
ORDINANCE NO. 3692

AUTHORIZING THE ISSUANCE OF

\$_____

CITY OF NORTH RICHLAND HILLS, TEXAS,
TAX AND WATERWORKS AND SEWER SYSTEM (LIMITED PLEDGE)
REVENUE CERTIFICATES OF OBLIGATION, SERIES 2021

Adopted April 26, 2021

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ORDINANCE NO. 3692

AN ORDINANCE authorizing the issuance of "CITY OF NORTH RICHLAND HILLS, TEXAS, TAX AND WATERWORKS AND SEWER SYSTEM (LIMITED PLEDGE) REVENUE CERTIFICATE OF OBLIGATION, SERIES 2021"; providing for the payment of such certificate of obligation by the levy of an ad valorem tax upon all taxable property within the City and a limited pledge of the net revenues derived from the operation of the City's waterworks and sewer system; providing the terms and conditions of such certificate and resolving other matters incident and relating to the issuance, payment, security and delivery of such certificate of obligation; and providing an effective date.

WHEREAS, the City Council of the City of North Richland Hills, Texas (the "City"), has heretofore determined that certificates of obligation should be issued in the maximum principal amount not to exceed \$875,000 for the purpose of paying contractual obligations to be incurred for (i) constructing, acquiring, purchasing, renovating, enlarging, equipping, and improving the City's water and sewer system facilities, including the acquisition of land and rights-of-way therefor, and (ii) professional services rendered in relation to such projects and the financing thereof; and

WHEREAS, notice of the intention of the City to issue certificates of obligation was duly published (i) in the *Fort Worth Star-Telegram*, a newspaper hereby found and determined to be of general circulation in the City of North Richland Hills, Texas, on March 11, 2021, and March 18, 2021, the date of the first publication of such notice being not less than forty-six (46) days prior to the tentative date stated therein for the passage and adoption of this Ordinance, and (ii) continuously on the City's website for at least forty-five (45) days prior to the tentative date stated therein for the passage and adoption of this Ordinance; and

WHEREAS, no petition protesting the issuance of such certificates of obligation and bearing valid petition signatures of at least 5% of the qualified voters of the City, has been presented to or filed with the Mayor, City Secretary or any other official of the City on or prior to the date of the passage of this Ordinance; and

WHEREAS, no bond proposition to authorize the issuance of bonds for the same purpose as any of the projects being financed with the proceeds of the Certificates was submitted to the voters of the City during the preceding three years; and

WHEREAS, the City Council of the City (the "Council") hereby finds and determines that all of the certificates of obligation described in such notice should be issued and sold at this time in the amount and manner as hereinafter provided; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF NORTH RICHLAND HILLS, TEXAS:

SECTION 1: Definitions. For purposes of this Ordinance and for clarity with respect to the issuance of the Certificates herein authorized, and the levy of taxes and appropriation of Net Revenues therefor, the following words or terms, whenever the same appears herein without qualifying language, are defined to mean as follows:

(a) The term "Certificate Fund" shall mean the special Fund created and established under the provisions of Section 10 of this Ordinance.

(b) The term "Certificate" or "Certificates" shall mean the "City of North Richland Hills, Texas, Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificate of Obligation, Series 2021" authorized by this Ordinance.

(c) The term "Collection Date" shall mean, when reference is being made to the levy and collection of annual ad valorem taxes, the date the annual ad valorem taxes levied each year by the City become delinquent.

(d) The term "Fiscal Year" shall mean the twelve month financial accounting period for the System ending September 30th of each year; provided, however, the City, by ordinance, may change the Fiscal Year to another period of not less than twelve calendar months.

(e) The term "Government Securities" shall mean (i) direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations unconditionally guaranteed or insured by the agency or instrumentality and, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent.

(f) The term "Gross Revenues" shall mean all income and revenues of every nature derived or received from the operation and ownership (excluding refundable meter deposits, restricted gifts and grants in aid of construction, impact fees charged developers and special assessments against landowners) of the System, including earnings and income derived from the investment or deposit of moneys in any special funds or accounts created and established for the payment and security of the Prior Lien Obligations and other obligations payable solely from and secured only by a lien on and pledge of the Net Revenues.

(g) The term "Net Revenues" shall mean Gross Revenues of the System, with respect to any period, after deducting the System's Operating and Maintenance Expenses during such period.

(h) The term "Operating and Maintenance Expenses" shall mean all current expenses of operating and maintaining the System, including all salaries, labor, materials, repairs and extensions necessary to render efficient service; provided, however, that only such repairs and extensions, as in the judgment of the Council, reasonably and fairly exercised, are necessary to maintain the operations and render adequate service to the City and the inhabitants thereof, or such as might be necessary to meet some physical accident or condition which would otherwise impair obligations payable from Net Revenues shall be deducted in determining "Net Revenues". Depreciation charges shall not be considered Operating and Maintenance Expenses. Operating and Maintenance Expenses shall include payments under contracts for the purchase of water supply, treatment of sewage or other materials, goods or services for the System to the extent authorized by law and the provisions of such contract.

(i) The term "Outstanding" when used in this Ordinance with respect to Certificates means, as of the date of determination, all Certificates theretofore issued and delivered under this Ordinance, except:

(1) those Certificates cancelled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;

(2) those Certificates for which payment has been duly provided by the City in accordance with the provisions of Section 23 hereof; and

(3) those Certificates that have been mutilated, destroyed, lost or stolen and replacement Certificates have been registered and delivered in lieu thereof as provided in Section 24 hereof.

(j) The term "Prior Lien Obligations" shall mean all revenue bonds or other obligations hereafter issued payable from and secured, in whole or in part, by a lien on and pledge of the Net Revenues of the System that is superior to the lien on and pledge of the Net Revenues of the System securing the Certificates, the Subordinate Lien Obligations and any obligations having a lien on and pledge of the Net Revenues of the System that is on an parity with the lien on and pledge of the Net Revenues of the System securing any of the Certificates and the Subordinate Lien Obligations.

(k) The term "Subordinate Lien Obligations" shall mean all revenue bonds or other obligations now outstanding or hereafter issued payable from and secured, in whole or in part, by a lien on and pledge of the Net Revenues of the System that is inferior to the lien on and pledge of the Net Revenues of the System securing the Prior Lien Obligations, the Certificates, and any obligation having a lien on and pledge of the Net Revenues of the System that is on a parity with the lien on and pledge of the Net Revenues of the System securing any of the Prior Lien Obligations and the Certificates.

(l) The term "System" shall mean all properties, facilities and plants currently owned, operated and maintained by the City for the supply, treatment and transmission of treated potable water and the collection, treatment and disposal of water-carried wastes, together with all future extensions, improvements, replacements and additions thereto; provided, however, that notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the term "System" shall not mean to include facilities of any kind which are declared not to be a part of the System and which are acquired or constructed by or on behalf of the City with the proceeds from the issuance of "Special Facilities Bonds", which are hereby defined as being special revenue obligations of the City which are not Prior Lien Obligations but which are payable from and secured by other liens on and pledges of any revenues, sources or payments, not pledged to the payment of the Prior Lien Obligations including, but not limited to, special contract revenues or payments received from any other legal entity in connection with such facilities.

