

DEBT SERVICE FUND

The City of Lufkin finances long term capital projects by issuing bonds. Projects such as street construction and improvements; park construction; building; and drainage projects are financed with general obligation bonds and certificates of obligation. Both of these debt instruments are repaid through ad valorem taxes collected by the City. General obligation bonds are voter-approved bonds for specific purposes. Certificates of obligation are authorized by the City Council and do not require a vote of the citizens.

Projects for water, wastewater and solid waste purposes such as water and sewer line construction; water and wastewater treatment plant construction; and major equipment purchases are financed with certificates of obligation or revenue bonds. These bonds are repaid through the revenues collected from user fees charged for services provided. From time to time, combination tax and revenue certificates of obligation are issued for purposes of general government (tax supported) and utilities (revenue supported). This debt is repaid through both ad valorem tax collections and utility revenues in the same proportion as the debt is issued.

The City of Lufkin issues general obligation bonds and certificates of obligation for a term of generally twenty years. The Debt Service Fund accounts for the accumulation of resources for, and the payment of general long-term debt principal and interest. The resources of this fund are generated by a tax levy based on property values and transfers from utility funds for their share of outstanding debt.

The State of Texas limits the ad valorem tax rate to \$2.50 per \$100 valuation. Lufkin's maximum rate, as set by City Charter, is \$1.75. The current ad valorem tax rate is \$0.5338. Although there is no other legal debt limit, the City's policy is to maintain a general obligation debt limit wherein the total outstanding tax-supported debt shall not exceed 5% of the total annual taxable assessed valuation of taxable property. The City's net taxable assessed valuation for Fiscal 2010 is \$1,885,778,122, which, when calculated, provides a policy debt limit of \$94,288,906. The City's total estimated outstanding debt for Fiscal 2010 is \$55,750,000.

Additional tests of indebtedness include Net Debt per Capita (\$) and Ratio of Net Debt to Assessed Value (%). According to the 2000 census, the City's population is 32,709. Based on this figure, the ratios are as follows:

$$\text{Net Debt Per Capita} = \frac{\$55,750,000 \text{ (Net Direct Debt)}}{32,709 \text{ (Population)}} = \$1,704.42$$

$$\text{Ratio of Net Debt to Taxable Assessed Value} = \frac{\$55,750,000 \text{ (Net Direct Debt)}}{\$1,885,778,122 \text{ (Assessed Value)}} = 2.96\%$$

The subsequent table reflects the allocation of the property tax levy between Debt Service and General Fund Operations for Fiscal 2010 and the previous four years.

| | Fiscal <u>2006</u> | Fiscal <u>2007</u> | Fiscal <u>2008</u> | Fiscal <u>2009</u> | Fiscal <u>2010</u> |
|-------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Debt Service Fund | \$0.202200 | \$0.202200 | \$0.202200 | \$0.202200 | \$0.202200 |
| General Fund | <u>\$0.356300</u> | <u>\$0.353200</u> | <u>\$0.353200</u> | <u>\$0.353200</u> | <u>\$0.311600</u> |
| Total Tax Rate | <u>\$0.558500</u> | <u>\$0.555400</u> | <u>\$0.555400</u> | <u>\$0.555400</u> | <u>\$0.533800</u> |

The steady increase in taxable value related to both property reappraisals and new construction value additions has allowed the City to maintain a flat tax rate for several years. A tax increase of $\frac{3}{4}$ cent as well as a shift of one cent from the operating and maintenance portion of the tax rate to debt service was included in the Fiscal 2000 budget to fund the 1999 Capital Improvements Program. In May 2001, citizens approved a \$7,686,322 Street Bond Program (2001 Street Bond Program) that required a 6.4-cent tax increase to fund. As a result, tax increases of 2.2 cents per year in Fiscal 2002 and 2003 have been approved in the debt service portion of the tax rate. The third, and final, increase was included in Fiscal 2004 and amounted to a 2-cent increase.

Council adopted a Continuing Capital Improvements Program (CIP) in the fall of 1999 to be financed with Certificates of Obligation (CO). Four bond issues have been sold; one in Fiscal 2000 for \$4,400,000, a second in Fiscal 2002 for \$9,450,000, and a third in September 2003 for \$1,700,000, and a fourth in Fiscal 2004 for \$8,200,000 and a final issue of \$7,610,000 in June 2007. A new Capital Improvements Program (CIP) is being developed for implementation during FY2010.

Debt Service Fund is used to account for the accumulation of revenues, i.e. ad valorem taxes and interest income, for the payment of principal and interest on general long-term debt. The first schedule, on page 242 reflects the City's Debt Service Fund. The fund balance in the Debt Service Fund is maintained so that funds can be accumulated to pay the City's general long-term debt obligations with a minimum impact on the tax rate. Consequently, the amount remaining in the fund balance will vary from year to year with the bond financing activity of the City. The minimum fund balance goal to be maintained by the City is 10% of debt service for that year.

The tables, on pages 243-256, detail the Debt Service Fund and each current outstanding bond issue that is owed by the City. The tables show the date of issue, the years remaining on the payment schedule, and the amount of principal and interest due in each year. The first debt service table is a summary of all outstanding issues.

REVENUE BOND DEBT SERVICE

Revenue bond debt service is paid from the revenues of the Utility System. Standard and Poor's and Moody's Investment Service have rated the City's Certificate of Obligation bonds AA- and A1, respectively. Total outstanding debt at October 1, 2009 is \$12,165,000 and the scheduled payment of principal and interest including fees in Fiscal 2010 is \$1,212,655.

The City entered into agreements with the Army Corps of Engineers in 1970 and 1976 to purchase surface water for present and future water supply rights from Lake Sam Rayburn. The 1970 agreement included the purchase of 18,000 acre-feet of water from the Corps at a cost of \$220,000. The purchase price, financed by a note payable, spans a period of over 50 years at 2.591% interest. As of January 1, 2009 the City had repaid \$152,935. The balance of \$67,066 is scheduled for payment, in full, on January 1, 2019. The second agreement entered into with the Corps was for the purchase of 25,000 acre-feet of water. The total cost of this purchase was \$305,600 to be repaid over a 40-year period at an interest rate of 2.591%. The City currently owes \$66,166 on this note.

The Texas Commission on Environmental Quality (TCEQ) has sanctioned the City to replace approximately 54 miles of asbestos cement water pipe. This project is expected to take six years to complete at a cost of approximately \$16.0 million. The City has received approval from the Texas Water Development Board (TWDB) for a \$16.0 million loan with which to replace these lines. The loan takes the form of a bond issue, which the TWDB sells. The City draws on these funds at regular intervals, at which time interest begins to accrue on the drawn funds. The first draw was

dated November 1, 2000 in the amount of \$715,000. Draw #2, dated July 2002, amounted to \$1,960,000; draw #3, filed with the TWDB in September 2002 amounted to \$1,600,000; draw #4, dated May 2003 for \$1,835,000; draw #5, dated December 2003 for \$1,210,000; draw #6, dated December 2004 for \$845,000; draw #7, dated April 2006 for \$1,065,000; draw #8, dated December 2006 for \$2,660,000; draw #9, dated March 2007 for \$1,065,000, draw #10, dated April 2008 for \$1,075,000 and draw #11 dated August 2009 for \$1,215,000. . One Final draw is anticipated during Fiscal 2010 for a total of \$755,000. Draw #12 will complete funding for the water line replacement project.

