RESOLUTION NO. 26-__

FIFTY-SECOND SUPPLEMENTAL RESOLUTION TO THE TRANSMISSION CONTRACT REVENUE DEBT CONTROLLING RESOLUTION AUTHORIZING LOWER COLORADO RIVER AUTHORITY TRANSMISSION CONTRACT REVENUE BONDS (LCRA TRANSMISSION SERVICES CORPORATION PROJECT)

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RESOLUTION NO. 26-__

FIFTY-SECOND SUPPLEMENTAL RESOLUTION TO THE TRANSMISSION CONTRACT REVENUE DEBT CONTROLLING RESOLUTION AUTHORIZING LOWER COLORADO RIVER AUTHORITY TRANSMISSION CONTRACT REVENUE BONDS (LCRA TRANSMISSION SERVICES CORPORATION PROJECT)

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 "LCRA Board") adopted a Master Resolution Establishing the Lower Colorado River Authority Revenue Financing Program (referred to herein as the "LCRA Master Resolution"); and

WHEREAS, on February 19, 2003, the LCRA Board adopted an amended and restated "Controlling Resolution Establishing the Lower Colorado River Authority Transmission Contract Revenue Financing Program and Authorizing the Transmission Contract Revenue Debt Installment Payment Agreement with the LCRA Transmission Services Corporation" and on January 19, 2005 the LCRA Board adopted a resolution amending such resolution (collectively, the "Controlling Resolution"); and

WHEREAS, the Controlling Resolution establishes a contract revenue financing program pursuant to which LCRA can issue and enter into obligations, including bonds and other types of obligations, on behalf of the LCRA Transmission Services Corporation (the "Corporation"), a nonstock, nonprofit corporation, secured by and payable from a lien on and pledge of the certain revenues received by LCRA from the Corporation; and

WHEREAS, the capitalized terms used in this Fifty-Second Supplement and not otherwise defined shall have the meanings given in the Controlling Resolution and Exhibit A hereto; and

WHEREAS, LCRA has certain authorized series of Transmission Contract Debt, including Transmission Notes; and

WHEREAS, at the request of the Corporation and pursuant to the Controlling Resolution, including, specifically, Section 4.04 thereof, this Fifty-Second Supplement and an Installment Agreement Supplement relating to a particular series or multiple series of bonds authorized by this Fifty-Second Supplement between LCRA and the Corporation, supplementing the restated Transmission Contract Revenue Debt Installment Payment Agreement, dated as of March 1, 2003, between LCRA and the Corporation, as amended and supplemented (together with an Installment Agreement Supplement, the "Installment Payment Agreement"), LCRA finds and determines that

it should issue, sell and deliver certain Transmission Contract Debt as provided herein (hereinafter defined as the "Bonds"), in order to provide funds to (i) fund the acquisition, construction and improvement of certain electric transmission and transformation facilities of the Corporation pursuant to the Installment Payment Agreement, (ii) refund all or a portion of its outstanding Transmission Notes, (iii) fund debt service reserve funds for the Bonds and (iv) pay the costs of issuance relating to the Bonds, and upon the issuance, sale and delivery of the Bonds, the Corporation is unconditionally obligated to LCRA to make or pay to LCRA the "Installment Payments" required by the Installment Payment Agreement, the Controlling Resolution and herein, in amounts sufficient to pay and redeem, and provide for the payment and redemption of, the principal of, redemption premium, if any, and interest on such Bonds when due, all as hereinafter set forth; and

WHEREAS, Chapter 1371,Texas Government Code, as amended ("Chapter 1371"), and particularly Section 1371.051 thereof, and Chapter 1207, Texas Government Code, as amended ("Chapter 1207"), and particularly Sections 1207.002 and 1207.007 thereof, authorize LCRA to issue refunding bonds to refund the Refunded Note Obligations; and

WHEREAS, pursuant to authority granted in Chapter 1371, the provisions of Section 1207.061, Texas Government Code, as amended, authorize LCRA to deposit the proceeds from the sale of a particular series of the 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 Note 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 Note Obligations; and

WHEREAS, pursuant to a request of the Corporation, the LCRA Board hereby finds and declares a public purpose and deems it advisable and in the best interests of LCRA to refund the Refunded Note Obligations to provide certainty in debt service requirements, lock in interest rates in the current interest rate environment and reduce administrative costs related to short term debt, all in relation to the Refunded Note Obligations; and

