PRIVATE PLACEMENT MEMORANDUM DATED \_\_\_\_\_\_, 20\_\_

**NEW ISSUE BOOK-ENTRY-ONLY**

*On the date of initial delivery of the Obligations (defined below), Issuer Bond Counsel (defined on page 2) will render its opinion substantially in the form attached in APPENDIX C - FORM OF OPINION OF BOND COUNSEL.*

|  |
| --- |
| **$\_\_\_\_\_\_\_\_\_\_\_\_\_\_ [NAME OF ISSUER]**  **[TITLE OF ISSUE]**  **SERIES 20\_\_ (the “Obligations”)** |

**Dated:** [**INSERT DATED DATE OF BONDS**] **Due:** [**DATE**]

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| [No] Interest:  Record Date:  **[If loan is zero interest, omit this entry.]** | |  | [Interest on the Obligations will be payable on \_\_\_\_\_\_\_ and \_\_\_\_ each year, commencing \_\_\_\_\_\_\_\_\_\_, \_\_\_\_ (each an “Interest Payment Date”). The Obligations will bear interest at the rates per annum set forth in “APPENDIX A – MATURITY SCHEDULE.”] **OR** [The Obligations will not bear interest nor contain any interest payments.  The close of business on the last business day of the calendar month immediately preceding the applicable Maturity Date, commencing \_\_\_\_\_\_\_\_, \_\_\_\_. | | |
| Date Interest Accrues:  **[If loan is zero interest, omit this entry.]** | |  | Each Bond shall bear interest from the Delivery Date thereof or the most recent Interest Payment Date to which interest has been paid or provided for at the rate set forth, such interest payable semiannually on \_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_ of each year until the earliest of maturity or prior redemption, commencing on \_\_\_\_\_\_\_\_, or \_\_\_\_\_\_\_\_, immediately following the Delivery Date.] | | |
| Redemption: | |  | The Obligations are subject to redemption prior to maturity as provided herein. See “THE OBLIGATIONS - Redemption Provisions” herein. | | |
| Authorized Denominations: | |  | The Obligations are being issued as fully registered bonds in denominations of **$5,000**, or any integral multiple thereof. | | |
| Paying Agent/Registrar/Registrar: | |  | The paying agent (“Paying Agent/Registrar/Registrar”) for the Obligations is [**NAME OF BANK**]. | | |
| Book-Entry-Only System | |  | Upon initial issuance, the ownership of the Obligations will be registered in the registration books of the Issuer kept by the Paying Agent/Registrar, in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”) to which principal, redemption premium, if any, and interest payments on the Obligations, if any, will be made. The purchasers of the Obligations will not receive physical delivery of bond certificates. Principal of, interest, and premium if any, on the Obligations will be payable at the designated office of the Paying Agent/Registrar in \_\_\_\_\_\_\_\_\_\_\_, Texas as the same become due and payable. | | |
| Issuer: | |  | [**NAME OF ISSUER**]. | | |
| Official Action: | |  | [**ORDER/ORDINANCE/RESOLUTION, AS APPROPRIATE,**] dated \_\_\_\_\_\_, 20\_\_. | | |
| Purpose: | |  | See “APPENDIX B - OFFICIAL ACTION.” | | |
| Security for the Obligations: | |  | See APPENDIX B - OFFICIAL ACTION.” | | |
| Ratings: | |  | See “OTHER INFORMATION - Ratings” | | |
| Delivery Date: | |  | \_\_\_\_\_\_\_\_\_\_, 20\_\_. | | |
|  | |  | | |  |
| **See “APPENDIX A - MATURITY SCHEDULE” for Principal Amounts, Maturities, Interest Rates [If loan is zero interest, omit this entry.],**  **Prices or Yields, and Initial CUSIP Numbers** | | | | | |
|  | |  | | |  |

[NAME OF ISSUER]

**[INSERT MEMBERS OF GOVERNING BODY]**

|  |  |  |
| --- | --- | --- |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |

\_\_\_\_\_\_\_\_\_\_\_\_\_\_, Bond Counsel

\_\_\_\_\_\_\_\_\_\_\_\_\_\_, Financial Advisor

\_\_\_\_\_\_\_\_\_\_\_\_\_\_, Paying Agent/Registrar

[**LIST OTHER CONSULTANTS**]

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**Private Placement Memorandum  
relating to**

$\_\_\_\_\_\_\_\_\_\_

[INSERT NAME OF ISSUER]

[NAME OF ISSUE]

SERIES 20\_\_ (the “Obligations”)

# INTRODUCTION

This Private Placement Memorandum, including the cover page and appendices, contains brief descriptions of the Issuer, provides certain information with respect to the issuance by the Issuer, and summaries of certain provisions of the “Obligations” pursuant to the Official Action. Except as otherwise set forth herein, capitalized terms used but not defined in this Private Placement Memorandum have the meanings assigned to them in the Official Action. See “APPENDIX B – “FORM OF OFFICIAL ACTION” attached hereto.