The CIP includes approximately \$6.8 million of water and sewer projects. These projects are financed with combination tax and revenue certificates of obligation. This debt is reflected in the General Obligation Debt Service Fund as part of the tax supported debt; however, funds from the Water/Wastewater Utility are transferred to the Debt Service Fund each year to cover the debt service associated with any revenue-supported projects. Consequently, of the \$9.75 million issued in Fiscal 2002, \$1.9 million was for water and wastewater projects. In Fiscal 2004, \$8.2 million was issued with \$2.2 million for water and wastewater projects and in Fiscal 2007, \$5.87 million was issued with \$1.21 million for water and wastewater projects. This was the final issue for the CIP. The amount to be transferred to the Debt Service Fund in Fiscal 2010 is \$2,759,408. During Fiscal 2009, the City issued \$17.4 million Certificates of Obligation in addition to using \$3 million of accumulated Water/Wastewater reserve funds to purchase Kurth Lake, Abitibi water well field and fund various sewer projects totaling approximately \$5 million as required by TCEQ.

The tables relating to Revenue Bond debt on pages 257 through 269 include each current outstanding bond issue owed by the City. The tables reflect the date of issue, the years remaining on the payment schedule, and the amount of principal and interest due in each year. The first Revenue Bond table is a summary of all outstanding issues.

DEBT SERVICE FUND
Fiscal 2010 Operating Budget

| | FY2008 | FY2009 | FY2009 | FY2010 |
|---|---------------------|---------------------|---------------------|---------------------|
| | <u>Actual</u> | <u>Budget</u> | <u>Adjusted</u> | <u>Budget</u> |
| Beginning Balance | \$ 2,363,799 | \$ 1,581,912 | \$ 1,581,912 | \$ 639,382 |
| Revenues | | | | |
| Current year collections | 3,394,093 | 3,509,563 | 3,479,233 | 3,679,355 |
| Interest income | 116,708 | 22,500 | 75,000 | 34,000 |
| Other-Transfer from Water/Wastewater Fund | 1,703,398 | 1,761,316 | 1,761,316 | 2,759,408 |
| Other-Transfer from Solid Waste/Recycling Fund | 58,176 | 60,671 | 60,671 | 59,252 |
| Total Revenues | <u>5,272,375</u> | <u>5,354,050</u> | <u>5,376,220</u> | <u>6,532,015</u> |
| Total Funds Available | <u>\$ 7,636,174</u> | <u>\$ 6,935,962</u> | <u>\$ 6,958,132</u> | <u>\$ 7,171,397</u> |
| Expenditures | | | | |
| Miscellaneous services | \$ 3,500 | 3,500 | \$ 3,500 | \$ 3,500 |
| Principal payments | 4,055,000 | 4,285,000 | 4,285,000 | 3,825,000 |
| Interest payments | 1,991,703 | 2,023,200 | 2,023,200 | 2,736,580 |
| Debt service fees | 4,059 | 7,050 | 7,050 | 7,000 |
| Total Expenditures | <u>6,054,262</u> | <u>6,318,750</u> | <u>6,318,750</u> | <u>6,572,080</u> |
| Excess(deficiency) of revenues over expenditures | <u>(781,887)</u> | <u>(964,700)</u> | <u>(942,530)</u> | <u>(40,065)</u> |
| Fund balance ending | <u>1,581,912</u> | <u>617,212</u> | <u>639,382</u> | <u>599,317</u> |
| Total Funds Applied | <u>\$ 7,636,174</u> | <u>\$ 6,935,962</u> | <u>\$ 6,958,132</u> | <u>\$ 7,171,397</u> |

**GENERAL OBLIGATION BONDS
DEBT REQUIREMENTS
SUMMARY
Fiscal 2010 Operating Budget**

| Issue | Purpose | Principal Outstanding 10/1/2009 | Requirements for Fiscal 2010 | | | Total |
|--------------|----------------------------------|---------------------------------------|------------------------------|--------------------|-------------------------|--------------------|
| | | | Principal | Interest | Paying Agent Fees | |
| 1998 | G.O./Utility Improvements | 3,175,000 | 200,000 | 144,400 | 450 | 344,850 |
| 1999 | G.O./Utility Improvements | 650,000 | 200,000 | 32,838 | 450 | 233,288 |
| 2002 | G.O. Improvements | 1,700,000 | 100,000 | 82,644 | 450 | 183,094 |
| 2002 | G.O./Utility Improvements | 5,800,000 | 400,000 | 279,626 | 450 | 680,076 |
| 2002 | G.O. Refunding Bond ¹ | 2,105,000 | 675,000 | 82,376 | 450 | 757,826 |
| 2003 | G.O. Improvements | 3,100,000 | 150,000 | 133,488 | 750 | 284,238 |
| 2003 | G.O./Utility Improvements | 1,425,000 | 75,000 | 63,600 | 750 | 139,350 |
| 2004 | G.O./Utility Improvements | 7,125,000 | 300,000 | 294,894 | 750 | 595,644 |
| 2006 | G.O. Refunding Bond ² | 7,295,000 | 850,000 | 289,642 | 650 | 1,140,292 |
| 2007 | G.O. Improvements | 1,625,000 | 60,000 | 72,432 | 750 | 133,182 |
| 2007 | G.O./Utility Improvements | 4,350,000 | 815,000 | 187,712 | 750 | 1,003,462 |
| 2009 | G.O./Utility Improvements | 17,400,000 | - | 1,072,927 | 750 | 1,073,677 |
| Total | | \$55,750,000 | \$ 3,825,000 | \$2,736,579 | \$7,400 | \$6,568,979 |

¹ The 2002 Refunding Bonds refunded the 1994 General Obligation and the 1993-A Revenue Bonds.

² The 2006 Refunding Bonds refunded the 1996 General Obligation, 1995 Revenue, portions of the 1999 and 2002 Certificate of Obligations, and portions of the 1997 Revenue Bonds.