WHEREAS, in accordance with Chapter 1207, the LCRA Board hereby finds and determines that the manner in which the refunding of the Refunded Note Obligations, is being executed makes it impracticable for the LCRA Board to determine the maximum amount by which the aggregate amount of payments to be made under the particular series of the Bonds exceeds the aggregate amount of payments that would have been made under the terms of the Refunded Note Obligations; and

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

WHEREAS, pursuant to a request of the Corporation, the LCRA Board also finds and declares a public purpose and deems it advisable and necessary to issue Bonds, as provided in this

Fifty-Second Supplement, to fund the acquisition, construction and improvement of certain electric transmission and transformation facilities of the Corporation; and

WHEREAS, for such purposes, the LCRA Board deems it necessary to issue the Bonds as Transmission Contract Debt pursuant to this Fifty-Second Supplement; and

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

WHEREAS, the Bonds authorized to be issued by this Fifty-Second 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 TRANSMISSION CONTRACT REVENUE FINANCING PROGRAM

Section 1.01. DEFINITIONS. (a) Definitions. In addition to the definitions set forth in the preamble of this Fifty-Second 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 Controlling Resolution or in Exhibit A to this Fifty-Second Supplement. The recitals to this Fifty-Second 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-Second 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 TRANSMISSION CONTRACT DEBT. (a) Fifty-Second Supplement. By adoption of the Controlling Resolution, LCRA has established the Lower Colorado River Authority Transmission Contract Revenue Financing Program for the purpose of providing a financing structure to be used by LCRA and the Corporation in carrying out LCRA's governmental functions as provided in the Controlling Resolution. The Controlling Resolution is intended to establish a master financing program under which contract revenue indebtedness of LCRA, supported by the Installment Payment Agreement and Installment Payment Agreement Supplements, can be incurred on behalf of the Corporation. This Fifty-Second Supplement provides for the authorization, issuance, sale, execution, delivery, form, characteristics, provisions of payment and redemption, and security of the Bonds.

This Fifty-Second Supplement is subject to the terms of the Controlling Resolution that is incorporated herein by reference and as such made a part hereof for all purposes.

(b) Bonds are Transmission Contract Debt. The Bonds are hereby declared to be a series of Transmission Contract Debt under the Controlling 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 Installment Payments 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 Controlling Resolution or this Fifty-Second Supplement.

Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of revenues granted by LCRA under this Fifty-Second 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-Second 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-SECOND 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-Second 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-Second Supplement by LCRA and the covenants and agreements set forth in this Fifty-Second 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-Second Supplement and the Controlling Resolution.

Section 1.04. LIMITATION OF BENEFITS WITH RESPECT TO THIS FIFTY-SECOND 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-Second Supplement or the Bonds is intended or should be construed to confer upon or give to any person other than LCRA, the Corporation, 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-Second Supplement or any covenant, condition, stipulation, promise, agreement, or provision herein contained. This Fifty-Second 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 Corporation, 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 TRANSMISSION CONTRACT [REFUNDING/IMPROVEMENT/AND IMPROVEMENT] REVENUE BONDS (LCRA TRANSMISSION SERVICES CORPORATION PROJECT), SERIES 20___"** (the "Bonds") are hereby authorized to be issued in one or more series and delivered pursuant to this Fifty-Second Supplement in a maximum aggregate principal amount (determined without regard to premium or discount affecting the sale price) not to exceed $500,000,000 for the purposes of providing funds necessary to (i) fund the acquisition, construction and improvement of certain electric transmission and transformation facilities of the Corporation, (ii) refund the Refunded Note Obligations as may be provided in Section 2.02(b), (iii) fund debt service reserve funds for the Bonds and (iv) to pay the costs of issuing the 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 purpose of each series of the Bonds (Refunding/Improvement/Refunding and Improvement), 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 Transmission Contract 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 status of the Bonds as Taxable Bonds or Tax-Exempt Bonds, as applicable. This Fifty-Second Supplement shall be interpreted to allow the Bonds to be issued in one or more series and at various times.

