

Brushy Creek Regional Utility Authority

Solicitation #S14-015

REQUEST FOR QUALIFICATIONS ARBITRAGE REBATE PROFESSIONAL SERVICES

Responses Due: May 30, 2014

BRUSHY CREEK REGIONAL UTILITY AUTHORITY
REQUEST FOR QUALIFICATIONS
ARBITRAGE REBATE PROFESSIONAL SERVICES

PART I

GENERAL

1. **PURPOSE:** The Brushy Creek Regional Utility Authority, herein after “BCRUA”, seeks an agreement with a qualified public accounting firm, herein “Respondent”, whose principals are Certified Public Accountants to provide Arbitrage Rebate Consulting Services for Obligations issued for the organization, herein “Services”.
2. **BACKGROUND:** In 2005, the Cities of Cedar Park, Leander, and Round Rock initiated planning for a three-phase regional water system to treat and deliver water from Lake Travis to the three Cities for the next 50 years. The entity formed by the three cities is today’s Brushy Creek Regional Utility Authority (BCRUA). BCRUA has designed a logical regional water supply solution that makes sense. It is cost-efficient and environmentally sound. This regional water supply provides a solid foundation for local businesses and the well-being of residents in all surrounding communities. Moreover, our regional strategy is in line with the policies of the Texas Water Development Board and the Lower Colorado River Authority’s water management plan. Obligations have been and will be issued to further create the BCRUA infrastructure. BCRUA is the entity assigned to oversee the issuance of Obligations and required arbitrage calculations.
3. **DEFINITIONS, TERMS AND CONDITIONS:** By submitting a response to this solicitation, the Respondent agrees that the BCRUA’s standard Definitions, Terms and Conditions, in effect at the time of release of the solicitation, shall govern unless specifically provided otherwise in a separate agreement or on the face of a purchase order. It is the sole responsibility of respondents to stay apprised of changes. The BCRUA’s Definitions, Terms and Conditions can be obtained from the following website <http://www.leandertx.gov/finance/page/purchasing>.
 - 3.1. Any acceptance to or additional terms and conditions attached to the response will not be considered unless respondent specifically references them on the front of the Solicitation Document. **WARNING:** Exception to or additional terms and conditions may result in disqualification of the response.
 - 3.2. **Obligation(s):** Shall mean a municipal bond, or security, in which the income produced is exempt from Federal, State and Local income tax.
4. **ATTACHMENTS:** Attachment A and B are herein made a part of this solicitation.
 - 4.1. Attachment A: Outstanding debt information July 6, 2009
 - 4.2. Attachment B: Outstanding debt information August 4, 2009
5. **CLARIFICATION:** For questions or clarifications of specifications, you may contact:

Joy Simonton, Purchasing Agent
Purchasing Department
BCRUA
Telephone: 512-528-2730
jsimonton@leandertx.gov

Only the above listed individual may be contacted by telephone or visited for clarification of the specifications only. No authority is intended or implied that specifications may be amended or alterations accepted prior to solicitation opening without written approval of the BCRUA through the above referenced Purchasing Agent.

6. **RESPONDENT REQUIREMENTS:** The opening of a solicitation shall not be construed as the BCRUA's acceptance of such as qualified and responsive.
 - 6.1. Respondents shall be firms, corporations, individuals or partnerships normally engaged in the sale and distribution of the service or commodity specified herein;
 - 6.2. Respondent shall possess a minimum of two (2) years' experience in providing rebate consulting and calculation services to local Texas governments;
 - 6.3. Respondent shall possess adequate facilities, equipment and personnel to ensure prompt and efficient service to BCRUA.
 - 6.4. Persons and firms practicing Auditing Services in the State of Texas must possess proper licensing, certifications and registration in Accounting, Financial Services and/or Certified Public Accounting in accordance with Texas laws.
7. **AGREEMENT TERM:** The terms of the awarded agreement shall include but not be limited to the following:
 - 7.1. The initial term of the resulting agreement shall be one (1) consecutive twelve (12) month period from the effective date. The agreement may be renewed for four (4) additional periods of time, not to exceed twelve (12) months each, provided both parties agree in writing prior to the expiration of the existing agreement.
 - 7.2. BCRUA reserves the right to review the Respondents' performance during each twelve (12) month period and cancel all or part of the agreement or continue the agreement through the next period.
 - 7.3. BCRUA will require a Letter of Engagement executed annually prior to the beginning of each succeeding twelve (12) month term.
 - 7.4. If the Respondent fails to perform its duties in a reasonable and competent manner, the BCRUA shall give written notice to the respondent of the deficiencies and the Respondent shall have thirty (30) days to correct such deficiencies. If Respondent fails to correct the deficiencies to BCRUA's satisfaction within the thirty (30) days, BCRUA may terminate the agreement by giving Respondent written notice of termination and the reason for the termination.
 - 7.5. If the agreement is terminated, for any reason, Respondent shall turn over all records to the Tom Gallier, Manager of the BCRUA within fifteen (15) working days after completion of duties contained in the agreement.
8. **RESPONSE ACCEPTANCE:** Responses to this solicitation shall be valid for a period of one hundred twenty (120) days from the due date.
9. **BEST VALUE EVALUATION AND CRITERIA:** All responses received may be evaluated based on the best value for BCRUA. In determining best value, BCRUA may consider the following evaluation criteria:
 - Reputation of Respondent and of Respondent's goods and services;
 - Quality of the Respondent's goods and services;
 - The extent to which the services meets the BCRUA's needs;
 - The total long-term cost to the City to acquire the Respondent's goods or services;
 - Respondents past performance with BCRUA;

- Any relevant criteria specifically listed in the solicitation.

9.1. BCRUA reserves the right to reject any or all responses, or delete any portion of the response, or to accept any response deemed most advantageous, or to waive any irregularities or informalities in the response received that best serves the interest and at the sole discretion of BCRUA.

10. **COMMITTEE REVIEW:** An evaluation committee will review each response for solicitation compliance and technical scoring in each category using the following weighted criteria. A consensus score will be assigned to each response.

Respondents may be required to make an oral presentation to the evaluation committee to further present their qualifications. These presentations will provide the Respondent the opportunity to clarify their proposal and ensure a mutual understanding of the services to be provided and the approach to be used.