**GENERAL OBLIGATION BONDS
ANNUAL DEBT SERVICE REQUIREMENTS
All Series**

| Fiscal Year | <u>Principal</u> | <u>Interest 15-Feb</u> | <u>Interest 15-Aug</u> | <u>Paying Agent Fees</u> | <u>Total</u> |
|------------------------|----------------------------|-----------------------------------|-----------------------------------|---|----------------------------|
| 2010 | 3,825,000 | 1,203,939 | 1,532,640 | 7,400 | 6,568,979 |
| 2011 | 2,935,000 | 1,122,309 | 1,115,512 | 7,400 | 5,180,221 |
| 2012 | 3,060,000 | 1,059,295 | 1,052,087 | 7,400 | 5,178,782 |
| 2013 | 2,940,000 | 995,313 | 979,013 | 6,500 | 4,920,826 |
| 2014 | 3,065,000 | 937,400 | 920,800 | 6,500 | 4,929,700 |
| 2015 | 3,165,000 | 876,452 | 858,952 | 6,500 | 4,906,904 |
| 2016 | 3,055,000 | 814,245 | 800,294 | 6,500 | 4,676,039 |
| 2017 | 3,175,000 | 752,509 | 736,521 | 6,500 | 4,670,530 |
| 2018 | 3,120,000 | 683,219 | 671,406 | 6,500 | 4,481,125 |
| 2019 | 3,225,000 | 617,067 | 604,467 | 6,500 | 4,453,034 |
| 2020 | 3,360,000 | 547,899 | 533,399 | 6,500 | 4,447,798 |
| 2021 | 2,805,000 | 474,069 | 456,069 | 5,600 | 3,740,738 |
| 2022 | 2,925,000 | 415,226 | 396,326 | 5,600 | 3,742,152 |
| 2023 | 2,145,000 | 353,191 | 335,041 | 4,500 | 2,837,732 |
| 2024 | 2,210,000 | 306,121 | 286,996 | 4,500 | 2,807,617 |
| 2025 | 1,900,000 | 257,009 | 236,759 | 3,000 | 2,396,768 |
| 2026 | 1,310,000 | 215,090 | 193,815 | 2,250 | 1,721,155 |
| 2027 | 1,405,000 | 185,438 | 161,938 | 2,250 | 1,754,626 |
| 2028 | 1,050,000 | 153,125 | 126,875 | 750 | 1,330,750 |
| 2029 | 1,100,000 | 126,875 | 99,375 | 750 | 1,327,000 |
| 2030 | 725,000 | 99,375 | 81,250 | 750 | 906,375 |
| 2031 | 750,000 | 81,250 | 62,500 | 750 | 894,500 |
| 2032 | 800,000 | 62,500 | 42,500 | 750 | 905,750 |
| 2033 | 825,000 | 42,500 | 21,875 | 750 | 890,125 |
| 2034 | 875,000 | 21,875 | 0 | 750 | 897,625 |
| Total | <u>\$55,750,000</u> | <u>\$12,403,291</u> | <u>\$12,306,410</u> | <u>\$107,150</u> | <u>\$80,566,851</u> |

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
COMBINATION TAX & REVENUE
CERTIFICATES OF OBLIGATION
Series 1998**

Original Issue: \$4,650,000

Dated: June 1, 1998

Interest Rate: Various 2.75% - 5.20%

| Fiscal Year | Principal | Interest 15-Feb | Interest 15-Aug | Paying Agent Fees | Total |
|------------------------|---------------------------|----------------------------|----------------------------|----------------------------------|---------------------------|
| 2010 | 200,000 | 72,200 | 72,200 | 450 | 344,850 |
| 2011 | 350,000 | 67,900 | 67,900 | 450 | 486,250 |
| 2012 | 350,000 | 60,200 | 60,200 | 450 | 470,850 |
| 2013 | 225,000 | 52,325 | 52,325 | 450 | 330,100 |
| 2014 | 250,000 | 47,150 | 47,150 | 450 | 344,750 |
| 2015 | 250,000 | 41,400 | 41,400 | 450 | 333,250 |
| 2016 | 275,000 | 35,650 | 35,650 | 450 | 346,750 |
| 2017 | 300,000 | 29,325 | 29,325 | 450 | 359,100 |
| 2018 | 300,000 | 22,425 | 22,425 | 450 | 345,300 |
| 2019 | 325,000 | 15,525 | 15,525 | 450 | 356,500 |
| 2020 | 350,000 | 8,050 | 8,050 | 450 | 366,550 |
| Totals | <u>\$3,175,000</u> | <u>\$452,150</u> | <u>\$452,150</u> | <u>\$4,950</u> | <u>\$4,084,250</u> |

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
COMBINATION TAX AND WATER/WASTEWATER SURPLUS REVENUE
CERTIFICATES OF OBLIGATION
Series 1999**

Original Issue: \$4,400,000

Dated: December 1, 1999

Interest Rate: Various 5.00% - 6.00%

| Fiscal Year | Principal | Interest 15-Feb | Interest 15-Aug | Paying Agent Fees | Total |
|------------------------|------------------|----------------------------|----------------------------|----------------------------------|------------------|
| 2010 | 200,000 | 16,419 | 16,419 | 450 | 233,288 |
| 2011 | 225,000 | 11,419 | 11,419 | 450 | 248,288 |
| 2012 | 225,000 | 5,794 | 5,794 | 450 | 237,038 |
| Totals | <u>\$650,000</u> | <u>\$33,632</u> | <u>\$33,632</u> | <u>\$1,350</u> | <u>\$718,614</u> |

**DEBT SERVICE
SCHEDLUE OF REQUIREMENTS
COMBINATION TAX AND WATERWORKS AND SEWER SYSTEM SURPLUS
REVENUE CERTIFICATES OF OBLIGATION
Series 2002**

Original Issue: \$ 9,450,000

Dated: April 15, 2002

Interest Rate: Various 4.5% - 5.0%

| Fiscal Year | Principal | Interest 15-Feb | Interest 15-Aug | Paying Agent Fees | Total |
|------------------------|---------------------------|----------------------------|----------------------------|----------------------------------|---------------------------|
| 2010 | 400,000 | 139,813 | 139,813 | 450 | 680,076 |
| 2011 | 425,000 | 129,813 | 129,813 | 450 | 685,076 |
| 2012 | 450,000 | 119,188 | 119,188 | 450 | 688,826 |
| 2013 | 475,000 | 109,063 | 109,063 | 450 | 693,576 |
| 2014 | 500,000 | 98,375 | 98,375 | 450 | 697,200 |
| 2015 | 525,000 | 87,125 | 87,125 | 450 | 699,700 |
| 2016 | 550,000 | 74,788 | 74,788 | 450 | 700,026 |
| 2017 | 575,000 | 61,588 | 61,588 | 450 | 698,626 |
| 2018 | 600,000 | 47,500 | 47,500 | 450 | 695,450 |
| 2019 | 625,000 | 32,500 | 32,500 | 450 | 690,450 |
| 2020 | 675,000 | 16,875 | 16,875 | 450 | 709,200 |
| Totals | <u>\$5,800,000</u> | <u>\$916,628</u> | <u>\$916,628</u> | <u>\$4,950</u> | <u>\$7,638,206</u> |

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
GENERAL OBLIGATION BONDS
Series 2002**