SECTION 2: Authorization – Designation – Principal Amount – Purpose. A Certificate of obligation of the City shall be and is hereby authorized to be issued in the aggregate original principal amount of \$_____ to be designated and bear the title "CITY OF NORTH RICHLAND HILLS, TEXAS, TAX AND WATERWORKS AND SEWER SYSTEM (LIMITED PLEDGE) REVENUE CERTIFICATE OF OBLIGATION, SERIES 2021" (hereinafter referred to as the "Certificate" or "Certificates"), for the purpose of paying contractual obligations to be incurred for (i) constructing, acquiring, purchasing, renovating, enlarging, equipping, and improving the City's water and sewer system facilities, including the acquisition of land and rights-of-way therefor, and (ii) professional services rendered in relation to such projects and the financing thereof, pursuant to authority conferred by and in conformity with the Constitution and laws of the State of Texas, including Texas Local Government Code, Subchapter C of Chapter 271, as amended.

SECTION 3: Fully Registered Obligations - Authorized Denominations - Stated Maturity - Interest Rate - Certificate Date. The Certificate shall be issued as a fully registered obligation only, shall be dated June 1, 2021 (the "Certificate Date"), shall be in the denomination of \$_____ or any lesser amount if there is any partial payment of the principal amount of the

Certificate, and shall become due and payable on February 15, 2036 (the "Stated Maturity"). The Certificate shall bear interest on the unpaid principal amount from the date of delivery to the initial purchaser (anticipated to be June 1, 2021) at the rate of ____% per annum (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Certificate shall be payable on February 15 and August 15 in each year, commencing February 15, 2022, until maturity or prior redemption.

SECTION 4: Terms of Payment-Paying Agent/Registrar. The principal of, premium, if any, and the interest on the Certificate, due and payable by reason of maturity, redemption or otherwise, shall be payable only to the registered owners or holders of the Certificate (hereinafter called the "Holders") appearing on the registration and transfer books maintained by the Paying Agent/Registrar and the payment thereof shall be in any coin or currency of the United States of America, which at the time of payment, is legal tender for the payment of public and private debts, and shall be without exchange or collection charges to the Holders.

The selection and appointment of _____, _____, _____, to serve as the paying agent/registrar for the Certificate (the "Paying Agent/Registrar") is hereby approved and confirmed. Books and records relating to the registration, payment, exchange and transfer of the Certificate (the "Security Register") shall at all times be kept and maintained on behalf of the City by the Paying Agent/Registrar, all as provided herein, in accordance with the terms and provisions of a "Paying Agent/Registrar Agreement," substantially in the form attached hereto as **Exhibit A** and such reasonable rules and regulations as the Paying Agent/Registrar and the City may prescribe. The Mayor or Mayor Pro Tem and City Secretary or Assistant City Secretary are hereby authorized to execute and deliver such Paying Agent/Registrar Agreement in connection with the delivery of the Certificate. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Certificate is paid and discharged, and any successor Paying Agent/Registrar shall be a commercial bank, trust company, financial institution, or other entity qualified and authorized to serve in such capacity and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Certificate, the City agrees to promptly cause a written notice thereof to be sent to each Holder by United States mail, first-class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

The Certificate shall be payable at its Stated Maturity or earlier optional redemption, upon the presentation and surrender of the Certificate to the Paying Agent/Registrar at its designated offices, initially in _____, _____, or, with respect to a successor Paying Agent/Registrar, at the designated offices of such successor (the "Designated Payment/Transfer Office") or upon its earlier mandatory redemption (without presentation). Interest on the Certificate shall be paid by the Paying Agent/Registrar to the Holders whose names appears in the Security Register at the close of business on the Record Date (the last business day of the month next preceding each interest payment date) and such interest payments shall be made (i) by check sent United States mail, first-class postage prepaid, to the address of the Holder recorded in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder. If the date for the payment of the principal of or interest on the Certificate shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to be closed, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which such banking institutions are authorized to be closed; and payment on such date shall have the same force and effect as if made on the original date payment was due.

In the event of a non-payment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record

Date”) will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class, postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

SECTION 5: Redemption.

(a) Optional Redemption. The Certificate shall be subject to redemption prior to maturity, at the option of the City, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2030, or on any date thereafter at the redemption price of par plus accrued interest to the date of redemption.

At least forty-five (45) days prior to an optional redemption date for the Certificate (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar), the City shall notify the Paying Agent/Registrar of the decision to redeem the Certificate, the principal amount of to be redeemed, and the date of redemption therefor. The decision of the City to exercise the right to redeem the Certificate shall be entered in the minutes of the governing body of the City.

(b) Mandatory Redemption. The Certificate shall be subject to mandatory redemption in part prior to maturity at the redemption price of par and accrued interest to the date of redemption on the respective dates and in principal amounts as follows:

<u>Redemption Date</u>	<u>Principal Amount (\$)</u>
February 15, 2022	
February 15, 2023	
February 15, 2024	
February 15, 2025	
February 15, 2026	
February 15, 2027	
February 15, 2028	
February 15, 2029	
February 15, 2030	
February 15, 2031	
February 15, 2032	
February 15, 2033	
February 15, 2034	
February 15, 2035	
February 15, 2036*	

* maturity date

The principal amount of the Certificate required to be redeemed on a mandatory redemption date may be reduced, at the option of the City, by the principal amount of the Certificate which, at least 50 days prior to the mandatory redemption date, shall have been redeemed pursuant to the optional redemption provisions set forth in paragraph (a) of this Section and not theretofore credited against a mandatory redemption requirement.

(c) Selection of Certificates for Redemption. If less than all of the outstanding principal amount of the Certificate is to be redeemed on a redemption date, the Redemption Ledger appearing on the Certificate shall be completed and signed by an authorized officer of the Paying Agent/Registrar with respect to such partial redemption, upon presentation and

surrender of the Certificate to the Designated Payment/Transfer Office of the Paying Agent/Registrar.

(d) Notice of Redemption. Not less than thirty (30) days prior to a redemption date for the Certificate, a notice of redemption shall be sent by United States mail, first-class, postage prepaid, in the name of the City and at the City's expense, to each Holder of a Certificate to be redeemed in whole or in part at the address of the Holder appearing on the Security Register at the close of business on the business day next preceding the date of mailing such notice, and any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Holder.

All notices of redemption shall (i) specify the date of redemption for the Certificate, (ii) in the case of a portion of the principal amount to be redeemed, the principal amount thereof to be redeemed, (iii) state the redemption price, (iv) state that the Certificate, or the portion of the principal amount thereof to be redeemed, shall become due and payable on the redemption date specified, and the interest thereon, or on the portion of the principal amount thereof to be redeemed, shall cease to accrue from and after the redemption date, and (v) specify that payment of the redemption price for the Certificate, or the principal amount thereof to be redeemed, shall be made at the Designated Payment/Transfer Office of the Paying Agent/Registrar only upon presentation and surrender thereof by the Holder. If a Certificate is subject by its terms to prior redemption, and has been called for redemption, and notice of redemption thereof has been duly given as hereinabove provided, such Certificate (or the principal amount thereof to be redeemed) shall become due and payable and interest thereon shall cease to accrue from and after the redemption date therefor; provided moneys sufficient for the payment of such Certificate (or of the principal amount thereof to be redeemed) at the then applicable redemption price are held for the purpose of such payment by the Paying Agent/Registrar.

