projects" - The acquisition, purchase, construction, improvement, enlargement, and/or equipping of any property, buildings, structures, activities, services, operations, or other facilities, or any other project, program, or improvement authorized by the Acts for and on behalf of LCRA.

"Federal Tax Certificate" - The Federal Tax Certificate of LCRA relating to the Direct Purchase Notes.

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

"Initial Note Purchase Agreement" - The Second Amended and Restated Note Purchase Agreement between LCRA and JPMorgan Chase Bank, N.A. and the related fee letter from

JPMorgan Chase Bank, N.A. to LCRA entered into with respect to the Direct Purchase Notes as authorized by Section 2.04 of this Fifty-First Supplement.

"LCRA Act" - Chapter 8503, Texas Special District Local Laws Code, as amended.

"LCRA Officer" - The General Manager, the Chief Financial Officer, any Executive or Senior Vice President or the Treasurer of LCRA or any officer or employee of LCRA appointed as such by resolution of the Board.

"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.

"Maximum Maturity Date" - May 15, 2040.

"Maximum Rate" - An interest rate per annum being the maximum rate permitted by Texas law, including Chapter 1204, Texas Government Code, as amended.

"Note Date" - The dated date of the Direct Purchase Notes as defined in Section 2.02(a).

"Note Payment Fund" - The Note Payment Fund established pursuant to and as defined in Section 4.01(a) hereof.

"Note Purchase Agreement" - The Initial Note Purchase Agreement and any Substitute Note Purchase Agreement.

"Original Fifty-First Supplement" - The original Fifty-First Supplemental Resolution, adopted by the Board on April 12, 2017, pursuant to authority reserved by LCRA under the Master Resolution.

"Owner" - The Registered Owner.

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

"Paying Agent/Registrar Agreement" - The Paying Agent/Registrar Agreement between LCRA and the Paying Agent/Registrar.

"Predecessor Direct Purchase Notes" - Predecessor Direct Purchase Notes as defined in Section 2.06(a).

"Project Costs" - All costs and expenses defined as "project costs" under the Acts incurred in relation to Eligible Projects and permitted by law to be paid with the proceeds of the Direct Purchase Notes, including without limitation design, planning, engineering, and legal costs; acquisition costs of land, interest in land, right-of-way, and easements; construction costs,

costs of machinery, equipment, and other capital assets incident and related to the operation, maintenance, and administration of an Eligible Project; financing costs, including interest during construction and thereafter, underwriter's discount, and/or legal, financial and other professional services fees; and shall include reimbursement for Project Costs attributable to Eligible Projects incurred prior to the issuance of any Direct Purchase Notes.

"Record Date" - The two business days of the Paying Agent/Registrar immediately preceding an "Interest Payment Date," as defined in the Note Purchase Agreement.

"Registered Owner" - The person or entity in whose name any Note is registered in the Security Register.

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

"Security Register" - The books and records kept and maintained by the Paying Agent/Registrar relating to the registration, transfer, exchange, and payment of the Direct Purchase Notes and the interest thereon.

"Substitute Note Purchase Agreement" - The note purchase agreement and related fee letter, if any, entered into between LCRA and the other party thereto in substitution or replacement of another Note Purchase Agreement.

"Taxable Notes" - The Notes issued from time to time designated "Lower Colorado River Authority Revenue Revolving Notes, Taxable Series D", pursuant to Sections 2.01 and 2.02(b) hereof, the interest on which is includable in the gross income of the owners thereof for federal income tax purposes and that are not subject to (i) the covenants set forth in Sections 4.02 and 5.01 and (ii) the Federal Tax Certificate.

"Tax-Exempt Notes" - The Notes issued from time to time designated "Lower Colorado River Authority Revenue Revolving Notes, Series D", pursuant to Sections 2.01 and 2.02(b) hereof, the interest on which is excludable from the gross income of the owners thereof for federal income tax purposes and that are subject to (i) the covenants set forth in Sections 4.02 and 5.01 and (ii) the Federal Tax Certificate.

"Treasury Regulations" - Any regulations or rulings promulgated by the U.S. Department of Treasury pursuant to the Code.

**EXHIBIT B**

**[FORM OF DIRECT PURCHASE NOTES]**

**UNITED STATES OF AMERICA  
STATE OF TEXAS  
LOWER COLORADO RIVER AUTHORITY  
REVENUE REVOLVING NOTE, [TAXABLE]<sup>1</sup> SERIES D**

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

**NOTE  
DATE:**

**MATURITY  
DATE:**

\_\_\_\_\_

**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, and pursuant to the provisions of the \_\_\_\_\_<sup>2</sup>, between LCRA and \_\_\_\_\_<sup>2</sup> relating to this Note (the "Note Purchase Agreement"), to the order of the Registered Owner named above, or the registered assigns thereof on the Maturity Date specified above and as provided in the Note Purchase Agreement, the Principal Amount set forth above, and to pay interest on said Principal Amount from the above specified Note Date on such Interest Payment Dates (as defined in the Note Purchase Agreement) to maturity or prior redemption at the interest rates provided in the Note Purchase Agreement. Both principal and interest on this Note being payable in lawful money of the United States of America. No Note shall mature after May 15, 2040.