Original Issue: \$ 2,200,000

Dated: April 15, 2002

Interest Rate: Various 4.4% - 5.13%

| Fiscal Year | Principal | Interest 15-Feb | Interest 15-Aug | Paying Agent Fees | Total |
|------------------------|---------------------------|----------------------------|----------------------------|----------------------------------|---------------------------|
| 2010 | 100,000 | 41,322 | 41,322 | 450 | 183,094 |
| 2011 | 100,000 | 38,772 | 38,772 | 450 | 177,994 |
| 2012 | 100,000 | 36,522 | 36,522 | 450 | 173,494 |
| 2013 | 100,000 | 34,322 | 34,322 | 450 | 169,094 |
| 2014 | 125,000 | 32,072 | 32,072 | 450 | 189,594 |
| 2015 | 125,000 | 29,197 | 29,197 | 450 | 183,844 |
| 2016 | 125,000 | 26,260 | 26,260 | 450 | 177,970 |
| 2017 | 125,000 | 23,259 | 23,259 | 450 | 171,968 |
| 2018 | 150,000 | 20,197 | 20,197 | 450 | 190,844 |
| 2019 | 150,000 | 16,447 | 16,447 | 450 | 183,344 |
| 2020 | 150,000 | 12,697 | 12,697 | 450 | 175,844 |
| 2021 | 175,000 | 8,947 | 8,947 | 450 | 193,344 |
| 2022 | 175,000 | 4,485 | 4,485 | 450 | 184,420 |
| Totals | <u>\$1,700,000</u> | <u>\$324,499</u> | <u>\$324,499</u> | <u>\$5,850</u> | <u>\$2,354,848</u> |

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
GENERAL OBLIGATION REFUNDING BONDS
Series 2002**

Original Issue: \$8,705,000

Dated: August 15, 2002

Interest Rate: Various 3.00% - 4.00%

| Fiscal Year | Principal | Interest 15-Feb | Interest 15-Aug | Paying Agent Fees | Total |
|------------------------|--------------------|----------------------------|----------------------------|----------------------------------|--------------------|
| 2010 | 675,000 | 41,188 | 41,188 | 450 | 757,826 |
| 2011 | 700,000 | 27,688 | 27,688 | 450 | 755,826 |
| 2012 | 730,000 | 13,688 | 13,688 | 450 | 757,826 |
| Totals | <u>\$2,105,000</u> | <u>\$82,564</u> | <u>\$82,564</u> | <u>\$1,350</u> | <u>\$2,271,478</u> |

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION
Series 2003**

Original Issue: \$ 1,700,000

Dated: September 30, 2003

Interest Rate: 4.65%-5.00%

| Fiscal Year | Principal | Interest 15-Feb | Interest 15-Aug | Paying Agent Fees | Total |
|------------------------|--------------------|----------------------------|----------------------------|----------------------------------|--------------------|
| 2010 | 75,000 | 31,800 | 31,800 | 750 | 139,350 |
| 2011 | 75,000 | 29,925 | 29,925 | 750 | 135,600 |
| 2012 | 75,000 | 28,050 | 28,050 | 750 | 131,850 |
| 2013 | 75,000 | 26,175 | 26,175 | 750 | 128,100 |
| 2014 | 75,000 | 24,713 | 24,713 | 750 | 125,176 |
| 2015 | 75,000 | 23,213 | 23,213 | 750 | 122,176 |
| 2016 | 100,000 | 21,713 | 21,713 | 750 | 144,176 |
| 2017 | 100,000 | 19,663 | 19,663 | 750 | 140,076 |
| 2018 | 100,000 | 17,563 | 17,563 | 750 | 135,876 |
| 2019 | 100,000 | 15,413 | 15,413 | 750 | 131,576 |
| 2020 | 100,000 | 13,213 | 13,213 | 750 | 127,176 |
| 2021 | 100,000 | 10,963 | 10,963 | 750 | 122,676 |
| 2022 | 125,000 | 8,688 | 8,688 | 750 | 143,126 |
| 2023 | 125,000 | 5,813 | 5,813 | 750 | 137,376 |
| 2024 | 125,000 | 2,906 | 2,906 | 750 | 131,562 |
| Totals | <u>\$1,425,000</u> | <u>\$279,811</u> | <u>\$279,811</u> | <u>\$11,250</u> | <u>\$1,995,872</u> |

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
GENERAL OBLIGATION BONDS
Series 2003**

Original Issue \$3,750,000

Dated: September 30, 2003

Interest Rate: 4.75%-5.25%

| Fiscal Year | Principal | Interest 15-Feb | Interest 15-Aug | Paying Agent Fees | Total |
|------------------------|--------------------|----------------------------|----------------------------|----------------------------------|--------------------|
| 2010 | 150,000 | 66,744 | 66,744 | 750 | 284,238 |
| 2011 | 150,000 | 64,194 | 64,194 | 750 | 279,138 |
| 2012 | 150,000 | 61,456 | 61,456 | 750 | 273,662 |
| 2013 | 175,000 | 58,644 | 58,644 | 750 | 293,038 |
| 2014 | 175,000 | 55,275 | 55,275 | 750 | 286,300 |
| 2015 | 175,000 | 51,775 | 51,775 | 750 | 279,300 |
| 2016 | 200,000 | 48,188 | 48,188 | 750 | 297,126 |
| 2017 | 200,000 | 43,988 | 43,988 | 750 | 288,726 |
| 2018 | 225,000 | 39,688 | 39,688 | 750 | 305,126 |
| 2019 | 225,000 | 34,738 | 34,738 | 750 | 295,226 |
| 2020 | 225,000 | 29,675 | 29,675 | 750 | 285,100 |
| 2021 | 250,000 | 24,556 | 24,556 | 750 | 299,862 |
| 2022 | 250,000 | 18,806 | 18,806 | 750 | 288,362 |
| 2023 | 275,000 | 12,994 | 12,994 | 750 | 301,738 |
| 2024 | 275,000 | 6,531 | 6,531 | 750 | 288,812 |
| Totals | \$3,100,000 | \$617,252 | \$617,252 | \$11,250 | \$4,345,754 |

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
CERTIFICATES OF OBLIGATION BONDS
Series 2004**