- | | | |
|-------|---|------------------|
| 10.1. | Experience and Qualifications | 40 Points |
| 10.2. | Ability to Meet BCRUA's Needs | 40 Points |
| 10.3. | References and Past Experience with BCRUA | 20 Points |

The evaluation process may reveal additional information for consideration. BCRUA reserves the right to modify, without notice, the evaluation structure and weighted criteria to accommodate these additional considerations to serve the best interest of the BCRUA.

11. **AWARD:** BCRUA reserves the right to enter into an agreement or a purchase order with a single award, split awards, non-award, or use any combination that best serves the interest and at the sole discretion of the BCRUA.

12. **ACCEPTANCE:** Acceptance inspection should not take more than thirty (30) working days. The Respondent will be notified within this time frame if the services provided are not in full compliance with the specifications. If any agreement or purchase order is canceled for non-acceptance, the needed service may be purchased elsewhere and the Respondent may be charged full increase, if any, in cost.

13. **PRICE INCREASE:** A price increase or decrease to the agreement shall not be considered.

14. **PROMPT PAYMENT POLICY:** Payments will be made in accordance with the Texas Prompt Payment Law, Texas Government Code, Subtitle F, Chapter 2251. BCRUA will pay Respondent within thirty days after the acceptance of the supplies, materials, equipment, or the day on which the performance of services was completed or the day, on which the BCRUA receives a correct invoice for the supplies, materials, equipment or services, whichever is later. The Respondent may charge a late fee (fee shall not be greater than that which is permitted by Texas law) for payments not made in accordance with this prompt payment policy; however, this policy does not apply to payments made by the BCRUA in the event:

- 14.1. There is a bona fide dispute between the BCRUA and Respondent concerning the supplies, materials, services or equipment delivered or the services performed that causes the payment to be late; or
- 14.2. The terms of a federal agreement, grant, regulation, or statute prevent the BCRUA from making a timely payment with Federal Funds; or
- 14.3. There is a bona fide dispute between the Respondent and a subcontractor or between a subcontractor and its suppliers concerning supplies, material, or equipment delivered or the services performed which caused the payment to be late; or
- 14.4. The invoice is not mailed to the BCRUA in strict accordance with instructions, if any, on the purchase order or agreement or other such contractual agreement.

15. **NON-APPROPRIATION:** The resulting Agreement is a commitment of the BCRUA's current revenues only. It is understood and agreed the BCRUA shall have the right to terminate the Agreement at the end of any BCRUA fiscal year if the governing body of the BCRUA does not appropriate funds sufficient to purchase the estimated yearly quantities, as determined by the BCRUA's budget for the fiscal year in question. The BCRUA may affect such termination by giving Respondent a 30-day written notice of termination at the end of its then current fiscal year.

PART II

SCHEDULE

1. **SOLICITATION SCHEDULE:** It is the BCRUA's intention to comply with the following solicitation timeline:

1.1. Solicitation released	May 15, 2014
1.2. Responses for solicitation due by 3:00 PM	May 30, 2014
1.3. Oral Presentation (if necessary)	TBD
1.4. Anticipated Award of Contract	June 2014

Respondents may be required to make an oral presentation to the selection committee to further present their qualifications. These presentations will provide the Respondent the opportunity to ensure a mutual understanding of the services to be provided and the approach to be used.

The BCRUA reserves the right to modify these dates. Notice of date change will be posted to <http://www.leandertx.gov/rfps> and <http://www.bcrua.org/news-and-documents>.

2. **SOLICITATION UPDATES:** Respondents shall be responsible for monitoring the websites at <http://www.leandertx.gov/rfps> and <http://www.bcrua.org/news-and-documents> for any updates pertaining to the solicitation described herein. Various updates may include addendums, cancelations, notifications, and any other pertinent information necessary for the submission of a correct and accurate response. The BCRUA will not be held responsible for any further communication beyond updating the website.

3. **RESPONSE DUE DATE:** Signed and sealed responses are due no later than **3:00 PM**, on the date noted above to the Purchasing Department. **Mail or carry or responses to:**

**Joy Simonton, Purchasing Agent
Purchasing Department
BCRUA c/o City of Leander
200 W. Willis Street
Leander, TX 78641
Telephone: 512-528-2730**

- 3.1. Responses received after this time and date shall not be considered.
- 3.2. Sealed responses shall be clearly marked on the outside of packaging with the **Solicitation title, number, due date** and **"DO NOT OPEN"**.
- 3.3. Facsimile or electronically transmitted responses are **not acceptable**.
- 3.4. Late responses will be returned to Respondent unopened if return address is provided.
- 3.5. Responses cannot be altered or amended after opening.
- 3.6. No response can be withdrawn after opening without written approval from the BCRUA for an acceptable reason.

- 3.7. The BCRUA will not be bound by any oral statement or offer made contrary to the written specifications.
4. **AGREEMENT NEGOTIATIONS:** In establishing an agreement as a result of the solicitation process, the BCRUA may:
 - 4.1. Review all submittals and determine which Respondents are reasonably qualified for award of the agreement.
 - 4.2. Determine the Respondent whose submittal is most advantageous to the BCRUA considering the evaluation criteria.
 - 4.3. Attempt to negotiate with the most responsive Respondent an agreement at fair and reasonable terms, conditions and cost.
 - 4.4. If negotiations are successful, enter into an agreement or issue a purchase order.
 - 4.5. If not successful, formally end negotiations with that Respondent. The BCRUA may then:
 - 4.5.1. Select the next most highly qualified Respondent and attempt to negotiate an agreement at fair and reasonable terms, conditions and cost with that Respondent.
 - 4.5.2. The BCRUA shall continue this process until an agreement is entered into or all negotiations are terminated.
 - 4.6. The BCRUA also reserves the right to reject any or all submittals, or to accept any submittal deemed most advantageous, or to waive any irregularities or informalities in the submittal received.
5. **POST AWARD MEETING:** BCRUA and Respondent shall have a post award meeting to discuss, but not be limited to the following:
 - 5.1. Provide BCRUA contact(s) information for implementation of agreement.
 - 5.2. Identify specific milestones, goals and strategies to meet objectives.
 - 5.3. Identify milestones for payment of services.