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, for each series of the Bonds, may be (i) in the form of Current Interest Bonds or Capital Appreciation Bonds, (ii) 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), (iii) 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"), (iv) 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, provided that with respect to any Taxable Bonds, an LCRA Officer in the Pricing Certificate may establish any other authorized denomination for such Taxable Bonds upon finding that such other authorized denomination is beneficial to the sale of such Taxable Bonds (each an "Authorized Denomination"), (v) maturing not later than May 15, 2056, serially or otherwise on the dates, in the years and in the principal amounts, respectively, and (vi) 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. Each Pricing Certificate is hereby incorporated in and made a part of this Fifty-Second 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 June 17, 2027, the delegation to the LCRA Officers pursuant to this Fifty-Second Supplement shall cease to be effective unless the LCRA 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-Second Supplement, including determining and fixing (i) the amount of Bonds to be issued to fund the acquisition, construction and improvement of certain electric transmission and transformation facilities of the Corporation, if any, (ii) the portion of the then outstanding Transmission Notes that shall constitute a portion of the Refunded Note Obligations to be refunded by a series of the Bonds under this Fifty-Second Supplement, if any, (iii) the date of any series of the Bonds, (iv) any additional or different designation, name or title by which the Bonds shall be known (including any revisions necessary to reflect which purposes authorized by Section 2.01 are to be financed by a particular series), (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 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-Second 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, and all other matters relating to the issuance, sale, and delivery of the Bonds, (xiv) the Authorized Denominations for any Taxable Bonds and (xv) the refunding of the Refunded Note 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, if any, 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 and (C) none of the Bonds shall bear interest at a rate greater than the Maximum Rate. The Bonds shall be sold on either a competitive or negotiated basis as determined by the LCRA Officer in the Pricing Certificate related to the particular series of the Bonds. It is further provided, however, that, notwithstanding the foregoing

provisions, a series of the Bonds shall not be delivered unless prior to delivery, such 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-Second Supplement, including the FORM OF BONDS set forth in Exhibit B to this Fifty-Second 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-Second 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 a minimum Authorized Denomination

of 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 Pricing 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 Pricing 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.

LCRA shall keep or cause to be kept at the principal corporate trust officer of such eligible institution as may be selected by the Pricing officer in the Pricing Certificate to serve as paying agent/registrar for the Bonds. By accepting the appointment as Paying Agent/Registrar, the Paying Agent/Registrar acknowledges receipt of copies of the Controlling Resolution, this Fifty-Second Supplement and the Installment Payment Agreement, 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 LCRA 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 LCRA 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, the Corporation 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. (i) In addition to the Notice of Redemption set forth in the FORM OF BONDS, LCRA shall give notice of redemption to the Paying Agent/Registrar at least 35 days prior to a redemption date (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, whether required in the FORM OF BONDS or in this Section, shall contain a description of the Bonds to be redeemed 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, 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 Controlling Resolution or this Fifty-Second 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-Second 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 Controlling Resolution and this Fifty-Second 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-Second Supplement, whether or not such Bond shall be overdue, and, to the extent permitted by law, LCRA, the Corporation, the LCRA 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-Second 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-Second 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-Second 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-Second 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-Second 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-Second Supplement.

(e) Payments to Cede & Co. Notwithstanding any other provision of this Fifty-Second 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) for each series fo the Bonds (singularly or collectively, the "Initial Bond"). The Initial Bond shall be registered in the name of the 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-Second Supplement with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Fifty-Second 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 LCRA Board under its seal reproduced or impressed thereon and attested by the Secretary of the LCRA 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 LCRA 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-Second 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-Second Supplement, executed by the Comptroller of Public Accounts of the State of Texas or its duly authorized agent in the manner provided by State law, or the Paying Agent/Registrar's Authentication Certificate substantially in the form provided in Exhibit B to this Fifty-Second 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 LCRA 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 (i) 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 (ii) 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 series, 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-Second Supplement equally and ratably with all other Outstanding Bonds.

Section 3.06. BOND INSURANCE. In connection with the sale of each series 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 and the Corporation 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. 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-Second 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-Second Supplement and the Controlling Resolution, including initiation by the Owners of any action taken pursuant to the provisions of Section 5.02 of the Controlling 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-Second Supplement.

ARTICLE IV
PAYMENTS, DEBT SERVICE RESERVE FUND AND REBATE FUND

Section 4.01. PAYMENTS. (a) Accrued Interest. Immediately after the delivery of a series of the Bonds, the LCRA Board shall deposit all accrued interest received from the sale and delivery of such Bonds, if any, to the credit of the Debt Service Fund to be held to pay interest on such 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 from funds on deposit in the Debt Service Fund and, if necessary, in the Debt Service Reserve Fund, money 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.