This Revolving Note is one of a duly authorized issue of revolving notes of LCRA (the "Notes"), in the aggregate amount principal amount of \$100,000,000 issued pursuant to the laws of the State of Texas, including specifically Chapter 8503, Texas Special District Local Laws Code, as amended, Chapters 1207 and 1371, Texas Government Code, as amended, and Chapter 152, Texas Water Code, as amended (the "Acts"), and under and pursuant to a resolution of LCRA adopted May 20, 2026 and entitled "Amended and Restated Fifty-First Supplemental Resolution to the Master Resolution Authorizing the Lower Colorado River Authority Revenue

<sup>1</sup> Include bracketed language only if Direct Purchase Notes are being issued as Taxable Notes.

<sup>2</sup> To reflect the Note Purchase Agreement in effect at the time of issuance of the particular Note pursuant to Sections 2.04 and 2.07 of the Fifty-First Supplement.

Revolving Notes, Series D" (the "Fifty-First Supplement") for the purpose of financing Project Costs of Eligible Projects and for refinancing, renewing, or refunding Notes, Prior Encumbered Obligations, Parity Debt, and Debt including interest thereon. The Notes are secured by the Master Resolution adopted on September 22, 1999 (the "Master Resolution"), on a parity with all other Parity Debt and certain Credit Agreements and subject only to the payment of Prior Encumbered Obligations, if any. The Master Resolution, as supplemented by the Fifty-First Supplement, is referred to in this Note as the "Resolution." Terms used herein and not otherwise defined shall have the meanings given in the Resolution.

[This Note is not an obligation described in section 103(a) of the Internal Revenue Code of 1986, as amended.]<sup>3</sup>

The Notes are special obligations of LCRA, payable, together with any additional Parity Debt hereafter 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 Notes 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 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 Pledged Revenues under the Resolution may be discharged at or prior to the maturity of the Notes 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 Notes.

Reference is hereby made to the Resolution, copies of which may be obtained upon request to LCRA, and to all of the provisions of which any Owner of this Note by its acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the security for the Notes; 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 Owners of the Notes; the rights and remedies of the 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

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<sup>3</sup> Include bracketed language only if Direct Purchase Notes are being issued as Taxable Notes.

or redemption of this Note and this Note thereafter no longer to be secured by the Resolution or be deemed to be outstanding thereunder; and for the other terms and provisions thereof.

LCRA further reserves the right in the Resolution to amend or modify the Resolution by a supplemental resolution without notice to or the consent of any Note owners for the purposes set forth in the Resolution.

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 Note 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 Note 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 Notes 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 Note and the series of which it is a part as aforesated. In case any provision in this Note 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 Note and the Resolution shall be construed in accordance with and shall be governed by the laws of the State of Texas.

This Note has all the qualities and incidents of a negotiable instrument under the laws of the State of Texas.

This Note, 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 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 Notes of the same maturity, of authorized denominations, of the same aggregate principal 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 on the date of surrender of this Note as the owner entitled to payment of principal hereof at its Maturity Date or its redemption, in whole or in part, and 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.

This Note has been issued pursuant to proceedings approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

This Note shall not be entitled to any benefit under the Resolution or be valid or become obligatory for any purpose until this Note shall have been authenticated by the execution by the Paying Agent/Registrar of the Certificate of Authentication hereon.

**IN WITNESS WHEREOF**, the Board of Directors of the Lower Colorado River Authority has authorized and caused this Note to be executed on its behalf by the manual or facsimile signatures of the Chair and Secretary of the Board of Directors and its official seal impressed or a facsimile thereof to be printed hereon.

**LOWER COLORADO RIVER AUTHORITY**

By: \_\_\_\_\_  
Chair, Board of Directors

**ATTEST:**

\_\_\_\_\_  
Secretary, Board of Directors

(SEAL)

**Form of Paying Agent/Registrar's Certificate of Authentication**

**PAYING AGENT/REGISTRAR'S  
CERTIFICATE OF AUTHENTICATION**

This Note is one of the Notes delivered pursuant to the within mentioned Resolution.

Date : \_\_\_\_\_

\_\_\_\_\_

as Paying Agent/Registrar

By: \_\_\_\_\_

Authorized Signature

**Form of Assignment**

**ASSIGNMENT**

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

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(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 Note and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney, to transfer the within Note 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 Note in every particular.