PART III

SPECIFICATIONS

1. **SCOPE OF WORK:** This agreement shall apply to all issues of BCRUA tax-exempt Obligations delivered subsequent to the effective date of the rebate agreement. Respondent shall provide professional services in determining the arbitrage amount with regard to Obligations.
 - 1.1. Services shall include the review of the scheduled investments made by the BCRUA with proceeds from obligations, and proceeds of other funds of the Issuer which, under Treasury Regulations Section 1.148, or any successor regulations thereto, are subject to the rebate requirements of the Title 26 of the Internal Revenue Code, herein "Code", <http://www.gpo.gov/fdsys/pkg/CFR-2012-title26-vol2/pdf/CFR-2012-title26-vol2-chap1.pdf>;
 - 1.2. Services shall include, consistent with the Code and the regulations promulgated thereunder, calculations to determine the arbitrage amount under Section 148(f)(2) of the Code;
 - 1.3. Services shall include the delivery of a report to BCRUA specifying the arbitrage amount based upon the investment schedule, the calculations of bond yield and investment yield, and other information deemed relevant by Respondent.

2. **COMPLIANCE SERVICES:** The comprehensive arbitrage compliance services shall include but not be limited to:
 - 2.1. Commingled funds analysis and calculations;
 - 2.2. Spending exception analysis and calculations;
 - 2.3. Yield restriction analysis and calculations;
 - 2.4. Parity reserve fund allocations;
 - 2.5. Transferred proceeds calculations;
 - 2.6. Universal cap calculations
 - 2.7. Debt service fund calculations
 - 2.8. Preparation of all required Internal Revenue Service (IRS) paperwork for making rebate payment/yield reduction payment;
 - 2.9. Retention of records provided for Arbitrage Computations;
 - 2.10. IRS audit assistance;
 - 2.11. Delivery of rebate calculations each year that meets the timing requirements of the audit schedule;
 - 2.12. On-site meetings, as appropriate, to discuss calculations results and subsequent planning items
 - 2.13. Commercial paper calculations.
3. **FEE FOR SERVICES:** BCRUA shall pay the Respondent's fee as agreed upon and established in the resulting agreement.
4. **SUBSEQUENT OBLIGATIONS ISSUED:** This agreement will automatically extend to any additional obligations issued during the term of this agreement.
 - 4.1. BCRUA shall notify, in writing, successful Respondent of any tax-exempt financing issued by BCRUA during said calendar year;
 - 4.2. At the option of BCRUA, any additional obligations subsequent to the execution of agreement may be excluded from the services provided herein. Exclusion shall require written notification from BCRUA of intent to exclude.

PART IV

RESPONSE REQUIREMENTS

1. **SOLICITATION SUBMISSION REQUIREMENTS:** To achieve a uniform review process and obtain the maximum degree of comparability, the responses shall be organized in the manner specified below. Responses shall not exceed thirty (30) pages in length (excluding title pages(s) and index/table of contents, attachments or dividers). Information in excess of those pages allowed will not be evaluated. One page shall be interpreted as one side of a double-spaced, printed, 8 1/2" X 11" sheet of paper. It is recommended that responses not be submitted in ringed binders or metal spirals to conserve cost for both Respondent and BCRUA. Pages shall be numbered and contain a well-organized, paginated Table of Contents that corresponds to the section and page of the qualifications. Responses must address all requirements of the solicitation regarding the proposed services.

The Respondent shall submit **one (1) original signed paper copy, clearly identified as ORIGINAL, and three (3) copies**, clearly identified as a "COPY" of its Response.

In addition, the Respondent shall submit one (1) CD or Flash Drive, each containing a complete copy of Respondent's submission in an acceptable electronic format (PDF, RTF, TXT, DOC, XLS). The CD shall be titled: "SOLICITATION NUMBER - Complete copy of [Name of Respondent]'s submission." **Failure to provide a CD may result in disqualification for award.**

If supplemental materials are included with the Response, each CD must include such supplemental materials. The Response and accompanying documentation are the property of the BCRUA and will not be returned.

1.1. Title Page (1 page) – Show the solicitation title and number, the name of firm, address, telephone number(s) name of contact person and date.

TAB #1

- 1.2. Letter of Transmittal (1 page) – Identify the services for which solicitation has been prepared.
- 1.2.1. Briefly state your firm's understanding of the services to be performed and make a positive commitment to provide the services as specified.
 - 1.2.2. Provide the name(s) of the person(s) authorized to make representations for your firm, their titles, address, telephone numbers and e-mail address.
 - 1.2.3. A statement of affirmation warranting compliance with State of Texas laws.
 - 1.2.4. A statement of affirmation warranting responsibilities shall not be delegated or subcontracted without prior written permission of BCRUA.
 - 1.2.5. The letter of transmittal shall be signed in permanent ink by a corporate officer or other individual who has the authority to bind the firm. The name and title of the individual(s) signing the solicitation shall be clearly shown immediately below the signature.

TAB #2

1.3. Table of Contents (1 page) – Clearly identify the materials by Tab and Page Number.

TAB #3

- 1.4. Previous Performance/Experience – Provide detailed information on firm and team experience with providing Services as described in the Scope of Work.
- 1.4.1. Respondent shall identify **proposed service team, staff, task leaders and sub-consultants** along with their respective field and expected services to the BCRUA. Information shall include education and professional registrations. Resumes shall be included for each of the individuals and sub-consultants referenced which demonstrate their qualifications to satisfy all the critical and service requirement areas. The BCRUA reserves the right to approve or disapprove all sub-consultants prior to any work being performed. **RESUMES SHALL NOT COUNT TOWARD THE 30-PAGE CONTENT LIMIT.**
 - 1.4.2. Respondent shall provide a representative list of government client references of a scale and complexity similar to the services being considered by the BCRUA. The list shall include the location, client, services provided by your firm, term of services and an owner contact name, telephone and **e-mail address**. Include a brief overview of each project with, at a minimum, a short description of the services provided, including costs and methodology used for projects.

TAB #4

1.5. Available Resources and Consultant Location – Provide information on size, resources and business history of the firm.

TAB #5

1.6. Required Items, Schedules and Impact to BCRUA Staff – Respondent shall provide a listing to BCRUA of items and schedules required from BCRUA staff to perform Services.

TAB #7

1.7. Litigation: Respondent shall provide a list of past and current litigation and pending claims against the firm if any.

PART V

CONFIDENTIALITY OF CONTENT

All documents submitted in response to a solicitation shall be subject to the Texas Public Information Act. Following an award, responses are subject to release as public information unless the response or specific parts of the response can be shown to be exempt from the Texas Public Information Act. Pricing is not considered to be confidential under any circumstances.