(e) Conditional Notice of Redemption. With respect to any optional redemption of the Certificate, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Certificate to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that such redemption is conditional upon the receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in such notice of redemption; and, if sufficient moneys are not received or such prerequisites are not satisfied, such notice shall be of no force and effect, the City shall not redeem such Certificate and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Certificate has not been redeemed.

SECTION 6: Registration - Transfer - Exchange of Certificates - Predecessor Certificates. The Paying Agent/Registrar shall obtain, record and maintain in the Security Register the name and address of each and every owner of the Certificate issued under and pursuant to the provisions of this Ordinance, or if appropriate, the nominee thereof. The registration of the Certificate shall be transferable only in whole and only on the Security Register, upon surrender of such Certificate to the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

When the registration of the transfer in the Security Register has been recorded and the Certificate is surrendered for cancellation, the Paying Agent/Registrar shall provide, in the name of the transferee, a new single fully registered Certificate in the principal amount remaining to be paid at the time of the transfer or assignment.

When a Certificate has been duly assigned and transferred, a new Certificate shall be delivered to the Holder at the Designated Payment/Transfer Office of the Paying Agent/Registrar or sent by United States Mail, first class, postage prepaid to the Holder and, upon the registration and delivery thereof, such Certificate shall be the valid obligation of the City evidencing the same obligation to pay, and entitled to the same benefits under this Ordinance, as the Certificate surrendered in such assignment and transfer.

All transfers or exchanges of the Certificate pursuant to this Section shall be made without expense or service charge to the Holder, except as otherwise herein provided, and except that the Paying Agent/Registrar shall require payment by the Holder requesting such transfer or exchange of any tax or other governmental charges required to be paid with respect to such transfer or exchange.

Certificates cancelled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be "Predecessor Certificates," evidencing all or a portion, as the case may be, of the same obligation to pay evidenced by the new Certificate or Certificates registered and delivered in the exchange or transfer. Additionally, the term "Predecessor Certificates" shall include any mutilated, lost, destroyed, or stolen Certificate for which a replacement Certificate has been issued, registered and delivered in lieu thereof pursuant to the provisions of Section 24 hereof and such new replacement Certificate shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Certificate.

Neither the City nor the Paying Agent/Registrar shall be required to issue or transfer to an assignee of a Holder any Certificate called for redemption, in whole or in part, within 45 days of the date fixed for the redemption of such Certificate.

Notwithstanding anything in this Ordinance to the contrary, the Certificate may only be transferred to: (i) an affiliate of the Purchaser (hereinafter defined); (ii) a "Bank" as defined in Section 3(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"); (iii) an "Accredited Investor" as defined in Regulation D under the Securities Act; or (iv) a "Qualified Institutional Buyer" as defined in Rule 144A under the Securities Act.

SECTION 7: Execution - Registration. The Certificates shall be executed on behalf of the City by the Mayor or the Mayor Pro Tem under its seal reproduced or impressed thereon and countersigned by the City Secretary or Assistant City Secretary. The signature of such officers on the Certificates may be manual or facsimile. Certificates bearing the manual or facsimile signatures of such individuals who are or were the proper officers of the City on the date of adoption of this Ordinance shall be deemed to be duly executed on behalf of the City, notwithstanding that such individuals or any of them shall cease to hold such offices prior to the delivery of the Certificates to the initial purchaser(s), and with respect to Certificates delivered in subsequent exchanges and transfers, all as authorized and provided by Texas Government Code, Chapter 1201, as amended.

No Certificate shall be entitled to any right or benefit under this Ordinance, or be valid or obligatory for any purpose, unless there appears on such Certificate either a certificate of registration substantially in the form provided in **Exhibit B**, manually executed by the Comptroller of Public Accounts of the State of Texas or his or her duly authorized agent, or a certificate of registration substantially in the form provided in **Exhibit B**, manually executed by an authorized officer, employee or representative of the Paying Agent/Registrar, and either such certificate duly signed upon any Certificate shall be conclusive evidence, and the only evidence, that such Certificate has been duly certified, registered and delivered.

SECTION 8: Initial Certificate. The Certificate herein authorized shall be initially issued as a single fully registered certificate in the aggregate principal amount stated in Section 2 hereof and numbered T-1 (hereinafter called the "Initial Certificate") and the Initial Certificate

shall be registered in the name of the initial purchaser(s) or the designee thereof. The Initial Certificate shall be the Certificate submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the initial purchaser(s). Any time after the delivery of the Initial Certificate, the Paying Agent/Registrar, pursuant to written instructions from the initial purchaser(s), or the designee thereof, shall cancel the Initial Certificate delivered hereunder and exchange therefor a single definitive Certificate of like Stated Maturity, principal amount and bearing an applicable interest rate for transfer and delivery to the Holders named at the addresses identified therefor; all pursuant to and in accordance with such written instructions from the initial purchaser(s), or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

SECTION 9: Forms.

(a) Forms Generally. The Certificates, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Registration Certificate of Paying Agent/Registrar, the form of Assignment, and the Redemption Ledger to be printed on each of the Certificates, shall be substantially in the forms set forth in **Exhibit B** with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance and may have such letters, numbers, or other marks of identification and such legends and endorsements (including insurance legends in the event the Certificate is purchased with bond insurance and any reproduction of an opinion of counsel) thereon as may, consistently herewith, be established by the City or determined by the officers executing such Certificates as evidenced by their execution. Any portion of the text of any Certificate may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Certificate.

The definitive Certificates, including the Initial Certificate, shall be typewritten, printed, lithographed, or photocopied, or produced in any other similar manner, all as determined by the officers executing such Certificates as evidenced by their execution.

SECTION 10: Certificate Fund. For the purpose of paying the interest on and to provide a sinking fund for the payment, redemption and retirement of the Certificate, there shall be and is hereby created a special account on the books of the City to be designated "SPECIAL SERIES 2021 TAX AND REVENUE CERTIFICATE OF OBLIGATION FUND," and all moneys deposited to the credit of such account shall be kept and maintained in a banking fund maintained at the City's depository. The Mayor, Mayor Pro Tem, City Manager, Deputy City Manager, Assistant City Manager, Director of Finance, City Secretary and Assistant City Secretary, individually or collectively, are hereby authorized and directed to make withdrawals from the Certificate Fund sufficient to pay the principal of and interest on the Certificate as the same become due and payable, and, shall cause to be transferred to the Paying Agent/Registrar from moneys on deposit in the Certificate Fund an amount sufficient to pay the amount of principal and/or interest falling due on the Certificate, such transfer of funds to the Paying Agent/Registrar to be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar on or before the last business day next preceding each interest and principal payment date for the Certificate.