APPENDIX A contains the maturity schedule for the Obligations. APPENDIX B contains the Official Action and a description of the purpose for the proceeds of the Obligations. APPENDIX C contains a copy of the proposed opinion of Bond Counsel with respect to the Obligations. The summaries of the documents contained in the forepart of this Private Placement Memorandum are not complete or definitive, and every statement made in this Private Placement Memorandum concerning any provision of any document is qualified by reference to such document in its entirety.

# THE OBLIGATIONS

## General Description

The Obligations are being issued in the aggregate principal amount set forth in APPENDIX A of this Private Placement Memorandum and will mature and be subject to redemption prior to maturity as described therein. The Obligations are being issued as fully registered bonds in denominations of $**5,000,** or any integral multiple thereof. The Obligations will be dated as of the stated date of issue and will mature on the dates referenced thereon, [**Delete if interest rate is zero:** and will bear interest at the rates per annum set forth in “APPENDIX A - MATURITY SCHEDULE.” **AND ADD:** Zero Coupon bonds will not pay any interest.]

[**Omit if interest rate is zero:** Interest on the Obligations is payable semiannually on each Interest Payment Date, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months.] Principal of and the redemption price with respect to the Obligations will be payable to the Owners upon presentation and surrender at the principal office of the Paying Agent/Registrar upon maturity. [**Add if interest rate is zero:** No interest will be paid nor will the Obligations contain any interest payments.]

## Purpose

See “APPENDIX B - FORM OF OFFICIAL ACTION.”

## Authority for Issuance

The Obligations are issued pursuant to [**INSERT STATUTORY CITATION**], as amended, and the Official Action adopted by the Issuer.

## Security for the Obligations

See “APPENDIX B - FORM OF OFFICIAL ACTION.”

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## Redemption Provisions

On \_\_\_\_\_\_\_\_\_\_, 20\_\_, or on any date thereafter, the Obligations maturing on and after \_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_ may be redeemed prior to their scheduled maturities, upon the written direction of the Issuer, with funds provided by the Issuer, at par [**Omit if interest rate is zero:** plus accrued interest to the date fixed for redemption as a whole, or in part]. If less than all of a maturity is to be redeemed the Paying Agent/Registrar will determine by lot the Obligations, or portions thereof within such maturity to be redeemed (provided that a portion of a Bond may be redeemed only in Authorized Denominations).

## Notice of Redemption; Selection of Obligations to Be Redeemed

See “APPENDIX B - FORM OF OFFICIAL ACTION.”

The Paying Agent/Registrar, so long as a Book-Entry-Only System is used for the Bonds, will send any notice of redemption of the Bonds, notice of proposed amendment to the Order or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of the redemption of the Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the Issuer will reduce the outstanding principal amount of such Bonds held by DTC.

## Book-Entry-Only System

*The information in this caption concerning The Depository Trust Company, New York, New York (“DTC”) and DTC’s book entry system has been obtained from DTC and the Issuer makes no representation or warranty nor takes any responsibility for the accuracy or completeness of such information.*

DTC will act as securities depository for the Obligations. The Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Obligations and deposited with DTC. See APPENDIX B - “FORM OF OFFICIAL ACTION.”

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument (from over 100 countries) that DTC’s participants (the “Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions, in deposited securities, through electronic computerized book entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearance Corporation, and Fixed Income Clearance Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: “AAA.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

# TAX MATTERS

## Opinion

Bond Counsel will deliver its opinion on the date of delivery of the Obligations substantially in the form as attached in “APPENDIX C - FORM OF OPINION OF BOND COUNSEL.”