Information in a submittal that is legally protected as a trade secret or otherwise confidential must be clearly indicated with stamped, bold red letters stating "CONFIDENTIAL" on that section of the document. The BCRUA will not be responsible for any public disclosure of confidential information if it is not clearly marked as such.

If a request is made under the Texas Public Information Act to inspect information designated as confidential, the Respondent shall, upon request from the BCRUA, furnish sufficient written reasons and information as to why the information should be protected from disclosure. The matter will then be presented to the Attorney General of Texas for final determination.

ATTACHMENT A

LAW OFFICES

McCALL, PARKHURST & HORTON L.L.P.

717 NORTH HARWOOD
SUITE 900
DALLAS, TEXAS 75201-6687
TELEPHONE: 214 764-9200
FACSIMILE: 214 764-9250

600 CONGRESS AVENUE
SUITE 1800
AUSTIN, TEXAS 78701-3248
TELEPHONE: 512 478-3805
FACSIMILE: 512 472-0871

700 N. ST. MARY'S STREET
SUITE 1525
SAN ANTONIO, TEXAS 78206-3603
TELEPHONE: 210 225-2800
FACSIMILE: 210 225-2984

MEMORANDUM

DATE: July 6, 2009
TO: Distribution*
FROM: McCall, Parkhurst & Horton L.L.P.
RE: \$91,180,000 Brushy Creek Regional Utility Authority, Inc. City of Leander, Texas Contract Revenue Bonds (Brushy Creek Regional Water Treatment and Distribution Project), Series 2009

The purpose of this letter is to set forth certain events and transfers which will occur on or before July 3, 2009 (the "Preclosing") and July 6, 2009 (the "Closing" or "Closing Date") with respect to the above captioned bonds (the "Bonds"). The Closing will take place at 9:00 a.m. at the offices of McCall, Parkhurst & Horton L.L.P., 600 Congress Avenue, Suite 1800, Austin, Texas 78701. The Closing will be handled by telephone and no one is expected to be in attendance.

TRANSFER OF BONDS.

Prior to the Preclosing, bonds numbered R-1 through R-26 (the "Bonds") will be printed by McCall, Parkhurst & Horton L.L.P. and delivered by July 6, 2009 to BNYM for authentication, registration and safekeeping.

Additionally, prior to the Preclosing, one bond (the "Initial Bond"), in the name of Texas Water Development Board will be prepared by McCall, Parkhurst & Horton L.L.P. and delivered to the Attorney General for approval. Upon approval by the Attorney General, the Initial Bond will be registered by the Comptroller of Public Accounts of the State of Texas and delivered by McCall, Parkhurst & Horton L.L.P. to BNYM by no later than July 6, 2009.

II. TRANSFERS TO BNYM.

The Texas Water Development Board will wire transfer, on the Closing Date, the amount of \$91,180,000 (representing the par amount of the Bonds) to the Bank of New York Mellon Trust Company, ABA No. 021000018, Acct. Name: Dallas Issuer Administrative Services, GLA: 211-065, F/F/C: TAS# 428488, RE: Brushy Creek Regional Utility Authority, Inc. City of Leander, Texas

Contract Revenue Bonds (Brushy Creek Regional Water Treatment and Distribution Project), Series 2009, Contact: Rosalyn Davis (214) 468-6411.

III. TRANSFERS FROM BNYM.

After BNYM receives the amount set forth in Section II above, BNYM is authorized to make the following wire transfers, disbursements and deposits:

1. \$76,867,866.70 to The Bank of New York Mellon Trust Company, ABA No. 021000018, GLA: 111565, F/F/C: TAS# 142276, RE: BCRUA Leander, Texas Escrow Fund, Contact: Deborah Bennett (214) 468-6529.

2. \$3,989,614.66 to ABA #021000021, JP Morgan Chase, C/O TexSTAR Participant Services, Dallas, Texas, BNF = TexSTAR Clearing/AC-9102733343, OBI: 000246141030000, (BCRUA Leander Construction Fund).

3. \$9,879,732.92 to ABA #021000021, JPMorgan Chase, c/o TexStar Participant Services, Dallas, TX, BNF = TexStar Clearing/AC-9102733343, OBI = 000246141023000, RE: BCRUA Leander, Texas Debt Service Fund.

4. \$101,232.84 to The Independent Bankers Bank, ABA # 111010170, Beneficiary: Pioneer Bank, SSB, Acct. # 1019660, FCC: Specialized Public Finance Inc., Acct. #: 2002079 for co-financial advisor services of \$100,693.50 and the CUSIP fee of \$539.34.

5. \$137,692.88 to The Bank of New York, 1 Wall Street, New York, NY 10012, ABA Number: 021-000-018, Account Name: First Southwest Company, Account Number: 890 0271 779 Reference: 4491003 for co-financial advisor services of \$100,693.50, expenses of \$399.38 and rating agency fees of \$36,600.00.

6. \$202,760.00 to Colonial Bank (Wire transfer name: Colonial BHAM), 717 N. Harwood, Dallas, Texas 75201, 214/969-1999, ABA Number: 0620-0131-9, Account Number: 0000001529, For Credit to: McCall, Parkhurst & Horton L.L.P. Operating Account, Reference Number: 597.001 BCRUA for Bond Counsel fees of \$202,360.00 plus \$150.00 for 8038 Preparation Fee and \$250.00 for Bond Preparation Fee.

7. \$1,100.00 to be retained by BNYM which represents the first year's paying agent fee of \$500 and the first year's escrow agent fee of \$600.

IV. TRANSFER FROM BYNM.

After BNYM receives the amount set forth in Section II above and establishes the escrow account in III above, BNYM is authorized to make the following deposit: \$76,867,866.70 to ABA #021000021, JP Morgan Chase, C/O TexSTAR Participant Services, Dallas, Texas, BNF = TexSTAR Clearing/AC-9102733343, OBI: 000246122009001, (BCRUA Trustee Leander 09 Escrow).

V. RELEASE AND CANCELLATION OF BONDS.

Immediately upon receipt of the proceeds referred to in Section II above and upon the approval of MPH, BNYM will cancel the Initial Bond. The Bonds will be released to the Texas Water Development Board through the use of DTC's FAST Delivery System contacting DTC at (212) 898-3752.