Original Issue \$8,200,000

Dated: December 15, 2004

Interest Rate: 5.00%

| Fiscal Year | Principal | Interest 15-Feb | Interest 15-Aug | Paying Agent Fees | Total |
|------------------------|--------------------|----------------------------|----------------------------|----------------------------------|--------------------|
| 2010 | 300,000 | 147,447 | 147,447 | 750 | 595,644 |
| 2011 | 300,000 | 141,447 | 141,447 | 750 | 583,644 |
| 2012 | 350,000 | 135,447 | 135,447 | 750 | 621,644 |
| 2013 | 350,000 | 128,447 | 128,447 | 750 | 607,644 |
| 2014 | 375,000 | 120,572 | 120,572 | 750 | 616,894 |
| 2015 | 375,000 | 112,134 | 112,134 | 750 | 600,018 |
| 2016 | 400,000 | 105,197 | 105,197 | 750 | 611,144 |
| 2017 | 425,000 | 97,597 | 97,597 | 750 | 620,944 |
| 2018 | 450,000 | 89,309 | 89,309 | 750 | 629,368 |
| 2019 | 475,000 | 80,309 | 80,309 | 750 | 636,368 |
| 2020 | 475,000 | 70,572 | 70,572 | 750 | 616,894 |
| 2021 | 500,000 | 60,716 | 60,716 | 750 | 622,182 |
| 2022 | 550,000 | 50,341 | 50,341 | 750 | 651,432 |
| 2023 | 575,000 | 38,791 | 38,791 | 750 | 653,332 |
| 2024 | 600,000 | 26,572 | 26,572 | 750 | 653,894 |
| 2025 | 625,000 | 13,672 | 13,672 | 750 | 653,094 |
| Totals | \$7,125,000 | \$1,418,570 | \$1,418,570 | \$12,000 | \$9,974,140 |

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
GENERAL OBLIGATION REFUNDING BONDS
Series 2006**

Original Issue: \$ 9,475,000.

Dated: December 1, 2006

Interest Rate: 4.00%-5.50%

| Fiscal Year | Principal | Interest 15-Feb | Interest 15-Aug | Paying Agent Fees | Total |
|------------------------|--------------------|----------------------------|----------------------------|----------------------------------|--------------------|
| 2010 | 850,000 | 148,371 | 141,271 | 650 | 1,140,292 |
| 2011 | 395,000 | 131,371 | 124,574 | 650 | 651,595 |
| 2012 | 415,000 | 124,211 | 117,003 | 650 | 656,864 |
| 2013 | 710,000 | 116,638 | 107,838 | 650 | 935,126 |
| 2014 | 725,000 | 102,438 | 93,338 | 650 | 921,426 |
| 2015 | 790,000 | 87,938 | 77,938 | 650 | 956,526 |
| 2016 | 495,000 | 72,138 | 67,938 | 650 | 635,726 |
| 2017 | 525,000 | 62,238 | 56,325 | 650 | 644,213 |
| 2018 | 335,000 | 47,800 | 47,800 | 650 | 431,250 |
| 2019 | 330,000 | 41,100 | 41,100 | 650 | 412,850 |
| 2020 | 350,000 | 34,500 | 34,500 | 650 | 419,650 |
| 2021 | 680,000 | 27,500 | 25,000 | 650 | 733,150 |
| 2022 | 695,000 | 13,900 | 11,400 | 650 | 720,950 |
| Totals | \$7,295,000 | \$1,010,143 | \$946,025 | \$8,450 | \$9,259,618 |

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
GENERAL OBLIGATION BONDS
Series 2007**

Original Issue \$1,740,000

Dated: July 19, 2007

Interest Rate: 5.00%

| Fiscal Year | Principal | Interest 15-Feb | Interest 15-Aug | Paying Agent Fees | Total |
|------------------------|--------------------|----------------------------|----------------------------|----------------------------------|--------------------|
| 2010 | 60,000 | 36,216 | 36,216 | 750 | 133,182 |
| 2011 | 65,000 | 34,679 | 34,679 | 750 | 135,108 |
| 2012 | 65,000 | 33,013 | 33,013 | 750 | 131,776 |
| 2013 | 70,000 | 31,348 | 31,348 | 750 | 133,446 |
| 2014 | 75,000 | 29,554 | 29,554 | 750 | 134,858 |
| 2015 | 75,000 | 27,632 | 27,632 | 750 | 131,014 |
| 2016 | 80,000 | 25,710 | 25,710 | 750 | 132,170 |
| 2017 | 85,000 | 24,050 | 24,050 | 750 | 133,850 |
| 2018 | 90,000 | 22,286 | 22,286 | 750 | 135,322 |
| 2019 | 90,000 | 20,419 | 20,419 | 750 | 131,588 |
| 2020 | 95,000 | 18,529 | 18,529 | 750 | 132,808 |
| 2021 | 100,000 | 16,534 | 16,534 | 750 | 133,818 |
| 2022 | 100,000 | 14,434 | 14,434 | 750 | 129,618 |
| 2023 | 105,000 | 12,309 | 12,309 | 750 | 130,368 |
| 2024 | 110,000 | 10,078 | 10,078 | 750 | 130,906 |
| 2025 | 115,000 | 7,740 | 7,740 | 750 | 131,230 |
| 2026 | 120,000 | 5,268 | 5,268 | 750 | 131,286 |
| 2027 | 125,000 | 2,688 | 2,688 | 750 | 131,126 |
| Totals | \$1,625,000 | \$372,487 | \$372,487 | \$13,500 | \$2,383,474 |

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
CERTIFICATES OF OBLIGATION BONDS
Series 2007**

Original Issue \$5,870,000

Dated: July 19, 2007

Interest Rate: 5.00%

| Fiscal Year | Principal | Interest 15-Feb | Interest 15-Aug | Paying Agent Fees | Total |
|------------------------|--------------------|----------------------------|----------------------------|----------------------------------|--------------------|
| 2010 | 815,000 | 93,856 | 93,856 | 750 | 1,003,462 |
| 2011 | 150,000 | 76,538 | 76,538 | 750 | 303,826 |
| 2012 | 150,000 | 73,163 | 73,163 | 750 | 297,076 |
| 2013 | 160,000 | 69,788 | 69,788 | 750 | 300,326 |
| 2014 | 165,000 | 66,188 | 66,188 | 750 | 298,126 |
| 2015 | 175,000 | 62,475 | 62,475 | 750 | 300,700 |
| 2016 | 180,000 | 58,538 | 58,538 | 750 | 297,826 |
| 2017 | 190,000 | 54,488 | 54,488 | 750 | 299,726 |
| 2018 | 195,000 | 50,213 | 50,213 | 750 | 296,176 |
| 2019 | 205,000 | 46,191 | 46,191 | 750 | 298,132 |
| 2020 | 215,000 | 41,963 | 41,963 | 750 | 299,676 |
| 2021 | 225,000 | 37,528 | 37,528 | 750 | 300,806 |
| 2022 | 230,000 | 32,747 | 32,747 | 750 | 296,244 |
| 2023 | 240,000 | 27,859 | 27,859 | 750 | 296,468 |
| 2024 | 250,000 | 22,759 | 22,759 | 750 | 296,268 |
| 2025 | 260,000 | 17,447 | 17,447 | 750 | 295,644 |
| 2026 | 265,000 | 11,922 | 11,922 | 750 | 289,594 |
| 2027 | 280,000 | 6,125 | 6,125 | 750 | 293,000 |
| Totals | \$4,350,000 | \$849,788 | \$849,788 | \$13,500 | \$6,063,076 |