Section 4.02. DEBT SERVICE RESERVE FUND. (a) To accumulate and maintain a reserve for the payment of one or more series of the Bonds equal to one half of the Maximum Annual Debt Service Requirements of such Bonds (the "Required Reserve Amount"), a separate and special account or fund known as the "Lower Colorado River Authority Transmission Contract Refunding Revenue Bonds (LCRA Transmission Services Corporation Project), Series ____ Debt

Service Reserve Fund" (the "Debt Service Reserve Fund") is hereby created, benefitting such series or group of series of Bonds, with the title of such Debt Service Reserve Fund determined by the LCRA Officer as set forth in the Pricing Certificate relating to such Bonds. The Debt Service Reserve Fund shall be initially cash, or Reserve Fund Obligations or any combination thereof, funded with a portion of the proceeds of the related 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 Required Reserve Amount; thereafter, such earnings and income shall be deposited to the credit of the Construction Fund for the completion of any Project (as defined in the Installment Payment Agreement). As provided in Section 2.04 of the Controlling Resolution, LCRA shall deposit and credit to the Debt Service Reserve Fund amounts required to maintain the balance in the Debt Service Reserve Fund in an amount equal to the Required Reserve Amount. The Required Reserve Amount shall be calculated and determined by LCRA as of (i) the date of delivery of the respective series of the Bonds, (ii) the last day of each Fiscal Year and (iii) the date of delivery of any indebtedness issued to refund all or a portion of the respective series of the Bonds; provided that for any such calculation that involves a partial Fiscal Year, such partial Fiscal Year shall be treated as an entire 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 Debt Service Reserve Fund shall be used solely (i) to pay the principal of and interest on the respective series of the Bonds, when and to the extent other funds available for such purposes are insufficient, (ii) to make Reserve Fund Obligation Payments and (iii) to retire the last Stated Maturity or Stated Maturities of, premium, if any, or interest on the respective series of the Bonds.

(b) When and for so long as the aggregate amount of the cash, the amortized cost of investments and any Reserve Fund Obligations in the Debt Service Reserve Fund equals the Required Reserve Amount, no deposits need be made to the credit of the 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 the 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 the Debt Service Reserve Fund, but only from Installment Payments remaining after any required deposits into the Debt Service Fund have been made and except as otherwise provided in this Section 4.02, by instituting deposits into such fund from such Installment Payments in accordance with Section 2.04 of the Controlling Resolution 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 the Debt Service Reserve Fund during any period until there has been deposited into the Debt Service Fund the full amount required to be deposited therein by the next following interest payment date or principal payment date, as the case may be, for the Bonds. In addition, in the event that a portion of the Required Reserve Amount 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 Installment Payments in accordance with Section 2.04 of the Controlling Resolution, but subject to making the full deposits and credits to the Debt Service Fund required to be made by the next following interest payment date or principal payment date, as the case may be, for the Bonds. LCRA further covenants and agrees that, subject

only to the prior deposits and credits to be made to the Debt Service Fund, the Installment Payments shall be applied and appropriated and used to establish and maintain the Required Reserve Amount (including by first paying any Reserve Fund Obligation Payments related to the Reserve Fund Obligation portion of the Debt Service Reserve Fund when due and then restoring the cash portion of the Required Reserve Amount) and any reserve established for the benefit of any other issue or series of Transmission Contract Debt and to cure any deficiency in such amounts as required by the terms of this Fifty-Second Supplement and any other resolution pertaining to the issuance of Transmission Contract Debt, all on an equal and pro-rata basis unless any such reserve related to an issue or series of Transmission Contract Debt is expressly junior and subordinate to the Debt Service Reserve Fund established herein.

During such time as the Debt Service Reserve Fund contains the Required Reserve Amount or any cash is replaced with a Reserve Fund Obligation pursuant to subsection (c) below, LCRA may, at its option and with the prior written consent of the Corporation, withdraw all surplus funds in the Debt Service Reserve Fund and deposit such surplus in the Debt Service Fund, deposit such surplus in the Construction Fund for the completion of any Project (as defined in the Installment Payment Agreement) or, to the extent the Debt Service Reserve Fund was funded with funds other than proceeds of the Bonds, otherwise use such surplus (or allocable portion thereof) in any manner permitted by law.

(c) A Reserve Fund Obligation issued in an amount equal to all or part of the Required Reserve Amount for the Bonds may be used in lieu of depositing cash into the Debt Service Reserve Fund. In addition, with the prior written consent of the Corporation, a Reserve Fund Obligation may be substituted for monies and investments or existing Reserve Fund Obligations in the 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 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.

(d) A Reserve Fund Obligation permitted under subsections (a) and (c) above, must meet the requirements described below.

(1) Any Reserve Fund Obligation Payment shall be made from the deposits made to the 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 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) no Rating Agency rates the issuer of a Reserve Fund Obligation defaults in its payment obligations thereunder, or (iii) the rating of 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") by a Rating Agency, 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 Debt Service Reserve Fund.