**OTHER INFORMATION**

## Settlement of Purchase of Obligations

The Board and the Issuer intend for the delivery of the Obligations to be facilitated through the book-entry-only system of DTC. See "THE OBLIGATIONS - Book-Entry-Only System". In connection with the delivery of the Obligations, a settlement agent may be used to effect the delivery of the Obligations. If such a settlement agent is used, such settlement agent (i) is being used solely to facilitate book-entry delivery of the Obligations, (ii) will be acting solely as a "Clearing DTC Participant" and not as an ''underwriter" (each as defined in Section2(a)(l 1) of the U.S. Securities Act of 1933, as amended, (iii) is not acting as a fiduciary or municipal advisor to the Board or the Issuer with regard to the Obligations and, accordingly, has no fiduciary duty to either the Board of the Issuer under Federal or state securities laws, and therefore is not required by federal or state law to act in the best interests of the Board or the Issuer, (iv) in providing information to either the Board or the Issuer, is not providing "advice" with the meaning of Section 15Bof the Securities Exchange Act of 1934, as amended, and that the information provided has not been relied on by either the Board or the Issuer in the issuance of the Obligations and (v) has not provided any legal, accounting, regulatory or tax advice to the Issuer.

## Forward Looking Statements

The statements contained in this Private Placement Memorandum, including the cover page, appendices, and any other information or documents provided by the Issuer, that are not purely historical, are forward-looking statements, including statements regarding the Issuer’s expectations, hopes, intentions, or strategies regarding the future. Holders and beneficial owners of the Obligations have placed reliance on forward-looking statements. All forward looking statements included in this Private Placement Memorandum are based on information available to the Issuer on the date hereof. It is important to note that the Issuer’s actual results could differ materially from those in such forward-looking statements.

## Ratings

[The bonds are rated “\_\_” by [**NAME OF RATING AGENCY**]. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the Issuer makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by any or all of such rating companies, if in the judgment of any or all companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Obligations.] **OR** [**No application has been made to any ratings agency or municipal bond insurance company for qualification of the Obligations for ratings or municipal bond insurance, respectively, nor is it anticipated the Issuer would have received an investment grade rating had one been applied for.**]

# LITIGATION

## General

On the date of delivery of the Obligations to the initial purchasers thereof, the Issuer will execute and deliver a certificate to the effect that, except as disclosed herein, no litigation of any nature has been filed or is pending, as of that date, to restrain or enjoin the issuance or delivery of the Obligations or which would affect the provisions made for their payment or security or in any manner questioning the validity of the Obligations.

## The Issuer

There is no litigation, proceeding, inquiry, or investigation pending by or before any court or other governmental authority or entity (or, to the best knowledge of the Issuer, threatened) that adversely affects the power, authority or obligation of the Issuer to deliver the Obligations, the security for, or the validity of, the Obligations or the financial condition of the Issuer.

# CONTINUING DISCLOSURE OF INFORMATION

In the Official Action, the Issuer has made the following agreement for the benefit of the holders and beneficial owners of the Obligations. The Issuer is required to observe the agreement for so long as it remains obligated to advance funds to pay the Obligations. Under the agreement, the Issuer will be obligated to provide certain updated financial information and operating data, and timely notice of specified material events, to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System. SEE APPENDIX B - “FORM OF OFFICIAL ACTION.”

## Compliance with Prior Undertakings

[During the last five years, the Issuer has complied in all material respects with its continuing disclosure agreements in accordance with SEC Rule 15c2-12.] **OR** [**During the last five years, the Issuer has complied in all material respects with its continuing disclosure agreements except as follows \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.**]

# MISCELLANEOUS

Any statements made in this Private Placement Memorandum involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Private Placement Memorandum nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Obligations.

The information contained above is neither guaranteed as to accuracy or completeness nor to be construed as a representation by the Issuer. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Private Placement Memorandum nor any sale made hereunder is to create, under any circumstances, any implication that there has been no change in the affairs of the Issuer or the Issuer from the date hereof.

The Private Placement Memorandum is submitted in connection with the sale of the securities referred to herein to the Texas Water Development Board on the Delivery Date and may not be reproduced or used, as a whole or in part, for any other purpose.

# ADDITIONAL INFORMATION

The Private Placement Memorandum speaks only as of its date and the information contained herein is subject to change. Descriptions of the Obligations and the Official Action and any other agreements and documents contained herein constitute summaries of certain provisions thereof and do not purport to be complete. This Private Placement Memorandum was approved by the Issuer.

APPENDIX A

MATURITY SCHEDULE

[**MATURITY SCHEDULE to include Principal Amounts, Maturities, Interest Rates,**

**Prices or Yields, and Initial CUSIP Numbers]**

APPENDIX B

FORM OF OFFICIAL ACTION

**[ATTACH COPY OF OFFICIAL ACTION]**

APPENDIX C

FORM OF OPINION OF BOND COUNSEL