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
CERTIFICATES OF OBLIGATION BONDS
Series 2009**

Original Issue:\$17,400,000

Dated: March 12, 2009

Interest Rate: 4.62%

| Fiscal | | Interest | Interest | Paying | |
|---------------|---------------------|--------------------|--------------------|-----------------|---------------------|
| Year | Principal | 15-Feb | 15-Aug | Agent | Total |
| | | | | Fees | |
| 2010 | - | 704,364 | 368,563 | 750 | 1,073,677 |
| 2011 | - | 368,563 | 368,563 | 750 | 737,876 |
| 2012 | - | 368,563 | 368,563 | 750 | 737,876 |
| 2013 | 600,000 | 368,563 | 361,063 | 750 | 1,330,376 |
| 2014 | 600,000 | 361,063 | 353,563 | 750 | 1,315,376 |
| 2015 | 600,000 | 353,563 | 346,063 | 750 | 1,300,376 |
| 2016 | 650,000 | 346,063 | 336,312 | 750 | 1,333,125 |
| 2017 | 650,000 | 336,313 | 326,238 | 750 | 1,313,301 |
| 2018 | 675,000 | 326,238 | 314,425 | 750 | 1,316,413 |
| 2019 | 700,000 | 314,425 | 301,825 | 750 | 1,317,000 |
| 2020 | 725,000 | 301,825 | 287,325 | 750 | 1,314,900 |
| 2021 | 775,000 | 287,325 | 271,825 | 750 | 1,334,900 |
| 2022 | 800,000 | 271,825 | 255,425 | 750 | 1,328,000 |
| 2023 | 825,000 | 255,425 | 237,275 | 750 | 1,318,450 |
| 2024 | 850,000 | 237,275 | 218,150 | 750 | 1,306,175 |
| 2025 | 900,000 | 218,150 | 197,900 | 750 | 1,316,800 |
| 2026 | 925,000 | 197,900 | 176,625 | 750 | 1,300,275 |
| 2027 | 1,000,000 | 176,625 | 153,125 | 750 | 1,330,500 |
| 2028 | 1,050,000 | 153,125 | 126,875 | 750 | 1,330,750 |
| 2029 | 1,100,000 | 126,875 | 99,375 | 750 | 1,327,000 |
| 2030 | 725,000 | 99,375 | 81,250 | 750 | 906,375 |
| 2031 | 750,000 | 81,250 | 62,500 | 750 | 894,500 |
| 2032 | 800,000 | 62,500 | 42,500 | 750 | 905,750 |
| 2033 | 825,000 | 42,500 | 21,875 | 750 | 890,125 |
| 2034 | 875,000 | 21,875 | | 750 | 897,625 |
| Totals | <u>\$17,400,000</u> | <u>\$6,381,568</u> | <u>\$5,677,203</u> | <u>\$18,750</u> | <u>\$29,477,521</u> |

**WATER/WASTEWATER REVENUE BONDS
DEBT REQUIREMENTS
SUMMARY
Fiscal 2010**

| Issue | Purpose | Principal Outstanding 10/1/2009 | Requirements for Fiscal 2010 | | | Total |
|-------|-------------------------|---------------------------------------|------------------------------|------------------|-------------------------|--------------------|
| | | | Principal | Interest | Paying Agent Fees | |
| 2000 | TWDB Bonds ¹ | 10,855,000 | 710,000 | 397,879 | 500 | 1,108,379 |
| 2003 | Utility Improvements | 1,310,000 | 55,000 | 57,957 | 750 | 113,707 |
| | Total | <u>\$12,165,000</u> | <u>\$765,000</u> | <u>\$455,836</u> | <u>\$1,250</u> | <u>\$1,222,086</u> |

Notes Payable to Army Corp of Engineers

| | | | | | |
|-------------------------------|------------------|-----------------|----------------|-----|-----------------|
| 1/1/1970 Present Water Supply | \$67,066 | \$5,961 | \$1,738 | N/A | \$7,699 |
| 1/1/1976 Future Water Supply | 66,166 | 10,335 | 1,714 | N/A | 12,049 |
| Total | <u>\$133,232</u> | <u>\$16,296</u> | <u>\$3,452</u> | N/A | <u>\$19,748</u> |

¹ Includes draws #1 through #11.

**WATER/WASTEWATER REVENUE BONDS
ANNUAL DEBT SERVICE REQUIREMENTS**

All Series

| Fiscal | | Interest | Interest | Paying | |
|--------------------|----------------------------|---------------------------|---------------------------|------------------------|----------------------------|
| <u>Year</u> | <u>Principal</u> | <u>1-Nov</u> | <u>1-May</u> | <u>Fees</u> | <u>Total</u> |
| 2010 | 765,000 | 234,463 | 221,373 | 1,250 | 1,222,086 |
| 2011 | 795,000 | 221,373 | 207,562 | 1,250 | 1,225,185 |
| 2012 | 820,000 | 207,562 | 192,952 | 1,250 | 1,221,764 |
| 2013 | 855,000 | 192,952 | 177,304 | 1,250 | 1,226,506 |
| 2014 | 880,000 | 177,304 | 160,928 | 1,250 | 1,219,482 |
| 2015 | 915,000 | 160,928 | 143,895 | 1,250 | 1,221,073 |
| 2016 | 955,000 | 143,895 | 125,675 | 1,250 | 1,225,820 |
| 2017 | 995,000 | 125,675 | 106,193 | 1,250 | 1,228,118 |
| 2018 | 1,030,000 | 106,193 | 85,730 | 1,250 | 1,223,173 |
| 2019 | 1,075,000 | 85,730 | 64,102 | 1,250 | 1,226,082 |
| 2020 | 1,120,000 | 64,102 | 41,264 | 1,250 | 1,226,616 |
| 2021 | 1,170,000 | 41,264 | 17,358 | 1,250 | 1,229,872 |
| 2022 | 460,000 | 17,358 | 7,703 | 1,250 | 486,311 |
| 2023 | 105,000 | 7,703 | 5,288 | 750 | 118,741 |
| 2024 | 110,000 | 5,288 | 2,703 | 750 | 118,741 |
| 2025 | 115,000 | 2,703 | - | 750 | 118,453 |
| Totals | <u>\$12,165,000</u> | <u>\$1,794,492</u> | <u>\$1,560,028</u> | <u>\$18,500</u> | <u>\$15,538,020</u> |

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
WATER/WASTEWATER REVENUE BONDS
Series 2003**