(2) In the event that either (i) the revolving reinstatement feature described in the preceding paragraph is suspended (and continuing) or terminated, (ii) no Rating Agency rates the rating of 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 Installment Payments are available, (A) institute equal monthly deposits into the Debt Service Reserve Fund, in accordance with this Section, an amount sufficient to cause the cash and investments on deposit in the 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 Bonds will be due.

(e) After first utilizing any cash and investments in the Debt Service Reserve Fund, draws upon one or more Reserve Fund Obligations within the Debt Service Reserve Fund shall be made on a pro-rata basis and deposits to the Debt Service Reserve Fund to restore such fund to the Required Reserve Amount shall be applied first to pay, on a pro-rata basis, Reserve Fund Obligation Payments to reimburse the issuers of such Reserve Account Obligations, thus restoring that portion of the Required Reserve Amount, and then to restore the cash portion of the Required Reserve Amount, all pursuant to this Fifty-Second Supplement and the terms of the respective Reserve Fund Obligations.

Section 4.03. <u>REBATE FUND</u>. A separate and special fund or account 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-Second Supplement for the benefit of the United States of America and LCRA, as their interests may appear pursuant to this Fifty-Second 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 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-Second 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 l.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(f) of the Code; and

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

LCRA understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Tax-Exempt Bonds. 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 failure to comply, 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 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 the issuance of the Tax-Exempt Bonds.

This resolution is intended to satisfy the official intent requirements set forth in Section 1.150-2 of the Treasury Regulations.

Section 5.02. ALLOCATION OF, AND LIMITATION ON, EXPENDITURES FOR THE PROJECT. LCRA covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 1 of this Fifty-Second Supplement (the "Project") 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 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 Bonds, or (2) the date the Tax-Exempt Bonds 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 Bonds. 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.

Section 5.03. DISPOSITION OF PROJECT. Based on the covenants of the Corporation in the Installment Payment Agreement, LCRA covenants that the property constituting the Project will not be sold or otherwise disposed in a transaction resulting in the receipt by LCRA of cash or other compensation, unless any action taken in connection with such disposition will not adversely affect the tax-exempt status of the Tax-Exempt Bonds. For purpose of the foregoing, LCRA may rely on an opinion of nationally-recognized bond counsel that the action taken in connection with

such sale or other disposition will not adversely affect the tax-exempt status of the 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 (or the Corporation) 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 Controlling Resolution and to the prior written consent of the Corporation, this Fifty-Second 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 Transmission Contract 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-Second 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-Second Supplement;

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

(including Section 3.06 hereof) and the Controlling Resolution and subject to the prior written consent of the Corporation, 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-Second 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-Second 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-Second 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-Second Supplement pursuant to the provisions of this Section, this Fifty-Second 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 Controlling Resolution and this Fifty-Second 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 the 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 shall be deposited into the Construction Fund established in the Controlling Resolution to fund the acquisition, construction and improvement of certain electric transmission and transformation facilities of the Corporation, if any, as may be provided for in the Pricing Certificate; and

(iii) an amount sufficient to accomplish the refunding of the Refunded Note Obligations, if any, together with any lawfully available funds, all as provided in Sections 7.05 and 7.06, shall be so applied, consistent with the Pricing Certificate; and

(iv) an amount which will equal the Required Reserve Amount shall be deposited to the Debt Service Reserve Fund or is necessary to acquire any Reserve Fund Obligations, if any, as may be provided for in the Pricing Certificate; and

(v) the remainder of the proceeds of a series of the Bonds shall be deposited into the Construction Fund, including any provision for capitalized interest, and to pay the costs of issuance of such series of Bonds.

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

Section 7.02. MAILED NOTICES. Except as otherwise required herein, all notices required or authorized to be given to LCRA, the Corporation, any Bond Insurer (as defined in, and pursuant to, Section 3.06 hereof) or the Paying Agent/Registrar pursuant to this Fifty-Second 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 Corporation:
   c/o Lower Colorado River Authority
   3700 Lake Austin Boulevard
   Austin, Texas 78703
   Attn: Chief Financial Officer
   Telephone: (512) 578-3200
   Facsimile: (512) 473-4003

3. to the Paying Agent/Registrar:

   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.

4. 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 7.01(b) of the Controlling Resolution, LCRA reserves the right to exercise its redemption rights with respect to any of the Bonds defeased pursuant to Section 7.01(a)(ii) of the Controlling Resolution.