DISTRIBUTION

Texas Water Development Board ("TWDB")
1700 North Congress Avenue
Austin, Texas 78711-3231
Attn: Dain Larsen
Darrell Nichols
(512) 463-1618
Dain.Larsen@twdb.state.tx.us
darrell.nichols@twdb.state.tx.us

The Bank of New York Mellon Trust
Company, National Association ("BNYM")
Issuer Administrative Services
2001 Bryan Street, 11th Floor
Dallas, Texas 75201
Attn: Rosalyn Davis
Debbie Bennett
(214) 468-5105
(214) 468-6529
Rosalyn.Davis@bnymellon.com
deborah.bennett@bnymellon.com

Specialized Public Finance Inc. ("SPFI")
406 West 13th Street
Austin, Texas 78701
Attn: Garry Kimball
Monica Melvin
(512) 275-7300
garry@spubfin.com
monica@spubfin.com

First Southwest Company
First Southwest
300 West 6th Street, Suite 1940
Austin, Texas 78701
Attn: Richard Ramirez
John Barganski
(512) 481-2000
Rramirez@firstsw.com
JBarganski@firstsw.com

McCall, Parkhurst & Horton L.L.P. ("MPH")
600 Congress Avenue, Suite 1800
Austin, Texas 78701
(512) 478-3805
Attn: Carol Polumbo
cpolumbo@mphlegal.com

Brushy Creek Regional Utility Authority, Inc.
221 E. Main Street
Round Rock, Texas 78664
(512) 684-3200
(512) 218-5435
Attn: Chris Lippe
Cindy Demers
Elaine Wilson
cdemers@round-rock.tx.us
ewilson@round-rock.tx.us

Sheets and Crossfield
309 E. Main
Round Rock, Texas 78664
(512) 255-8877
Attn: Sheets Steve
slsheets@sheets-crossfield.com

Knight & Partners
223 West Anderson Lane, Suite A-105
Austin, Texas 78752
(512) 323-5778
Attn: Diana Granger
attorneys@cityattorneytexas.com

City of Cedar Park, Texas
600 N. Bell Blvd.
Cedar Park, Texas 78613
(512) 401-5000
Attn: Charles Rowland
Stacie Carter
rowland@ci.cedar-park.tx.us
stacie.carter@cedarparktx.us

City of Leander, Texas
200 W. Willis
Leander, TX 7864
(512) 528-2700
Wayne Watts
Sharon G. Johnson
sharon@ci.leander.tx.us
w.watts@ci.leander.tx.us



TEXAS WATER DEVELOPMENT BOARD



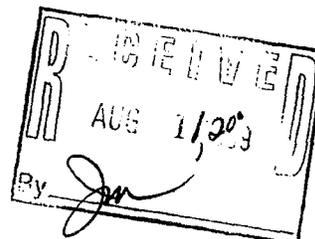
James E. Herring, *Chairman*
Lewis H. McMahan, *Member*
Edward G. Vaughan, *Member*

J. Kevin Ward
Executive Administrator

Jack Hunt, *Vice Chairman*
Thomas Weir Labatt III, *Member*
Joe M. Crutcher, *Member*

August 04, 2009

Mr. Scott Rhode, President
Brushy Creek Regional Utility Authority, Inc.
221 E. Main Street
Round Rock, TX 78664



Re: \$91,180,000 Brushy Creek Regional Utility Authority, Inc. (Authority) - City of Leander Texas, Contract Revenue Bonds, Series 2009, TWDB Project No. 21600, Loan No. L080023

\$24,970,000 Brushy Creek Regional Utility Authority, Inc. (Authority) - City of Cedar Park, Texas, Contract Revenue Bonds, Series 2009, TWDB Project No. 21600, Loan No. L080024

\$65,870,000 Brushy Creek Regional Utility Authority, Inc. (Authority) - City of Round Rock, Texas, Contract Revenue Bonds, Series 2009, TWDB Project No. 21600, Loan No. L080025

Dear Mr. Rhode:

We have received and reviewed the Authority's bond indenture authorizing the issuance of the above referenced debt. This indenture is part of your transcript of legal proceedings.

The intent of this letter is to remind you of the responsibility of the Authority as Issuer of the debt to completely understand and provide full compliance with the indenture.

Some provisions in the indenture require you to establish and maintain specific funds to service the annual debt service requirements and require you to comply with covenants regarding your pledge that secures the debt. Enclosed with this letter are copies of selected pages from the indenture which we are providing for your convenience. The original indenture in its entirety is a part of and can be found in the Authority's official records.

The selected provisions are referenced below.

Section 7, Pledge of Bond Payments, Page 9

Section 8, Rates & Charges, Page 9

Section 10, Debt Service Fund; Construction Fund; Escrow Fund (Debt Service Fund), Page 10

Section 10 (b), Debt Service Fund; Construction Fund; Escrow Fund (Construction Fund), Page 10

Our Mission

To provide leadership, planning, financial assistance, information, and education for the conservation and responsible development of water for Texas.

P.O. Box 13231 • 1700 N. Congress Avenue • Austin, Texas 78711-3231
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Mr. Scott Rhode, President
Brushy Creek Regional Utility Authority, Inc.
August 04, 2009
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Additionally, we would like to bring to your attention the following matters: Issuer agrees to maintain separate and complete records and accounts on the Project in which complete and accurate entries shall be made of all transactions. The Issuer further agrees that following the close of each fiscal year and within 120 days of the fiscal year end, it will cause an annual audit to be completed by a Certified Public Accountant. Issuer will provide a copy thereof to the Texas Water Development Board, Attention: Financial Monitoring within 15 days thereafter. Issuer agrees to provide insurance on the properties of the Project as are usually insured by entities operating like properties in similar locations under similar circumstances. Issuer agrees to maintain the Project in good condition and operate same in an efficient manner and at a reasonable expense. Issuer covenants to submit a final accounting of the total cost of the project and the expenditure of funds upon completion of the project. Any excess proceeds will be used to purchase the debt, in inverse maturity order, owned by the Board. Issuer covenants that as long as any debt is held by the Board, it will abide by the rules of the Board and relevant statutes of the State of Texas and Texas Water Code.

We are willing to provide on-site assistance upon your request to further clarify your entity's obligations outlined in the indenture. You may reach me at (512) 475-1744 if you have any questions regarding the above or if you wish to request on-site assistance.