Pending the transfer of funds to the Paying Agent/Registrar, money in the Certificate Fund may, at the option of the City, be invested in obligations identified in, and in accordance with the provisions of the "Public Funds Investment Act" relating to the investment of "bond proceeds"; provided that all such investments shall be made in such a manner that the money required to be expended from such Fund will be available at the proper time or times. All interest and income derived from deposits and investments in such Certificate Fund shall be credited to, and any losses debited to, the such Certificate Fund. All such investments shall be sold promptly when necessary to prevent any default in connection with the Certificate.

SECTION 11: Tax Levy. To provide for the payment of the "Debt Service Requirements" on the Certificate being (i) the interest on such Certificate and (ii) a sinking fund for its redemption at maturity or a sinking fund of 2% (whichever amount shall be the greater), there shall be and there is hereby levied, within the limitations prescribed by law, a sufficient tax on each one hundred dollars' valuation of taxable property in the City, adequate to pay such Debt Service Requirements while the Certificate remains Outstanding, full allowance being made for delinquencies and costs of collection; such tax shall be assessed and collected each year and applied to the payment of the Debt Service Requirements, and the same shall not be diverted to any other purpose. The taxes so levied and collected shall be paid into the Certificate Fund. The Council hereby declares its purpose and intent to provide and levy a tax legally and fully sufficient to pay the Debt Service Requirements, it having been determined that the existing and available taxing authority of the City for such purpose is adequate to permit a legally sufficient tax in consideration of all other outstanding indebtedness.

The amount of taxes to be provided annually for the payment of the principal of and interest on the Certificate shall be determined and accomplished in the following manner:

(a) Prior to the date the Council establishes the annual tax rate and passes an ordinance levying ad valorem taxes each year, the Council shall determine:

(1) The amount on deposit in the Certificate Fund after (a) deducting therefrom the total amount of Debt Service Requirements to become due on the Certificate prior to the Collection Date for the ad valorem taxes to be levied and (b) adding thereto the amount of the Net Revenues of the System appropriated and allocated to pay such Debt Service Requirements prior to the Collection Date for the ad valorem taxes to be levied.

(2) The amount of Net Revenues of the System, and any other lawfully available revenues which are appropriated and to be set aside for the payment of the Debt Service Requirements on the Certificate between the Collection Date for the taxes then to be levied and the Collection Date for the taxes to be levied during the next succeeding calendar year.

(3) The amount of Debt Service Requirements to become due and payable on the Certificate between the Collection Date for the taxes then to be levied and the Collection Date for the taxes to be levied during the next succeeding calendar year.

(b) The amount of taxes to be levied annually each year to pay the Debt Service Requirements on the Certificate shall be the amount established in paragraph (3) above less the sum total of the amounts established in paragraphs (1) and (2), after taking into consideration delinquencies and costs of collecting such annual taxes.

SECTION 12: Limited Pledge of Net Revenues. The City hereby covenants and agrees that, subject to the prior lien on and pledge of the Net Revenues of the System to the payment and security of Prior Lien Obligations, the Net Revenues of the System, in the amount of \$1,000 are hereby irrevocably pledged, equally and ratably, to the payment of the principal of and interest on the Certificate, and the limited pledge of \$1,000 of the Net Revenues of the System herein made for the payment of the Certificate shall constitute a lien on the Net Revenues of the System until such time as the City shall pay all of such \$1,000, after which time the pledge shall cease. Furthermore, such lien on and pledge of the Net Revenues securing the payment of the Certificate shall be valid and binding and fully perfected from and after the date of adoption of this Ordinance without physical delivery or transfer or transfer of control of the Net Revenues,

the filing of this Ordinance or any other act; all as provided in Texas Government Code, Chapter 1208, as amended.

Texas Government Code, Section 1208, as amended, applies to the issuance of the Certificates and the pledge of the Net Revenues of the System granted by the City under this Section 12, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Certificates are Outstanding such that the pledge of the Net Revenues of the System granted by the City under this Section 12 is to be subject to the filing requirements of Texas Business and Commerce Code, Chapter 9, as amended, then in order to preserve to the registered owners of the Certificates the perfection of the security interest in such pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Texas Business and Commerce Code, Chapter 9, as amended, and enable a filing to perfect the security interest in such pledge to occur.

SECTION 13: System Fund. The City covenants and agrees that all Gross Revenues (excluding earnings from the investment of money held in any special funds or accounts created for the payment and security of the Prior Lien Obligations) shall be deposited as collected into a fund maintained at an official depository of the City and known on the books of the City as the "Water and Sewer System Fund" (hereinafter called the "System Fund"). All moneys deposited to the credit of the System Fund shall be allocated, dedicated and disbursed to the extent required for the following purposes and in the order of priority shown, to wit:

First: To the payment of all necessary and reasonable Operating and Maintenance Expenses of the System as defined herein or required by statute to be a first charge on and claim against the Gross Revenues of the System.

Second: To the payment of all amounts required to be deposited in the special Funds created and established for the payment, security and benefit of Prior Lien Obligations in accordance with the terms and provisions of the ordinances authorizing the issuance of Prior Lien Obligations.

Third: To the payment, equally and ratably, of the limited amounts pledged to the payment of the Certificate.

Any Net Revenues remaining in the System Fund after satisfying the foregoing payments, or making adequate and sufficient provision for the payment thereof, may be appropriated and used for payment of the Subordinate Lien Obligations and then for any other City purpose now or hereafter permitted by law.

SECTION 14: Deposits to Certificate Fund. Subject to the provisions of Section 12 hereof, the City hereby covenants and agrees to cause to be deposited in the Certificate Fund from the pledged Net Revenues of the System in the System Fund, the amount of Net Revenues of the System pledged to the payment of the Certificate.

The City covenants and agrees that the amount of pledged Net Revenues of the System (\$1,000), together with other lawfully available revenues appropriated by the City for payment of the debt service requirements on the Certificate and ad valorem taxes levied, collected, and deposited in the Certificate Fund for and on behalf of the Certificate, will be an amount equal to one hundred percent (100%) of the amount required to fully pay the interest and principal due and payable on the Certificate. In addition, any surplus proceeds from the sale of the Certificate not expended for authorized purposes shall be deposited in the Certificate Fund, and such

amounts so deposited shall reduce the sums otherwise required to be deposited in such Fund from ad valorem taxes and the Net Revenues of the System.

SECTION 15: Security of Funds. All moneys on deposit in the Funds for which this Ordinance makes provision (except any portion thereof as may be at any time properly invested) shall be secured in the manner and to the fullest extent required by the laws of Texas for the security of public funds, and moneys on deposit in such Funds shall be used only for the purposes permitted by this Ordinance.

SECTION 16: Special Covenants. The City hereby further covenants as follows:

(a) It has the lawful power to pledge the Net Revenues of the System supporting this issue of Certificate and has lawfully exercised such powers under the Constitution and laws of the State of Texas, including the powers existing under Texas Government Code, Chapter 1502, as amended, and Texas Local Government Code, Sections 271.041, et seq., as amended.