Section 7.04. PAYING AGENT/REGISTRAR AGREEMENT. The Paying Agent/Registrar Agreement by and between LCRA and the Paying Agent/Registrar for each series of the Bonds 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 NOTE OBLIGATIONS. If applicable, concurrently with the delivery of the related series of the Bonds, the LCRA Officers shall cause to be deposited an amount from the proceeds of the sale of such Bonds into the respective note payment fund or refunding account of the refunding and credit note payment fund created by the applicable Supplement related to a series of Refunded Note Obligations or with the issuing and paying agent/registrar or paying agent/registrar for the respective series of the Refunded Note Obligations or with an escrow agent selected by an LCRA Officer sufficient, together with other legally available funds of the Corporation, if any, to provide for the reimbursement of all draws on the respective direct pay letter of credit supporting the such series of the Refunded Note Obligations, if any, that are used for the refunding and defeasance of the various Refunded Note Obligations. The LCRA Officers are hereby authorized to execute any agreements with such issuing and paying agent and/or paying agents/registrars, the letter of credit banks or such escrow agent necessary to accomplish the refunding and defeasance of the respective Refunded Note Obligations.

Section 7.06. REDEMPTION/PREPAYMENT OF THE REFUNDED NOTE OBLIGATIONS. If applicable, 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 prepayment or conditional notices of redemption or prepayment, if any, in the forms prescribed by the terms of such Refunded Note Obligations or the respective resolutions authorizing the issuance of the Refunded Note Obligations, and to give, or cause to be given, such notices in the manner prescribed thereby.

Section 7.07. INSTALLMENT AGREEMENT SUPPLEMENT. An Installment Agreement Supplement for each series or group of series of the Bonds between LCRA and the Corporation in substantially the form attached hereto as Exhibit C is hereby approved, the General Manager, the Chief Financial Officer and the Treasurer of LCRA are each hereby authorized to complete, amend and modify the Current Installment Agreement Supplement as deemed necessary for such Bonds and the Chair or the Vice Chair of the LCRA Board is hereby authorized to execute and deliver the agreement and the Secretary or Assistant Secretary of the LCRA Board is hereby authorized to attest such signature.

Section 7.08. FURTHER PROCEDURES. The General Manager, the Chief Financial Officer and the Treasurer, or their designees shall be and they are hereby expressly authorized, empowered, and directed form 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 LCRA 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-Second Supplement, any series of the Bonds, the sale and delivery of such Bonds, and fixing all details in connection therewith, and the Paying Agent/Registrar Agreement and the Installment Agreement Supplement, 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 Note 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-Second 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-Second Supplement, any amendments to the above named documents, and any technical amendments to this Fifty-Second Supplement as permitted by Section 6.01(iv).

Section 7.09. 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-Second 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 7.10. OFFICIAL STATEMENT. The Preliminary Official Statement, in substantially the form and substance submitted to the LCRA Board at the meeting at which this Fifty-Second 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 7.11. CREDIT AGREEMENT. To the extent permitted by law and upon the request of the Corporation, the LCRA Board reserves the right to enter into a Credit Agreement or Agreements in connection and on a parity with the Bonds, upon the written request of the Corporation and the written opinion of the Chief Financial Officer of the Corporation that such Credit Agreements are in the best interest of the Corporation given the market conditions at the time. The Credit Agreements will constitute a Credit Agreement as defined in the Controlling Resolution.

Section 7.12. EFFECT OF SATURDAYS, SUNDAYS, AND LEGAL HOLIDAYS. Whenever this Fifty-Second 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-Second 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 7.13. PARTIAL INVALIDITY. If any one or more of the covenants or agreements or portions thereof provided in this Fifty-Second 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-Second Supplement and the invalidity thereof shall in no way affect the validity of the other provisions of this Fifty-Second 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 7.14. LAW AND PLACE OF ENFORCEMENT OF THIS FIFTY-SECOND SUPPLEMENT. This Fifty-Second 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-Second 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-Second Supplement, of remedies under this Fifty-Second Supplement.

Section 7.15. PAYMENT OF ATTORNEY GENERAL FEE. LCRA hereby authorizes the disbursement of a fee equal to the lesser of (i) one-tenth of one percent of the principal amount of each series of the 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, Texas Government Code, as amended. 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 funds of LCRA or the Corporation for such payment from proceeds of the related series of the Bonds.

Section 7.16. ADDITIONAL DEFEASANCE PROVISIONS. (a) Notwithstanding the provisions of the Section 7.01 of the Controlling Resolution, in connection with the defeasance of the Bonds pursuant to Section 7.01 of the Controlling 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 and (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.