Original Issue: \$1,500,000

Dated: September 30, 2003

Interest Rate: Various 4.70% - 5:00%

| Fiscal Year | Principal | Interest 1-Nov | Interest 1-May | Paying Agent Fees | Total |
|------------------------|--------------------|---------------------------|---------------------------|----------------------------------|--------------------|
| 2010 | 55,000 | 29,666 | 28,291 | 750 | 113,707 |
| 2011 | 60,000 | 28,291 | 26,791 | 750 | 115,832 |
| 2012 | 60,000 | 26,791 | 25,291 | 750 | 112,832 |
| 2013 | 65,000 | 25,291 | 23,666 | 750 | 114,707 |
| 2014 | 65,000 | 23,666 | 22,163 | 750 | 111,579 |
| 2015 | 70,000 | 22,163 | 20,763 | 750 | 113,676 |
| 2016 | 75,000 | 20,763 | 19,263 | 750 | 115,776 |
| 2017 | 80,000 | 19,263 | 17,623 | 750 | 117,636 |
| 2018 | 80,000 | 17,623 | 15,923 | 750 | 114,296 |
| 2019 | 85,000 | 15,923 | 14,095 | 750 | 115,768 |
| 2020 | 90,000 | 14,095 | 12,115 | 750 | 116,960 |
| 2021 | 95,000 | 12,115 | 9,978 | 750 | 117,843 |
| 2022 | 100,000 | 9,978 | 7,703 | 750 | 118,431 |
| 2023 | 105,000 | 7,703 | 5,288 | 750 | 118,741 |
| 2024 | 110,000 | 5,288 | 2,703 | 750 | 118,741 |
| 2025 | 115,000 | 2,703 | - | 750 | 118,453 |
| Totals | \$1,310,000 | \$281,322 | \$251,656 | \$12,000 | \$1,854,978 |

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
TEXAS WATER DEVELOPMENT BOARD
STATE REVOLVING FUND BONDS
Series 2000**

Total Loan Amount \$16,000,000
Dated: November 1, 2000
Draws Dated: May 1, 2003
Draw #4 \$1,835,000
Interest Rate: 3.30% - 3.55%

| Fiscal Year | Principal | Interest 1-Nov | Interest 1-May | Paying Agent Fees | Total |
|------------------------|--------------------|---------------------------|---------------------------|----------------------------------|--------------------|
| 2010 | 710,000 | 28,770 | 17,055 | 500 | 756,325 |
| 2011 | 735,000 | 17,055 | 4,744 | 500 | 757,299 |
| 2012 | 275,000 | 4,744 | - | 500 | 280,244 |
| Totals | \$1,720,000 | \$50,569 | \$21,799 | \$1,500 | \$1,793,868 |

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
TEXAS WATER DEVELOPMENT BOARD
STATE REVOLVING FUND BONDS
Series 2000**

Total Loan Amount: \$16,000,000

Dated: November 1, 2000

Draws Dated: December 1, 2003

Draw #5 \$1,210,000

Interest Rate: 3.55% - 4.00%

| Fiscal Year | Principal | Interest 1-Nov | Interest 1-May | Paying Agent Fees | Total |
|------------------------|--------------------|---------------------------|---------------------------|----------------------------------|--------------------|
| 2010 | - | 21,235 | 21,235 | - | 42,470 |
| 2011 | - | 21,235 | 21,235 | - | 42,470 |
| 2012 | 485,000 | 21,235 | 12,869 | - | 519,104 |
| 2013 | 725,000 | 12,869 | - | 500 | 738,369 |
| Totals | <u>\$1,210,000</u> | <u>\$76,574</u> | <u>\$55,339</u> | <u>\$500</u> | <u>\$1,342,413</u> |

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
TEXAS WATER DEVELOPMENT BOARD
STATE REVOLVING FUND BONDS
Series 2000**

Total Loan Amount: \$16,000,000

Dated: November 1, 2000

Draw Dated: December 9, 2004

Draw #6 \$845,000

Interest Rate: 3.55% - 4.00%

| Fiscal Year | Principal | Interest 1-Nov | Interest 1-May | Paying Agent Fees | Total |
|------------------------|------------------|---------------------------|---------------------------|----------------------------------|------------------|
| 2010 | - | 15,389 | 15,389 | - | 30,778 |
| 2011 | - | 15,389 | 15,389 | - | 30,778 |
| 2012 | - | 15,389 | 15,389 | - | 30,778 |
| 2013 | 65,000 | 15,389 | 14,235 | - | 94,624 |
| 2014 | 780,000 | 14,235 | - | 500 | 794,735 |
| Totals | <u>\$845,000</u> | <u>\$75,790</u> | <u>\$60,402</u> | <u>\$500</u> | <u>\$981,692</u> |

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
TEXAS WATER DEVELOPMENT BOARD
STATE REVOLVING FUND BONDS
Series 2000**

Total Loan Amount: \$16,000,000

Dated: November 1, 2000

Draw Dated: April 10, 2006

Draw #7 \$1,065,000

Interest Rate: 3.65% - 3.80%

| Fiscal Year | Principal | Interest 1-Nov | Interest 1-May | Paying Agent Fees | Total |
|------------------------|--------------------|---------------------------|---------------------------|----------------------------------|--------------------|
| 2010 | - | 19,786 | 19,786 | - | 39,572 |
| 2011 | - | 19,786 | 19,786 | - | 39,572 |
| 2012 | - | 19,786 | 19,786 | - | 39,572 |
| 2013 | - | 19,786 | 19,786 | - | 39,572 |
| 2014 | 35,000 | 19,786 | 19,148 | - | 73,934 |
| 2015 | 845,000 | 19,148 | 3,515 | 500 | 868,163 |
| 2016 | 185,000 | 3,515 | - | 500 | 189,015 |
| Totals | <u>\$1,065,000</u> | <u>\$121,593</u> | <u>\$101,807</u> | <u>\$1,000</u> | <u>\$1,289,400</u> |

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
TEXAS WATER DEVELOPMENT BOARD
STATE REVOLVING FUND BONDS
Series 2000**

Total Loan Amount: \$16,000,000

Dated: November 1, 2000

Draw Dated: December 21, 2006

Draw #8 \$2,660,000

Interest Rate: 3.80% - 4.00%

| Fiscal Year | Principal | Interest 1-Nov | Interest 1-May | Paying Agent Fees | Total |
|------------------------|--------------------|---------------------------|---------------------------|----------------------------------|--------------------|
| 2010 | - | 51,810 | 51,810 | - | 103,620 |
| 2011 | - | 51,810 | 51,810 | - | 103,620 |
| 2012 | - | 51,810 | 51,810 | - | 103,620 |
| 2013 | - | 51,810 | 51,810 | - | 103,620 |
| 2014 | - | 51,810 | 51,810 | - | 103,620 |
| 2015 | - | 51,810 | 51,810 | - | 103,620 |
| 2016 | 695,000 | 51,810 | 38,605 | - | 785,415 |
| 2017 | 915,000 | 38,605 | 20,763 | 500 | 974,868 |
| 2018 | 950,000 | 20,763 | 2,000 | - | 972,763 |
| 2019 | 100,000 | 2,000 | - | - | 102,000 |
| Totals | \$2,660,000 | \$424,038 | \$372,228 | \$500 | \$3,456,766 |