(b) Other than for the payment of the Certificate, the Net Revenues of the System are not pledged to the payment of any debt or obligation of the City or of the System.

SECTION 17: Issuance of Prior Lien Obligations - Additional Obligations and Subordinate Lien Obligations. The City expressly reserves the right to hereafter issue Prior Lien Obligations, without limitation as to principal amount but subject to any terms, conditions or restrictions applicable thereto under law or otherwise. Prior Lien Obligations hereafter issued may be payable, in whole or in part, from the Net Revenues (without impairment of the obligation of contract with the Holders of the Certificates) upon such terms and conditions as the Council may determine. Additionally, the City reserves the right to issue (a) obligations payable, in whole or in part, from the Net Revenues of the System and, to the extent provided, secured by a lien on and pledge of the Net Revenues of equal rank and dignity with the lien and pledge securing the payment of the Certificates and (b) Subordinate Lien Obligations.

SECTION 18: Application of Prior Lien Obligations Covenants and Agreements. It is the intention of this governing body and accordingly hereby recognized and stipulated that the provisions, agreements and covenants contained herein bearing upon the management and operations of the System, and the administering and application of revenues derived from the operation thereof, shall to the extent possible be harmonized with like provisions, agreements and covenants contained in the ordinances authorizing the issuance of the Prior Lien Obligations, and to the extent of any irreconcilable conflict between the provisions contained herein and in the ordinances authorizing the issuance of the Prior Lien Obligations, the provisions, agreements and covenants contained therein shall prevail to the extent of such conflict and be applicable to this Ordinance but in all respects subject to the priority of rights and benefits, if any, conferred thereby to the holders of the Prior Lien Obligations.

SECTION 19: Further Procedures. Any one or more of the Mayor, Mayor Pro Tem, City Manager, Deputy City Manager, Assistant City Manager, Director of Finance, City Secretary and Assistant City Secretary are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and on behalf of the City all agreements, instruments, certificates or other documents, whether mentioned herein or not, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance and the issuance of the Certificate. In addition, prior to the initial delivery of the Certificate, the Mayor, Mayor Pro Tem, City Manager, Deputy City Manager, Assistant City Manager, Director of Finance, City Secretary and Assistant City Secretary or Bond Counsel to the City are each hereby authorized and directed to approve any changes or corrections to this Ordinance or to any of the documents authorized and

approved by this Ordinance: (i) in order to cure any ambiguity, formal defect, or omission in the Ordinance or such other document; or (ii) as requested by the Attorney General of the State of Texas or his representative to obtain the approval of the Certificate by the Attorney General and if such officer or counsel determines that such changes are consistent with the intent and purpose of the Ordinance, which determination shall be final. In the event that any officer of the City whose signature shall appear on any document shall cease to be such officer before the delivery of such document, such signature nevertheless shall be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Additionally, the Mayor, Mayor Pro Tem, the City Manager, the Deputy City Manager, the Assistant City Manager, Director of Finance, City Secretary, and Assistant City Secretary may execute, authenticate, certify, or endorse or authorize to be executed, authenticated, certified, or endorsed with such officer's facsimile signature instead of the officer's manual signature any written agreement, including a contract, purchase order or surety bond, and any related document, including an application, certificate, or approval. For purposes of this Ordinance, "facsimile signature" means a reproduction of the manual signature of an authorized officer that is made by any method.

SECTION 20: Notices to Holders - Waiver. Wherever this Ordinance provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States mail, first-class postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the business day next preceding the mailing of such notice.

In any case where notice to Holders is given by mail, neither the failure to mail such notice to any particular Holders, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Certificate. Where this Ordinance provides for notice in any manner, such notice may be waived in writing by the Holder entitled to receive such notice, either before or after the event with respect to which such notice is given, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Paying Agent/Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 21: Cancellation. All Certificates surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly canceled by it and, if surrendered to the City, shall be delivered to the Paying Agent/Registrar and, if not already canceled, shall be promptly canceled by the Paying Agent/Registrar. The City may at any time deliver to the Paying Agent/Registrar for cancellation any Certificates previously certified or registered and delivered which the City may have acquired in any manner whatsoever, and all Certificates so delivered shall be promptly canceled by the Paying Agent/Registrar. All canceled Certificates held by the Paying Agent/Registrar shall be returned to the City.

SECTION 22: Covenants to Maintain Tax-Exempt Status.

(a) Definitions. When used in this Section, the following terms have the following meanings:

"*Closing Date*" means the date on which the Certificates are first authenticated and delivered to the initial purchaser against payment therefor.

"*Code*" means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date.

“Computation Date” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“Gross Proceeds” means any proceeds as defined in Section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in Section 1.148-1(c) of the Regulations, of the Certificates.

“Investment” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“Nonpurpose Investment” means any investment property, as defined in Section 148(b) of the Code, in which Gross Proceeds of the Certificates are invested and which is not acquired to carry out the governmental purposes of the Certificates.

“Rebate Amount” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“Regulations” means any proposed, temporary, or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Certificates. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

“Yield” of (1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations and (2) the Certificates has the meaning set forth in Section 1.148-4 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The City shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any Certificate to become includable in the gross income, as defined in Section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Certificate, the City shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by Section 141 of the Code and the Regulations and rulings thereunder, the City shall at all times prior to the last Stated Maturity of Certificates:

(1) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Certificates, and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(2) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Certificates or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within the City or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan. Except to the extent permitted by Section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of the Certificates to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be "loaned" to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except to the extent permitted by Section 148 of the Code and the Regulations and rulings thereunder, the City shall not at any time prior to the final Stated Maturity of the Certificates directly or indirectly invest Gross Proceeds in any Investment (or use Gross Proceeds to replace money so invested), if as a result of such investment the Yield from the Closing Date of all Investments acquired with Gross Proceeds (or with money replaced thereby), whether then held or previously disposed of, exceeds the Yield of the Certificates.

(f) Not Federally Guaranteed. Except to the extent permitted by Section 149(b) of the Code and the Regulations and rulings thereunder, the City shall not take or omit to take any action which would cause the Certificates to be federally guaranteed within the meaning of Section 149(b) of the Code and the Regulations and rulings thereunder.

(g) Information Report. The City shall timely file the information required by Section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(h) No Rebate Required. The City warrants and represents that it satisfies the requirements of paragraph (2) and (3) of Section 148(f) of the Code with respect to the Certificates without making the payments for the United States described in such section. Specifically, the City warrants and represents that:

(1) the City is a governmental unit with general taxing powers;

(2) at least 95% of the net proceeds of the Certificates will be used for the local governmental activities of the City; and

(3) the aggregate face amount of all tax exempt obligations issued or expected to be issued by the City (and all subordinate entities thereof) in the calendar year in which the Certificates are issued is not reasonably expected to exceed \$5,000,000.