(b) Notwithstanding the provisions of Section 7.01 of the Controlling Resolution, LCRA may provide for the irrevocable deposit contemplated by Section 7.01 of the Controlling 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.

(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 7.01 of the Controlling Resolution or any of the other provisions of this Section, any Taxable Bonds issued under this Fifty-Second 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 related to such series of the Bonds 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-Second 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-Second 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.

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EXHIBIT A

DEFINITIONS

As used in this Fifty-Second 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 hereof.

"Bonds" - The Bonds issued in one or more series pursuant to and governed by this Fifty-Second 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-Second 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 the minimum Authorized Denomination of 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-Second Supplement.

"Controlling Resolution" - The amended and restated "Controlling Resolution Establishing the Lower Colorado River Authority Transmission Contract Revenue Financing Program and Authorizing the Transmission Contract Revenue Debt Installment Payment Agreement with the LCRA Transmission Services Corporation," adopted by the LCRA Board on February 19, 2003, and as may be amended or supplemented from time to time.

"Corporation" - The LCRA Transmission Services Corporation.

"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 created and maintained as a reserve fund for the payment of one or more series of the Bonds as the principal of and interest thereon become due and payable as provided in Section 4.02 hereof and in the related Pricing Certificate.

"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.

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

"Installment Agreement Supplement" - The Supplemental Transmission Contract Revenue Debt Installment Payment Agreement relating to a particular series or multiple series of the Bonds supplementing the restated Transmission Contract Revenue Debt Installment Payment Agreement between LCRA and the Corporation, dated as of March 1, 2003.

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

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

"LCRA Officer" - The General Manager, the Chief Financial Officer or the Treasurer of LCRA.

"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 Annual Debt Service Requirement" - The maximum amount, in any Fiscal Year in which the affected Bonds are Outstanding, which will be required to pay the Annual Debt Service Requirements when due (whether at Stated Maturity or mandatory redemption). Capitalized interest payments provided from the proceeds of the related series of the Bonds, accrued interest on such Bonds and investment earnings thereon, shall be excluded in making such determinations.

"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%).

"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 the Pricing Certificate and any successor to such agent.

"Paying Agent/Registrar" - Collectively, the Paying Agent and the Registrar designated in the Pricing Certificate 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 for each series of the Bonds.

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

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

"Rating Agency" - 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 Note Obligations" - The portion of Transmission Notes to be refunded by a particular series of the Bonds as determined in 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 or sureties insuring or providing for the timely payment of debt service on governmental obligations, provided that a Rating Agency having an outstanding rating on any of the affected Bonds would, at the time that such facility is entered into by LCRA, rate any such 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 any of the affected Bonds would, at the time that such facility is entered into by LCRA, rate any such Bonds in its third highest generic rating categories for such obligations 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 such Bonds and the interest thereon.

"Reserve Fund Obligation Payment" - Any payment LCRA is obligated to make from Installment Payments 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 4.02 hereof.

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

"Transmission Notes" - Collectively, LCRA's various outstanding series of Transmission Contract Revenue Commercial Paper Notes (LCRA Transmission Services Corporation Project) and Transmission Contract Revenue Revolving Notes (LCRA Transmission Services Corporation Project) from time to time.

"Treasury Regulations" - The temporary, proposed or final federal income tax regulations promulgated by the U.S. Department of the Treasury, together with the other published written guidance thereof as applicable to any Tax-Exempt Bonds under 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
TRANSMISSION CONTRACT _____ REVENUE BOND
(LCRA TRANSMISSION SERVICES CORPORATION PROJECT),
SERIES 20___

[FORM OF FIRST PARAGRAPH OF CURRENT INTEREST BOND]

No. R-_____ **$_____**

[ISSUE][BOND] 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.

[FORM OF FIRST TWO PARAGRAPHS OF CAPITAL APPRECIATION BOND]

No. R-_____ **$_____**

ISSUE DATE:	**INTEREST RATE:**	**MATURITY DATE:**	**CUSIP:**

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 "Transmission Contract _____ Revenue Bonds (LCRA Transmission Services Corporation Project), Series 20___ (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 Chapter 152, Texas Water Code, as amended (collectively, the "Acts"), and initially under and pursuant to an amended and restated resolution of LCRA adopted on February 19, 2003 and entitled "Controlling Resolution Establishing the Lower Colorado River Authority Transmission Contract Revenue Financing Program and Authorizing the Transmission Contract Revenue Debt Installment Payment Agreement with the LCRA Transmission Services Corporation" (as amended and restated, the "Controlling Resolution") as supplemented by a resolution of LCRA adopted on June 17, 2026 and entitled "Fifty-Second Supplemental Resolution to the Transmission Contract Revenue Debt Controlling Resolution Authorizing Lower Colorado