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
TEXAS WATER DEVELOPMENT BOARD
STATE REVOLVING FUND BONDS
Series 2000**

Total Loan Amount: \$16,000,000

Dated: November 1, 2000

Draw Dated: September 27, 2007

Draw #9 \$1,065,000

Interest Rate: 4.00% - 4.05%

| Fiscal Year | Principal | Interest 1-Nov | Interest 1-May | Paying Agent Fees | Total |
|------------------------|--------------------|---------------------------|---------------------------|----------------------------------|--------------------|
| 2010 | - | 21,344 | 21,344 | - | 42,688 |
| 2011 | - | 21,344 | 21,344 | - | 42,688 |
| 2012 | - | 21,344 | 21,344 | - | 42,688 |
| 2013 | - | 21,344 | 21,344 | - | 42,688 |
| 2014 | - | 21,344 | 21,344 | - | 42,688 |
| 2015 | - | 21,344 | 21,344 | - | 42,688 |
| 2016 | - | 21,344 | 21,344 | - | 42,688 |
| 2017 | - | 21,344 | 21,344 | - | 42,688 |
| 2018 | - | 21,344 | 21,344 | 500 | 43,188 |
| 2019 | 890,000 | 21,344 | 3,544 | - | 914,888 |
| 2020 | 175,000 | 3,544 | - | - | 178,544 |
| Totals | \$1,065,000 | \$216,984 | \$195,640 | \$500 | \$1,478,124 |

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
TEXAS WATER DEVELOPMENT BOARD
STATE REVOLVING FUND BONDS
Series 2000**

Total Loan Amount: \$16,000,000

Dated: November 1, 2000

Draw Dated: April 25, 2008

Draw #10 \$1,075,000

Interest Rate: 3.25% - 4.05%

| Fiscal Year | Principal | Interest 1-Nov | Interest 1-May | Paying Agent Fees | Total |
|------------------------|--------------------|---------------------------|---------------------------|----------------------------------|--------------------|
| 2010 | - | 21,769 | 21,769 | - | 43,538 |
| 2011 | - | 21,769 | 21,769 | - | 43,538 |
| 2012 | - | 21,769 | 21,769 | - | 43,538 |
| 2013 | - | 21,769 | 21,769 | - | 43,538 |
| 2014 | - | 21,769 | 21,769 | - | 43,538 |
| 2015 | - | 21,769 | 21,769 | - | 43,538 |
| 2016 | - | 21,769 | 21,769 | - | 43,538 |
| 2017 | - | 21,769 | 21,769 | - | 43,538 |
| 2018 | - | 21,769 | 21,769 | - | 43,538 |
| 2019 | - | 21,769 | 21,769 | 500 | 44,038 |
| 2020 | 855,000 | 21,769 | 4,455 | - | 881,224 |
| 2021 | 220,000 | 4,455 | - | - | 224,455 |
| Totals | \$1,075,000 | \$243,914 | \$222,143 | \$500 | \$1,541,557 |

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
TEXAS WATER DEVELOPMENT BOARD
STATE REVOLVING FUND BONDS
Series 2000**

Total Loan Amount: \$16,000,000

Dated: November 1, 2000

Draw Dated: August 5, 2009

Draw #11 \$1,215,000

Interest Rate: 3.25% - 4.10%

| Fiscal Year | Principal | Interest 1-Nov | Interest 1-May | Paying Agent Fees | Total |
|------------------------|--------------------|---------------------------|---------------------------|----------------------------------|--------------------|
| 2010 | - | 24,694 | 24,694 | - | 49,388 |
| 2011 | - | 24,694 | 24,694 | - | 49,388 |
| 2012 | - | 24,694 | 24,694 | - | 49,388 |
| 2013 | - | 24,694 | 24,694 | - | 49,388 |
| 2014 | - | 24,694 | 24,694 | - | 49,388 |
| 2015 | - | 24,694 | 24,694 | - | 49,388 |
| 2016 | - | 24,694 | 24,694 | - | 49,388 |
| 2017 | - | 24,694 | 24,694 | - | 49,388 |
| 2018 | - | 24,694 | 24,694 | - | 49,388 |
| 2019 | - | 24,694 | 24,694 | - | 49,388 |
| 2020 | - | 24,694 | 24,694 | 500 | 49,888 |
| 2021 | 855,000 | 24,694 | 7,380 | - | 887,074 |
| 2022 | 360,000 | 7,380 | - | - | 367,380 |
| Totals | \$1,215,000 | \$303,708 | \$279,014 | \$500 | \$1,798,222 |

NOTE PAYABLE
SCHEDULE OF REQUIREMENTS
U.S. Army Corp of Engineers
1.25% Storage-Present Water Supply 18,000 Acre-Feet

Original Note: \$220,000
Date: January 1, 1970

Interest Rate: 2.591%

| <u>Payment Date</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> | <u>Outstanding</u> |
|---------------------|------------------|-----------------|--------------|--------------------|
| Paid to-date | \$152,935 | \$136,182 | \$289,117 | \$67,066 |
| 1/1/2010 | 5,961 | 1,738 | 7,699 | 61,105 |
| 1/1/2011 | 6,116 | 1,583 | 7,699 | 54,989 |
| 1/1/2012 | 6,274 | 1,425 | 7,699 | 48,715 |
| 1/1/2013 | 6,437 | 1,262 | 7,699 | 42,278 |
| 1/1/2014 | 6,604 | 1,095 | 7,699 | 35,675 |
| 1/1/2015 | 6,775 | 924 | 7,699 | 28,900 |
| 1/1/2016 | 6,950 | 749 | 7,699 | 21,950 |
| 1/1/2017 | 7,130 | 569 | 7,699 | 14,820 |
| 1/1/2018 | 7,315 | 384 | 7,699 | 7,505 |
| 1/1/2019 | 7,505 | 194 | 7,699 | - |

NOTE PAYABLE
SCHEDULE OF REQUIREMENTS
U.S. Army Corp of Engineers
1.73% - Future Water Supply, 25,000 Acre-Feet

Original Note: \$305,600
Date: January 1, 1976

Interest Rate: 2.591%

| <u>Payment Date</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> | <u>Outstanding</u> |
|---------------------|------------------|-----------------|--------------|--------------------|
| Paid to-date | \$239,433 | \$203,903 | \$443,336 | \$66,166 |
| 1/1/2010 | 10,335 | 1,714 | 12,049 | 55,832 |
| 1/1/2011 | 10,602 | 1,447 | 12,049 | 45,229 |
| 1/1/2012 | 10,877 | 1,172 | 12,049 | 34,352 |
| 1/1/2013 | 11,159 | 890 | 12,049 | 23,193 |
| 1/1/2014 | 11,448 | 601 | 12,049 | 11,745 |
| 1/1/2015 | 11,745 | 304 | 12,049 | - |