(i) Elections. The City hereby directs and authorizes the Mayor, Mayor Pro Tem, City Administrator and City Secretary, individually or jointly, to make elections permitted or

required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Certificates, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

SECTION 23: Satisfaction of Obligations of City. If the City shall pay or cause to be paid, or there shall otherwise be paid to the Holders, the principal of, premium, if any, and interest on the Certificate, at the times and in the manner stipulated in this Ordinance, then the pledge of taxes levied under this Ordinance and the Net Revenues of the System (to the extent such limited pledge of Net Revenues shall not have been discharged or terminated by prior payment of principal of or interest on the Certificate) and all covenants, agreements, and other obligations of the City to the Holders shall thereupon cease, terminate, and be discharged and satisfied.

Certificates or any principal amount(s) thereof shall be deemed to have been paid within the meaning and with the effect expressed above in this Section ("Defeased Certificates") when (i) money sufficient to pay in full such Certificates or the principal amount(s) thereof at maturity or the redemption date therefor, together with all interest due thereon, shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar, or an authorized escrow agent, or (ii) Government Securities shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Securities shall mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any moneys deposited therewith, if any, to pay when due the principal of and interest on such Certificates, or the principal amount(s) thereof, on and prior to the Stated Maturity thereof or (if notice of redemption has been duly given or waived or if irrevocable arrangements therefor acceptable to the Paying Agent/Registrar have been made) the redemption date thereof. In the event of a defeasance of the Certificates, the City shall deliver a certificate from its financial advisor, the Paying Agent/Registrar, an independent certified public accountant, or another qualified third party concerning the sufficiency of the deposit of cash and/or Government Securities to pay, when due, the principal of, redemption premium (if any), and interest due on any defeased Certificates. Notwithstanding any other provision of this Ordinance to the contrary, it is hereby provided that any determination not to redeem the Defeased Certificates that is made in conjunction with the payment arrangements specified in (i) or (ii) above in this paragraph shall not be irrevocable, provided that in the proceedings providing for such payment arrangements, the City: (1) expressly reserves the right to call the Defeased Certificates for redemption; (2) gives notice of the reservation of that right to the registered owners of the Defeased Certificates immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes. The City covenants that no deposit of moneys or Government Securities will be made under this Section and no use made of any such deposit which would cause the Certificates to be treated as "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or regulations adopted pursuant thereto.

Any moneys so deposited with the Paying Agent/Registrar, or an authorized escrow agent, and all income from Government Securities held in trust by the Paying Agent/Registrar, or an authorized escrow agent, pursuant to this Section which is not required for the payment of the Certificates, or any principal amount(s) thereof, or interest thereon with respect to which such moneys have been so deposited shall be remitted to the City or deposited as directed by the City. Furthermore, any money held by the Paying Agent/Registrar for the payment of the principal of and interest on the Certificates and remaining unclaimed for a period of three (3) years after the Stated Maturity, or applicable redemption date, of the Certificates such moneys were deposited and are held in trust to pay shall upon the request of the City be remitted to the City against a written receipt therefor. Notwithstanding the above and foregoing, any remittance

of funds from the Paying Agent/Registrar to the City shall be subject to any applicable unclaimed property laws of the State of Texas.

SECTION 24: Mutilated, Destroyed, Lost, and Stolen Certificates. In case any Certificate shall be mutilated, or destroyed, lost or stolen, the Paying Agent/Registrar may execute and deliver a replacement Certificate of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Certificate, or in lieu of and in substitution for such destroyed, lost or stolen Certificate, only upon the approval of the City and after (i) the filing by the Holder thereof with the Paying Agent/Registrar of evidence satisfactory to the Paying Agent/Registrar of the destruction, loss or theft of such Certificate, and of the authenticity of the ownership thereof and (ii) the furnishing to the Paying Agent/Registrar of indemnification in an amount satisfactory to hold the City and the Paying Agent/Registrar harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Certificate shall be borne by the Holder of the Certificate mutilated, or destroyed, lost or stolen.

Every replacement Certificate issued pursuant to this Section shall be a valid and binding obligation, and shall be entitled to all the benefits of this Ordinance equally and ratably with all other Outstanding Certificates; notwithstanding the enforceability of payment by anyone of the destroyed, lost, or stolen Certificates.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost or stolen Certificates.

SECTION 25: Ordinance a Contract - Amendments. This Ordinance shall constitute a contract with the Holders from time to time, be binding on the City, and shall not be amended or repealed by the City so long as any Certificate remains Outstanding except as permitted in this Section. The City, may, without the consent of or notice to any Holders, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Holders, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the City may, with the written consent of Holders holding a majority in aggregate principal amount of the Certificates then Outstanding, amend, add to, or rescind any of the provisions of this Ordinance; provided that, without the consent of all Holders of Outstanding Certificates, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Certificates, reduce the principal amount thereof, the redemption price, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Certificates, (2) give any preference to any Certificate over any other Certificate, or (3) reduce the aggregate principal amount of Certificates required to be held by Holders for consent to any such amendment, addition, or rescission.

SECTION 26: Sale of the Certificates. The offer of _____ (herein referred to as the "Purchaser") to purchase the Certificate in accordance with the Purchase Letter, dated as of April 26, 2021 (the "Purchase Letter"), attached hereto as **Exhibit C** and incorporated herein by reference as a part of this Ordinance for all purposes, is hereby accepted. Such sale of the Certificate to the Purchaser is hereby found to be in the best interest of the City and is therefore approved and authorized. The Mayor or Mayor Pro Tem and the City Secretary or Assistant City Secretary are hereby authorized and directed to sign the acceptance clause of such Purchase Letter for and on behalf of the City and as the act and deed of this Council. Delivery of the Certificate to the Purchaser shall occur as soon as possible upon payment being made therefor in accordance with the terms of sale.

SECTION 27: Proceeds of Sale. The proceeds of sale of the Certificate excluding accrued interest, if any, received from the Purchaser, and amounts to pay costs of issuance and any additional proceeds to be deposited to the Certificate Fund, shall be deposited in a fund maintained at a City depository bank (the "Construction Fund"). Pending expenditure for authorized projects and purposes, such proceeds of sale may be invested in authorized investments in accordance with the provisions of Texas Government Code, Chapter 2256, as amended, including specifically guaranteed investment contracts permitted by Texas Government Code, Section 2256.015, et seq., and the City's investment policies and guidelines, and any investment earnings realized may be expended for such authorized projects and purposes or deposited in the Certificate Fund as shall be determined by the Council. Accrued interest or premium, if any, received from the Purchaser as well as proceeds of sale, including investment earnings thereon, remaining after completion of all authorized projects or purposes shall be deposited to the credit of the Certificate Fund.

SECTION 28: Reporting Covenants. As long as the Purchaser owns 100% of the Certificate, the City agrees to deliver to the Purchaser:

- (a) within 210 days after the end of its fiscal year, its comprehensive annual financial report (CAFR); and
- (b) such other financial information that the Purchaser may reasonably request from time to time.

The delivery of the City's CAFR may be made by its filing of such information with the Municipal Securities Rulemaking Board on a publicly accessible website such as the Electronic Municipal Market Access (EMMA).