Sincerely,



Margarita Garcia
Financial Monitoring

c: Mr. Chris Lippe, Acting General Manager, Brushy Creek Regional Utility Authority, Inc.

Section 6. FORM OF BOND. The form of the Bond, including the form of the Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State, with respect to the Bonds initially issued and delivered pursuant to this Resolution, shall be, respectively, substantially as set forth in Exhibit "C", with such appropriate variations, omissions, or insertions as are permitted or required by this Resolution and any Award Certificate including specifically information relating to payment dates, the Bond date and redemption provisions.

Section 7. PLEDGE OF BOND PAYMENTS. (a) *Pledge.* The BCRUA hereby covenants and agrees that the Bond Payments are hereby irrevocably pledged to the payment and security of the Bonds Similarly Secured including the establishment and maintenance of the special funds or accounts created and established on the books and records of the BCRUA for the payment and security thereof, all as hereinafter provided; and it is hereby resolved that the Bonds Similarly Secured, and the interest thereon, shall constitute a lien on and pledge of the Bond Payments and be valid and binding without any physical delivery thereof or further act by the BCRUA, and the lien created hereby on the Bond Payments for the payment and security of the Bonds Similarly Secured shall be prior in right and claim as to any other indebtedness, liability, or obligation of the BCRUA or the System payable pursuant to the terms of the Contract. The BCRUA shall deposit the Bond Payments, as collected and received, into a separate fund and account on the books and records of the BCRUA known as the "Leander Debt Service Fund," which is hereby created, to be utilized pursuant to the Contract and Sections 9 and 12 hereof to pay the Bonds; provided, however, that the Board of the BCRUA may utilize any revenues, including those generated by the Contract, in excess of the Debt Service Requirements on the Bonds Similarly Secured, provided the Reserve Fund contains the Required Reserve Amount, for any lawful purpose in accordance with this Resolution and the Contract.

(b) *Perfection of Pledge.* Chapter 1208, as amended, Texas Government Code, applies to the issuance of the Bonds Similarly Secured and the lien on and pledge of Bond Payments granted by the BCRUA under subsection (a) of this Section, and such pledge is therefore valid, effective, and perfected. If State law is amended at any time while the Bonds Similarly Secured are outstanding and unpaid such that the pledge of the Bond Payments granted by the BCRUA is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the Registered Owners of the Bonds Similarly Secured the perfection of the security interest in this pledge, the Board agrees to take such measures as it determines are reasonable and necessary under State law to comply with the applicable provisions of Chapter 9, as amended, Texas Business & Commerce Code and enable a filing to perfect the security interest in this pledge to occur.

Section 8. RATES AND CHARGES. For the benefit of the Registered Owners of the Bonds Similarly Secured and in addition to all provisions and covenants in the laws of the State and in this Resolution, the Contract between the BCRUA and Leander expressly stipulates and agrees, while any of the Bonds Similarly Secured are Outstanding, Leander will fix and collect such rates and charges for services to be supplied by the Leander System as will produce gross revenues at all times during the term of the Contract in an amount equal to pay all of the expenses of operation and maintenance of the Leander System including Annual Payments and Bond Payments under the Contract and all other amounts required by the laws and the provisions of the ordinances or resolutions authorizing the Leander Utility Bonds or other obligations now or hereafter outstanding payable, in whole or in part, from the net revenues of the

Leander System, including the amounts required to pay all principal of and interest on such Leander Utility Bonds and other obligations. The BCRUA hereby expressly stipulates that it will maintain rates and charges through the Bond Payments to meet the debt service requirements on the Bond Similarly Secured and agrees that it will take all appropriate action to enforce such terms of the Contract while any of the Bonds Similarly Secured are Outstanding.

The Registered Owner shall never have the right to demand payment for the Bonds out of any funds raised or to be raised from taxation by Leander or the BCRUA.

Section 9. DISTRIBUTION OF BOND PAYMENTS. After the Bond Payments have been received by the BCRUA and deposited into the Leander Revenue Fund established and maintained on the books and records of the BCRUA, the appropriate amount from the Leander Revenue Fund shall be further deposited into the Debt Service Fund and the Reserve Fund when and as required by this Resolution.

Section 10. RESERVE FUND; DEBT SERVICE FUND; CONSTRUCTION FUND; ESCROW FUND. (a) *Reserve Fund.* There is hereby created and there shall be established and maintained on the books and records of the BCRUA, and accounted for separate and apart from all other funds of the BCRUA, a special fund to be entitled the "Brushy Creek Regional Utility Authority, Inc. City of Leander, Texas Contract Revenue Bonds (Brushy Creek Regional Water Treatment and Distribution Project), Reserve Fund" (hereinafter called the "Reserve Fund"). The Reserve Fund shall be used solely for the purpose of finally retiring the last of any Bonds or Additional Bonds Outstanding, or for paying when due the principal of and interest on any Bonds or Additional Bonds when and to the extent the amounts in the Debt Service Fund are insufficient for such purpose.

(b) *Required Reserve Amount.* Initially, the Required Reserve Amount shall be funded from Bond Payments in equal monthly installments over the initial sixty (60) months following the issuance of the Bonds. Thereafter, no further deposits shall be made into the Reserve Fund as long as the money and investments, together with any Reserve Fund Obligations, in the Reserve Fund are at least equal in market value to the Required Reserve Amount; but if and whenever the market value of money and investments, together with any Reserve Fund Obligations, in the Reserve Fund is reduced below said Required Reserve Amount because of a decrease in market value of investments, then the BCRUA shall require Leander to increase payments under the Contract as soon as practicable, and in all events by the end of the next Fiscal Year, in an amount sufficient to restore the Reserve Fund to the Required Reserve Amount; and in the event the Reserve Fund is used to pay the principal of or interest on the Bonds or Additional Bonds because of insufficient amounts being available in the Debt Service Fund, then the BCRUA shall require Leander to increase payments under the Contract in an amount sufficient to restore the Reserve Fund to the Required Reserve Amount in market value, and from such increased payments the BCRUA shall deposit in the Reserve Fund, in approximately equal periodic installments, not less than annual, such amounts as are required to restore the Reserve Fund to the Required Reserve Amount in market value as soon as practicable, but in any case, within thirty-six (36) months from any date of the use of the Reserve Fund to pay such principal or interest. For purposes of calculating the amount on hand in the Reserve Fund, an amount equal to the maximum available amount which may be drawn under any Reserve Fund Obligation, as described in (f) below, will be deemed on deposit in the Reserve Fund. During any period in which the money and investments credited to the Reserve Fund, taking into account any Reserve Fund

Section 6. FORM OF BOND. The form of the Bond, including the form of the Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State, with respect to the Bonds initially issued and delivered pursuant to this Resolution, shall be, respectively, substantially as set forth in Exhibit "C", with such appropriate variations, omissions, or insertions as are permitted or required by this Resolution and any Award Certificate including specifically information relating to payment dates, the Bond date and redemption provisions.