River Authority Transmission Contract Revenue Bonds (LCRA Transmission Services Corporation Project)" (the "Fifty-Second Supplement") (the Controlling Resolution and the Fifty-Second Supplement are collectively referred to as the "Resolution") for the purpose of providing funds necessary to _____. Pursuant to a restated Transmission Contract Revenue Debt Installment Payment Agreement, dated as of March 1, 2003, as amended and supplemented, and as supplemented by a Transmission Contract Revenue Debt Installment Payment Agreement Supplement Relating to the Transmission Contract _____ Revenue Bonds (LCRA Transmission Services Corporation Project), Series 20___, between LCRA and the LCRA Transmission Services Corporation (the "Corporation") (as supplemented, the "Agreement"), the Corporation has agreed to make Installment Payments (as defined in the Agreement) to LCRA in amounts and at the times sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds.

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

The Bonds are limited obligations of LCRA, payable by LCRA solely out of the Installment Payments received from the Corporation pursuant to the Agreement and all sums deposited from time to time pursuant to the Agreement in the Debt Service Fund and the Debt Service Reserve Fund established in the Resolution, and in certain events out of amounts secured through the exercise of the remedies provided in the Agreement and the Resolution upon occurrence of an event of default under the Resolution. NEITHER THE STATE, NOR ANY POLITICAL CORPORATION, SUBDIVISION OR AGENCY OF THE STATE SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY OTHER POLITICAL CORPORATION, SUBDIVISION OR AGENCY OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON SUCH BONDS. LCRA HAS NO TAXING POWER.

NO RECOURSE UNDER THIS BOND SHALL BE HAD AGAINST ANY PAST, PRESENT OR FUTURE DIRECTOR OR OFFICER OF LCRA OR THE CORPORATION. THE BONDS SHALL NEVER BE PAID IN WHOLE OR IN PART OUT OF ANY FUNDS RAISED OR TO BE RAISED BY TAXATION OR OUT OF ANY OTHER REVENUES OF LCRA OR THE STATE, EXCEPT FOR THE INSTALLMENT PAYMENTS RECEIVED FROM THE CORPORATION PURSUANT TO THE AGREEMENT.

[1][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.]

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[1] To be included with respect to a Series of Bonds only if Current Interest Bonds and Capital Appreciation Bonds are both issued.

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.

If this Bond is in a denomination in excess of $5,000, portions of the principal sum hereof in [1][principal amount] [2][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 of the [1][principal sum] [2][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 pledge of Installment Payments received from the Corporation pursuant to the Agreement and funds established 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.

LCRA and the Corporation have reserved the right in the Agreement to issue debt payable from the revenues of the Corporation senior and prior to the lien on and pledge of the revenues

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[1] Current Interest Bonds only.

[2] Capital Appreciation Bonds only.

securing the Bonds. Subject to satisfying the terms and conditions stated in the Resolution, LCRA and the Corporation have also reserved the right to issue Additional Transmission Contract Debt and other debt of the Corporation payable solely from and equally and ratably secured by a parity lien on and pledge of the revenues derived from or in connection with the Agreement and the funds, other moneys and securities pledged under the Resolution to the payment of the Bonds. Additionally, LCRA and the Corporation have reserved the right in the Resolution to issue debt payable from the revenues of the Corporation but junior and subordinate to the lien on and pledge of the revenues securing the Bonds.

Reference is hereby made to the Resolution and the Agreement, copies 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 nature and extent and manner of enforcement of the Agreement; the terms and conditions for the issuance of Additional Transmission Contract Debt; the conditions upon which the Resolution or the Agreement 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 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 [1][principal amount] [2][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 [1][principal] [2][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. [1][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

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[1] Current Interest Bonds only.

[2] Capital Appreciation Bonds only.

(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.

[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: _____, 202__.

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**

(Information from Pricing Certificate to be inserted)

LCRA promises to pay interest on the unpaid principal amount hereof from the [Issue Date] [Bond Date] 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):

"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:

Maturity Dates	Maturity Amounts	Interest Rates

(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.

_____
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)

_____

_____

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

_____

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:

_____

_____

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

INSTALLMENT AGREEMENT SUPPLEMENT

[See Separate Tab in the Transcript]