SECTION 29: Control and Custody of Certificate. The Mayor of the City shall be and is hereby authorized to take and have charge of all necessary orders and records pending the sale of the Certificate, the investigation by the Attorney General of the State of Texas, including the printing and supply of definitive Certificates, and shall take and have charge and control of the Initial Certificate pending the approval thereof by the Attorney General and its registration thereof by the Comptroller of Public Accounts.

Furthermore, the Mayor, Mayor Pro Tem, City Manager, Deputy City Manager, Assistant City Manager, Director of Finance, City Secretary and Assistant City Secretary, individually or collectively, are hereby authorized and directed to furnish and execute such documents and certifications relating to the City and the issuance of the Certificate, including a certification as to facts, estimates, circumstances and reasonable expectations pertaining to the use and expenditure and investment of the proceeds of the Certificate as may be necessary for the approval of the Attorney General and their registration by the Comptroller of Public Accounts. In addition, such officials, together with the City's financial advisor, bond counsel and the Paying Agent/Registrar, are authorized and directed to make the necessary arrangements for the delivery of the Initial Certificate to the initial purchaser.

SECTION 30: Legal Opinion. The Purchaser's obligation to accept delivery of the Certificate is subject to being furnished a final opinion of the City's bond counsel, Norton Rose Fulbright US LLP, Dallas, Texas ("Bond Counsel"), approving the Certificate as to its validity, such opinion to be dated and delivered as of the date of delivery and payment for the Certificate. The engagement of Bond Counsel as bond counsel to the City is hereby approved, ratified and confirmed.

SECTION 31: Benefits of Ordinance. Nothing in this Ordinance, expressed or implied, is intended or shall be construed to confer upon any person other than the City, the Paying Agent/Registrar, and the Holders, any right, remedy, or claim, legal or equitable, under or by reason of this Ordinance or any provision hereof, this Ordinance and all its provisions being intended to be and being for the sole and exclusive benefit of the City, the Paying Agent/Registrar and the Holders.

SECTION 32: Inconsistent Provisions. Subject to Section 18 hereof, all ordinances, orders, or resolutions, or parts thereof which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict and the provisions of this Ordinance shall be and remain controlling as to the matters contained herein.

SECTION 33: Governing Law. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 34: Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 35: Severability. If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance or the application thereof to other circumstances shall nevertheless be valid, and this governing body hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 36: Construction of Terms. If appropriate in the context of this Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

SECTION 37: Incorporation of Findings and Determinations. The findings and determinations of the Council contained in the preamble hereof are hereby incorporated by reference and made a part of this Ordinance for all purposes as if the same were restated in full in this Section.

SECTION 38: Public Meeting. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Texas Government Code, Chapter 551, as amended.

SECTION 39: Effective Date. In accordance with the provisions of Texas Government Code, Section 1201.028, as amended, this Ordinance shall be in force and effect from and after its passage on the date shown below and it is so ordained.

[Remainder of page intentionally left blank]

PASSED AND APPROVED, this April 26, 2021.

CITY OF NORTH RICHLAND HILLS, TEXAS

Mayor

ATTEST:

City Secretary

(City Seal)

APPROVED AS TO LEGALITY:

City Attorney

(City Seal)

APPROVED AS TO CONTENT:

Director of Finance

EXHIBIT A

PAYING AGENT/REGISTRAR AGREEMENT

EXHIBIT B

FORMS

(a) Form of Certificates.

THIS CERTIFICATE MAY ONLY BE TRANSFERRED TO: (I) AN AFFILIATE OF THE PURCHASER AS DEFINED IN THE ORDINANCE; (II) A "BANK" AS DEFINED IN SECTION 3(A)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"); (III) AN "ACCREDITED INVESTOR" AS DEFINED IN REGULATION D UNDER THE SECURITIES ACT; OR (IV) A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT.

REGISTERED
NO. [T-1][R-1]

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF NORTH RICHLAND HILLS, TEXAS
TAX AND WATERWORKS AND SEWER SYSTEM (LIMITED PLEDGE)
REVENUE CERTIFICATE OF OBLIGATION
SERIES 2021

Certificate Date:
June 1, 2021

Interest Rate:
_____%

Stated Maturity:
February 15, 2036

Registered Owner: _____

Principal Amount: _____ DOLLARS

The City of North Richland Hills (hereinafter referred to as the "City"), a body corporate and municipal corporation in the County of Tarrant, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the Registered Owner named above, or the registered assigns thereof, on the Stated Maturity date specified above, the above stated Principal Amount (or so much thereof as shall not have been redeemed prior to maturity) and to pay interest on the unpaid Principal Amount from the interest payment date next preceding the "Registration Date" of this Certificate appearing below (unless this Certificate bears a "Registration Date" as of an interest payment date, in which case it shall bear interest from such date, or unless the "Registration Date" of this Certificate is prior to the initial interest payment date, in which case it shall bear interest from the date of delivery to the initial purchaser (anticipated to be June 1, 2021)) at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 of each year, commencing February 15, 2022, until maturity or prior redemption of this Certificate. Principal installments of this Certificate are payable at the year of maturity or on a redemption date to the registered owner hereof by _____, _____, _____ (the "Paying Agent/Registrar"), upon presentation and surrender at its designated offices in _____, _____, or, with respect to a successor paying agent/registrar, at the designated office of such successor (the "Designated Payment/Transfer Office"). Interest is payable to the registered owner of this Certificate whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the last business day of the month next preceding each interest payment date hereof and interest shall be paid by the Paying Agent/Registrar by check sent United States mail, first-class, postage prepaid, to the address of the registered owner recorded in the

Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. All payments of principal of, premium, if any, and interest on this Certificate shall be without exchange or collection charges to the owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

This Certificate is one of the series specified in its title issued in the aggregate principal amount of \$_____ to be designated and bear the title "CITY OF NORTH RICHLAND HILLS, TEXAS, TAX AND WATERWORKS AND SEWER SYSTEM (LIMITED PLEDGE) REVENUE CERTIFICATE OF OBLIGATION, SERIES 2021" (hereinafter referred to as the "Certificates"), for the purpose of paying contractual obligations to be incurred for (i) constructing, acquiring, purchasing, renovating, enlarging, equipping, and improving the City's water and sewer system facilities, including the acquisition of land and rights-of-way therefor, and (ii) professional services rendered in relation to such projects and the financing thereof, under and in strict conformity with the Constitution and laws of the State of Texas, particularly Texas Local Government Code, Subchapter C of Chapter 271, as amended and pursuant to an ordinance adopted by the City Council of the City (herein referred to as the "Ordinance").