Section 7. PLEDGE OF BOND PAYMENTS. (a) *Pledge.* The BCRUA hereby covenants and agrees that the Bond Payments are hereby irrevocably pledged to the payment and security of the Bonds Similarly Secured including the establishment and maintenance of the special funds or accounts created and established on the books and records of the BCRUA for the payment and security thereof, all as hereinafter provided; and it is hereby resolved that the Bonds Similarly Secured, and the interest thereon, shall constitute a lien on and pledge of the Bond Payments and be valid and binding without any physical delivery thereof or further act by the BCRUA, and the lien created hereby on the Bond Payments for the payment and security of the Bonds Similarly Secured shall be prior in right and claim as to any other indebtedness, liability, or obligation of the BCRUA or the BCRUA Project payable pursuant to the terms of the Contract. The BCRUA shall deposit the Bond Payments, as collected and received, into a separate fund and account on the books and records of the BCRUA known as the "Cedar Park Debt Service Fund," which is hereby created, to be utilized pursuant to the Contract and Sections 9 and 12 hereof to pay the Bonds; provided, however, that the Board of the BCRUA may utilize any revenues, including those generated by the Contract, in excess of the Debt Service Requirements on the Bonds Similarly Secured for any lawful purpose in accordance with this Resolution and the Contract.

(b) *Perfection of Pledge.* Chapter 1208, as amended, Texas Government Code, applies to the issuance of the Bonds Similarly Secured and the lien on and pledge of Bond Payments granted by the BCRUA under subsection (a) of this Section, and such pledge is therefore valid, effective, and perfected. If State law is amended at any time while the Bonds Similarly Secured are outstanding and unpaid such that the pledge of the Bond Payments granted by the BCRUA is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the Registered Owners of the Bonds Similarly Secured the perfection of the security interest in this pledge, the Board agrees to take such measures as it determines are reasonable and necessary under State law to comply with the applicable provisions of Chapter 9, as amended, Texas Business & Commerce Code and enable a filing to perfect the security interest in this pledge to occur.

Section 8. RATES AND CHARGES. For the benefit of the Registered Owners of the Bonds Similarly Secured and in addition to all provisions and covenants in the laws of the State and in this Resolution, the Contract between the BCRUA and Cedar Park expressly stipulates and agrees, while any of the Bonds Similarly Secured are Outstanding, Cedar Park will fix and collect such rates and charges for services to be supplied by the Cedar Park System as will produce gross revenues at all times during the term of the Contract in an amount equal to pay all of the expenses of operation and maintenance of the Cedar Park System including Annual Payments and Bond Payments under the Contract and all other amounts required by the laws and the provisions of the ordinances or resolutions authorizing the Cedar Park Utility Bonds or other obligations now or hereafter outstanding payable, in whole or in part, from the net revenues of the Cedar Park System, including the amounts required to pay all principal of and interest

on such Cedar Park Utility Bonds and other obligations. The BCRUA hereby expressly stipulates that it will maintain rates and charges through the Bond Payments to meet the debt service requirements on the Bond Similarly Secured and agrees that it will take all appropriate action to enforce such terms of the Contract while any of the Bonds Similarly Secured are Outstanding.

The Registered Owner shall never have the right to demand payment for the Bonds out of any funds raised or to be raised from taxation by Cedar Park or the BCRUA.

Section 9. DISTRIBUTION OF BOND PAYMENTS. After the Bond Payments have been received by the BCRUA such payments shall be further deposited into the Debt Service Fund when and as required by this Resolution.

Section 10. DEBT SERVICE FUND; CONSTRUCTION FUND; ESCROW FUND. (a) *Debt Service Fund.* For purposes of providing funds to pay the principal of and interest on the Bonds Similarly Secured as the same become due and payable, the BCRUA agrees to maintain, at the Depository, a separate and special fund or account on its books and records to be created and known as the "Brushy Creek Regional Utility Authority, Inc. City of Cedar Park, Texas Contract Revenue Bonds (Brushy Creek Regional Water Treatment and Distribution Project), Debt Service Fund" (the "Debt Service Fund"). The BCRUA covenants that there shall be deposited into the Debt Service Fund prior to each principal and interest payment date solely from the available Bond Payments made by Cedar Park pursuant to Section 9 of this Resolution an amount equal to one hundred per cent (100%) of the amount required to fully pay the interest on and the principal of the Bonds Similarly Secured then falling due and payable, such deposits to pay maturing principal and accrued interest on the Bonds Similarly Secured to be made in substantially equal monthly installments on or before the first day of each month, beginning September 2009. If the Bond Payments in any month are insufficient to make the required payments into the Debt Service Fund, then the amount of any deficiency in such payment shall be added to the amount otherwise required to be paid into the Debt Service Fund in the next month.

The required monthly deposits to the Debt Service Fund for the payment of principal of and interest on the Bonds Similarly Secured shall continue to be made as hereinabove provided until such time as (i) the total amount on deposit in the Debt Service Fund is equal to the amount required to fully pay and discharge all Outstanding Bonds Similarly Secured (principal and interest) or, (ii) the Bonds Similarly Secured are no longer Outstanding.

Any surplus proceeds from the sale of the Bonds, including investment income therefrom, not expended for authorized purposes shall be deposited into the Debt Service Fund, and such amounts (i.e., accrued and investment interest) so deposited into the Debt Service Fund shall reduce the sum otherwise required to be deposited in the Debt Service Fund from Bond Payments.