The Certificates are subject to mandatory redemption prior to maturity with funds on deposit in the Certificate Fund established and maintained for the payment thereof in the Ordinance, and shall be redeemed in part prior to maturity at the price of par and accrued interest thereon to the mandatory redemption date on the respective dates and in principal amounts as follows:

Redemption Date	Principal Amount (\$)
February 15, 2022	
February 15, 2023	
February 15, 2024	
February 15, 2025	
February 15, 2026	
February 15, 2027	
February 15, 2028	
February 15, 2029	
February 15, 2030	
February 15, 2031	
February 15, 2032	
February 15, 2033	
February 15, 2034	
February 15, 2035	
February 15, 2036*	

* maturity

The principal amount of the Certificate required to be redeemed on a mandatory redemption date may be reduced, at the option of the City, by the principal amount of the Certificate which, at least 50 days prior to the mandatory redemption date, shall have been

redeemed pursuant to the optional redemption provisions appearing below and not theretofore credited against a mandatory redemption requirement.

The Certificates may be redeemed prior to their Stated Maturity, at the option of the City, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2030, or on any date thereafter, at the redemption price of par, together with accrued interest to the date of redemption.

At least thirty (30) days prior to a redemption date, the City shall cause a written notice of such redemption to be sent by United States mail, first-class, postage prepaid, to the registered owners of each Certificate to be redeemed at the address shown on the Security Register and subject to the terms and provisions relating thereto contained in the Ordinance. If a Certificate (or any portion of its principal sum) shall have been duly called for redemption and notice of such redemption duly given, then upon the redemption date such Certificate (or the portion of its principal sum to be redeemed) shall become due and payable, and, if moneys for the payment of the redemption price and the interest accrued on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar, interest shall cease to accrue and be payable from and after the redemption date on the principal amount redeemed.

Payment of the redemption price of all or a portion of this Certificate shall be made to the registered owner only upon presentation and surrender of such Certificate to the Designated Payment/Transfer Office of the Paying Agent/Registrar. The Redemption Ledger appearing hereon will be completed and signed by an authorized officer of the Paying Agent/Registrar with respect to such partial redemption. If a Certificate is selected for redemption, in whole or in part, the City and the Paying Agent/Registrar shall not be required to transfer such Certificate to an assignee of the registered owner within forty-five (45) days of the redemption date therefor.

With respect to any optional redemption of the Certificates, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Certificates to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that such redemption may, at the option of the City, be conditional upon the receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in such notice of redemption; and, if sufficient moneys are not received or such prerequisites are not satisfied, such notice shall be of no force and effect, the City shall not redeem such Certificates and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Certificates have not been redeemed.

The Certificates are payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the City and are additionally payable from and secured by a lien on and limited pledge of the Net Revenues (as defined in the Ordinance) of the City's combined waterworks and sewer system (the "System"), such lien and pledge being limited to the amount of \$1,000 and being junior and subordinate to the lien on and pledge of the Net Revenues of the System securing the payment of "Prior Lien Obligations" (as defined in the Ordinance) now outstanding and hereafter issued by the City. In the Ordinance, the City reserves and retains the right to issue Prior Lien Obligations while the Certificates are outstanding without limitation as to principal amount but subject to any terms, conditions or restrictions as may be applicable thereto under law or otherwise, as well as the right to issue additional obligations payable from the same sources as the Certificates and, together with the Certificates, equally and ratably secured by a parity lien on and pledge of the Net Revenues of the System.

Reference is hereby made to the Ordinance, a copy of which is on file in the Designated Payment/Transfer Office of the Paying Agent/Registrar, and to all the provisions of which the Holder by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the tax levied for the payment of the Certificates; the Net Revenues of the System pledged to the payment of the principal of and interest on the Certificates; the nature and extent and manner of enforcement of the limited pledge; the terms and conditions relating to the transfer or exchange of this Certificate; the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the Holders; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which the tax levy and the liens, pledges, charges and covenants made therein may be discharged at or prior to the maturity of this Certificate, and this Certificate deemed to be no longer Outstanding thereunder; and for the other terms and provisions contained therein. Capitalized terms used herein and not otherwise defined have the meanings assigned in the Ordinance.

This Certificate, subject to certain limitations contained in the Ordinance, may be transferred on the Security Register only upon its presentation and surrender at the Designated Payment/Transfer Office of the Paying Agent/Registrar, with the Assignment hereon duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by, the registered owner hereof, or his duly authorized agent. When a transfer on the Security Register occurs, a new single fully registered Certificate of the same Stated Maturity, bearing the same rate of interest, and of the same aggregate principal amount will be issued by the Paying Agent/Registrar to the designated transferee.

The City and the Paying Agent/Registrar, and any agent of either, may treat the registered owner hereof whose name appears on the Security Register (i) on the Record Date as the owner entitled to payment of interest hereon, (ii) on the date of surrender of this Certificate as the owner entitled to payment of principal hereof at its Stated Maturity or its redemption, in whole or in part, and (iii) on any other date as the owner for all other purposes, and neither the City nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary. In the event of a non-payment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class, postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

It is hereby certified, recited, represented and covenanted that the City is duly organized and legally incorporated under and by virtue of the Constitution and laws of the State of Texas; that the issuance of the Certificates is duly authorized by law; that all acts, conditions and things required to exist and be done precedent to and in the issuance of the Certificates to render the same lawful and valid obligations of the City have been properly done, have happened and have been performed in regular and due time, form and manner as required by the Constitution and laws of the State of Texas, and the Ordinance; that the Certificates do not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on the Certificates by the levy of a tax and a pledge of the Net Revenues of the System as aforestated. In case any provision in this Certificate or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. The terms and provisions of this Certificate and the Ordinance shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the City Council of the City has caused this Certificate to be duly executed under the official seal of the City.

CITY OF NORTH RICHLAND HILLS, TEXAS

COUNTERSIGNED:

[Mayor][Mayor Pro Tem]

[City Secretary][Assistant City Secretary]

(CITY SEAL)

(b) Form of Registration Certificate of Comptroller of Public Accounts to appear on the Initial Certificate only.

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER (
OF PUBLIC ACCOUNTS (
REGISTER NO. _____ (
THE STATE OF TEXAS (

I HEREBY CERTIFY that this Certificate has been examined, certified as to validity and approved by the Attorney General of the State of Texas and duly registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS my signature and seal of office this _____ .

Comptroller of Public Accounts
of the State of Texas

(SEAL)

(c) Form of Certificate of Paying Agent/Registrar to appear on Definitive Certificates only.

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

This Certificate has been duly issued and registered under the provisions of the within-mentioned Ordinance; the certificate or certificates of the above entitled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

The designated office of the Paying Agent/Registrar located in _____, _____, is the Designated Payment/Transfer Office for this Certificate.

_____, _____, _____,
as Paying Agent/Registrar

Registration Date:

By: _____
Authorized Signature

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto
(Print or typewrite name, address, and zip code of transferee:)

(Social Security or other identifying number: _____)
the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints
_____ attorney to transfer the within Certificate on the books kept
for registration thereof, with full power of substitution in the premises.

DATED: _____

Signature guaranteed:

NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within Certificate in every particular.

(e) Form of Redemption Ledger.

REDEMPTION LEDGER

<u>DATE OF REDEMPTION</u>	<u>PRINCIPAL AMOUNT REDEEMED</u>	<u>SIGNATURE OF BANK'S AUTHORIZED OFFICER</u>

EXHIBIT C
PURCHASE LETTER