(b) *Construction Fund.* The BCRUA hereby creates and establishes and shall maintain on the books and records of the BCRUA a separate fund or account to be entitled the "Brushy Creek Regional Utility Authority, Inc. City of Cedar Park, Texas Contract Revenue Bonds (Brushy Creek Regional Water Treatment and Distribution Project), Construction Fund" for use by the BCRUA for payment of Cedar Park's share of the BCRUA Project. The BCRUA shall deposit the net proceeds from the sale of the

Section 6. FORM OF BOND. The form of the Bond, including the form of the Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State, with respect to the Bonds initially issued and delivered pursuant to this Resolution, shall be, respectively, substantially as set forth in Exhibit "C", with such appropriate variations, omissions, or insertions as are permitted or required by this Resolution and any Award Certificate including specifically information relating to payment dates, the Bond date and redemption provisions.

Section 7. PLEDGE OF BOND PAYMENTS. (a) *Pledge.* The BCRUA hereby covenants and agrees that the Bond Payments are hereby irrevocably pledged to the payment and security of the Bonds Similarly Secured including the establishment and maintenance of the special funds or accounts created and established on the books and records of the BCRUA for the payment and security thereof, all as hereinafter provided; and it is hereby resolved that the Bonds Similarly Secured, and the interest thereon, shall constitute a lien on and pledge of the Bond Payments and be valid and binding without any physical delivery thereof or further act by the BCRUA, and the lien created hereby on the Bond Payments for the payment and security of the Bonds Similarly Secured shall be prior in right and claim as to any other indebtedness, liability, or obligation of the BCRUA or the BCRUA Project payable pursuant to the terms of the Contract. The BCRUA shall deposit the Bond Payments, as collected and received, into a separate fund and account on the books and records of the BCRUA known as the "Round Rock Debt Service Fund," which is hereby created, to be utilized pursuant to the Contract and Sections 9 and 12 hereof to pay the Bonds; provided, however, that the Board of the BCRUA may utilize any revenues, including those generated by the Contract, in excess of the Debt Service Requirements on the Bonds Similarly Secured for any lawful purpose in accordance with this Resolution and the Contract.

(b) *Perfection of Pledge.* Chapter 1208, as amended, Texas Government Code, applies to the issuance of the Bonds Similarly Secured and the lien on and pledge of Bond Payments granted by the BCRUA under subsection (a) of this Section, and such pledge is therefore valid, effective, and perfected. If State law is amended at any time while the Bonds Similarly Secured are outstanding and unpaid such that the pledge of the Bond Payments granted by the BCRUA is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the Registered Owners of the Bonds Similarly Secured the perfection of the security interest in this pledge, the Board agrees to take such measures as it determines are reasonable and necessary under State law to comply with the applicable provisions of Chapter 9, as amended, Texas Business & Commerce Code and enable a filing to perfect the security interest in this pledge to occur.

Section 8. RATES AND CHARGES. For the benefit of the Registered Owners of the Bonds Similarly Secured and in addition to all provisions and covenants in the laws of the State and in this Resolution, the Contract between the BCRUA and Round Rock expressly stipulates and agrees, while any of the Bonds Similarly Secured are Outstanding, Round Rock will fix and collect such rates and charges for services to be supplied by the Round Rock System as will produce gross revenues at all times during the term of the Contract in an amount equal to pay all of the expenses of operation and maintenance of the Round Rock System including Annual Payments and Bond Payments under the Contract and all other amounts required by the laws and the provisions of the ordinances or resolutions authorizing the Round Rock Utility Bonds or other obligations now or hereafter outstanding payable, in whole or in part, from the net revenues of the Round Rock System, including the amounts required to pay all principal of and

interest on such Round Rock Utility Bonds and other obligations. The BCRUA hereby expressly stipulates that it will maintain rates and charges through the Bond Payments to meet the debt service requirements on the Bond Similarly Secured and agrees that it will take all appropriate action to enforce such terms of the Contract while any of the Bonds Similarly Secured are Outstanding.

The Registered Owner shall never have the right to demand payment for the Bonds out of any funds raised or to be raised from taxation by Round Rock or the BCRUA.

Section 9. DISTRIBUTION OF BOND PAYMENTS. After the Bond Payments have been received by the BCRUA such shall be deposited into the Debt Service Fund as required by this Resolution.

Section 10. DEBT SERVICE FUND; CONSTRUCTION FUND; ESCROW FUND. (a) *Debt Service Fund.* For purposes of providing funds to pay the principal of and interest on the Bonds Similarly Secured as the same become due and payable, the BCRUA agrees to maintain, at the Depository, a separate and special fund or account to be created and known as the "Brushy Creek Regional Utility Authority, Inc. City of Round Rock, Texas Contract Revenue Bonds (Brushy Creek Regional Water Treatment and Distribution Project), Debt Service Fund" (the "Debt Service Fund"). The BCRUA covenants that there shall be deposited into the Debt Service Fund prior to each principal and interest payment date solely from the available Bond Payments made by Round Rock pursuant to Section 9 of this Resolution an amount equal to one hundred per cent (100%) of the amount required to fully pay the interest on and the principal of the Bonds Similarly Secured then falling due and payable, such deposits to pay maturing principal and accrued interest on the Bonds Similarly Secured to be made in substantially equal monthly installments on or before the first day of each month, beginning September 2009. If the Bond Payments in any month are insufficient to make the required payments into the Debt Service Fund, then the amount of any deficiency in such payment shall be added to the amount otherwise required to be paid into the Debt Service Fund in the next month.

The required monthly deposits to the Debt Service Fund for the payment of principal of and interest on the Bonds Similarly Secured shall continue to be made as hereinabove provided until such time as (i) the total amount on deposit in the Debt Service Fund is equal to the amount required to fully pay and discharge all Outstanding Bonds Similarly Secured (principal and interest) or, (ii) the Bonds Similarly Secured are no longer Outstanding.

Any surplus proceeds from the sale of the Bonds, including investment income therefrom, not expended for authorized purposes shall be deposited into the Debt Service Fund, and such amounts (i.e., accrued and investment interest) so deposited into the Debt Service Fund shall reduce the sum otherwise required to be deposited in the Debt Service Fund from Bond Payments.

(b) *Construction Fund.* The BCRUA hereby creates and establishes and shall maintain on the books and records of the BCRUA a separate fund or account to be entitled the "Brushy Creek Regional Utility Authority, Inc. City of Round Rock, Texas Contract Revenue Bonds (Brushy Creek Regional Water Treatment and Distribution Project), Construction Fund" for use by the BCRUA for payment of Round Rock's share of the BCRUA Project. The BCRUA shall deposit the net proceeds from the sale of the Bonds released from escrow as provided in Section 10(c) below into the Construction Fund as